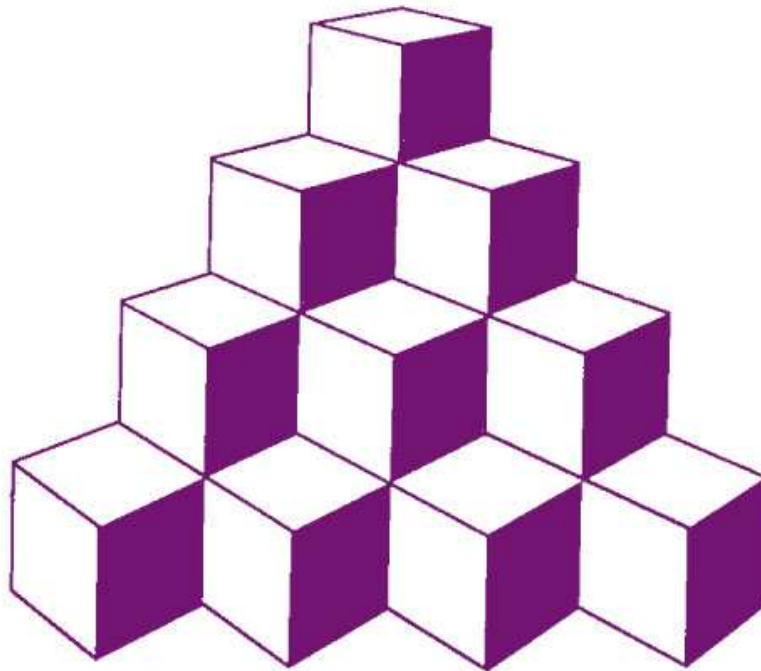


APPENDIX 1



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ASSOCIATION OF
GREATER MANCHESTER
AUTHORITIES.

STATEMENT OF ACCOUNTS
2010/11

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FOREWORD by the AGMA Treasurer

Introduction

I am pleased to introduce the Association of Greater Manchester Authorities (AGMA) Statement of Accounts. The Statement of Accounts sets out the financial results of the Association's activities for the year ended 31st March 2011. The most significant change in accounting requirements that has been introduced for the 2010/11 financial year is the introduction of International Financial Reporting Standards. The major accounting changes relate to the treatment of government grants, leasing, asset accounting and classification the requirement to accrue for employee benefits and segmental reporting. There are also a significant number of minor changes and increased disclosure requirements. Most of the changes and new accounting requirements will not affect the Statement of Accounts for AGMA.

The accounts have been prepared in accordance with the requirements of the Code of Practice on Local Authority Accounting based on International Financial Reporting Standards (IFRS) for 2010/11 and any other Accounting Codes of Practice published by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The Association sets general policies for carrying out certain region-wide functions. These either arose from the requirements of the 1985 Act (which was with particular reference to Section 48 grants) or from creating central units, under a Lead District, to carry out more efficient provision of certain services on a continuing regional basis.

The Association, through its Executive Board, approves the budget for these functions and determines policy. The units produce a year end report for the Board in support of their final accounts.

The Statement of Accounts forms part of the Association's financial reporting arrangements, however it is necessary, in reading this statement of accounts to appreciate that whilst it has been prepared in line with accounting requirements its information does not relate, in operational practice, to the way AGMA Units are managed. Each AGMA function is managed separately within its own authority on behalf of the AGMA partnership.

AGMA

AGMA was formed after the abolition of the Greater Manchester Council in 1986. The 1985 Local Government Act devolved power to local areas but also recognised that there were some functions that needed to be co-ordinated at a metropolitan level. AGMA was formed to undertake these functions.

The Association is a partnership between the ten local authorities within the Greater Manchester area. These ten authorities co-operate on a number of issues, both statutory and non-statutory, where there is the possibility of improving service delivery by working together. To further increase partnership working, AGMA invited unitary local authorities from the surrounding areas to join AGMA as associate members. Blackburn with Darwen, Blackpool and Warrington Councils responded positively to this invitation with Cheshire East Council joining last year. AGMA Associate Members also include Greater Manchester Fire and Rescue Authority, Greater Manchester Integrated Transport Authority, Greater Manchester Police Authority and Greater Manchester Waste Disposal Authority.

FOREWORD by the AGMA Treasurer (Cont.)

AGMA is not a legal entity and does not own any assets, can not enter into any contractual arrangements or employ any staff. Where this is necessary this role is taken on by one of the above authorities on behalf of all 10.

While AGMA has existed since 1986, its governance arrangements have been reviewed in recent years so that they reflect:

- the ambitions which the 10 authorities in Greater Manchester have expressed in terms of collaborating more effectively at a sub regional level on issues where they agree this is necessary;
- a legal framework which shows both a readiness to manage strategic development and financial resources delegated from either a national or regional level; and
- a need to link the functions and work which are done at a strategic sub regional level into a system of democratic accountability, both at a sub regional and individual local authority level.

The current Constitution and associated governance structure were agreed by the Executive Board in January 2010. A copy of the Constitution on the AGMA website <http://www.agma.gov.uk/> The Constitution sets out the principles under which AGMA will operate, and the powers and functions of the Executive Board which the 10 Districts have agreed it can provide on their behalf. The Constitution also enables the establishment of the Business Leadership Council and Commissions.

The key principles are set out in section 1 and include:

- The objective of providing governance arrangements which aim to provide streamlined decision making; excellent co-ordination of services across the combined administrative area; mutual co-operation; partnering arrangements, and added value in the provision of shared services.
- The principle of not seeking to create a separate 'AGMA' local authority; but commitment to retaining the existing structure of 10 metropolitan districts within Greater Manchester and the exercise by any of the local authority members of their statutory functions.
- A commitment to open and transparent working and proper scrutiny and challenge of the work of the Executive Board.
- A commitment to ensure that any decisions, proposals, actions whether agreed or considered at the Executive Board carry with them an obligation upon the local authority leaders to report these to their own authorities.

AGMA Units

AGMA funds a number of units and functions, which have been created under a mix of statutory regulation and partnership agreements. Many of these developed from the dissolution of Greater Manchester County Council, and are bound by the AGMA Constitution, signed up to by AGMA member authorities. These cover a range of functions where joint provision benefits the ten local authorities and are based in various locations across Greater Manchester. The units include:

- Section 48 Grants
- County Records Office

FOREWORD by the AGMA Treasurer (Cont.)

- Transportation Modelling Unit
- Specialist Trading Standards Unit
- Policy Unit
- Urban Traffic Control
- Industrial Estates / Dilapidation Fund

More information on the work of the units is available on the AGMA website www.agma.gov.uk

AGMA Commissions

The Commissions were set up to look at different areas of work across the region such as Health, Environment, Improvement and Efficiencies, Planning, Housing and Public Protection. They are funded from contributions from AGMA authorities via Sub Regional Capacity and external funding such as NWIEP (North West Improvement and Efficiency Partnership). The Executive sets the programme of work for each commission and they report back on a regular basis.

Revenue Expenditure in 2010/11

The net spending on the income and expenditure account is financed from contributions made by the constituent Councils to the Association's individual Units and other miscellaneous income received by the Units. During the year the Units produced a surplus of £210,456 which when added to the surplus brought forward at the 1st April 2010 provides an accumulated surplus of £2,652,156 carried forward at 31st March 2011. A significant proportion of this is committed and will be carried forward to be spent in future years.

Capital Expenditure in 2010/11

There is no Capital Expenditure made by the Association. The Association owns no assets because these are held by the constituent Councils and are contained within the balance sheets of the Lead Districts.

The Greater Manchester Combined Authority

The ten authorities in Greater Manchester are the first in the country to develop a statutory Combined Authority which will co-ordinate key economic development, regeneration and transport functions. The Greater Manchester Combined Authority (GMCA) was established on the 1 April 2011. As a result the Urban Traffic Control, Transportation Modeling and Abnormal Loads functions have been transferred to the Combined Authority from this date and will no longer be reported within the AGMA accounts. The Association of Greater Manchester Authorities (AGMA) will continue to act as the voice of the ten local authorities of Greater Manchester but as part of a much stronger partnership with GMCA. A new Transport for Greater Manchester Committee will assist the GMCA in carrying out its transport functions.

The new governance arrangements have been developed in order to boost economic performance and help deliver a brighter future for Greater Manchester and the North West.

Concluding Remarks

I wish to draw your attention to the statement which shows the responsibilities of the Association and the Treasurer for the Accounts. The statement sets out the requirements of the legislation

FOREWORD by the AGMA Treasurer (Cont.)

together with my professional and legal responsibilities for the accounts. I have relied where necessary on the assurances received from the s151 Financial Officers of the Lead Districts in respect of the financial transactions relating to the Units for which they are responsible.

Paul McKevitt BA (Hons), ACMA
Hon. AGMA Treasurer
Director of Corporate Services (Resources) - Wigan Council

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Association's Responsibilities

The Association's requirements are laid out in the AGMA Constitution. These make arrangements for the proper financial administration of its financial affairs and to secure that one of its officers from one of the constituent councils has responsibility for the administration of those affairs. In this Association that officer is the Treasurer.

The Treasurer's Responsibilities

The Treasurer is responsible for the administration of the Association's financial affairs. This includes the preparation of the Association's Statement of Accounts in accordance with proper practices as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom.

In preparing this statement of accounts, the Treasurer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the code of practice;
- kept proper up to date accounting records;
- taken reasonable steps for the prevention and detection of fraud and other irregularities;
- certified and dated the Statement of Accounts, to the effect that it represents a true and fair view of the financial position of the Association at the accounting date and its income and expenditure for the year ended 31st March 2011.

I certify that the Responsibilities for the Statement represents a true and fair view of the financial position of AGMA.

P McKeivitt BA(Hons) ACMA, Director Corporate Services – Resources Directorate
24 June 2011

I hereby approve the accounts for AGMA for the year ended 31 March 2011.

Chair of Meeting
30 September 2011

COMPREHENSIVE INCOME & EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 MARCH 2011

This Comprehensive Income and Expenditure Statement summaries the resources that have been generated and consumed in providing services and managing the Association during the last year. It includes all the day-to-day expenses and related income on an accruals basis.

2009/10 Gross Expenditure £	2009/10 Income £	2009/10 Net Expenditure £		2010/11 Gross Expenditure £	2010/11 Income £	2010/11 Net Expenditure £
			Expenditure on Services			
			Highways & Transport Services			
5,916,099	5,906,225	9,874	Urban Traffic Control	10,639,085	10,462,497	176,588
4,946,945	4,969,893	-22,948	Transportation Modelling Unit	3,303,167	3,473,229	-170,062
40,500	40,500	0	Abnormal Load Routing	0	0	0
10,903,544	10,916,618	-13,074		13,942,252	13,935,726	6,526
			Cultural, Environmental, Regulatory & Planning Services			
3,719,715	3,716,450	3,265	Section 48 Grants	3,687,011	3,724,550	-37,539
361,965	368,638	-6,673	County Records Office	368,081	388,402	-20,321
127,601	0	127,601	Industrial Estates / Dilapidation Fund	252,777	0	252,777
137,803	125,188	12,615	Specialist Trading Standards Unit	144,762	155,124	-10,362
1,597,509	1,552,020	45,489	Policy & Research including Commissions	2,612,245	2,989,217	-376,972
2,457,362	2,902,979	-445,617	AGMA Projects	836,504	899,021	-62,517
452,643	650,910	-198,267	Improvement & Efficiency Programme Office	727,411	1,111,273	-383,862
1,407,309	1,684,552	-277,243	Sub Regional Capacity	1,907,687	1,484,232	423,455
10,261,907	11,000,737	-738,830		10,536,478	10,751,819	-215,341
21,165,451	21,917,355	-751,904	Net Cost of Services	24,478,730	24,687,545	-208,815
			Other Operating Income and Expenditure			
0	3,265	-3,265	Interest Section 48 Grants	0	1,641	-1,641
21,165,451	21,920,620	-755,169	Net Income and Expenditure Account Surplus (-) / Deficit (+) For the Year	24,478,730	24,689,186	-210,456

I certify that the Comprehensive Income & Expenditure Statement and related accounts present a true and fair view of the financial position of the Association of Greater Manchester Authorities.

Paul McKeivitt BA (Hons), ACMA
Hon. AGMA Treasurer
Director of Corporate Services (Resources) - Wigan Council

24 June 2011

MOVEMENTS IN RESERVES STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011

This Statement shows the movement in the year on the balances held by the Association.

	Balances	Note	Total
Balance at 31 March 2009	1,686,531		1,686,531
Movement in Reserves during 2009/10			
Surplus or (deficit) on provision of services	755,169		755,169
Other Comprehensive Expenditure and Income	0		0
Total Comprehensive Expenditure and Income	755,169		755,169
Adjustments between accounting basis & funding basis under regulations	0		0
Net Increase / Decrease before Transfers to Earmarked Reserves	755,169		755,169
Transfers to / from Earmarked Reserves	0		0
Increase / Decrease in Year	755,169		755,169
Balance at 31 March 2010 carried forward	2,441,700	7	2,441,700
Movement in Reserves during 2010/11			
Surplus or (deficit) on provision of services	208,815		208,815
Other Comprehensive Expenditure and Income	1,641		1,641
Total Comprehensive Expenditure and Income	210,456		210,456
Adjustments between accounting basis & funding basis under regulations	0		0
Net Increase / Decrease before Transfers to Earmarked Reserves	210,456		210,456
Transfers to / from Earmarked Reserves	0		0
Increase / Decrease in Year	210,456		210,456
Balance at 31 March 2011 carried forward	2,652,156	7	2,652,156

BALANCE SHEET AS AT 31 MARCH 2011

The Balance Sheet shows the value as at the Balance Sheet date of the asset and liabilities recognised by the association. The net assets (assets less liabilities) are matched by the balances.

01.04.09 £	31.03.10 £		Notes	31.03.11 £
295,901	284,506	Current Assets		
4,758,121	3,170,476	Inventories		453,340
1,226,707	3,067,033	Debtors and Payments in Advance	3	3,560,469
6,280,729	6,522,015	Cash & Cash Equivalents		2,641,152
				6,654,961
		Current Liabilities		
1,632,976	3,225,964	Creditors and Receipts in Advance	4	2,976,805
2,961,222	854,351	Cash Overdrawn	5	897,977
4,594,198	4,080,315			3,874,782
1,686,531	2,441,700	Total Assets Less Current Liabilities		2,780,179
		Long Term Liabilities		
0	0	Provisions	6	128,023
1,686,531	2,441,700	Total Assets Less Liabilities		2,652,156
		Usable Reserves		
1,686,531	2,441,700	General Balances	7	2,652,156
1,686,531	2,441,700	Total Net Worth		2,652,156

I certify that the Balance Sheet and related accounts present a true and fair view of the financial position of the Association of Greater Manchester Authorities at 31 March 2011.

Paul McKeivitt BA (Hons), ACMA
 Hon. AGMA Treasurer
 Director of Corporate Services (Resources) - Wigan Council

24 June 2011

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2011

The Cash Flow Statement shows the changes in cash and cash equivalents of the association during the reporting period. The statement shows how the association generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

2009/10 £		Notes	2010/11 £'000
-755,169	Net Surplus or Deficit on the provision of services		-210,456
-3,192,028	Adjustments to net surplus or deficit on the provision of services for non cash movements	8	679,963
0	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities		0
-3,947,197	Net Cash flows from Operating Activities		469,507
0	Investing Activities		0
0	Financing Activities		0
-3,947,197	Net increase (-) / decrease in cash and cash equivalents		469,507
1,734,515	Cash and cash equivalents/Cash overdrawn at the beginning of the period		-2,212,682
- 2,212,682	Cash and cash equivalents/Cash overdrawn at the end of the period		-1,743,175

NOTES TO THE CORE FINANCIAL STATEMENTS

1. IFRS 1 First-time Adoption of International Financial Reporting Standards

The Statement of Accounts for 2010/11 is the first to be prepared on an IFRS basis. Adoption of the code has resulted in the restatement of some balances and transactions, with the result that some amounts presented in the financial statements are different from the equivalent figures in the 2009/10 accounts.

There are also some added disclosures contained in the notes to the statement as well as changes to the layout of the primary financial statements.

The only figure restated relates to a grant receipt in advance held by the Transportation Modelling Unit. Where a body was holding a revenue grant on the balance sheet to be matched to future expenditure, and there were no conditions (as defined by the Code) in respect of that grant, the grant would be recognised as income immediately under the Code and not held as a creditor balance. The effect of this is detailed below;

- Creditors reduced by £150,000
- Income increased by £150,000
- Balances increase by £150,000

NOTES TO THE CORE FINANCIAL STATEMENTS

2. Pension Costs

All liabilities are the responsibility of the constituent councils and have adopted the principles of IAS 19 which requires Councils to account for retirement benefits when they are committed to paying those benefits rather than the actual date of giving benefit.

3. Debtors

01.04.09 £	31.03.10 £		31.03.11 £
565,934	0	Central Government Bodies	11,202
4,063,388	2,219,682	Other Local Authorities	2,023,366
0	0	NHS Bodies	2,012
128,799	950,794	Trade Debtors	1,523,889
0	0	Other Entities and Individuals	0
4,758,121	3,170,476	Total	3,560,469

4. Creditors

01.04.09 £	31.03.10 £		31.03.11 £
1,119,603	0	Central Government Bodies	4,038
359,032	2,386,565	Other Local Authorities	1,376,248
0	0	NHS Bodies	0
154,341	839,399	Trade Creditors	1,264,933
0	0	Other Entities and Individuals	331,586
1,632,976	3,225,964	Total	2,976,805

5. Cash

This statement identifies the items making up the changes in cash shown on the Cash Flow Statement.

01.04.09	31.03.10 £		31.03.11 £
1,226,657	3,066,983	Bank Current Accounts	2,641,102
50	50	Petty Cash	50
-2,961,222	-854,351	Cash Overdrawn	-897,977
-1,734,515	2,212,682	Bank Balance and Cash in Hand at 31 March	1,743,175

NOTES TO THE CORE FINANCIAL STATEMENTS

6. Provisions

	Redundancy	Restructure	Total
	£	£	£
Balance at 1 April 2010	0	0	0
Increase to provision	28,023	100,000	128,023
Amounts used in 2010/11	0	0	0
Balance at 31 March 2011	28,023	100,000	128,023

Redundancy – This provision is to fund the costs associated with voluntary early redundancy costs by the Urban Traffic Control Unit.

Restructure – This provision will provide funding towards the costs of restructuring arising as a result of efficiency decisions taken throughout the year.

7. General Balances / Reserves

	Balance B/Fwd 31.03.10 £	Increase (+ve) £	Decrease (-ve) £	Balance C/Fwd 31.03.11 £
Section 48 Grants	24,724	39,181	0	63,905
County Records Office	2,265	20,321	0	22,586
Industrial Estates / Dilapidation Fund	252,777	0	-252,777	0
Urban Traffic Control	2,972	0	-176,588	-173,616
Transportation Modelling Unit	284,189	266,862	-96,800	454,251
Specialist Trading Standards	0	10,362	0	10,362
Policy & Research Unit & Commissions	165,339	247,691	0	413,030
AGMA Projects	259,257	136,784	-197,933	198,108
Contingency Fund	273,061	542,000	-691,432	123,629
Sub Regional Capacity	277,243	205,713	-226,790	256,166
Programme Office – Improvement & Efficiency	899,873	383,862	0	1,283,735
Totals	2,441,700	1,852,776	-1,642,320	2,652,156

The total balances of £2,652,156 held by the individual units are retained by the constituent councils and are earmarked for revenue support in future years. A significant proportion of this relates to specific projects, which the Policy Unit manages or acts as coordinator for, either by Chief Executives or the AGMA Executive. It relates primarily to projects around Shared Services Procurement, and Capacity Building funded from the North West Improvement Network (NWIN) and, more latterly, the North West Improvement Efficiency Partnership (NWIEP).

The Programme Office and Sub Regional Capacity balances are committed to support future revenue expenditure.

A contingency fund was created in 2009/10 to fund Commission work and budget pressures facing the AGMA functions.

NOTES TO THE CORE FINANCIAL STATEMENTS

8. Adjustments for non cash movements

31.03.10 £	Adjustments to net surplus or deficit on the provision of services for non cash movements	31.03.11 £
-11,395	Stocks	168,834
-1,587,645	Debtors	389,993
-1,592,988	Creditors / Provisions	121,136
-3,192,028	Total	679,963

9. Leasing

The Policy Unit have a lease agreement with Douglas Valley Properties for office accommodation at Wigan Investment Centre for £66,317 per annum. This is an operating lease and the rental is charged to the Comprehensive Income and Expenditure Statement as an expense.

10. Grant Income

The Association credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2010/11:

31.03.10 £		31.03.11 £
1,855,555	North West Improvement and Efficiency Programme	1,452,405
2,358,228	Congestion Performance Grant	1,097,515
4,213,783	Total	2,549,920

11. Audit Costs

31.03.10 £		31.03.11 £
15,196	Fees payable to Audit Commission with regard to external audit services carried out by the appointed auditor	16,149
15,196	Total	16,149

NOTES TO THE CORE FINANCIAL STATEMENTS

12. Officers Remuneration

AGMA is not a legal entity and can not enter into any contractual arrangements or employ any staff. Where this is necessary this role is taken on by one of the above authorities on behalf of all ten. The number of employees whose remuneration excluding employers' pension contributions, was £50,000 or more is shown below. Please note this includes only Staff who spend 100% of their time working for AGMA.

31.03.10 Number of Employees	Remuneration Band	31.03.11 Number of Employees
2	£50,000 – £54,999	2
0	£55,000 – £59,999	0
1	£60,000 - £64,999	0
0	£65,000 - £69,999	1
3	Total	3

13. Termination Benefits

The Urban Traffic Control, Transportation Modelling and Policy & Research Units terminated the contracts of a number of employees in 2010/11, incurring liabilities of £308,470. These amounts were payable to employees who were made redundant or took voluntary redundancy as part of the Lead Authority's rationalisation of services in respect of budget cuts.

NOTES TO THE CORE FINANCIAL STATEMENTS

14. Accounting Policies - General Principles

The Statement of Accounts summarises the Council's transactions for the 2010/11 financial year and its position at the year-end of 31 March 2011. It has been prepared in accordance with the Code of Practice on Local Authority Accounting based on International Financial Reporting Standards (IFRS) for 2010/11.

The Statement of Accounts are prepared in accordance with the fundamental accounting principles relating to the qualitative characteristics of financial information as set out in the CIPFA code of practice; understandability, relevance, reliability, comparability and materiality.

The accounts are also prepared in accordance with the three pervasive accounting concepts as defined by the Code of Practice;

i) Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the Units transfer the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Units.
- Revenue from the provision of services is recognised when the Units can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Units.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

NOTES TO THE CORE FINANCIAL STATEMENTS

ii) Going Concern

The Statement of Accounts is prepared on a going concern basis, that is, the accounts are prepared on the assumption that the organisation will continue in operational existence for the foreseeable future. This means in particular that the income and expenditure account and balance sheet assume no intention to curtail significantly the scale of operation.

iii) Primacy of Legislative Requirements

Local Authorities derive their powers from statute and their financial and accounting framework is closely controlled by primary and secondary legislation. To the extent that treatments are prescribed by law the accounting concepts outlined above may not apply in all cases. It is a fundamental principle of the CIPFA code of practice that, where specific legislative requirements and accounting principles conflict, legislative requirements shall apply.

Specific reference can be made to the statements of accounting policies contained within the Annual Accounts of the relevant Lead District.

Capital Assets

The Association does not own any assets. All assets are held by the constituent councils and are held in the balance sheets of those councils.

Cash and Cash Equivalents

The cash balance shown on the balance sheet represents cash held by individual Greater Manchester Authorities on behalf of AGMA as at 31st March 2011.

Cost of Support Services

The various District Treasurers have agreed common principles in the calculation of central support costs provided to lead district functions. These principles are based on CIPFA recommended practice and incorporate full cost allocation.

Debtors and Creditors

The accounts of the Association are maintained on an accruals basis which means that amounts due to the Association or amounts owed by the Association are included, whether or not the cash has actually been received or paid in the year.

Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Association when there is reasonable assurance that:

- the Association will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

NOTES TO THE CORE FINANCIAL STATEMENTS

Amounts recognised as due to the Units are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied.

Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service (attributable revenue grants and contributions) in the Comprehensive Income and Expenditure Statement.

Intangible Fixed Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the organisation as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the asset to the organisation. No such assets are recognised on the balance sheet due to the immaterial amounts involved.

Inventories and Long Term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using either the [FIFO/weighted average] costing formula.

Leasing

Leases are classified as finance leases where the terms of the finance lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are operating leases. The authority has no finance leases.

Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment. The association has no such assets.

Provisions

Provisions are made where an event has taken place that gives rise to a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Association may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, and are measured at

the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the Comprehensive Income and Expenditure Statement.

Reserves

The Association sets aside specific amounts as reserves for future policy purposes or to cover contingencies. When expenditure to be financed from a reserve is incurred it is charge to the service/unit in that year against the net cost of service in the Comprehensive Income and Expenditure Statement.

VAT

The Association is not separately registered and all VAT transactions are through the accounts of the constituent councils. Income and expenditure excludes any amounts related to VAT, as all VAT is payable to HM Revenue & Customs and all VAT paid is recoverable from it.

15. Authorisation of Accounts for Issue

In line with the requirements of FRS21 "events after the balance sheet date" this set of accounts is now authorised for issue by the Treasurer - Resources on 30th September 2011. This date is the date after which events will not be recognised in the Statement of Accounts.

ANNUAL GOVERNANCE STATEMENT

Scope of Responsibility

Introduction / Background to the Annual Governance Statement

AGMA (the Association of Greater Manchester Authorities) is a partnership of ten local authorities which is responsible for ensuring that its business is conducted in accordance with the law and proper standards; that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

The purpose of the Annual Governance Statement is to demonstrate and evidence that there is a continuous review of the effectiveness of internal control, performance, and risk management systems.

The Accounts and Audit Regulations 2003 introduced a new regulation in relation to bodies' responsibility for financial management in that Authorities were required to conduct an annual review of the effectiveness of its system of internal control and publish a Statement on Internal Control with their Annual Statement of Accounts.

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of AGMA policies aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them economically, efficiently, and effectively.

The Internal Control Environment and Review of Effectiveness

Wigan Council's Director of Corporate Services (Resources) is Treasurer to AGMA. To date the systems of internal control have used the systems that exist within Wigan Council, supplemented by those of the supervising Councils for each of the units.

Due to the basis on which they have been established, the units/functions tend, in effect, to operate as separate business/expenditure units within each of the AGMA Districts that have lead responsibility for them. Their accounts are managed by each individual authority in accordance with that own authority's constitution, code of practice and standing orders.

Reporting arrangements are in place which requires units to produce quarterly monitoring statements which are reported to the AGMA Executive. Details of all the various AGMA Units, Lead Authorities are highlighted below.

Statutory Functions Committee:

- Section 48 Grants – Manchester

ANNUAL GOVERNANCE STATEMENT (Cont.)

The AGMA Executive:

- Transportation Unit – Manchester
- Urban Traffic Control Unit – Manchester
- Abnormal Loads Routing – Manchester
- County Records Office – Manchester
- Specialist Trading Standards Unit – Manchester
- Industrial Estates – Bolton
- AGMA Policy Unit (including sub regional functions) – Wigan

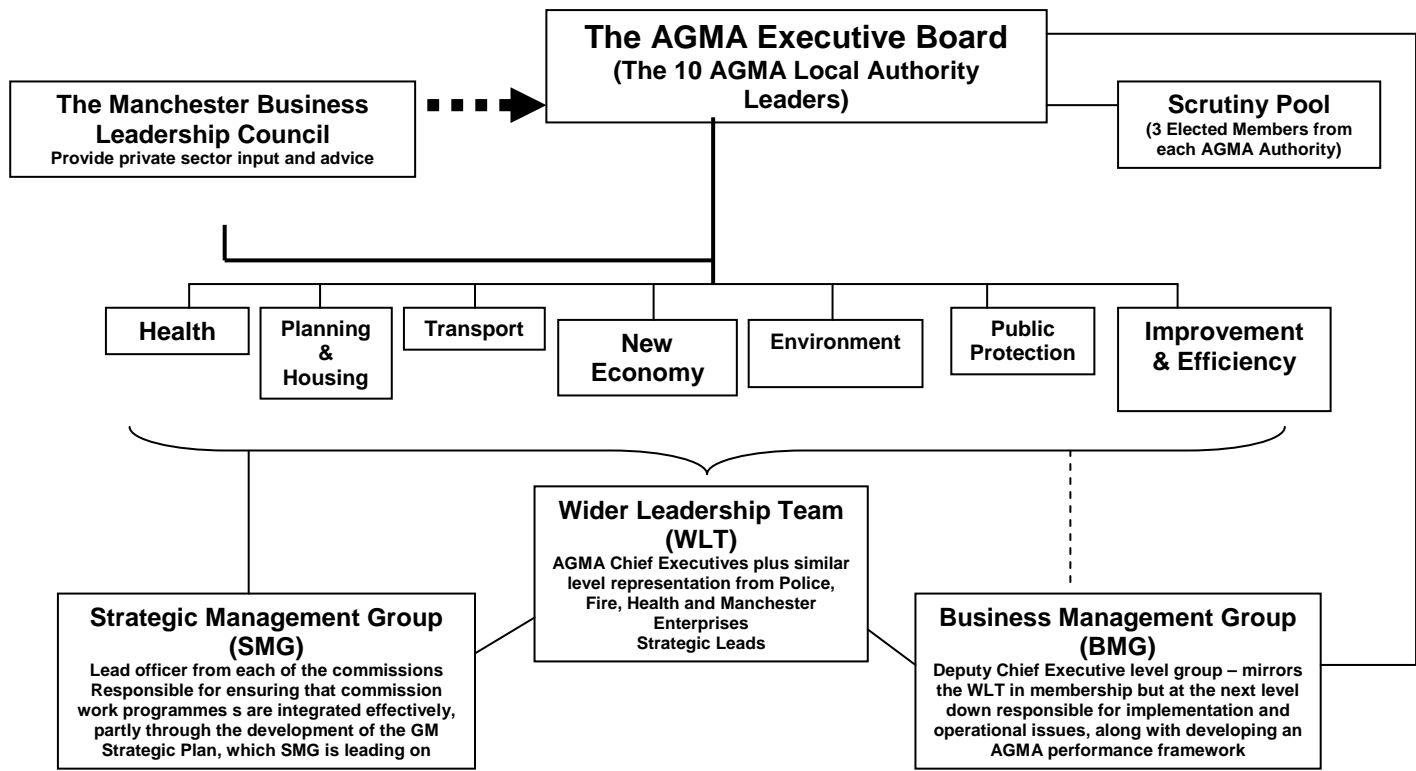
The following Units operate within individual Service Level Agreements negotiated with AGMA districts and are not reported on;

- Ecology Unit – Tameside
- Archaeology Unit – Manchester University
- Geology Unit – Salford

As AGMA is not a legal body officers who “work for AGMA” are legally employees of whichever lead authority is responsible for pay and conditions for the individual AGMA Units. AGMA therefore operates via a constitution and binding agreements which tie the authorities in to AGMA and are required to give at least 12 months notice of withdrawing.

As mentioned in the foreword the AGMA adopted a revised new constitution in August 2008. The diagram on the following page outlines the new governance structure in place.

The full Annual Governance Statement for each of the three districts of Wigan, Manchester, and Bolton can be found within their Statement of Accounts.



Independent auditor's report to the Members of the Association of Greater Manchester Authorities

Opinion on the financial statements

I have audited the Joint Committee's accounting statements and related notes of the Association of Greater Manchester Authorities for the year ended 31 March 2011 under the Audit Commission Act 1998. The accounting statements comprise Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and the related notes. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of the Association of Greater Manchester Authorities in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 49 of the Statement of Responsibilities of Auditors and of Audited Bodies published by the Audit Commission in April 2010.

Respective responsibilities of the Treasurer and auditor

As explained more fully in the Statement of Responsibilities, the Treasurer is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. My responsibility is to audit the accounting statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the accounting statements sufficient to give reasonable assurance that the accounting statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Joint Committee's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Joint Committee; and the overall presentation of the accounting statements. I read all the information in the explanatory foreword to identify material inconsistencies with the audited accounting statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on accounting statements

In my opinion the accounting statements:

- give a true and fair view of the state of the Association of Greater Manchester Authorities affairs as at 31 March 2011 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2009.

Independent auditor's report to the Members of the Association of Greater Manchester Authorities (cont.)

Opinion on other matters

In my opinion, the information given in the explanatory foreword for the financial year for which the accounting statements are prepared is consistent with the accounting statements.

Matters on which I report by exception

I have nothing to report in respect of the governance statement on which I report to you if, in my opinion the governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007.

Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources

Joint Committee's Responsibilities

The Joint Committee is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to regularly review the adequacy and effectiveness of these arrangements.

Auditor's Responsibilities

I am required under Section 5 of the Audit Commission Act 1998 to satisfy myself that the Joint Committee has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

I report if significant matters have come to my attention which prevent me from concluding that the Joint Committee has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. I am not required to consider, nor have I considered, whether all aspects of the Joint Committee's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Basis of conclusion

I have undertaken my audit in accordance with the Code of Practice, having regard to the criteria for other local government bodies published by the Audit Commission in October 2010.

I planned my work in accordance with the Code of Practice. Based on my risk assessment, I undertook such work as I considered necessary to form a view on whether, in all significant respects, the Joint Committee had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Independent auditor's report to the Members of the Association of Greater Manchester Authorities (cont.)

Conclusion

On the basis of my work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2010, I am satisfied that, in all significant respects, the Association of Greater Manchester Authorities put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2011.

Certificate

I certify that I have completed the audit of the accounts of the Association of Greater Manchester Authorities in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Mark Heap
District Auditor

Audit Commission
2nd Floor
Aspinall House
Aspinall Close
Middlebrook
Bolton
BL6 6QQ

30 September 2011

GLOSSARY

Accruals

Income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

Budget

A statement detailing the associations plans for net revenue expenditure over a specified period of time.

Corporate Governance

This is concerned with the Association's accountability for the stewardship of resources, risk management and the relationship with the community. Each authority's is responsible for its own corporate governance.

Creditors

Amounts owed by the AGMA functions for work done, goods received or services rendered but for which payment has not been made at the balance sheet date.

Debtors

Sums of money due to the AGMA functions but unpaid at the balance sheet date.

Inventories

Stocks and Work in Progress.

Lead Districts

Each AGMA unit is administered by a member authority – known as the "Lead Authority / District".

Payments in Advance

Sums paid in advance of the period to which they relate.

Receipts in Advance

Sums received in advance of the period in which they are to be applied.

Reserves

A reserve is an amount set-aside for a specific purpose in one financial year and carried forward to meet expenditure in future years.

TERMS OF REFERENCE

Regulatory Bodies, Other Bodies and Regulatory Framework

Audit Commission

Independent body with the responsibility of appointing external auditors to local authorities. The Audit Commission has a duty to ensure that local authorities make sufficient arrangements to secure economy, efficiency, and effectiveness in their use of resources and is able to subject a local authority to “Value for Money” studies.

<http://www.audit-commission.gov.uk/>

CIPFA (Chartered Institute of Public Finance and Accountancy)

The leading professional body for public sector accounting which sets accounting standards for the public sector. CIPFA advises central government and other bodies on local government and public sector finance matters.

<http://www.cipfa.org.uk/>

Code of Practice on Local Government Accounting in the United Kingdom 2011

Detailed guidance on the proper accounting treatment to be used in the preparation of local authority statement of accounts.

International Financial Reporting Standards (IFRS's)

These accounting standards prescribe the methods by which all published accounts should be prepared and presented and compliance is mandatory; any departure must be clearly disclosed within the published accounts. The Code incorporates these accounting standards to the extent that they comply with specific legal requirements and are relevant to the activities of the local authority.

Local Authority (Scotland) Accounts Advisory Committee (LASAAC)

Often working as a joint committee with CIPFA, LASAAC aims to develop and promote proper accounting practice for Local Government in Scotland and contributes to the formal approval process for the Code and BVACOP.

<http://www.cipfa.org.uk/scotland/technical/lasaac.cfm>

North West Improvement and Efficiency Partnership (NWIEP)

The North West Improvement and Efficiency Partnership (NWIEP) is a partnership dedicated to helping local authorities and their partners achieve efficiency and improvement objectives, as set out in the North West Improvement and Efficiency Partnership Strategy. The NWIEP contributes towards the delivery of the North West's ambitious local-area and multi-area agreements by commissioning and co-ordinating support to drive improvement in public services for local people.

<http://www.nwiep.org.uk/>

CONTACTS

AGMA Member Authorities

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Web: www.bury.gov.uk

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Manchester City Council

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E-mail: council@rochdale.gov.uk

2010/11 STATEMENT OF ACCOUNTS FEEDBACK QUESTIONNAIRE

Having read the 2010/11 Statement of Accounts for AGMA we would be extremely grateful if you could spare a few moments to complete and return our Feedback Questionnaire.

Your views would be valuable in assisting us to improve the content, language and format used in the 2010/11 Statement of Accounts.

(Please tick the appropriate box and place any comments on the dotted lines provided below)

1. Did you find the information contained within the Statement of Accounts easy to understand?

Yes No

If No, please state why:

.....

2. Was there a sufficient level of information to allow you the user to assess the financial performance of the Association?

Yes No

If No, please state why:

.....

3. Did you find that the financial information contained was presented in a clear and easy to understand format?

Yes No

If No, please state why:

.....

4. Did you find the notes to the accounts added value to the financial statements?

Yes No

If No, please state why:

.....

Please turn over the page

2010/11 STATEMENT OF ACCOUNTS FEEDBACK QUESTIONNAIRE (cont.)

5. Overall, has the Statement of Accounts been of value in helping you to assess the Association's financial position and performance?

Yes No

If No, please state why:

.....
.....

7. Do you think there is anything that should be added to the Statement of Accounts to provide you the user with a more complete view of the financial position and performance of AGMA?

Yes No

If Yes, please state what:

.....
.....

8. Please state below any further comments or suggested improvements you may have regarding the Statement of Accounts?

.....
.....

9. Which of the following best describes you?

An employee or elected member of the authority

A member of the public

A member of another organisation/interested party

Thank you for taking the time to complete this questionnaire

Please return the completed feedback questionnaire to:
John McDonald, Resources Directorate, Civic Centre, Millgate, Wigan, WN1 1DD
If you require any further information please do not hesitate to contact us on 01942 827321