



Worthing
BOROUGH COUNCIL

***Statement of
Accounts
2010/2011***

WORTHING BOROUGH COUNCIL

STATEMENT OF ACCOUNTS

for the year ended 31st March, 2011

C O N T E N T S

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EXPLANATORY FOREWORD

INTRODUCTION

The enclosed 2010/11 Statement of Accounts has been compiled to comply with the Chartered Institute of Public Finance & Accountancy (CIPFA) Code of Practice, which is the first to be based on International Financial Reporting Standards (IFRS) rather than Generally Accepted Accounting Practice in the UK, (UK GAAP). As a result there are a number of changes to the content and format of the current statement of accounts compared to the previous published document.

The summary of significant Accounting Policies is an example where the content has changed, due to the implementation of IFRS. In addition, whereas in the past the Accounting Policies preceded the core statements, they now form part of the Notes to the Accounts. The harmonised Accounting Policies for Worthing BC as well as Adur and the Joint Committee were approved by the March 2011 Governance and Audit Committee, now superseded by the Joint Governance and Audit Committee. The significant Accounting Policies are included as Note 1 to these accounts.

IFRS introduces new tests for the accounting treatment of leases, which has resulted in a number of operating leases for this authority, being re-classified as finance leases. For 2009/10, although £86,045 for additional depreciation was charged to the Comprehensive Income and Expenditure, a contra £97,850, for the lease liability transferred to the Balance Sheet, was credited to the Comprehensive Income and Expenditure. The resulting net adjustment of £11,805 is not deemed material. For 2010/11 although £86,045 for additional depreciation was charged to the Comprehensive Income and Expenditure, a contra £95,576, for the lease liability transferred to the Balance Sheet, was credited to the Comprehensive Income and Expenditure. The resulting net adjustment of £9,531 in 2010/11 is not deemed material and represents the difference in accounting treatment for the depreciation charged and the amount used to repay the debt liability shown in the Balance Sheet. Further details concerning the 2009/10 restatements are contained in prior year adjustment note "Transition to International Financial Reporting Standards (IFRS)"

Note 28, a new note to the Statement of Accounts, the "Amounts reported for resource allocation decision" is another example of the change in content and format brought about by the transition from UK GAAP to compliance with IFRS. This note provides a reconciliation of the final outturn reported to the Adur & Worthing Joint Strategic Committee and the Comprehensive Income & Expenditure Account.

As a result of the 2011 Accounts and Audit Regulations, there is no longer the requirement to include the Governance Statement as part of the Statement of Accounts. Once approved, the Governance Statement will be published at the end of this document.

The Statements, now required, are listed and explained in the next section.

EXPLANATION OF ACCOUNTING STATEMENTS

In addition to this foreword, the Statement of Accounts consists of:

Page No:

Statement of Responsibilities

11

This statement sets out the respective responsibilities of both Councils and the Executive Head of Financial Services in respect of the Councils accounts.

Movement in Reserves Statement

12

This statement shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' and other reserves.

EXPLANATORY FOREWORD

EXPLANATION OF ACCOUNTING STATEMENTS

Comprehensive Income & Expenditure Statement	13
This account brings together the expenditure and income relating to all of the joint services for which the Councils are responsible and demonstrates how the net cost for the year has been financed from Worthing Borough Council.	
The Balance Sheet	14
This sets out the financial position of the joint services on the 31st March 2011. The Balance Sheet reflects the balances and reserves, and net current assets employed in all of its operations, together with summarised information on any long term assets held.	
The Cash Flow Statement	15
This summarises the Authority's cash transactions for the year.	
Notes to the Accounts	21 - 82
Collection Fund	83 - 85
The Council is required to maintain a separate Collection Fund to receive monies as a billing authority in relation to the Council Tax and National Non-Domestic Rates (Business Rates) and accounts for their distribution to preceptors (West Sussex County Council and The Sussex Police Authority) and the Council's own General Fund. The Collection Fund also records the Council's contribution to the National Non-Domestic Rating Pool.	
The Annual Governance Statement	86 - 88
Also included in the final published accounts is the Annual Governance Statement, which has been completed under the Corporate Governance Requirements. This gives reasonable assurance that an effective system of internal control is maintained and operated in connection with the resources concerned.	

WORKING IN PARTNERSHIP

Government initiatives have placed great emphasis on partnership working for future service delivery to help meet the changing needs of customers and the effectiveness authorities need to find. To achieve this goal Adur District and Worthing Borough Councils embarked on an innovative partnership arrangement.

The shared single officer structure, which was introduced in April 2008, now includes a number of front line and support services with a net cost of services of £17.24m. The shared services sit within the non-legal entity of a joint committee. This joint committee has to meet all the accounting requirements of a public sector body. For accounting purposes the following key processes apply:-

- The joint committee has a separate general ledger
- As each service moves across to the joint committee their respective budgets and spend are pooled
- The pooled joint budgets/expenditure are recharged back to Adur and Worthing Councils.

A separate statement of accounts is required to be produced for the Joint Strategic Committee for Adur and Worthing Councils. A copy is available on request from the Executive Head of Financial Services, Town Hall, Chapel Road, Worthing, BN11 1HB.

EXPLANATORY FOREWORD

COUNCIL PRIORITIES

The high level corporate priorities for Adur and Worthing Councils, which apply to the Joint Committee are being refreshed.

The 4 current corporate priorities, jointly agreed by Adur and Worthing Councils, in July 2007 are:-

- to protect and enhance priority services
- to promote a clean and green environment
- to revitalise, regenerate and create lively economies
- to support and contribute to the health, safety and wellbeing of the area.

Budget and resource allocation is targeted towards improving services in each of these areas.

MEDIUM TERM FINANCIAL PLAN (MTFP) INCLUDING CURRENT ISSUES AND FUTURE PLANS

The budget strategy for this council has been compiled in the context of the Government's Comprehensive Spending Review and the resultant harsh settlements. Significant savings were identified as part of the most recent 2011/12 budget. The projected cumulative budget shortfall is a challenging prospect. While the Council will continue to emphasise efficiency and value for money, this will be insufficient to bridge the projected funding gap. The work of the Council's Budget Advisory Group will be essential in ensuring the forthcoming challenges are met.

The Worthing BC budget strategy has taken account of risks such as:

- income generated by the Council may be affected by the recession;
- withdrawal of funding by partners, potentially losing funding for key priorities;
- the inflation allowance in non-pay budgets could result in higher than expected costs
- future job evaluation costs may not be able to be funded from within existing budgets.

FINANCIAL OVERVIEW

A comprehensive summary of the financial performance of the Partnership authorities – Adur District Council, Worthing Borough Council and the Joint Strategic Committee – is contained in the 27th June 2011 Joint Strategic Committee report "Final Revenue and Capital Outturn for Joint, Adur and Worthing 2010/11". This is available on Adur District Council website www.adur.gov.uk and the Worthing Borough Council website www.worthing.gov.uk.

EXPLANATORY FOREWORD

SUMMARY OF REVENUE SPEND

A more detailed summary of the Council's financial results in 2010/11 is given on the following pages but a brief outline of the Council's financial position is given below.

The financial outturn for the General Fund shows that the Council has again contained expenditure within the original budget levels and without reducing reserves despite facing a range of additional costs that were not part of the original budget. The current economic recession has impacted on income streams for the Council.

Worthing Borough Council reported an underspend of £1,204,000 on a budget of £16,344,780.

The headline budget variations across the Council were:-

- 1.5% pay award built into the budget but not awarded to staff
- Increased efficiencies arising from joint working in unanticipated areas such as equipment, furniture and materials
- Additional income from new trade waste contracts
- Shortfall on investment income net of reduced borrowing cost
- Housing benefits overpayments recovered being more than budgeted due to the increase in claimants.
- Worthing car parking budgeted net income not achieved
- Worthing leisure services FIT4 income increase and reduction of utility costs

Overall therefore the Council has had a generally successful year from a financial perspective, maintaining and improving services and delivering on major capital investments whilst being able to strengthen its overall reserves.

EXPLANATORY FOREWORD

SUMMARY OF REVENUE SPEND

Final Revenue Outturn

CABINET MEMBER PORTFOLIOS	CURRENT ESTIMATE 2010/11	OUTTURN 2010/11	UNDER/ OVERSPEND
	£000s	£000s	£000s
Leader	1,172	811	(361)
CM for a Clean & Green Environment	3,677	3,668	(9)
CM for Health, Safety & Wellbeing	1,638	1,497	(141)
CM for Improved Customer Services	7,147	6,403	(744)
CM for Regeneration	2,992	2,673	(319)
CM for Resources	1,957	2,778	821
Net Support Services including Joint	35	(2)	(37)
Total Cabinet Members	18,618	17,828	(790)
Credit Back Depreciation	(1,835)	(2,298)	(463)
Minimum Revenue Provision	364	452	88
Other grants	(115)	(93)	22
	17,032	15,889	(1,143)
Transfer to/from reserves:			
Inter company virements	21	-	(21)
Contribution to reserves	78	166	88
Transfer from reserves to fund specific expenditure	(786)	(914)	(128)
Net Underspend Recommended For Transfer To Reserves	-	1,204	1,204
Total Budget requirement before External Support from Government	16,345	16,345	-

Recommended Additional Carry Forwards	211
Recommended Additional Carry Forwards from Joint Account	79
Contribution to vehicle maintenance reserve	36
Recommended transfer to Special & Other Emergency Reserve	575
Balance of Net Underspend available to transfer to Capacity Issues Reserve	303
	1,204

EXPLANATORY FOREWORD

SUMMARY OF REVENUE SPEND

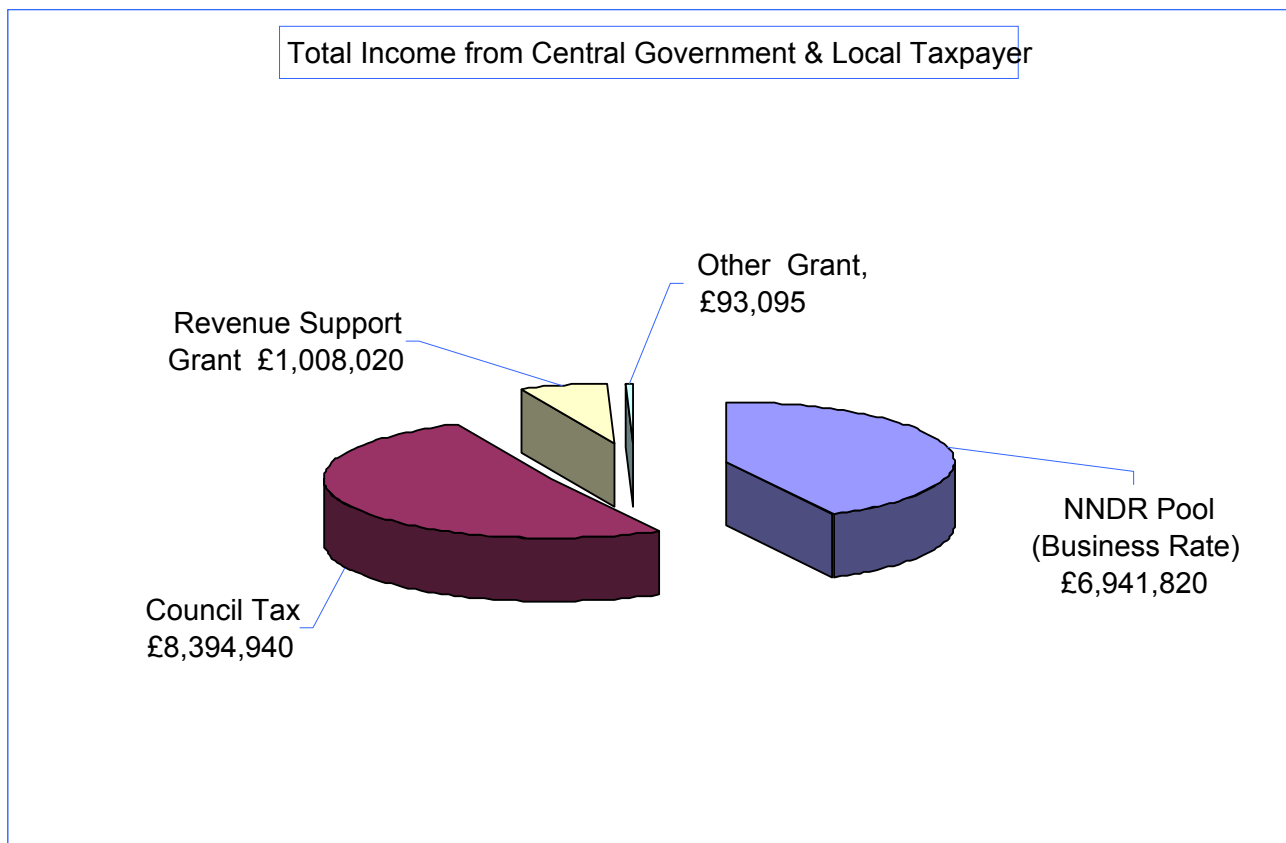
Central Government Support

The Councils share of Business Rates and Revenue Support Grant has increased by £39,550 compared to 2009/10, an increase of 0.50%.

Local Taxpayers

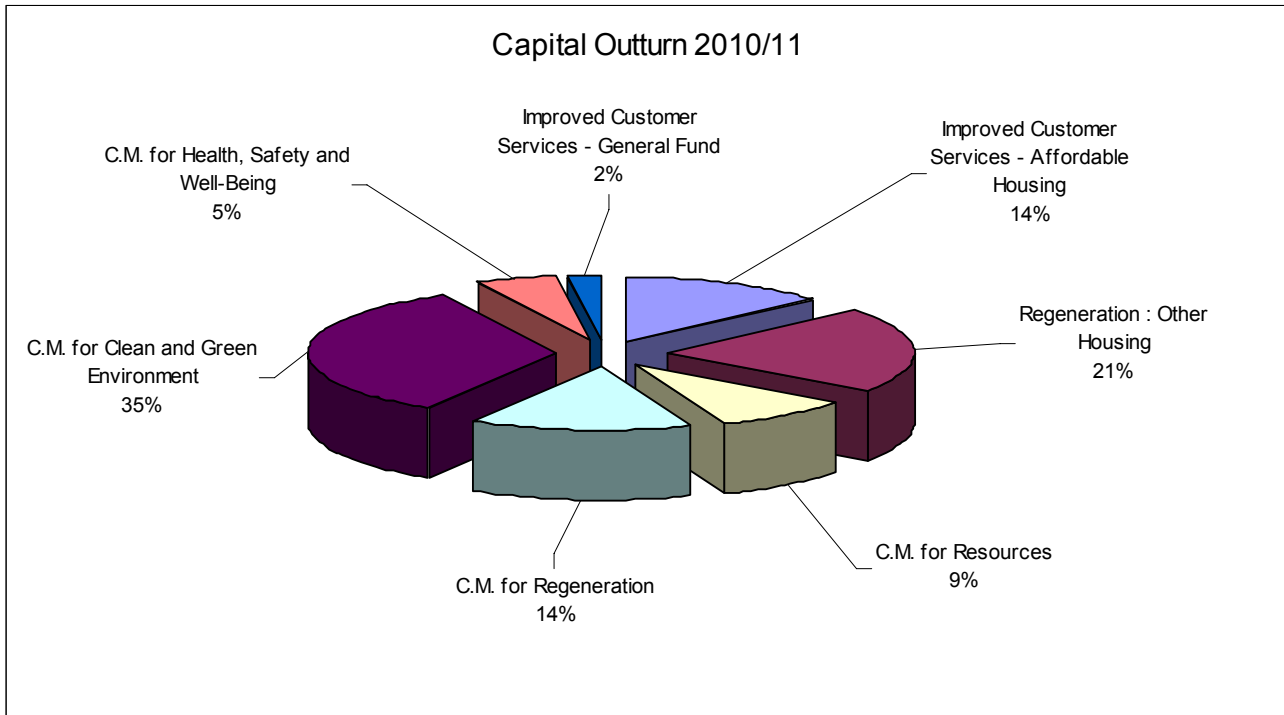
During the year the Council collected £51.636m in Council Tax, inclusive of £7.440m of Council Tax benefit. This represented 98.3% of the total Council Tax due to be collected. Council Tax is collected by Worthing Borough Council on behalf of the following preceptors in the proportions detailed: West Sussex County Council 76.7%, Sussex Police Authority 9.1% and Worthing Borough Council 14.2%.

The Council also collects non-domestic rates from local businesses which are paid over to the government's national pool. The pool is then re-distributed back to Councils on a per capital basis. £27.1m was billed during the year on behalf of the national pool and £6.941m was re-distributed from the pool to Worthing.



EXPLANATORY FOREWORD

SUMMARY OF CAPITAL SPEND



The total approved Worthing Capital scheme investment programme for all portfolios was set at £6.279m. Actual expenditure in the year totalled £5.356m, a reduction of £906.4k on the approved estimate, comprising of slippage of £825.9k and a net underspend of £80.4k. This was financed as follows:-

	2010/11
	£'000
Capital Receipts	2,875
Other Grants and Contributions	2,118
Revenue Contributions	186
Loan	177
TOTAL	5,356

IMPAIRMENT

As Note 43 on impairment explains, the Council has reviewed its capital assets as at 31st March 2011 and no assets have been impaired.

EXPLANATORY FOREWORD

POST EMPLOYMENT BENEFITS

Employees of the Authority are members of the Local Government Pensions Scheme, administered by West Sussex County Council. This scheme is funded and provides defined benefits to members (retirement lump sums and pensions), earned by employees as they worked for the Authority. The pension costs in the Council's accounts show the attributable share of the assets and liabilities of West Sussex Local Government Pension Fund. and comply fully with the requirements of IAS19.

To comply with these relevant accounting standards, the Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Council is required to make against council tax is based on the cash payable in the year. Therefore the cost of post employment/retirement benefits shown in Note 47 are notional and are reversed out of the General Fund via the Movement in Reserves Statement.

Following the Chancellor's 22 June 2010 budget statement, the change in the indexation of pension increases from the Retail Price Index (RPI) to the Consumer Price Index (CPI) has resulted in negative Past Service Cost items. These are shown in the Comprehensive Income & Expenditure Statement and the Post Employment Benefits note. The 2010/11 Past Service Costs of £7,200k is wholly in respect to the pension index change outlined above.

STATEMENT FROM SECTION 151 OFFICER

This is a challenging time for Local Government. Both Councils have faced a considerable reduction in central Government funding and have a strong desire to limit the increases to Council Tax.

The overall under spend is most welcome at this time to help the Councils manage the financial climate which they are currently grappling with building capacity to manage service reductions over the next year and fund future service developments.

The outturn position will inform the development of the 2012/13 budget. The intention is to build in recurring under spends into the 2012/13 budget where possible and so avoid the need for unnecessary service reductions.

FURTHER INFORMATION

Further information on the Worthing B.C. accounts is available from the Executive Head of Financial Services based at the Town Hall, Chapel Road, Worthing. or by accessing the Worthing Borough Council website, www.worthing.gov.uk.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

The Council's Responsibilities:

- (a) To make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council in the financial year 2010/11 that officer was the Executive Head (Financial Services).
- (b) To manage its affairs to secure economic, efficient and effective use of its resources and safeguard its assets.
- (c) To approve the Statement of Accounts by 30th June, 2011.

The Executive Head (Financial Services) and Section 151 Officer's Responsibilities:

The Executive Head of Financial Services is responsible for the preparation of the Council's Statement of Accounts which is required to give a "true and fair" view of the financial position of the Council.

In preparing the statement of accounts the Executive Head of Financial Services to select accounting policies and apply them consistently, make judgements and estimates that are reasonable, and ensure that the Statement of Accounts complies with the Code of Practice on Local Authority Accounting.

The Executive Head (Financial Services) also has to keep proper accounting records which are up to date and to take reasonable steps to prevent and detect fraud and other irregularities.

This Statement of Accounts is prepared and published in accordance with the Accounts and Audit Regulations 2011 and the Code of Practice on Local Authority Accounting issued by the Chartered Institute of Public Finance and Accountancy.

This Statement of Accounts presents a true and fair view of the financial position of the Council at 31st March, 2011 and its income and expenditure for the year ended on that date.

SARAH GOBEY
Executive Head (Financial Services)

Dated: 30th June, 2011

Certificate of Approval by Constitution and Audit Committee

I confirm that these Accounts were approved by the Joint Governance and Audit Committee of Adur District Council and Worthing Borough Council on 29th September, 2011.

REGINALD GREEN
Vice Chairman, Joint Governance and Audit Committee

Dated: 29th September, 2011

MOVEMENT IN RESERVES STATEMENT

This Statement shows the movement in the year on the different reserves held by the authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The 'Surplus or (deficit) on the provision of services' line shows the true economic cost of providing the authority's services, more details of which are shown in Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charges to the General Fund Balance for Council Tax setting. The 'Net increase /decrease before transfers to earmarked reserves' line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

Single Entity (England and Wales)	General Fund Balance	Earmarked GF Reserves	Capital Receipts Reserves	Capital Grants Reserve	Capital Grants Receipts	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
Restated	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31.03.09	1,150	4,880	11,498	1,785		19,313	39,250	58,563
Movement in Reserves during 2009/10								
Surplus or (deficit) on provision of services	5,697		-			5,697		5,697
Other Comprehensive Expenditure & Income	(19)					(19)	(21,557)	(21,576)
Total Comprehensive Expenditure and Income	5,678	-	-	-	-	5,678	(21,557)	(15,879)
Adjustments between accounting and funding basis under Regs. (Note 7)	(5,543)		4,583	474		(486)	486	-
Net Increase/Decrease before Transfers to Earmarked Reserves	135	-	4,583	474	-	5,192	(21,071)	(15,879)
Transfers to/from Earmarked Res. (Note 8)	(142)	135				(7)	7	-
Incr'se/Decr'se (movement) in Year	(7)	135	4,583	474	-	5,185	(21,064)	(15,879)
Balance at 31.03.10 c/fwd	1,143	5,015	16,081	2,259	-	24,498	18,186	42,684
Movement in Reserves during 2010/11								
Surplus or (deficit) on provision of services	5,721		-			5,721		5,721
Other Comprehensive Expenditure and Income	13					13	24,220	24,233
Total Comprehensive Expenditure and Income	5,734	-	-	-	-	5,734	24,220	29,954
Adjustments between accounting basis and funding basis under reg's (Note 7)	(5,476)		(2,579)	(832)		(8,887)	8,887	-
Net Increase/Decrease before Transfers to Earmarked Reserves	258	-	(2,579)	(832)	-	(3,153)	33,107	29,954
Transfers to/from Earmarked Res. (Note 8)	(259)	259				-		-
Increase/Decrease in Year	(1)	259	(2,579)	(832)	-	(3,153)	33,107	29,954
Balance at 3.03.11 c/ fwd	1,142	5,274	13,502	1,427	-	21,345	51,293	72,638

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

	2010/11	2010/11	2010/11	2009/10	2009/10	2009/10
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Restated Expenditure
	£'000	£'000	£'000	£'000	£'000	£'000
NET EXPENDITURE ON SERVICES						note
Central Services to the Public	9,596	(8,336)	1,260	9,439	(8,035)	1,404
Cultural, Environmental, Regulatory & Planning Services	34,564	(9,997)	24,567	21,596	(9,999)	11,597
Highways and Transport Services	2,945	(2,004)	941	1,481	(1,446)	35
Other Housing Services	37,239	(34,410)	2,829	34,805	(33,027)	1,778
Adult Social Care	-	-	-	-	(15)	(15)
Corporate & Democratic Core	2,080	(65)	2,015	2,114	(30)	2,084
Non-Distributed Costs	(2,729)	(80)	(2,809)	1,040	(1,265)	(225)
Exceptional Item - Reduction in Future Pension costs due to change in indexation from RPI to CPI	(7,200)	-	(7,200)	-	-	-
Net Cost of Services	76,495	(54,892)	21,603	70,475	(53,817)	16,658
(Gains)/losses on the disposal of non-current assets			123			(6,030) 9
Financing and Investment Income and Expenditure			(9,762)			961 10
Taxation and non-specific grant income			(17,685)			(17,286) 11
(Surplus) or Deficit on Provision of Services			(5,721)			(5,697)
(Surplus)/Deficit arising on revaluation of Property, Plant and Equipment Assets			(3,410)			(2,933) 24
Actuarial (Gains)/Losses on pension fund assets and liabilities			(20,810)			24,490 24
Other			(13)			19
Other Comprehensive Income and Expenditure			(24,233)			21,576
Total Comprehensive Income and Expenditure			(29,954)			15,879

BALANCE SHEET

See Note No:	As at 31st March 2011	As at 31st March 2010 Restated	As at 1st April 2009 Restated
	£'000	£'000	£'000
Long Term Assets:			
Property, Plant & Equipment	12	71,948	80,171
Investment Property	13	18,577	7,351
Intangible Assets	14	94	95
Assets Held for Sale	20	760	2,160
Long Term Investments	15	-	-
Long Term Debtors		32	39
Total Long Term Assets		91,411	89,816
Current Assets:			
Short Term Investments	15	17,148	19,193
Assets Held For Sale	20	-	-
Inventories	16	121	166
Short Term Debtors	18	5,669	7,867
Cash & Cash Equivalents	19	825	776
Total Current Assets		23,763	28,002
Current Liabilities:			
Cash & Cash Equivalents			
Short Term Borrowing	15	(64)	(2,064)
Short Term Creditors	21	(5,282)	(4,646)
Provisions	22	(633)	(536)
Liabilities in Disposal Groups			-
Total Current Liabilities		(5,979)	(7,246)
Long Term Liabilities:			
Long Term Creditors		-	-
Provisions		-	-
Long Term Borrowing	15	(2,596)	(2,550)
Other Long Term Liabilities	46	(33,949)	(65,328)
Donated Assets Account			
Capital Grants Receipts in Advance	38	(12)	(11)
Total Long Term Liabilities		(36,557)	(67,889)
Net Assets		72,638	42,683
Financed By Reserves:			
Usable Reserves	23	(21,345)	(24,498)
Unusable Reserve	24	(51,293)	(18,185)
Total Reserves		(72,638)	(42,683)

The unaudited accounts were issued on 30th June, 2011 and the audited accounts were authorised for issue on 29th September, 2011.

SARAH GOBEY, Executive Head of Financial Services

CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the authority.

See Note No:	2010/11	Restated 2009/10
	£'000	£'000
Net (surplus) or deficit on provision of services	5,721	5,697
Adjustments to net surplus or deficit on the provision of services for non cash movements	(2,650)	3,220
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(1,842)	(8,968)
Net cash flows from Operating Activities	1,229	(51)
Investing Activities (Note 26)	(421)	5,395
Financing Activities (Note 27)	(759)	(5,918)
Net increase or decrease in cash and cash equivalents	49	(574)
Cash and cash equivalents at the beginning of the reporting period	776	1,350
Cash and cash equivalents at the end of the reporting period (Note 19)	825	776

PRIOR YEAR ADJUSTMENTS

PRIOR YEAR ADJUSTMENT

Transition to International Financial Reporting Standards (IFRS)

The following notes explain the main areas of change in accounting treatment under IFRS from the previous Code of Practice. Where the change has resulted in significant differences between the amounts presented in the 2009/10 financial statements and the equivalent amounts presented in the 2010/11 financial statements, the changes are quantified in the tables below. Additionally, there follows at the end of this Note a full summary of the all changes to the 2009/10 financial statements arising from the transition to IFRS.

Short- term accumulating compensated absences

IFRS requires the Council to accrue for compensated absences, when formerly there was no such requirement. Short- term accumulating compensated absences refers to benefits that employees receive as part of their contract of employment, entitlement to which is built up as they provide services to the Council. The most significant benefit covered by this heading is holiday pay, and the Council is required to accrue untaken leave entitlement at 31 March each year. However, no change has been made to the accounts in respect of this accrual on the basis that the effect is not material to the financial statements.

Leases

Under the code, leases of property are accounted for as separate leases of land and buildings. Previously, each property lease would have been accounted for as a single lease. The change in accounting treatment can result in the land or buildings element of the lease being accounted for as an operating lease where it was previously treated as a finance lease; or as a finance lease where it was previously treated as an operating lease.

Additionally, IAS17 provides a number of situations which if present, either singularly or in combination, could result in leased plant and equipment formerly accounted for as operating leases, being re-classified as finance leases, or vice versa.

Accordingly, the Council has reviewed its property, plant and equipment and this has resulted in the reclassification of a number of items of vehicles, plant and equipment from operating to finance leases.

As a consequence of these re-classifications the financial statements have been amended as follows:

- The Council has recognised the assets and a finance liability in the balance sheet.
- The operating lease charge to service revenue accounts has been reduced by an amount relating to the repayment of principal on borrowing.
- Instead, the service revenue account has been charged with depreciation representing the consumption of the long term assets over their useful lives.

The depreciation charge has been transferred from the General Fund to the Capital Adjustment Account. This transfer has been reflected in the balance sheet as at 1 April 2009 and 31 March 2010, and the adjustments that relate to 2009/10 are reported in the Movement in Reserves.

PRIOR YEAR ADJUSTMENTS

PRIOR YEAR ADJUSTMENT

Government Grants

Under the IFRS Code, grants and contributions for capital schemes are recognised as income when they become receivable. Previously, grants were held in grants deferred account and recognised as income over the life of the assets which they were used to fund.

Consequently, the financial statements have been amended as follows:

The balance on the Government Grants Deferred Account at 31 March 2009 has been transferred to the Capital Adjustment Account.

Portions of Government Grants Deferred were previously recognised as income in 2009/10; these have been removed from the Comprehensive Income and Expenditure Statement in the comparative figures.

Grants received but not used in 2009/10 have been recognised in full in the Comprehensive Income and Expenditure Statement, and transferred to the Capital Grants Unapplied Account within the reserves of the balance sheet.

Opening 1st April 2009 Balance Sheet

	2009/10 Statements	Adjustments Made
	£,000	£,000
Government Grants Deferred Account	(1,351)	1,351
Capital Adjustment Account	(76,458)	(1,351)

31st March 2010 Balance Sheet

	2009/10 Statements	Adjustments Made
	£,000	£,000
Government Grants Deferred Account	(1,932)	1,932
Capital Adjustment Account	(77,238)	(1,932)

There is no change to the General Fund Balance, as capital grant income is transferred out of the General Fund under both the previous and current accounting policies.

Summary of all the Changes to the 2009/10 Financial Statements as a result of IFRS.

The Comprehensive Income and Expenditure Statement has been adjusted such that the Surplus reported on the Provision of Services for 2009/10 has increased by £996,597.

The balance sheet changes are as follows:

PRIOR YEAR ADJUSTMENTS

Restatement of 2009/10 Balance Sheet Arising from IFRS Adjustments

WORTHING BOROUGH COUNCIL	2009/10 RESTATEMENTS											Restated Figures at 31 Mar 10
	Original Figures at 31 Mar 10	IFRS Adjust- ments at 01 Apr 09	Property Acquisi- tions	Assets Acquired under Finance Leases	Reclass- ification of Assets	Deprecia- tion of Assets	Impair- ment of Assets	Capital Grants & Govern't Grants Deferred	Dis- posals of Assets	Revalua- tions of Assets	Other Balance Sheet Reclass- ifications	
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Land and Building	66,498	23			(66,391)	1			78	(209)		-
Community	4,946	-			(4,946)							-
Infrastructure	1,855	-			(1,855)							-
Vehicle Plant Furniture Equipment	4,593	113			(4,662)	(44)						-
Property, Plant & Equipment		(284)	(1,237)		80,115	4	739		915	(86)	4	80,170
Assets under construction (last year heading)	1,328	(1,152)	1,200		(1,376)							-
Investment Property	7,524	78	37		1		(374)			85		7,351
Intangible Assets	96	-										96
Assets held for sale non current	-	3,389					(340)		(888)			2,161
Surplus assets for disposal	3,337	(2,372)			(886)				(79)			-
Long Term Investments	-	-										-
Housing Advances	5	-									(5)	-
Council House sales	29	-									(29)	-
Other advances	5	-									(5)	-
Long Term Debtors	-	-									39	39
Long Term Assets	90,216	(205)	-	-	-	(39)	25	-	26	(210)	4	89,817
Short Term Investments	19,193	-										19,193
Assets held for sale - previously	-	-										-
Surplus assets for disposal												-
Inventories	166	-										166
Short Term Debtors	8,765	-									(899)	7,866
Provision for doubtful debts (last year heading)	(899)	-									899	-
Cash and Cash Equivalents	776	-										776
Current Assets	28,001	-	-	-	-	-	-	-	-	-	-	28,001

PRIOR YEAR ADJUSTMENTS

Restatement of 2009/10 Balance Sheet Arising from IFRS Adjustments

			2009/10 RESTATEMENTS									
WORTHING BOROUGH COUNCIL	Original Figures at 31 Mar 10	IFRS Adjustments at 01 Apr 09	Property Acquisitions	Assets Acquired under Finance Leases	Reclassification of Assets	Depreciation of Assets	Impairment of Assets	Capital Grants & Govern't Grants Deferred	Disposals of Assets	Revaluations of Assets	Other Balance Sheet Reclassifications	Restated Figures at 31 Mar 10
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Bank Overdraft	-	-										-
Short Term Borrowing	(2,064)	-										(2,064)
Short Term Creditors	(4,565)	1,271									(1,363)	(4,657)
Provisions	(536)	-										(536)
Govt grant & capital cont unapplied - last yr heading	(4,282)	85						581			3,616	-
Current Liabilities	(11,447)	1,356	-	-	-	-	-	581	-	-	2,253	(7,257)
Long Term Creditors												-
Provisions												-
Long Term Borrowing	-	-									(2,550)	(2,550)
Other Long Term Liabilities comprising of	-	(202)		98							(65,223)	(65,327)
Pension scheme liability	(65,050)	-									65,050	-
Amortised cost of financial liability	(2,550)	-									2,550	-
Commutated sums	(179)	-									179	-
Donated Assets Account	-	-										-
Capital Grants Receipts in advance	-	-										-
Government Grants Deferred	-	-										-
Long Term Liabilities	(67,779)	(202)	-	98	-	-	-	-	-	-	6	(67,877)
Net Assets	38,991	949	-	98	-	(39)	25	581	26	(210)	2,263	42,684

PRIOR YEAR ADJUSTMENTS

Restatement of 2009/10 Balance Sheet Arising from IFRS Adjustments

WORTHING BOROUGH COUNCIL	2009/10 RESTATEMENTS											Restated Figures at 31 Mar 10
	Original Figures at 31 Mar 10	IFRS Adjust- ments at 01 Apr 09	Property Acquisi- tions	Assets Acquired under Finance Leases	Reclass- ification of Assets	Deprecia- tion of Assets	Impair- ment of Assets	Capital Grants & Govern't Grants Deferred	Dis- posals of Assets	Revalua- tions of Assets	Other Balance Sheet Reclass- ifications	
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Usable reserves	-	-	-	-	-	-	-	-	-	-	(24,498)	(24,498)
Usable capital receipts reserve - last year heading	(16,082)	-	-	-	-	-	-	-	-	-	16,082	-
Earmarked reserves - last year heading	(5,015)	-	-	-	-	-	-	-	-	-	5,015	-
Revenue fund balances - last year heading	(1,142)	-	-	-	-	-	-	-	-	-	1,142	-
Unusable Reserves	-	-	-	-	-	-	-	-	-	-	(18,186)	(18,186)
Pensions reserve - last year heading	65,050	-	-	-	-	-	-	-	-	-	(65,050)	-
Capital adjustment account - last year heading	(77,238)	(2,243)	(26)	(98)	-	42	218	(581)	-	(85)	80,011	-
Revaluation reserve - last year heading	(4,551)	1,294	-	-	-	(3)	(243)	-	-	295	3,208	-
Deferred credits - last year heading	(29)	-	-	-	-	-	-	-	-	-	29	-
Collection Fund	16	-	-	-	-	-	-	-	-	-	(16)	-
Collection Fund Adjustment Account	-	-	-	-	-	-	-	-	-	-	-	-
Reserves (group entities)	-	-	-	-	-	-	-	-	-	-	-	-
Total Reserves	(38,991)	(949)	(26)	(98)	-	39	(25)	(581)	-	210	(2,263)	(42,684)

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

STATEMENT OF ACCOUNTING POLICIES 2010/11

General

The accounts have been prepared in accordance with the Chartered Institute of Public Finance & Accountancy (CIPFA) / The Local Authority (Scotland) Accounts Advisory Committee (LASAAC) Code of Practice on Local Authority Financial Accounting in United Kingdom - 2010/11 Accounts, which is the first to be based on International Reporting Standards (IFRS) rather than Generally Accepted Accounting Practice in the UK, (UK GAAP).

The key accounting changes, which relate to this authority include:

- Grants and contributions for capital purposes will be recognised as income immediately rather than being deferred and released to revenue to match depreciation.
- The main financial statements have changed, and there are additional requirements regarding segment reporting.
- There is a greater emphasis on component accounting, and a greater emphasis on derecognising parts of an asset that are replaced.
- Property leases are classified and accounted for as separate leases of land and buildings.
- Local authorities will also need to assess whether other arrangements contain the substance of a lease.
- Investment properties are measured at fair value, with gains and losses recognised in Surplus or Deficit rather than through the revaluation reserve.
- Impairment losses will be taken initially to the revaluation reserve to the extent that there is a balance on that reserve relating to the specific asset.
- The Code introduces a new classification of non-current assets held for sale. Specific criteria apply to this classification .
- All employee benefits are accounted for as they are earned by the employee. This will require accruals for items such as holiday pay .
- The definition of associates is based on the ability to control rather than actual control, and may lead to a change in the group boundary.
- The accounting convention adopted is historical cost, modified by the revaluation of certain categories of long term assets.

UNDERLYING ASSUMPTIONS TO THE STATEMENT OF ACCOUNTS

Accruals

The non-cash effects of transactions have been reflected in the statements for the financial year in which they occur, not when any cash is received or paid.

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

UNDERLYING ASSUMPTIONS TO THE STATEMENT OF ACCOUNTS (continued)

Going Concern

The accounts have been prepared on the assumption that the Council will continue to provide operational services for the foreseeable future.

PRINCIPAL QUALITATIVE CHARACTERISTICS OF FINANCIAL STATEMENTS

Understandability

The Council has endeavoured to ensure that, within the restrictive definitions of the regulations, an interested reader can understand the accounts.

Relevance

The information in the accounts is useful in assessing the Council's stewardship of public funds and for making economic decisions.

Materiality

An item is considered to be material where its omission or mis-statement could influence the decisions or assessments of users of the financial statements presented in the accounts. Materiality, therefore, is subjective and depends on the nature or size of the omission or mis-statement judged in the surrounding circumstances.

The Council has therefore exercised its professional judgement in considering the size and nature of any transaction, or set of transactions, brought into the financial statements. In so doing, the Council does not set fixed monetary limits or rules for materiality, but has taken a view upon what would provide a proper understanding of the Council's overall financial position. Where appropriate, such a view has been reached in consultation with the Council's auditors.

Where the transition to IFRS based financial statements require adjustments to the Councils balances previously reported under UK GAAP, the authority will not make such changes where they are judged to be immaterial.

Reliability

The information presented in the accounts represents fairly the substance of the transactions and events of the Council, and is complete, prudently prepared, and free of deliberate or systematic bias or material error.

Comparability

A consistent approach to accounting policies is used in preparing the accounts to ensure that it may be compared to previous years. As 2010/11 is the first year in which IFRS compliant statements of accounts are required to be prepared, comparative figures for 2009/10 have been derived by re-stating the formerly published accounts as if the accounting policies applied to 2010/11 had been in place in 2009/10.

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

PRINCIPAL QUALITATIVE CHARACTERISTICS OF FINANCIAL STATEMENTS (continued)

Comparability (continued)

Additionally, IFRS 1 requires the Council to explain how the transition from UK GAAP to IFRS has affected its reported financial position. This is disclosed in the note for prior year adjustments.

Primacy of Legislative Requirements

The Council operates through the power of statute. Where legislation prescribes the express treatment of transactions then the accounting concepts outlined above will be over-ruled.

INCOME AND EXPENDITURE

Revenue Recognition

Revenue recognition has been accounted for in accordance with IAS 18. Revenue is measured at fair value of the consideration received or receivable. Fair value is generally regarded as the amount for which an asset could be acquired, or a liability settled, between knowledgeable, willing parties in an arms length transaction.

COSTS OF SUPPORT SERVICES

BVACOP requires the costs of support services to be charged on a fair and transparent basis. The allocation bases used for the main costs are outlined below. The majority of services are allocated out on a time allocation basis with the exception of the following:

Admin Buildings	Headcount
Human Resources inc training	Headcount
Payroll	Headcount
ICT	Number of PC's per section
Customer Services	Number of calls multiplied by length of time per call
Cashiers	Number of transactions
Exchequer Services	Number of transactions
Insurance - Employees	Headcount
Insurance - Premises	Premises Valuation
Insurance - Vehicles	No of Vehicles

Leases

The accounts have been prepared under IAS 17 which states that leases must be classified between finance leases and operating leases. IAS 17 defines a lease as "a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership".

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

COSTS OF SUPPORT SERVICES (continued)

Leases (continued)

The core tests which collectively or individually provide evidence of finance leases are:

- the lease transfers ownership of the asset to the lessee (the User) by the end of the lease term;
- the lessee has the option to purchase the asset at a price that is expected to be sufficiently lower than the fair value;
- the lease term is for the major part of the economic life of the asset;
- the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset. For this purpose the Council interprets substantially all as being 75% or more of the fair value;
- the leased assets are of such a specialised nature that only the lessee can use them without major modifications.

Authority as a Lessee – Finance Lease:

Finance leases are recognised as property, plant and equipment on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower).

For each asset recognised on the Balance Sheet an equivalent liability is also shown representing the value of the obligation to repay the lessor (asset provider) the amounts due in respect of the capital cost of the assets. Consequently, lease payments are split between the finance interest element and the repayment of the liability.

The liability is financed by making a prudent annual contribution (the Minimum Revenue Provision, MRP) for repayment of debt in accordance with statutory requirements. This provision is charged to the General Fund with a contra credit to the Capital Adjustment Account.

Depreciation is charged to service revenue accounts over the life of the assets, or lease term if shorter. Depreciation is charged from the first full year the assets become operational, and also in the year of disposal.

As the Council is not required to raise council tax to cover depreciation, or revaluation and impairment losses arising on leased assets, the annual MRP credited to the Capital Adjustment Account is used to negate any impact on Council tax payers. This is done by transferring the credit to the General Fund Balance, by way of an adjusting transaction via the Movement in Reserves Statement.

Authority as a Lessee – Operating Lease:

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement on an accruals basis. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments.

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

COSTS OF SUPPORT SERVICES (continued)

Leases (continued)

Authority as a Lessor – Operating Lease:

Where the Authority grants an operating lease the asset is retained in the Council's Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement on a straight-line basis. Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

INTANGIBLE ASSETS

Software licences are capitalised as intangible assets and amortised on a straight line basis over the expected life of the asset.

LONG TERM ASSETS

Expenditure and Valuation principles

Expenditure on the acquisition, creation or enhancement of long term assets is required to be capitalised on an accruals basis in the Balance Sheet, provided that the long term asset yields benefits to the Council and the services it provides, for a period of more than one year. This excludes expenditure on routine repairs and maintenance of long term assets and operating leases which is charged directly to service revenue accounts.

Long term assets are valued on the basis recommended by CIPFA and in accordance with the Statements of Asset Valuation Principles and Guidance Notes issued by The Royal Institution of Chartered Surveyors (RICS). Long term assets are classified into the groupings required by the International Financial Reporting Standards (IFRS) code. The surpluses arising on the revaluation of property, plant and equipment are credited to the Revaluation Reserve and surpluses arising on the revaluation of investment properties are credited to the Comprehensive Income and Expenditure Account. The Council applies a five-year rolling programme of revaluations. The principal valuation bases used are:

- Property Plant and Equipment assets are included in the balance sheet at market value. Where there is no open market value assets are included in the balance sheet at depreciated replacement cost. Community assets, infrastructure assets and assets under construction are stated at historic cost value or in some instances, such as Civic Regalia, at a notional value to recognise the assets' existence.
- Assets held for sale, are included in the balance sheet if their carrying amount is going to be recovered principally through a sale transaction rather than through continued use.
- Investment properties, are included in the balance sheet at market value and need to meet the criteria of property (land or a building, or part of a building, or both) held solely to earn rentals or for capital appreciation or both.

For 2010/11 the Council's values of land and buildings have been included in the accounts based on professional valuations. A *de minimis* value of £10,000 per capital contract or rolling programme has been applied to new vehicles, plant and equipment, and £10,000 for new land and buildings. Assets valued below these limits are not included, unless a revaluation is pending.

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

LONG TERM ASSETS (continued)

Charges to Revenue for Long Term Assets

General Fund service revenue accounts, central support services, and trading accounts are charged with a depreciation charge and any impairment loss for all long term assets used in the provision of services. The depreciation charge is credited out of the Comprehensive Income and Expenditure Statement via the Movement in Reserves Statement on the General Fund Balance so that there is no impact on the amount required to be raised from local taxation for the provision of Council services.

The useful life of assets is determined as follows, excepting where there may be exceptional circumstances:

Buildings	20-70 yrs except when impairment has occurred.
Vehicles	5-7 yrs
Equipment	from over 1 to 25 years
Intangible Assets, Software	from over 1 to 7 years
Infrastructure Assets	25 years
Community Assets	Held in perpetuity
Assets (Finance Leases)	Up to 10 years

Depreciation is not charged on investment properties, assets under construction, community assets and assets held for sale.

Impairment

The value at which each category of assets is included in the balance sheet has been reviewed at the year-end, and where there is reason to believe that its value has reduced materially in the period due to impairment, the valuation has been adjusted accordingly.

Depreciation

Depreciation is charged to service revenue accounts for most long term assets:

- newly acquired assets are depreciated from the first full year they become operational. Assets in the course of construction are not depreciated until they are brought into use
- assets disposed of are depreciated in the year of disposal
- depreciation is calculated using the straight-line method over the useful life of the asset
- assets acquired under Finance Leases are depreciated over the asset life, or the lease term if shorter.

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

LONG TERM ASSETS (continued)

Componentisation of Assets

Where an item of Property, Plant and Equipment asset has major components, the cost of which is significant in relation to the total cost, the components are depreciated separately. The authority uses the straight line method of depreciation over the useful estimated life (UEL) of the component.

In accordance with the Code, significant components are recognised as assets are acquired, enhanced or revalued from 1 April 2010 onwards, and not retrospectively of this date. When a component is replaced or restored, the carrying amount of the old component is de-recognised and the new component reflected in the carrying amount. The carrying amount of the replaced component is estimated using the net present value of the original component .

For General Fund assets, the accounting policy is to componentise all land and property assets valued at £50,000 or more in total where there has been a revaluation or enhancement since 1st April 2010. The following sub-component categories are used.

Main Structures
Replaceable Structures
Services
External Works
Land

Capitalisation of Borrowing Costs

IAS 23 requires borrowing costs, such as interest payments and other financing charges, to be capitalised in respect of assets that take a substantial period of time to get ready for use or sale. Capitalisation of borrowing costs is required to continue until the point at which the related assets become operational or are sold.

However, the Code of Practice allows borrowing costs to be charged to revenue expenditure as they are incurred. The Council's policy is to apply the discretion permitted under the Code to expense borrowing costs as they are incurred. Accordingly, borrowing costs expensed are disclosed within Interest Payable in the Comprehensive Income and Expenditure Statement.

GOVERNMENT GRANTS AND CONTRIBUTIONS

Government grants and other contributions in relation to revenue and capital expenditure are accounted for on an accruals basis and recognised in the accounting statements when the conditions for their receipt have been complied with and there is reasonable assurance that the grant or contribution will be received.

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

Capital expenditure, such as improvement grants for which no long term assets exist is classified as Revenue Expenditure Funded from Capital Under Statute. Expenditure is written off to the Comprehensive Income and Expenditure Account in the year it is incurred.

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

CURRENT ASSETS

The 2010/11 Code lists Current Assets as the following:

Inventories

These include cleaning materials, vehicle spares, printing and stationery, and catering supplies.

This council has accounted for inventories in accordance with IAS2 and IPSAS 12, which includes public sector interpretations of measurement which the Code has adopted.

Work in Progress

Any rechargeable works are shown at the actual cost incurred (excluding overheads allocation) at 31st March.

Current Liabilities

The 2010/11 Code lists Current liabilities as the following.

Provisions

Provisions are made where an event has taken place that gives the Council an obligation that probably requires settlement by a transfer of economic benefit but where the timing is uncertain. Provisions are charges to the Comprehensive Income and Expenditure account when the Council becomes aware of the obligation based on best estimate of the likely settlement. When payments are eventually made they are charged to revenue and funded from the provision set up in the Balance Sheet.

DEBTORS AND CREDITORS

The revenue and capital accounts of the Council are maintained on an accruals basis in accordance with the Code. Sums due to or payable by the Council at the end of each financial year are brought into account (irrespective of whether cash has been received or payment has been made).

Where actual costs are not available, accruals for debtors and creditors are made on a best-estimate basis. Accruals are raised for items that singularly or in total (e.g. bulk orders) are estimated to be £250 or more in value.

At the end of each financial year an estimate is made of doubtful debts – amounts due to the Council, but unlikely to be received. The total value of these amounts is provided as a provision for bad debt and deducted from the debtors balance in the Balance Sheet.

ACCOUNTING FOR FINANCIAL INSTRUMENTS

Financial Instruments are broadly defined in the SORP Code as contracts that give rise to a financial asset in one entity and a financial liability in another entity. Typical financial instruments are:

LIABILITIES	ASSETS
Trade payables and other payables Borrowings Financial guarantees	Bank deposits Trade receivables Loans receivable Other receivables and advances Investments

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

ACCOUNTING FOR FINANCIAL INSTRUMENTS (continued)

The council recognises financial instruments in the accounts at the point when contractual obligations are made in regard to exchange of goods and services, rather than when receipts or payments pass from one party to another.

The accounting treatment of any particular financial instrument (i.e. how its carrying value is measured, and gains and losses recognised) depends on its classification on initial recognition. For this purpose, IFRS7 recognises two classes of financial liabilities and four classes of financial assets, being:

FINANCIAL LIABILITIES	FINANCIAL ASSETS
Amortised cost Fair value through profit or loss	Loans and receivables Available for sale Fair value through profit or loss Held to maturity

The Council's financial assets include trade receivables, bank deposits and investments, while its financial liabilities include all operational creditors and external borrowing. Both classes of financial instruments have been accounted for at amortised cost taken as the carrying amount on initial recognition (i.e. the transaction price), or (as in the case of investments and borrowing), principal plus accrued interest to 31st March, 2011.

The Code also requires that each class of financial assets and financial liabilities be disclosed at "fair value" in a way that permits it to be compared with the carrying amount in the statement of accounts. Comparisons of fair value with the carrying amounts are shown where required within the Notes to Core Financial Statements.

In making such comparisons, fair value is taken as meaning the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arms-length transaction.

Soft Loans

The Code requires specific accounting requirements in respect of "soft loans", being loans made to or from third parties at preferential rates of interest below market rates. The Code requires the fair value of soft loans to be estimated as the present value of future cash receipts attributable to the loans discounted using the prevailing market rate for a similar financial instrument. This results in a different measure of fair value than what is derived from the actual cash lent and the cash flows that will take place under contract.

The council issues soft loans to employees in respect of car loans, and is in receipt of one interest free loan to finance a capital project. No adjustment in respect of these loans is made to the accounts to reflect the requirements of the Code on the grounds that the adjustment would be immaterial.

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

INVESTMENTS

Investments comprise cash deposits placed with financial institutions for fixed term or notice periods, and are shown on the balance sheet at amortised cost, being the value of principal and accrued interest outstanding at the balance sheet date.

DEBT REDEMPTION

The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 (SI 2008/414) place a duty on local authorities to make a prudent provision for debt redemption.

In accordance with statutory guidance the Capital Financing Method (CFR) is applied in respect of all capital expenditure funded by borrowing up to 31 March 2007, and the Asset Life Method is applied for all new capital expenditure after this date.

The provisions so calculated in accordance with these methodologies are made each year from the General Fund Revenue Accounts in the form of the Minimum Revenue Provision (MRP), which is then held in the Capital Adjustment Account (CAA). The accumulated provision held in the CAA is used to repay the principal amounts borrowed to finance capital investment.

INTERNAL INTEREST

Interest is credited to some Reserve Account balances based upon the average rate of return on the Council's investments for the year.

CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents are defined as "short-term, highly liquid investments that are readily convertible to known amounts of cash, and which are subject to an insignificant risk of change in value". Accordingly, the investments that may fall within the definition are principally held for short-term cash management purposes, not for obtaining a significant return on investment.

International Accounting Standard IAS 7 suggests that short term investments are for periods no longer than 3 months duration, as any longer period would increase the risk of a change in value of the investments. However, the Council recognises that fixed term deposits up to 3 months do not satisfy the requirement for the investments to be readily convertible for cash management purposes. Therefore, in practice the Council's policy restricts the composition of cash and cash equivalents to current account balances held with its own banker, plus instant access call accounts or money market fund deposits placed in other financial institutions, that would be returnable without penalty within 24 hours notice.

EXCEPTIONAL ITEMS

Where exceptional items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Authority's financial performance.

PRIOR PERIOD ADJUSTMENTS

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error.

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

RESERVES

The Council sets aside specific amounts as reserves to meet future spending need or to cover contingencies.

Reserves are created by appropriating amounts out of the General Fund Balance. When expenditure to be financed from reserves is incurred, it is charged to the appropriate service within the Income and Expenditure Statement. The amount so charged is funded by transferring from the Reserves to the General Fund Balance an equivalent amount via the Statement of Movement of General Fund Balances.

For 2010/11 the Accounting Code of Practice introduces a new Movement In Reserves Statement which shows the change in the year on the different Reserves held by the Authority analysed between "Usable" and "Unusable" Reserves. Usable Reserves are those that may be used to fund expenditure or reduce local taxation, while unusable reserves are kept to manage accounting processes (such as the revaluation of long term assets) and do not represent usable resources of the Authority.

The composition of the Movement In Reserves Statement is contained in the Notes to the accounts.

VALUE ADDED TAX

VAT is included in the Comprehensive Income and Expenditure Account only to the extent that it is irrecoverable.

PENSION COSTS

The pension costs in the Council's accounts show the attributable share of the assets and liabilities of West Sussex Local Government Pension Fund, which provides Council employees with defined benefits relating to pay and service. This accounting treatment complies fully with the requirements of IAS 19.

Termination Benefits

Redundancy costs are recognised in the year in which the decision is made.

Accumulated Absences

The Council reviews the cost of accumulated absences as required by the IFRS code of practice. The review reveals that the level of this is not material and therefore has chosen not to accrue these costs.

CONTINGENT LIABILITIES:

Contingent liabilities are possible obligations arising from past events whose existence will only be confirmed by future events not wholly within the control of the authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts unless perceived as being remote.

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

CAPITAL RECEIPTS

The usable portions of capital receipts from the disposal of assets are held in the Usable Capital Receipts Reserve until such time as they are used to finance other capital expenditure and/or to repay debt.

NOTE 2: ACCOUNTING STANDARDS ISSUED, NOT ADOPTED

On 19 June 2009 the Accounting Standards Board (ASB) issued a new Financial Reporting Standard on the reporting of assets held by museums and art galleries. FRS 30 'Heritage Assets' introduced new disclosure requirements for reporting the content and value of collections.

As part of the consultation on the 2010/11 Code, CIPFA/LASAAC proposed that FRS 30 be adopted in the Code. The majority of respondents agreed with this proposal, but concerns were raised regarding the availability of resources to implement the requirements at the same time as implementing IFRS.

CIPFA/LASAAC therefore came to an agreement with the Financial Reporting Advisory Board that the Code would adopt FRS 30 in 2011/12, a year later than the rest of the public sector.

Appendix C of the 2011/12 Code will provide details of the disclosures required. For the 2010/11 Statement of Accounts there are no disclosure requirements within the 2010/11 Code.

NOTE 3: CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events.

The critical judgements made in the Statement of Accounts are:

- There is a high degree of uncertainty about future levels of funding for local government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.

NOTE 4: ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Authority's Balance Sheet at 31 March 2011 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

NOTES TO THE ACCOUNTS

NOTE 4: ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION

Item	Uncertainties	Effect if actual results differ from assumptions
Property, Plant & Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	<p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.</p> <p>The useful life of some of the council buildings has been reduced and, as a result, the depreciation charge has increased.</p> <p>Depreciation is excluded when the movement in the general fund is determined. It does not impact on the setting of council tax.</p>
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.	<p>The effects on the net pensions liability of changes in individual assumptions can be measured. However, the assumptions interact in complex ways.</p> <p>£7.2m relates to a change of measurement from the Retail Price Index to the Consumer Price Index.</p> <p>Retirement benefits are charged as amounts become payable to pension funds rather than as future benefits are earned. Net changes made for retirement benefits in accordance with IAS 19 are excluded when the movement in the General Fund (revenue outturn) is determined. It does not impact on the setting of council tax.</p>
Arrears	At March 2011 the Authority had a balance of debtors due (excluding government department) £5.76m. A review of significant balances suggested that an impairment of doubtful debt of £0.9m. was appropriate	Arrears collection rates are reviewed each year and if collection rates were to deteriorate or improve this would require an appropriate adjustment.

NOTES TO THE ACCOUNTS

NOTE 5: MATERIAL ITEMS OF INCOME AND EXPENSE

There are no material income and expense items to disclose that are not reported in the Comprehensive Income and Expenditure Account.

NOTE 6: EVENTS AFTER THE BALANCE SHEET DATE

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period, 31st March 2011 and the date when the Statement of Accounts is authorised for issue, 29th September 2011.

Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after 29th September 2011, the date of authorisation for issue, are not reflected in the Statement of Accounts

NOTE 7: ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice and to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure.

	General Fund Balance	Capital Receipts Reserves	Capital Grants Unapplied	Movement in Unusable Reserve
2010/11 USABLE RESERVES				
Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement	£000	£000	£000	£000
Charges for depreciation and impairment of non current assets	(2,261)			2,261
Revaluation losses on Property Plant and Equipment	(12,571)			12,571
Movements in the market value of investment Properties	11,160			(11,160)
Amortisation of intangible assets	(37)			37
Capital grants and contributions applied	1,286		121	(1,407)
Movement in the Donated Assets Account				
Revenue Expenditure funded from capital under statute	(1,900)			1,900
Amount of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(1,557)			1,557

NOTES TO THE ACCOUNTS

NOTE 7: ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

2010/11 USABLE RESERVES	General Fund Balance	Capital Receipts Reserves	Capital Grants Unapplied	Movement in Unusable Reserve
	£000	£000	£000	£000
Insertion of items not debited or credited to the Comprehensive Income & Expenditure Statement				
Statutory provision for the financing of capital investment	452			(452)
Capital expenditure charged against the General Fund	186			(186)
Adjustment primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the Comprehensive Income & Expenditure A/c				-
Application of grants to capital financing transferred to the Capital Adjustment Accounts			711	(711)
Adjustment primarily involving the Capital Grants Unapplied Account:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive income and Expenditure Statement	292	(292)		-
Use of the Capital Receipts Reserve to finance new capital expenditure		2,875		(2,875)
Transfer from Deferred Capital Receipts Reserve upon receipt of cash		(4)		4
Adjustment primarily involving the Deferred Capital Receipts Reserve:				
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive income and Expenditure Statement				-
Adjustments involving the Pensions Reserve				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive income and Expenditure Statement	7,920			(7,920)
Employers Pension Contributions and direct payments to pensioners payable in the year	2,550			(2,550)
Adjustments involving the Collection Fund Adjustment Account:				
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(44)			44

NOTES TO THE ACCOUNTS

NOTE 7: ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

	General Fund Balance	Capital Receipts Reserves	Capital Grants Unapplied	Movement in Unusable Reserve
2010/11 USABLE RESERVES				
Adjustments primarily involving the Capital Adjustment Account	£000	£000	£000	£000
Adjustment involving the Unequal Pay Back Pay Adjustment Account				
Amount by which amounts charged for Equal Pay claims to the Comprehensive Income and Expenditure Statement are different from the cost of settlements chargeable in the year in accordance with statutory requirements				-
Adjustment involving the Accumulated Absences Account				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements				-
TOTAL ADJUSTMENTS 2010/11	5,476	2,579	832	(8,887)

	General Fund Balance	Capital Receipts Reserves	Capital Grants Unapplied	Movement in Unusable Reserve
2009/10 USABLE RESERVES COMPARATIVE FIGURES RESTATED				
	£000	£000	£000	£000
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement				
Charges for depreciation and impairment of non current assets	(1,826)			1,826
Revaluation losses on Property Plant and Equipment	1,416			(1,416)
Movements in the market value of investment Properties	(154)			154
Amortisation of intangible assets	(33)			33
Capital grants and contributions applied	705			(705)
Movement in the Donated Assets Account				
Revenue Expenditure funded from capital under statute	(1,411)			1,411
Amount of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(973)			973

NOTES TO THE ACCOUNTS

NOTE 7: ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

2009/10 USABLE RESERVES COMPARATIVE FIGURES Adjustments primarily involving the Capital Adjustment Account:	General Fund Balance	Capital Receipts Reserves	Capital Grants Unapplied	Movement in Unusable Reserve
	£000	£000	£000	£000
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement				
Statutory provision for the financing of capital investment	408			(408)
Capital expenditure charged against the General Fund	140			(140)
Adjustment primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the Comprehensive income and Expenditure Account	986		(986)	-
Application of grants to capital financing transferred to the Capital Adjustment Accounts			512	(512)
Adjustment primarily involving the Capital Grants Unapplied Account:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive income and Expenditure Statement	7,065	(7,065)		-
Use of the Capital Receipts Reserve to finance new capital expenditure		2,486		(2,486)
Contribution from Capital Receipts Reserve towards administrative costs of non current asset disposals				-
Contribution from Capital Receipts Reserve to finance the payments to the Government capital receipts pool				-
Transfer from Deferred Capital Receipts Reserve upon receipt of cash		(4)		4
Adjustment primarily involving the Deferred Capital Receipts Reserve:				
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive income and Expenditure Statement				-

NOTES TO THE ACCOUNTS

NOTE 7: ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

2009/10 USABLE RESERVES COMPARATIVE FIGURES RESTATED	General Fund Balance	Capital Receipts Reserves	Capital Grants Unapplied	Movement in Unusable Reserve
	£000	£000	£000	£000
Adjustments involving the Financial Instruments Adjustment Account				
Amount by which finance costs charged to the Comprehensive income and Expenditure Statement are different from finance costs chargeable in year in accordance with statutory requirements				-
Adjustments involving the Pensions Reserve				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive income and Expenditure Statement	(3,780)			3,780
Employers Pension Contributions and direct payments to pensioners payable in the year	3,010			(3,010)
Adjustments involving the Collection Fund Adjustment Account:				
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(10)			10
Adjustment involving the Unequal Pay Back Pay Adjustment Account				
Amount by which amounts charged for Equal Pay claims to the Comprehensive Income and Expenditure Statement are different from the cost of settlements chargeable in the year in accordance with statutory requirements				-
Adjustment involving the Accumulated Absences Account				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration				-
TOTAL ADJUSTMENTS 2009/10	5,543	(4,583)	(474)	(486)

NOTES TO THE ACCOUNTS

NOTE 8: TRANSFERS TO/FROM EARMARKED RESERVES

This note sets out the amounts set aside from the General Fund and Housing Revenue Account balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund in 2010/11.

The Council holds a number of specific reserves. Movements during the year were as follows:

Movement in Earmarked Reserves	Balance at 01.04.09	Decrease 2009/10	Increase 2009/10	Balance at 31.03.10	Decrease 2010/11	Increase 2010/11	Balance at 31.03.11
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Earmarked Revenue Reserves							
Capacity Issues Fund	1,946	(611)	1,449	2,784	(534)	593	2,843
Community Initiatives	10	-	-	10	(10)	-	-
Cremator Abatement	238	-	71	309	(92)	82	299
Crematorium Improvement	-	(51)	51	-	(53)	53	-
Insurance	299	(53)	-	246	(6)	31	271
Joint Health Promotion	44	-	-	44			44
Leisure Lottery & Other Partnerships	133	(32)	-	101	(23)		78
Leisure Options	292	-	-	292			292
Museum Reserve	110	-	-	110			110
Pensions Contribution	400	(225)	-	175	(175)		-
Planning Delivery Grant	261	(42)	29	248	(65)		183
Special & Other Emergency Expenditure	729	(664)	250	315	(153)	575	737
VAT Partial Exemption	247	-	-	247			247
Vehicle Repair and Renewal	61	-	-	61		36	97
Total General Fund	4,770	(1,678)	1,850	4,942	(1,111)	1,370	5,201
Capital Expenditure Reserve	109	(36)	-	73	-	-	73
Total Earmarked Reserves	4,879	(1,714)	1,850	5,015	(1,111)	1,370	5,274

- (i) The capacity issues reserve was set up in 2005/06 to give the Council scope to deal with a range of cost pressures expected to arise in future years.
- (ii) The Community Initiatives Reserve provides funding for partnership initiatives in support of community engagement.
- (iii) The Cremator Abatement Reserve and Crematorium Improvement Reserve were established in November 2005 and consist of funds set aside from increases in fees and charges. They are designed to provide funds towards the cost of mercury emission abatement measures and crematorium infrastructure improvements respectively.

NOTES TO THE ACCOUNTS

NOTE 8: TRANSFERS TO/FROM EARMARKED RESERVES

- (iv) The Insurance Reserve was established in 1993/94 to develop risk management, fund minor self-insurance and to achieve longer term revenue savings.
- (v) The Joint Health Promotion Reserve was established in 2005 with funding received from the local teaching Primary Care Trust for health promotion projects.
- (vi) The Leisure, Lottery and Other Partnerships Reserve was established in 1995/96 to assist in financing capital schemes attracting substantial support from the National Lottery distributor bodies and other funding agencies and organisations.
- (vii) The Leisure Options Reserve has been established using the interest earned from the proceeds of the disposal of certain assets being sold to generate funds to re-provide swimming facilities and refurbishing the Leisure Centre. The reserve will be used for one-off initiatives or pump-priming projects in line with the Council's Corporate Plan priorities.
- (viii) The Museum Reserve was established in 1993/94 to support the overall service aims of the Museum and Art Gallery on occasions where annual budgets do not allow the work of the Museum and Art Gallery to progress in a manner which will contribute to achieving these aims.
- (ix) The Pension Contributions Reserve was established in 1997/98 to provide funding for the inevitable increases in the Council's contributions to the West Sussex Local Government Pension Fund beginning in 1999/2000 following the Government's withdrawal of Advance Tax Credits.
- (x) The Planning Delivery Grant Reserve was set up in 2006/07 to carry forward grant received in previous years, which has been approved by Cabinet to be spent on specific planning initiatives
- (xi) The Special and Other Emergency Expenditure Reserve was set up to fund expenditure such as seaweed removal, uninsured losses (i.e. storm damage) and any other strategic or unforeseen one-off expenditure which may arise.
- (xii) The VAT Partial Exemption Reserve was originally set up in 2000 to meet any additional costs associated with the transfer of the Council's Housing Stock. The purpose of the fund was revised in 2002 and surplus funds redistributed to other reserves leaving a balance of £247,000 to meet potential VAT liabilities.
- (xiii) The Vehicle Repairs and Renewal Fund was set up in 2008 to meet future maintenance costs of the Adur Worthing Council Services Fleet.
- (xiv) The Capital Expenditure Reserve was set up in 1993/94 to finance capital schemes which may have been delayed, to provide an alternative source of finance should the income from capital receipts decline and to assist in the financing of new or accelerated capital projects.

NOTES TO THE ACCOUNTS

NOTE 8: TRANSFERS TO/FROM EARMARKED RESERVES

CAPITAL RESERVES AND BALANCES

Revaluation Reserve

Capital accounting regulations require the establishment of this account to represent the accumulated gains on the long term assets held by the council arising from increases in value, as a result of inflation or other factors. The account is written down by depreciation charges on assets, incurred because the asset has been revalued and by the revaluation gains when assets are sold.

Capital Adjustment Account

The Capital Adjustment Account is an account required under capital accounting regulations and reflects the difference between the cost of long term assets consumed and the capital financing assets set aside to pay for them. It is written down by capital expenditure which does not result in the creation of a long term asset and the depreciated historical cost of assets when sold.

Capital Grants Unapplied Reserve

Capital Grants Unapplied Reserve is held for capital grants that have been received but have not yet been used to finance capital expenditure.

NOTE 9: OTHER OPERATING EXPENDITURE

Other Operating Expenditure	31-Mar-11	Restated 31-Mar-10
	£'000s	£'000s
Gains/losses on the disposal of non-current assets	123	(6,030)
TOTAL	123	(6,030)

NOTE 10: FINANCING AND INVESTMENT INCOME AND EXPENDITURE

Financing and Investment Income and Expenditure	2010/11	Restated 2009/10
	£000	£000
Interest Payable & Similar Charges	119	119
Pensions interest cost & expected return on pensions assets	2,090	2,900
Interest Receivable & similar Income	(396)	(1,528)
Income and expenditure in relation to investment properties and changes in fair value	(11,429)	(392)
Other Investment Income	(146)	(138)
TOTAL	(9,762)	961

NOTES TO THE ACCOUNTS

NOTE 11: TAXATION AND NON-SPECIFIC GRANT INCOME

Taxation and Non-Specific Grant Income	2010/11	2009/10
	£'000s	£'000s
Council Tax Income	(8,350)	(8,112)
Non Domestic Rates	(6,942)	(6,427)
Non-ringfenced Government Grants	(1,101)	(1,604)
Capital Grants and Contributions	(1,292)	(1,143)
TOTAL	(17,685)	(17,286)

NOTE 12: PROPERTY, PLANT AND EQUIPMENT

OPERATIONAL ASSETS

Movements in 2010/2011	Other Land and Buildings	Vehicles, Furniture and Equipment	Infra-structure Assets	Comm-unity Assets	Surplus Assets	Assets Under Const-ruction	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
At 1 April 2010 (Restated)	67,910	8,562	2,234	4,946	886	1,326	85,864
Additions	325	786	1,100	-	-	1,170	3,381
Revaluation increases/(decreases) recognised in the Revaluation Reserve	2,004	-	-	-	1,350	-	3,354
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(14,826)	-	-	-	-	-	(14,826)
Derecognition - other	(126)	(397)	-	-	-	-	(523)
Assets reclassified (to)/from Investment Properties	(86)	-	-	-	50	-	(36)
Reclassifications between asset classes, including transfers to intangible assets	382	186	104	22	-	(717)	(23)
At 31 March 2011	55,583	9,137	3,438	4,968	2,286	1,779	77,191
Accumulated Depreciation and Impairment							
At 1 April 2010 (Restated)	(1,414)	(3,900)	(379)	-	-	-	(5,693)
Depreciation charge	(1,332)	(846)	(83)	-	-	-	(2,261)
Depreciation written out to the Revaluation Reserve	56	-	-	-	-	-	56
Deprecation written out to the Surplus/Deficit on the Provision of Services	2,255	-	-	-	-	-	2,255
Derecognition - Other	3	397	-	-	-	-	400
At 31 March 2011	(432)	(4,349)	(462)	-	-	-	(5,243)
Net Book Value at 31 March 2011	55,151	4,788	2,976	4,968	2,286	1,779	71,948
Net Book Value at 31 March 2010	66,496	4,662	1,855	4,946	886	1,326	80,171

NOTES TO THE ACCOUNTS

NOTE 12: PROPERTY, PLANT AND EQUIPMENT (continued)

COMPARATIVE MOVEMENTS 2009/10

Restated Movements in 2009/2010	Other Land and Buildings	Vehicles, Furniture and Equipment	Infra- structure Assets	Comm- unity Assets	Surplus Assets	Assets Under Const- ruction	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
At 1 April 2009	62,501	8,371	1,813	4,946	965	176	78,772
Additions	440	339	412	-	-	1,199	2,390
Revaluation increases/(decreases) recognised in the Revaluation Reserve	2,929	-	-	-	-	-	2,929
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	2,037	-	-	-	-	-	2,037
Derecognition - disposals	-	(184)	-	-	(79)	-	(263)
Other reclassifications	3	36	9	-	-	(49)	(1)
At 31 March 2010	67,910	8,562	2,234	4,946	886	1,326	85,864
Accumulated Depreciation and Impairment							
At 1 April 2009	(358)	(3,234)	(313)	-	-	-	(3,905)
Depreciation charge	(1,056)	(844)	(66)	-	-	-	(1,966)
Derecognition - Disposals	-	178	-	-	-	-	178
At 31 March 2010	(1,414)	(3,900)	(379)	-	-	-	(5,693)
Net Book Value at 31 March 2010	66,496	4,662	1,855	4,946	886	1,326	80,171
Net Book Value at 31 March 2009	62,143	5,137	1,500	4,946	965	176	74,867

Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation:

- Other Land and Buildings: 20 – 70 years
- Vehicles, Plant, Furniture and Equipment: 1 – 25 years
- Infrastructure: 25 years

Capital Commitments

At 31 March 2011, the Authority had not entered into any significant contracts for the construction or enhancement of Property, Plant and Equipment in 2011/2012 and future years.

NOTES TO THE ACCOUNTS

NOTE 12: PROPERTY, PLANT AND EQUIPMENT (continued)

COMPARATIVE MOVEMENTS 2009/10

Revaluations

The Authority carries out a rolling programme that ensures all Property, Plant and Equipment required to be measured that fair value is revalued at least every 5 years. All valuations were carried out by the District Valuation Office. Valuations were carried out in accordance with International Financial Reporting Standards (IFRS). The valuations were made in accordance with the RICS Valuation Standards 6th Edition as published by the Royal Institution of Chartered Surveyors. The Authority uses depreciated historical cost as a valuation basis for infrastructure assets, community assets, assets under construction and for vehicles, plant and equipment.

The significant assumptions applied in estimating the fair values are:

- Operational Assets - Properties valued will continue to be in the occupation of the Local Authority for the foreseeable future having regard to the prospect and viability of the continuance of that occupation.

	Other Land and Buildings	Vehicles, Furniture and Equipment	Infra-structure Assets	Comm-unity Assets	Surplus Assets	Assets Under Const-ruktion	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Carried at historical cost	-	4,788	2,976	4,968	-	1,779	14,511
Valued at fair value as at:							-
31st March 2011	21,690	-	-	-	510	-	22,200
31st March 2010	6,109	-	-	-	-	-	6,109
31st March 2009	5,290	-	-	-	946	-	6,236
31st March 2008	384	-	-	-	-	-	384
31st March 2007	21,678	-	-	-	-	-	21,678
Total Cost or Valuation	55,151	4,788	2,976	4,968	1,456	1,779	71,118

NOTE 13: INVESTMENT PROPERTIES

The following items of income and expenditure have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

	2010/11	2009/10
	£'000	£'000
Rental income from investment property	(470)	(485)
Direct operating expenses arising from investment property	153	204
Net (gain)/loss	(318)	(281)

NOTES TO THE ACCOUNTS

NOTE 13: INVESTMENT PROPERTIES (continued)

There are no restrictions on the Authority's ability to realise the value inherent in its investment property or on the Authority's right to the remittance of income and the proceeds of disposal. The Authority has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

The following table summarises the movement in the fair value of investment properties over the year.

	2010/11	Restated 2009/10
	£'000	£'000
Balance at start of the year 1st April	7,351	7,602
Additions:		
Construction	28	-
Subsequent expenditure	24	38
Disposals	(46)	-
Net gains/(losses) from fair value adjustments	11,184	(289)
Transfers:		
To/from Property, Plant and Equipment	36	-
Balance at end of the year	18,577	7,351

NOTE 14: INTANGIBLE ASSETS

The Authority accounts for its software as intangible assets to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Authority. The carrying amount of intangible assets is amortised on a straight-line basis.

The useful lives assigned to the software licences are between 1 and 7 years and the carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £36,726 was charged to revenue in 2010/2011.

	2010/11	Restated 2009/10
	£'000	£'000
Balance at start of the year 1st April		
Gross carrying amounts	144	141
Accumulated amortisation	(49)	(16)
Net carrying amount at start of year	95	125
Additions:		
Purchases	12	3
Amortisation for the period	(36)	(33)
Transfers from property, plant and equipment	23	
Net carrying amount at end of year	94	95
Comprising		
Gross carrying amounts	179	144
Accumulated amortisation	(85)	(49)
	94	95

NOTES TO THE ACCOUNTS

NOTE 15: FINANCIAL INSTRUMENTS

A financial instrument is defined as any contract which gives rise to a financial asset in one entity and a financial liability in another. This definition therefore covers both assets and liabilities within the Council's Balance Sheet and includes items such as investments, long term and short term borrowing, trade debtors (receivables) and creditors (payables). The Code of Practice requires the Council to make a range of disclosures in respect of financial instruments, which follow in the tables below.

The borrowings and investments disclosed in the Balance Sheet are made up of the following categories of financial instruments.

	Long Term		Current		Total	
	31-Mar-11	31-Mar-10	31-Mar-11	31-Mar-10	31-Mar-11	31-Mar-10
	£'000	£'000	£'000	£'000	£'000	£'000
Financial Liabilities at Amortised Cost (Borrowings)	(2,596)	(2,550)	(64)	(2,064)	(2,660)	(4,614)
Total Liabilities	(2,596)	(2,550)	(64)	(2,064)	(2,660)	(4,614)
Loans and Receivables - Investments	-	-	17,148	19,193	17,148	19,193
Total Assets	-	-	17,148	19,193	17,148	19,193
NET TOTAL ASSETS / (LIABILITIES)	(2,596)	(2,550)	17,084	17,129	14,488	14,579

The borrowing on the balance sheet is analysed over page by maturity structure:

	31-Mar-11	31-Mar-10	1st April 2009
	£'000s	£'000s	£'000s
An analysis of loan debt by maturity is:			
Maturing within one year	64	2,064	2,754
	64	2,064	2,754
Maturing in 1-2 years	-	-	-
Maturing in 2-5 years	2,596	2,550	2,586
Maturing in 5-10 years	-	-	-
Maturing in more than 10 years	-	-	-
TOTAL	2,660	4,614	5,340

The composition of borrowings and investments at the Balance Sheet date are further analysed in the table on next page:

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

	Long Term			Current			TOTAL		
	31-Mar-11	31-Mar-10	01-Apr-09	31-Mar-11	31-Mar-10	01-Apr-09	31-Mar-11	31-Mar-10	01-Apr-09
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
BORROWING:									
Public Works Loan Board	(2,550)	(2,550)	(2,586)	(36)	(36)	(726)	(2,586)	(2,586)	(3,312)
Public Works L'n Board	(2,550)	(2,550)	(2,586)	(36)	(36)	(726)	(2,586)	(2,586)	(3,312)
Salix Finance	(46)	-	-	-	-	-	(46)	-	-
Highdown Trust	-	-	-	(28)	(28)	(28)	(28)	(28)	(28)
Edinburgh City Council	-	-	-	-	(2,000)	(2,000)	-	(2,000)	(2,000)
Other Commercial lenders	(46)	-	-	(28)	(2,028)	(2,028)	(74)	(2,028)	(2,028)
Temporary Borrowings									
TOTAL BORROWING	(2,596)	(2,550)	(2,586)	(64)	(2,064)	(2,754)	(2,660)	(4,614)	(5,340)
INVESTMENTS:									
Barclays Bank Plc	-	-	3,136	3,032	3,316	-	3,032	3,316	3,136
Depfa Bank Plc	-	-	3,088	-	3,265	-	-	3,265	3,088
Bank of Scotland	-	-	-	3,031	3,030	2,048	3,031	3,030	2,048
Co-operative Bank Plc	-	-	-	1,000	3,000	1,007	1,000	3,000	1,007
Coventry Building Society	-	-	-	-	-	1,025	-	-	1,025
Lloyds TSB Bank Plc	-	-	-	2,028	1,010	-	2,028	1,010	-
Nationwide Building Society	-	-	-	3,023	2,010	1,030	3,023	2,010	1,030
Royal Bank of Scotland	-	-	-	3,023	1,005	2,529	3,023	1,005	2,529
Santander Bank	-	-	-	2,011	1,507	1,038	2,011	1,507	1,038
High Peak District Council	-	-	-	-	1,000	-	-	1,000	-
Adur District Council	-	-	-	-	50	-	-	50	-
Cash Deposits	-	-	-	-	-	182	-	-	182
TOTAL INVESTMENTS	-	-	6,224	17,148	19,193	8,859	17,148	19,193	15,083
NET TOTAL INVESTMENTS/ (LIABILITIES)	(2,596)	(2,550)	3,638	17,084	17,129	6,105	14,488	14,579	9,743

NOTES TO THE ACCOUNTS

NOTE 15: FINANCIAL INSTRUMENTS

	FINANCIAL LIABILITIES Measured at Amortised Cost		FINANCIAL ASSETS Loans and Receivables		TOTAL	
	2010/11 £'000	2009/10 £'000	2010/11 £'000	2009/10 £'000	2010/11 £'000	2009/10 £'000
Interest Expense	(112)	(119)	-	-	(112)	(119)
Impairment Losses	-	-	-	-	-	-
Interest Payable and Similar Charges	(112)	(119)	-	-	(112)	(119)
Interest Income	-	-	386	693	386	693
Reduction in Impairment	-	-	76	(37)	76	(37)
Interest Income and Similar Income	-	-	462	656	462	656
Net Gain/(Loss) in Year	(112)	(119)	462	656	350	537

The losses and gains in impairment relate solely to the provisions for losses on trade debtors calculated in accordance with accounting policies.

Fair Values - Borrowing

The fair value of investments and borrowing at 31st March 2011 is based upon professional evaluation by the Council's treasury management advisers.

The valuations use the net present value approach, which provides an estimate of the value of payments in the future in today's terms. The discount rate used is equal to the current rate in relation to the same instrument from a comparable lender at 31st March 2011. The fair value includes accrued interest in the calculation to provide a comparison with the carrying value in the Balance Sheet.

The fair values for loans from the PWLB have been calculated using the new borrowing rate in force on the last working day of the financial year.

The fair value of trade debtors and creditors is taken to be the invoiced amount.

The fair values calculated are as follows:

	31st March 2011			31st March 2010	
	Carrying Amount	Fair Value		Carrying Amount	Fair Value
	£'000	£'000		£'000	£'000
Financial Liabilities					
Borrowing PWLB	(2,550)	(2,693)		(2,550)	(2,801)
Market Loans	(46)	(42)		-	-
Temporary Borrowings	(64)	(64)		(2,064)	(2,064)
Total Borrowing	(2,660)	(2,799)		(4,614)	(4,865)
Trade and Other Payables	(4,836)	(4,836)		(4,412)	(4,412)
	(7,496)	(7,635)		(9,026)	(9,277)

NOTES TO THE ACCOUNTS

NOTE 15: FINANCIAL INSTRUMENTS

The fair value is greater than the carrying amount because the authority's portfolio of loans includes a significant proportion of loans where the interest rate payable is higher than the rates available for similar loans at the Balance Sheet date. This means that if the Council were to repay these loans before the due date then it would have to pay a premium to the lender over and above the carrying value.

Fair Values - Investments

	31st March 2011		31st March 2010	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Investments	17,148	17,148	19,193	19,193
Trade Receivables	4,513	4,513	4,623	4,623
Loans and Receivables	21,661	21,661	23,816	23,816

The fair value for investments is the same as the carrying amount because the portfolio of investments at the 31st March principally comprises of short term cash, deposits for which the fair value is deemed to approximate the carrying value.

Nature and Extent of Risks Arising From Financial Instruments

The Council's activities expose it to a variety of financial risks:

Credit Risk – the possibility that other parties might fail to pay the amounts due to the Council.

Liquidity Risk – the possibility that the Council might not have the funds available to meet its commitments to make payments.

Market risk – the possibility the authority might suffer financial loss as a result of changes in interest rates

The Council's treasury management activities are carried out by a central team under policies approved by the Council as part of its annual treasury management strategy. This provides a written framework for overall risk management of its treasury management actions.

Credit Risk

Credit risk arises from investments with banks and building societies as well as credit exposures to the Council's customers. The Council's treasury management policy on investments limits the amounts invested with any institution or group according to the credit rating provided by the principal rating agencies Fitch, Moody's and Standard and Poor's. Consequently the Council limits lending of no more than £6m to institutions rated AA+ or above, £5m to institutions rated AA or AA-, and £3m to those rated A+ or below. In the case of the council's own bank the limit is £3m, or 25% of total funds (whichever is higher).

The Council has not incurred any loss or default from any of its investments and is not aware of any loss being suffered on cash deposits by any authority using similar investment criteria. However the prevailing financial climate since the banking crises of 2008 would suggest that the investment of council's funds is not entirely without risk.

NOTES TO THE ACCOUNTS

NOTE 15: FINANCIAL INSTRUMENTS

Trade and rental debts are usually payable immediately when due. Generally therefore, all amounts outstanding at the year end, apart from those amounts raised as part of the final accounts process are past their due date. Exposure to losses on these debtors is assessed on an aged debt basis as identified in the accounting policies and are shown in the table below with an aged debt analysis of the trade receivables.

The following analysis summarises the Council's potential maximum exposure to credit risk, based on experience of default and uncollectibility, adjusted for current market conditions.

Credit Risk Exposure	Carrying Amount at 31-Mar-11	Historical Experience of Default	Historical Experience Adjusted for Market Conditions at 31-Mar-11	Estimated Maximum Exposure to Default and Uncollectibility at 31-Mar-11	Estimated Maximum Exposure at 31-Mar-10
	£'000	%	%	£'000	£'000
Deposit with Banks and Financial Institutions	17,148	0.00%	0.50%	86	96
Customers	4,513	1.12%	1.47%	66	115
	21,661			152	211

The past due amounts for trade and rent debtors can be analysed as follows:

Overall Aged Debt Analysis	31-Mar-11	31-Mar-10
	£'000	£'000
Less than three months	4,056	4,113
Three to six months	93	200
Six months to one year	203	180
More than one year	161	130
	4,513	4,623

Liquidity Risk

As the Council has ready access to borrowings from either directly the Public Works Loans Board or from the financial markets via brokers, there is no material risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead the risk is that the Council may be forced to refinance a significant proportion of its borrowings at a time of rising (therefore unfavourable) interest rates. To offset this risk, the Council sets limits on its exposure to variable rate borrowings and retains flexibility within its Prudential Limits to redeem up to 100% of the value of outstanding debt in any year should opportunities arise to reschedule or redeem debt early. This may be the case in times of rising interest rates when discounts are available on early redemption of debt, and the cost of borrowing exceeds the interest receivable from the investment of the surplus funds that would be used to repay debt.

NOTES TO THE ACCOUNTS

NOTE 15: FINANCIAL INSTRUMENTS

Market Risk

The Council is exposed to risk in its exposure to interest rate movements in its investments and to a lesser extent on its borrowings. The Council generally invests and borrows at fixed rates. Its investments are for a period up to 1 year. Borrowings comprise long term fixed loans from the Public Works Loans Board.

Movements in interest rates may have an impact on the Council, for example if interest rates were to rise this would enable the Council to invest at higher rates as previous investments mature so increasing the income credited to the Comprehensive Income and Expenditure account. However if the Council retained variable rate borrowings some of the commercial lenders might wish to exercise their option to increase the interest charged on the Council's borrowings. This would require the Council to either accept the higher interest rate or replace its loans. In either case the result would be an increase in the interest costs.

The Council has a range of strategies for limiting interest rate risk. The policy is to minimise the amount of variable rate borrowing and to make fixed rate deposits and investments over a range of maturities ensuring that the Council's exposure to short term market fluctuations is minimised.

According to this assessment strategy, at 31 March 2011, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	£'000
Increase in interest payable on variable rate borrowings	-
Increase in interest receivable on variable rate investments	(25)
Impact on Surplus or Deficit on the Provision of Services	(25)
Decrease in fair value of fixed rate investment assets	53
Impact on Other Comprehensive Income and Expenditure	53
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	72

Price Risk

The Council has no investments in equity shares and thus is not exposed to losses arising from movements in share prices.

Foreign Exchange Risk

The Council has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

NOTES TO THE ACCOUNTS

NOTE 16: INVENTORIES

Worthing Borough Council holds £67,820 (£143,648 in 2009/10) Inventories (stock) mainly for the use of providing internal services; this is not considered a significant part of the overall assets held by the authority and is deemed not material. The Worthing share of Inventories from the Joint Committee is £53,526 (£22,426 in 2009/10). This is a gross inventories holding for Worthing Borough Council of £121,347 (£166,074 in 2009/10 and £141,690 in 2008/09).

NOTE 17: CONSTRUCTION CONTRACTS

There are no significant construction contracts outstanding.

NOTE 18: DEBTORS

	31-Mar-11	Restated 31-Mar-10	1st April 2009
	£'000s	£'000s	£'000s
Amounts falling due in one year:			
Government Departments	800	2,943	2,571
Housing Rents	-	-	-
Council Tax including preceptors	753	748	970
Sundry Debtors	5,008	5,075	5,329
	6,561	8,766	8,870
Less:			
Provision for doubtful debts	(892)	(899)	(929)
	5,669	7,867	7,941
The amount due from Gov't Depts			
Housing Benefit Grant Holding Account	-	664	163
Department of Communities & Local Govt - NDR	648	1,847	711
HM Revenues and Customs	151	432	55
TOTAL	799	2,943	929

NOTE 19: CASH AND CASH EQUIVALENTS

The Council holds Cash and Cash Equivalents for the purpose of meeting short term commitments.

	01-Apr-09	31-Mar-10	31-Mar-11
	£'000	£'000	£'000
The balance is made up of the following elements:			
Cash held by the Authority	816	723	679
Bank Current Accounts	534	53	146
Short Term deposits, of up to 3 months duration, placed with other financial institutions	-	-	-
Total Cash & Cash Equivalents	1,350	776	825

NOTES TO THE ACCOUNTS

NOTE 20: ASSETS HELD FOR SALE

	Current 2010/11	Current 2009/10	Non Current 2010/11	Non Current 2009/10
	£'000	£'000	£'000	£'000
Balance outstanding at start of year (1st April 2009)		889	2,160	2,500
Revaluation losses	-	-	(1,412)	(340)
Disposals:	-	(889)	-	-
Other movements	-	-	12	-
Balance outstanding at year-end	-	-	760	2,160

NOTE 21: CREDITORS

	31-Mar-11	Restated 31-Mar-10	Restated 1st April 2009
	£'000s	£'000s	£'000s
Central Government Bodies	291	153	162
Other Local Authorities	1,661	1,146	560
Public Corporations and Trading Funds	-	-	-
Bodies external to general government	3,330	3,347	5,570
TOTAL	5,282	4,646	6,292

NOTE 22: PROVISIONS

The table below identifies the movements in the year in the amounts set aside for provisions. Below the table is a brief description of the nature of each provision and any information on likely timings and uncertainties surrounding its use.

	Balance at 31-Mar-10	Additional provisions made in 2010/11	Amounts used in 2010/11	Unused Amounts Reversed in 2010/11	Unwinding of Discounting in 2010/11	Balance at 31-Mar-11
	£'000	£'000	£'000	£'000	£'000	£'000
Development Control - Land Searches	15					15
Car Parks - Disputed Income	124	138				262
Land Charges - Personal Search Fees		34				34
Concessionary Fares	397		(75)			322
	536	172	(75)			633

NOTES TO THE ACCOUNTS

NOTE 22: PROVISIONS

Concessionary Fares. This provision relates to potential additional costs resulting from a legal challenge to the reimbursement made to one operator by the Sussex Countywide travel pass scheme. The claim is unresolved as the transport operator has applied for a judicial review of the decision by a Department of Transport adjudicator. The results of this appeal should be known during 2011/12.

NOTE 23: USABLE RESERVES

Movements in the Authority's usable reserves are detailed in the Movement of Reserves Statement.

NOTE 24: UNUSABLE RESERVES

01-Apr-09	31-Mar-10 Restated	UNUSABLE RESERVES	31-Mar-11
£'000s	£'000s		£'000s
(316)	(3,206)	Revaluation Reserve	(6,548)
(78,704)	(80,016)	Available for Sale Financial Instruments Reserve	(78,549)
-	-	Capital Adjustment Account	-
(34)	(29)	Financial Instruments Adjustment Account	-
39,790	65,050	Deferred Capital Receipts Reserve	(26)
6	16	Pension Reserve	33,770
-	-	Collections Fund Adjustment Account	60
-	-	Unequal Pay Back Pay Account	-
-	-	Accumulated Absences Account	-
(39,258)	(18,185)	TOTAL UNUSABLE RESERVES	(51,293)

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its property, plant and equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised

The reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

NOTES TO THE ACCOUNTS

NOTE 24: UNUSABLE RESERVES

Revaluation Reserve	2010/11	Restated 2009/10
	£'000	£'000
Balance at 1 April	(3,206)	(314)
Upward revaluation of assets	(3,892)	(2,933)
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	482	-
	(6,616)	(3,247)
Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	-	(3)
Difference between fair value depreciation and historical cost depreciation	68	41
Amount written off to the Capital Adjustment Account	-	3
Balance at 31 March	(6,548)	(3,206)

Capital Adjustment Account

The Capital Adjustment Account reflects the difference between the cost of long term assets consumed and the capital financing assets set aside to pay for them. It is written down by capital expenditure which does not result in the creation of a long term asset and the depreciated historical cost of assets when sold.

The Account contains accumulated gains and losses on investment properties and gains recognised on donated assets that have yet to be consumed by the Authority.

The Account also contains revaluation gains accumulated on property, plant and equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

NOTES TO THE ACCOUNTS

NOTE 24: UNUSABLE RESERVES

Capital Adjustment Account

Capital Adjustment Account	2010/11	Restated 2009/10
Balance at 1 April	(80,016)	(78,706)
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
Charges for depreciation and impairment of non-current assets	2,261	1,826
Revaluation losses on Property, Plant and Equipment	12,571	(1,416)
Amortisation of intangible assets	37	33
Revenue expenditure funded from capital under statute	1,900	1,411
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	1,557	973
Net written out amount of the cost of non-current assets consumed in the year	18,326	2,827
Adjusting amounts written out of the Revaluation Reserve	(68)	(41)
Capital financing applied in the year:		
Use of the Capital Receipts Reserve to finance new capital expenditure	(2,875)	(2,486)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(1,407)	(705)
Application of grants to capital financing from the Capital Grants Unapplied Account	(711)	(511)
Statutory provision for the financing of capital investment charged against the General Fund	(452)	(408)
Capital expenditure charged against the General Fund	(186)	(140)
	(5,699)	(4,291)
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(11,160)	154
Balance at 31 March	(78,549)	(80,016)

NOTES TO THE ACCOUNTS

NOTE 24: UNUSABLE RESERVES

Pension Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

Pension Reserve	2010/11	2009/10
	£'000	£'000
Balance at 1 April	65,050	39,790
Actuarial gains or losses on pension assets and liabilities	(20,810)	24,990
Reversal of items relating to retirement benefits debited or credited to the Surplus of Deficit on the Provision of Services in the Comprehensive Income & Expenditure Statement	(7,920)	3,780
Employer's pension contributions and direct payments to pensioners payable in the year	(2,550)	(3,510)
Balance at 31 March	33,770	65,050

Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal on non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Authority does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

Deferred Capital Receipts Reserve	2010/11	2009/10
	£'000	£'000
Balance at 1 April	(29)	(34)
Transfer to the Capital Receipts Reserve upon receipt of cash	3	5
Balance at 31 March	(26)	(29)

NOTES TO THE ACCOUNTS

NOTE 24: UNUSABLE RESERVES

Unused Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the difference arising from the recognition of council tax income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

Unused Collection Fund Adjustment Account	2010/11	2009/10
	£'000	£'000
Balance at 1 April	16	6
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	44	10
Balance at 31 March	60	16

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31st March.

There is a requirement under IFRS to accrue for compensated absences (mainly cost of carried forward holiday). A substantial review has been undertaken across the authority and Joint Strategic Committee. The value of this is not deemed material to justify restatement. For consistency this is not accounted for in the current year but will be reviewed each year.

NOTE 25: CASH FLOW OPERATING ACTIVITIES

	Net 2010/11	Net Restated 2009/10
	£'000	£'000
The cash flows for operating activities include the following items:		
Interest received	2,824	1,528
Interest paid	(120)	(119)
Dividends received	-	
Total	2,704	1,409

NOTES TO THE ACCOUNTS

NOTE 26: CASH FLOW INVESTING ACTIVITIES

	Net 2010/11	Net Restated 2009/10
	£'000	£'000
Purchase of property, plant and equipment, investment, property and intangible assets	(2,735)	(2,675)
Purchase of short-term and long-term investments	-	-
Other payments for investing activities	-	-
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	640	6,846
Proceeds from short-term and long-term investments	1,550	1,224
Other receipts from investing activities	124	-
Net cash flows from investing activities	(421)	5,395

NOTE 27: CASH FLOW FINANCING ACTIVITIES

	Net 2010/11	Net Restated 2009/10
	£'000	£'000
Cash receipts of short- and long-term borrowing	1,558	8,450
Other receipts from financing activities	1,194	(1,143)
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	-	-
Repayments of short- and long-term borrowing	(3,511)	(13,225)
Other payments for financing activities	-	-
Net cash flows from financing activities	(759)	(5,918)

NOTE 28: AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the *Best Value Accounting Code of Practice*. However, decisions about resource allocation are taken by the Authority's Cabinet on the basis of budget reports analysed across portfolios. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- no charges are made in relation to capital expenditure except for depreciation;
- the cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year;

NOTES TO THE ACCOUNTS

NOTE 28: AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

The income and expenditure of the Authority's cabinet portfolios recorded in the budget reports for the year 2010/11 is as follows:

	Employee Expenses	Other Expenses	Support Services including Joint Strategic Committee	Depreciation	Total Expenditure	Income	Net Expenditure
Member Portfolio	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Leader	210	382	304	3	899	(88)	811
Clean and Green	341	6,179	922	895	8,337	(4,669)	3,668
Health and Safety & Wellbeing	2	650	1,062	13	1,727	(231)	1,496
Improved Customer Services	3,040	47,536	4,382	803	55,761	(49,358)	6,403
Regeneration	750	1,227	1,525	94	3,596	(924)	2,672
Resources	2,085	1,289	906	21	4,301	(1,523)	2,778
Support Services							
Net Portfolio Expenditure	6,428	57,263	9,101	1,829	74,621	(56,793)	17,828
Credit back notional capital charges				(2,298)			(2,298)
Minimum Revenue Provision		452					452
Other Grants						(93)	(93)
Spend 2010/11	6,428	57,715	9,101	(469)	74,621	(56,886)	15,889

RECONCILIATION OF CABINET PORTFOLIO INCOME AND EXPENDITURE TO COST OF SERVICES IN THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This reconciliation shows how the figures in the analysis of [directorate] income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

	2010/11 £'000
Cost of Services in Service Analysis	15,889
Add services not included in main analysis	(31)
Add amounts not reported to management	(21,127)
Remove amounts reported to management not included in Comprehensive Income and Expenditure Statement	(452)
Net Cost of Services in Comprehensive Income & Expenditure Statement	(5,721)

NOTES TO THE ACCOUNTS

NOTE 28: AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

RECONCILIATION TO SUBJECTIVE ANALYSIS 2010/2011

This reconciliation shows how the figures in the analysis of [directorate] income and expenditure relate to a subjective analysis of the surplus or deficit on the provision of services included in the Comprehensive Income and Expenditure Statement.

Reconciliation to Subjective Analysis 2010/11	Service Analysis	Services not in Analysis	Not reported to manage- ment	Not included in Income & Expend- iture	Allocation of Recharges	Net Cost of Services	Total
Fees, charges & other service income	(12,015)	-	-	-	-	(12,015)	(12,015)
Surplus or deficit on associates and joint ventures	-	-	-	-	-	-	-
Interest and investment income	(396)	-	-	-	-	(396)	(396)
Income from council tax	-	-	(8,355)	-	-	(8,355)	(8,355)
Government grants and contributions	(44,475)	-	(9,467)	-	-	(53,942)	(53,942)
Total Income	(56,886)	-	(17,822)	-	-	(74,708)	(74,708)
Employee expenses	6,428	-	(10,470)	-	-	(4,042)	(4,042)
Other service expenses	57,597	(31)	-	(452)	-	57,114	57,114
Support Service recharges	9,101	-	-	-	(469)	8,632	8,632
Depreciation, amortisation and impairment	(469)	-	5,610	-	-	5,141	5,141
Interest Payments	119	-	-	-	-	119	119
Precepts & Levies	-	-	-	-	-	-	-
Payments to Housing Capital Receipts Pool	-	-	-	-	-	-	-
Gain/Loss on Disposal or derognition of fixed asset	-	-	123	-	-	123	123
Other	-	-	1,900	-	-	-	-
Total operating expenses	72,776	(31)	(2,837)	(452)	(469)	68,987	68,987
Surplus or deficit on the provision of services	15,890	(31)	(20,659)	(452)	(469)	(5,721)	(5,721)

NOTES TO THE ACCOUNTS

NOTE 28: AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

The income and expenditure of the Authority's cabinet portfolios recorded in the budget reports for the year 2009/10 is as follows:

	Employee Expenses	Other Expenses	Support Services including Joint Strategic Committee	Depreciation	Total Expenditure	Income	Net Expenditure
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Member Portfolio							
Leader	231	473	1,005	1	1,710	(125)	1,585
Clean and Green	356	5,974	1,264	782	8,376	(4,654)	3,722
Health and Safety & Wellbeing	319	1,139	1,464	60	2,982	(747)	2,235
Improved Customer Services	2,974	45,526	3,418	721	52,639	(46,499)	6,140
Regeneration	963	861	2,061	22	3,907	(943)	2,964
Resources	2,313	961	981	6	4,261	(3,733)	528
Support Services							
Net Portfolio Expenditure	7,156	54,934	10,193	1,592	73,875	(56,701)	17,174
Credit back notional capital charges				(1,837)			(1,837)
Minimum Revenue Provision		311					311
Other Grants						(121)	(121)
Spend 2009/10	7,156	55,245	10,193	(245)	73,875	(56,822)	15,527

RECONCILIATION OF CABINET PORTFOLIO INCOME AND EXPENDITURE TO COST OF SERVICES IN THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT.

This reconciliation shows how the figures in the analysis of cabinet portfolio income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement

	Net Restated 2009/10
	£'000
Cost of Services in Service Analysis	15,527
Add services not included in main analysis	200
Add amounts not reported to management	(21,113)
Remove amounts reported to management not included in Comprehensive Income and Expenditure Statement	(311)
Net Cost of Services in Comprehensive Income & Expenditure Statement	(5,697)

NOTES TO THE ACCOUNTS

NOTE 28: AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

RECONCILIATION TO SUBJECTIVE ANALYSIS 2009/10

This reconciliation shows how the figures in the analysis of cabinet portfolio income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

Reconciliation to Subjective Analysis	Service Analysis	Services not in Analysis	Not reported to management	Not included in Income & Expenditure	Allocation of Recharges	Net Cost of Services	Total
Fees, charges & other service income	(12,733)	-	-	-	-	(12,733)	(12,733)
Surplus or deficit on associates and joint ventures	-	-	-	-	-	-	-
Interest and investment income	(1,531)	-	-	-	-	(1,531)	(1,531)
Income from council tax	-	-	(8,112)	-	-	(8,112)	(8,112)
	(42,558)	-	(9,689)	-	-	(52,247)	(52,247)
Total Income	(56,822)	-	(17,801)	-	-	(74,623)	(74,623)
Employee expenses	7,156	-	770	-	-	7,926	7,926
Other service expenses	55,123	200	-	(311)	-	55,012	55,012
Support Service recharges	10,193	-	-	-	(245)	9,948	9,948
Depreciation, amortisation and impairment	(245)	-	840	-	-	595	595
Interest Payments	122	-	-	-	-	122	122
Precepts & Levies	-	-	-	-	-	-	-
Payments to Housing Capital Receipts Pool	-	-	-	-	-	-	-
Gain or Loss on Disposal of Fixed Assets	-	-	(6,089)	-	-	(6,089)	(6,089)
Other	-	-	1,412	-	-	-	1,412
Total operating expenses	72,349	200	(3,067)	(311)	(245)	68,926	68,926
Surplus or deficit on the provision of services	15,527	200	(20,868)	(311)	(245)	(5,697)	(5,697)

NOTE 29: ACQUIRED AND DISCONTINUED OPERATIONS

There have been no acquired or discontinued operations during 2010/11.

NOTES TO THE ACCOUNTS

NOTE 30: TRADING OPERATIONS

The former Direct Service Organisations are designated as trading accounts and a summary of their trading results is shown below, together with other services treated as trading services. The council operates two direct services organisations as shown in the first part of the statement below.

	2010/11 Gross Expenditure	2010/11 Gross Income	2010/11 Net Expenditure	2009/10 Net Expenditure
	£'000	£'000	£'000	£'000
Trade Refuse	859	(1,005)	(146)	(138)
	859	(1,005)	(146)	(138)

The trading account has been consolidated with in the Comprehensive Income and Expenditure Statement. The property management is within Financing and investment income and expenditure and the remainder of the trading accounts can be found within Other Operating expenditure.

Through Adur and Worthing Joint Committee, a trade waste service is provided for the collection of commercial refuse. The service charges a commercial rate and is in direct competition with other service providers. Surpluses are shared and credited back to the Authority.

NOTE 31: AGENCY SERVICES

Worthing Borough Council have entered into an Agency Agreement with West Sussex County Council to provide the On-Street parking and Parking Enforcement for the Borough. In 2010/11 income collected was £2,243m and expenditure was £1,378m. The surplus of £865,184 is paid to West Sussex County Council.

The Council also has Agency Agreements with other Local Authorities for Treasury Management, Revenue and Benefits and insurance provision to provide Value for Money, relying on expertise within particular authorities. These Agency Agreements are deemed by Worthing Borough Council to be immaterial.

NOTE 32: ROAD CHARGING

This note is not applicable to Worthing Borough Council.

NOTE 33: JOINT BUDGETS

Since July 2007, Adur District Council and Worthing Borough Council have been working in partnership. During 2010/11 the services that have been provided jointly are Customer Services and Waste Management, Community Safety and Housing Strategy, Planning, Regeneration and Wellbeing, Legal and Democratic Services, Financial Services, Corporate Strategy and a single senior officer structure. Over the next few years the Council's will provide more of its services jointly with an aim to making efficiencies for both Councils.

NOTES TO THE ACCOUNTS

NOTE 33: JOINT BUDGETS

	Gross Expenditure 2010/11	Gross Income 2010/11	Net Expenditure 2010/11
	£'000	£'000	£'000
EXPENDITURE			
Central Services to the Public	301		301
Cultural, Environmental, Regulatory and Planning Services	7,360	(1,960)	5,400
Highways & Transport Services	263	-	263
Other Housing Services	64		64
Corporate & Democratic Core	151		151
Net Cost of Services	8,139	(1,960)	6,179
Holding Accounts	11,584	(271)	11,313
NET OPERATING EXPENDITURE	19,723	(2,231)	17,492
Funded by:			
Adur District Council			(7,196)
Worthing Borough Council			(10,296)
(Surplus) or deficit on provision of services			-
Other Comprehensive Income & Expenditure	-	-	-
DEFICIT/(SURPLUS) FOR YEAR			-

NOTE 34: MEMBERS' ALLOWANCES

Total Allowances paid to Members was £204,078 and (£201,061 in 2009/10).

NOTES TO THE ACCOUNTS

NOTE 35 OFFICERS' REMUNERATION

The numbers of employees whose remuneration, excluding pension contributions, was £50,000 or more, in bands of £5,000 were:-

Remuneration Bands	Number of Employees	
	2010/11	2009/10
£50,000 to £54,999*	3	2
£55,000 to £59,999*	2	1
£60,000 to £64,999	-	1
£70,000 to £74,999	-	1
£100,000 to £104,999	-	1
	5	6

* These include redundancy costs of £68,089 for 2 members of staff in 2010/11

The senior officers who manage services and staff for Adur District Council and Worthing Borough Council are employed by Adur District Council as part of the partnership arrangement. Below is the remuneration note that appears in the accounts of the Joint Committee. These emoluments relate to the employment of Senior Officers by Adur District Council on behalf of both Adur District Council and Worthing Borough Council.

Remuneration Bands	Number of Employees	
	2010/11	2009/10
£50,000 to £54,999	5	-
£55,000 to £59,999	3	-
£60,000 to £64,999*	2	-
£65,000 to £69,999*	3	-
£70,000 to £74,999	9	9
£75,000 to £79,999	-	-
£80,000 to £84,999	-	-
£85,000 to £89,999	-	-
£90,000 to £94,999	2	2
£95,000 to £99,999	-	-
£100,000 to £104,999	-	-
£105,000 to £109,999	-	-
£115,000 to £119,999	1	1
£120,000 to £124,999	-	-
£125,000 to £129,999	-	-
£130,000 to £134,999	-	-
£135,000 to £139,999	-	-
£140,000 to £144,999	-	-
£145,000 to £149,999 *	-	1
	25	13

* These remuneration figures include redundancy payments of £155,159 for 4 employees and £74,981 in 2009/10 for 1 employee.

Strategic Director 3 resigned 9th June 2009, his annualised salary was £90,813, this post has not reinstated.

NOTES TO THE ACCOUNTS

NOTE 35 OFFICERS' REMUNERATION

For the purpose of this note remuneration means all amounts paid to or receivable by an employee during the year.

Remuneration Disclosures for Senior Officers whose salary is £150,000 or more per year

Note 1:

There were no other members of staff whose salary was more than £150,000 in either 2010/11 or 2009/10.

Remuneration Disclosures for Senior Officers who salary is less than £150,000 but equal to more than £50,000 more per year

Note 2:

The Chief Executive, Strategic Directors and Executive Heads of Services are employed by Adur District Council and provide services to both Adur District Council and Worthing Borough Council as part of a formally agreed partnership arrangement where costs are shared. Adur District Council received £609,642 from Worthing Borough Council in 2010/11 (£617,217 in 2009/10) for their share of employing these officers.

There were no bonuses paid to these staff in either 2010/11 or 2009/10.

Strategic Director 3 resigned on 9th June 2009, his annualised salary was £90,813, this post has not been reinstated.

Postholder (Title and Name)	Salary (including Fees and Allowance)	Compensation For loss of Employment	Expense Allowance	Benefit in Kind e.g. Car Allowances	Total Remuneration excluding Pension Contributions	Pension Contribution - Employer Only	Total Remuneration including Pension Contributions	Net Cost borne by Worthing B.C. and paid to Adur D.C.	Net Cost borne by Adur D.C. Employing Authority
Head of Recycling and Waste K. Green 2009/10 (Note 1)	70,891	74,981	168	613	146,653	11,484	158,137	94,882	63,255
Remuneration Disclosures for Senior Officers whose salary is less than £150,000, but equal to more than £50,000 more per year - See Note 2 above									
Postholder (Title and Name)	Salary (including Fees and Allowance)	Expense Allowance	Benefit in Kind e.g. Car Allowances	Total Remuneration excluding Pension Contributions	Pension Contribution - Employer Only	Total Remuneration including Pension Contributions	Net Cost borne by Worthing B.C. and paid to Adur D.C.	Net Cost borne by Adur D.C. Employing Authority	
Chief Executive 2010/11 2009/10	115,510 115,510	98	1,433 1,269	116,943 116,877	18,713 18,713	135,656 135,589	67,828 67,795	67,828 67,795	
Strategic Director 1 2010/11 2009/10	90,813 90,813	159 159	1,687 -	92,659 90,972	14,712 14,712	107,371 105,684	53,686 52,842	53,686 52,842	
Strategic Director 2 2010/11 2009/10	90,863 90,863	120	977 916	91,840 91,899	14,720 14,720	106,559 106,618	53,280 53,309	53,280 53,309	
Strategic Director 3** 2010/11 2009/10	0 16,901	0 30	0 204	0 17,136	0 2,738	0 19,874	0 9,937	0 9,937	
** This post became vacant in the year and was subsequently deleted from the establishment									

NOTES TO THE ACCOUNTS

NOTE 35 OFFICERS' REMUNERATION

Postholder (Title and Name)	Salary (including Fees and Allowance)	Expense Allowance	Benefit in Kind e.g. Car Allowances	Total Remuneration excluding Pension Contributions	Pension Contribution - Employer Only	Total Remuneration including Pension Contributions	Net Cost borne by Worthing B.C. and paid to Adur D.C.	Net Cost borne by Adur D.C. Employing Authority
Executive Head of Corporate Strategy								
2010/11	70,866	61		70,927	11,480	82,407	49,444	32,963
2009/10	70,866	95	-	70,961	11,480	82,441	49,464	32,976
Executive Head of Financial Services								
2010/11	70,866			70,866	11,480	82,346	49,408	32,939
2009/10	70,866	-	-	70,866	11,480	82,346	49,408	32,939
Executive Head of Planning, Regeneration & Wellbeing								
2010/11	70,866	257	226	71,349	11,480	82,829	49,698	33,132
2009/10	70,866	250	517	71,633	11,480	83,113	49,868	33,245
Executive Head of Legal & Democratic Services								
2010/11	73,609		168	73,777	11,484	85,261	51,157	34,104
2009/10	70,891	-	60	70,951	11,484	82,435	49,461	32,974
Executive Head of Leisure & Cultural Services								
2010/11	70,891		1,668	72,559	11,606	84,164	75,748	8,417
2009/10	70,891	-	1,401	72,292	11,606	83,899	75,509	8,390

NOTES TO THE ACCOUNTS

NOTE 35 OFFICERS' REMUNERATION

Postholder (Title and Name)	Salary (including Fees and Allowance)	Expense Allowance	Benefit in Kind e.g. Car Allowances	Total Remuneration excluding Pension Contributions	Pension Contribution - Employer Only	Total Remuneration including Pension Contributions	Net Cost borne by Worthing B.C. and paid to Adur D.C.	Net Cost borne by Adur D.C. Employing Authority
Executive Head of Customer Services, Waste and Recycling								
2010/11	70,916		1,430	72,346	11,610	83,956	50,373	33,583
2009/10	70,916	-	1,260	72,176	11,641	83,817	50,290	33,527
Executive Head of Housing, Health and Community Safety								
2010/11	70,941	168	793	71,902	11,492	83,395	50,036	33,357
2009/10	70,955	168	818	71,941	11,495	83,436	50,061	33,374
Executive Head of Adur Homes								
2010/11	70,916	168	395	71,478	11,488	82,967	8,297	74,670
2009/10	70,916	168	96	71,179	11,488	82,668	8,267	74,401
Executive Head of Technical Services								
2010/11	72,275	182	459	72,916	11,563	84,479	50,688	33,792
2009/10	72,269	162	987	73,418	11,591	85,009	51,006	34,004
Executive Head of Waste & Recycling								
2010/11	-	-	-	-	-	-	-	-
2009/10*	145,872	168	613	146,653	11,484	158,137	94,882	63,255
* 2009/10 includes redundancy payment of £74,981								

NOTES TO THE ACCOUNTS

NOTE 36: EXTERNAL AUDIT COSTS

The Council incurred the following fees (all payable to the Audit Commission) relating to external audit and inspection.

	2010/11	2009/10
	£'000s	£'000s
Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	109	112
Fees payable to external auditors in respect of statutory inspections	-	
Fees payable to external auditors for the certification of grant claims and returns for the year	27	30
Fees payable in respect of other inspections provided by external auditors during the year.	-	9
Adur and Worthing Joint Committee	20	8
TOTAL	156	159

NOTE 37: SCHOOLS

This note is not applicable to Worthing Borough Council.

NOTE 38: GRANT INCOME

The Authority credits the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2010/11.

NOTES TO THE ACCOUNTS

NOTE 38: GRANT INCOME

	2010/11	2009/10
	£'000s	£'000s
Credited to Taxation and Non specific Grant Income		
Non Domestic Rates	6,942	6,427
Revenue Support	1,008	1,483
Area Based Grant	93	71
Local Authority Business Growth Initiative	-	49
	8,043	8,030
Revenue Grants Credited to Services		
DCLG - Business Rates Cost of Collection	137	140
DCLG - Business Rates New Burdens	9	10
DCLG - Homelessness Initiatives Grant	43	71
DCLG - Zimbabwe Resettlement grant	2	-
DCLG - Planning Delivery Grant	65	52
DCLG - Mortgage Rescue Programme	-	4
DEFRA - Air Quality Grant	1	-
DEFRA - Surface Water Management	10	-
Department of Constitutional Affairs - Register of Electors	-	1
DoH - Smokefree implementation	1	(1)
Department of Transport - Concessionary Fares	1,104	365
DWP - Grant for Housing system	10	10
DWP - Access to work	3	-
DWP - Addtl funding for LHA & Temp Accom	5	7
Ministry of Justice - NLPG work	-	3
Ministry of Justice - European Elections Funding	86	63
CDRP - Community Engagement	19	18
Esmee Fairbairn Grant	28	8
WSCC - County Elections Grant	-	54
WSCC - Handy Man scheme grant	-	10
WSCC - Staying Put	25	-
WSCC/West Sx PCT	7	-
Community Safety Projects Grants	-	318
CLG Efficiency Grant	6	9
CLG Planning Delivery Grant	-	261
Coast Protection Grants and Contributions	17	17
Commission for Architecture and the Built Environment	50	436
DCSF Playbuilder Grant	68	50
Office of the Third Sector	-	324
S106 Developer Contributions	272	1,763
SE Housing Board	87	37
Specified Capital Grant - Disabled Facilities	424	360
Viridor Credits Landfill Communities Fund	39	11
Volleyball England	32	-
We Play Too Group Contribution	-	14
West Sussex County Council	179	109
Worthing Homes	22	-
TOTAL	13,904	14,869

NOTES TO THE ACCOUNTS

NOTE 38: GRANT INCOME

The Authority has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that might require the monies or property to be returned to the giver. The balances at the end of the year are as follows

	2010/11	2009/10
	£'000s	£'000s
Capital Grants Receipts in Advance		
CLG Efficiency Grant	5	11
Volleyball England	7	0
TOTAL	12	11

NOTE 39: RELATED PARTIES

The Authority is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the council or to be controlled or influenced by the council. Disclosure of these transactions allows readers to assess the extent to which the council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Authority.

Central Government

Central government has effective control over the general operations of the Authority – it is responsible for providing the statutory framework, within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are set out in Note 38.

Members

Members of the council have direct control over the council's financial and operating policies. The total of members' allowances paid in 2010/11 is shown in Note 34. During 2010/11, there was no works and services commissioned from companies in which members have an interest. All contracts were entered into in full compliance with the council's standing orders. Details of all transactions are recorded in the Register of Members' Interest, open to public inspection at the Town Hall during office hours.

Officers

One officer declared a related party transaction in 2010/11, which is a Chief Officer acting as treasurer to a local Community Association. The sums involved are not material.

Other Public Bodies [subject to common control by central government]

The Authority has a partnership arrangement with Adur District Council/Worthing Borough Council for the sharing of a joint officer structure. Transactions and balances relating to this partnership are summarised in Note 33.

NOTES TO THE ACCOUNTS

NOTE 40: CAPITAL EXPENDITURE AND CAPITAL FINANCING

The total amount of capital expenditure incurred in the year I shown in the table below (including the value of assets acquired under finance leases and PFI/PP contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR is analysed in the second part of this note.

NOTE 40: CAPITAL EXPENDITURE AND CAPITAL FINANCING

	2010/11	Restated 2009/10
	£'000	£'000
Opening Capital Financing Requirement	6,462	6,772
Capital Investment		
Property, Plant and Equipment	3,381	2,390
Investment Properties	51	37
Intangible Assets	12	4
Revenue Expenditure Funded from Capital Under Statute	1,900	1,412
Assets Held For Sale	12	
Sources of Finance		
Capital Receipts	(2,875)	(2,486)
Government grants and other contributions	(2,118)	(1,216)
Sums set aside from revenue:		
Direct revenue contributions	(53)	(86)
MRP/loans fund principal	(357)	(308)
Revenue Funding	(132)	(57)
Closing Capital Financing Requirement	6,283	6,462
Explanation of movements in year		
Increase (Decrease) in underlying need to borrow (unsupported by Government financial assistance)	(179)	(310)
Increase/(decrease) in Capital Financing Requirement	(179)	(310)

NOTES TO THE ACCOUNTS

NOTE 41: LEASES

Finance Leases – Lessee

The council has a number of operating leases which qualify as finance leases under IAS 17. The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts.

	31-Mar-11	Restated 31-Mar-10
	£'000	£'000
Other Land and Buildings	-	-
Vehicles, Plant, Furniture and Equipment	67	153
	67	153

Finance Leases – Lessee

The Authority is committed to making minimum payments under these leases comprising settlement of the principal and finance costs that will be payable by the Authority in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

	31-Mar-11	Restated 31-Mar-10
	£'000	£'000
Finance lease liability (net present value of minimum lease payments):		
current	3	96
non-current	-	3
Finance costs payable in future years	-	1
Minimum Lease Payments	3	100

The minimum lease payments will be payable over the following periods:

	Minimum Lease Payments		Finance Lease Liabilities	
	31-Mar-11	Restated 31-Mar-10	31-Mar-11	Restated 31-Mar-10
	£'000	£'000	£'000	£'000
Not later than one year	3	96	3	97
Later than one year and not later than five years	-	3	-	3
Later than five years	-	-	-	-
	3	99	3	100

NOTES TO THE ACCOUNTS

NOTE 41: LEASES

Operating Leases - Lessee

There are no future minimum lease payments due under non-cancellable leases in future years.

Operating Leases – Lessor

The Authority leases out property under operating leases for the following purposes:

- for the provision of community services, such as sports facilities, tourism services and community centres;
- for economic development purposes to provide suitable affordable accommodation for local businesses;

The future minimum lease payments receivable under non-cancellable leases in future years are:

	31-Mar-11	Restated 31-Mar-10
	£'000	£'000
Not later than one year	841	855
Later than one year and not later than five years	2,514	2,813
Later than five years	28,612	29,140
	31,967	32,808

NOTE 42: PFI AND SIMILAR CONTRACTS

This is not applicable for Worthing Borough Council.

NOTE 43: IMPAIRMENT LOSSES

The Council has reviewed all of its capital assets at 31st March 2011 and no assets were identified as being impaired.

NOTE 44: CAPITALISATION OF BORROWING COSTS

This note is not applicable to Worthing Borough Council.

NOTE 45: TERMINATION BENEFITS

Adur District Council and Worthing Borough Council took the decision to terminate the contracts of a number of employees in 2010/12. The majority of these staff were employed in the Adur and Worthing Joint Committee or are savings associated with joint working. The costs of redundancy are shared 50:50 between the Authorities and enhanced pension costs are shared in proportion to the service allocation, which in most cases is 60:40. Worthing's share incurred costs of £260,699 (£302,789 in 2009/10). Of this total, £152,648 is payable in the form of compensation for loss of office and £108,050 is the 2010/11 cost of enhanced pension benefits, which are normally spread over 5 years, as disclosed in Note 35. This cost also relates enhanced pensions from previous year terminations

NOTES TO THE ACCOUNTS

NOTE 46: OTHER LONG TERM LIABILITIES

Other Long Term Liabilities		31-Mar-11	Restated 31-Mar-2010	1st April 2009
	See Note No.	£'000s	£'000s	£'000s
Finance Lease Liabilities	41	(3)	(100)	(181)
Commuted Sums		(176)	(178)	-
Pension Reserve Liability	47	(33,770)	(65,050)	(39,987)
TOTAL		(33,949)	(65,328)	(40,168)

NOTE 47: DEFINED BENEFIT PENSION PLAN

Participation in Pension Plans

As part of the terms and conditions of employment of its officers, the Authority makes contributions towards the cost of post employment benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The authority participates in the Local Government Pension Scheme, administered locally by West Sussex County Council – this is a funded defined benefit final salary scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

Transactions Relating to Post-employment Benefits

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

NOTES TO THE ACCOUNTS

NOTE 47: DEFINED BENEFIT PENSION PLAN

Transactions Relating to Post-employment Benefits

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure statement to March 2011 is a loss of £ 12,010,000

Comprehensive Income & Expenditure Statement	20010/11	2009/10
Cost of services	£'000s	£'000s
Current service cost	(740)	(810)
Settlements and Curtailments	3,550	
Past service cost	7,200	(70)
Financing & Investment Income & Expenditure		
Interest cost	(5,640)	(5,780)
Expected return on scheme assets	3,550	2,880
Total post employment benefit charged to the surplus or deficit on the provision of services	7,920	(3,780)
Other post employment benefit charged to the CI&E Statement		
Actuarial gains and losses	(20,810)	24,490
Total post employment benefit charged to the CI&E statement	(12,890)	20,710

Movement in Reserves statement	20010/11	2009/10
Reversal of net charges made to the surplus or deficit for the provision of services for post employment benefits in accordance with the code	(10,470)	770
Actual amounts charged against the General Fund balance for pensions in the year		
Employers contribution payable to the scheme	(2,550)	(3,010)

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure statement to March 2011 is a loss of £12,010,000.

NOTES TO THE ACCOUNTS

NOTE 47: DEFINED BENEFIT PENSION PLAN

Assets and Liabilities in relationship to Post-employment Benefits

Reconciliation of present value of the scheme liabilities (defined benefit obligation)	2010/11	2009/10
	£'000s	£'000s
Opening Balance	127,520	85,390
Current service cost	740	810
Interest cost	5,640	5,780
Contribution by members	220	420
Actuarial Losses/Gains	(36,020)	39,770
Past service costs/gains	(7,200)	
Losses/(Gains) on curtailment	120	70
Liabilities extinguished on settlements	(15,850)	
Estimates unfunded benefits paid	(280)	(330)
Estimated benefits paid	(4,360)	(4,390)
	70,530	127,520

Reconciliation of Fair Value of Scheme Assets	2010/11	2009/10
	£'000s	£'000s
Opening Balance	62,470	45,600
Expected Return on Assets	3,550	2,880
Contribution by Members	220	420
Contribution by the Employer	2,270	2,680
Contribution in respect of unfunded benefits	280	330
Actuarial Gain/(Losses)	(15,210)	15,280
Assets distributed on settlements	(12,180)	-
Unfunded benefits paid	(280)	(330)
Benefits paid	(4,360)	(4,390)
	36,760	62,470

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields at the Balance Sheet date.

Expected returns on equity investments reflect long term real rates of return experienced in the respective market.

The actual return on scheme assets in the year was 6.9% from 1st April, 2010 to 31st December 2010 and the estimated return from 1st April 2010 to 31st March 2011 is 8.3%.

NOTES TO THE ACCOUNTS

NOTE 47: DEFINED BENEFIT PENSION PLAN

Scheme History

	31-Mar-11	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07
	£'000	£'000	£'000	£'000	£'000
Worthing Borough Council Share					
Estimated Fair Value Employer Assets (A)	36,760	62,470	45,600	58,120	61,530
Present value of scheme liabilities (B)	70,530	127,520	85,390	87,540	95,030
Net Pension Assets/Liabilities (A)-(B)	(33,770)	(65,050)	(39,790)	(29,420)	(33,500)

The liabilities show the underlying commitments that the authority has in the long run to pay post employment (retirement) benefits. The total liability of £3.3m has a substantial impact on the net worth of the authority as recorded in the Balance Sheet, resulting in an overall balance of £71.9m. However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy. The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary

The total contributions expected to be made to the Local Government Pension Scheme by the council in the year to 31 March 2012 is £2,080,000 .

History of Experience Gains and Losses

The actuarial gains identified as movements on the Pension Reserve in 2010/11 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31st March 2011.

	31-Mar-11	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07
	%	%	%	%	%
Differences between actual and expected return on assets	(41.0)	4.2	(35.4)	(12.4)	(1.9)
Experience Gains/(Losses) on liabilities	46.0	-	0.0	3.4	-

NOTES TO THE ACCOUNTS

NOTE 47: DEFINED BENEFIT PENSION PLANS

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The West Sussex County Council Fund liabilities have been assessed by Hymans Robertson, an independent firm of actuaries, estimates for the fund being based on the latest full valuation of the scheme as at 31st March 2010.

	31-Mar-11 per annum	31-Mar-10 per annum
	%	%
Equities	7.5	7.8
Bonds	4.9	5.0
Property	5.5	5.8
Cash	4.6	4.8
Pension increases (Consumer Price Index)	2.8	3.8
Salary increases	5.1	5.3
Expected return on assets	6.9	7.2
Discount rate	5.5	5.5
Longevity at 65 for current pensioners		
Male	22.7	22.7 yrs
Female	24.2	26.1 yrs
Longevity at 65 for future pensioners		
Male	24.3	24.8 yrs
Female	26.4	28.3 yrs
Take up option to convert annual pension into retirement lump sum (pre 2008)	50%	50%

Termination Benefits

Scheme assets consist of the following categories by proportion of the total assets held:-

	31-Mar-11 per annum	31-Mar-10 per annum
	%	%
Equities	77	76
Bonds	14	15
Property	7	6
Cash	2	3

NOTES TO THE ACCOUNTS

NOTE 48: CONTINGENT LIABILITIES

There are no contingent liabilities.

NOTE 49: CONTINGENT ASSETS

There are no contingent assets

COLLECTION FUND INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011

These accounts represent the transactions of the Collection Fund which is a statutory fund separate from the General Fund of the Council. The Collection Fund accounts independently for income relating to council tax and non-domestic rates on behalf of those bodies (including the Council's own General Fund) for whom the income has been raised. Administration costs are borne by the General Fund.

	2010/11	2009/10
	£'000s	£'000s
INCOME		
Council Tax receivable (net of benefits)	51,561	50,127
Transfer from General Fund - re benefits	7,440	7,140
Contribution from precepting authorities - re previous year's deficit		-
Income collectable from business ratepayers	27,174	28,396
	86,175	85,663
LESS EXPENDITURE		
Precepts and demands	58,899	56,865
Business Rate:		
Payments to National Pool	26,960	28,230
Costs of Collection Allowance	137	140
Interest on Refunds	76	26
Council Tax - write-offs and bad debt provision	381	296
Contribution to precepting authorities from previous year's surplus	37	173
	86,490	85,730
Surplus/(Deficit) for the year	(315)	(67)
Surplus/(Deficit) at 1st April Bought Forward	(109)	(42)
Surplus/(Deficit) at 31st March Carried Forward	(424)	(109)

NOTES TO THE COLLECTION FUND INCOME AND EXPENDITURE ACCOUNT

NOTE 1: COUNCIL TAX

Council Tax income is based on the value in 1991 of residential properties, which are classified into eight valuation as below, including a variant on Band A in respect of disabled relief. The total numbers of properties in each band are adjusted and then converted to a Band D equivalent, which when totalled and adjusted for valuation changes and losses on collection forms the Council's tax base.

	No. of Chargeable Dwellings	Less Discounts	2nd & New Homes Discount	Net Dwellings	Ratio to Band D		No. of Band D Equivalents
Band A-	10	1.50	0.00	9	5/9ths		4.7
Band A-	6,956	1,200.75	98.40	5,854	6/9ths		3,902.4
Band B	10,320	1,304.50	95.40	9,111	7/9ths		7,086.3
Band C	12,443	1,147.00	78.80	11,375	8/9ths		10,110.9
Band D	8,799	694.50	50.40	8,155	9/9ths		8,154.9
Band E	5,127	324.75	17.00	4,819	11/9ths		5,890.2
Band F	2,199	117.50	7.90	2,089	13/9ths		3,018.0
Band G	847	47.75	2.70	802	15/9ths		1,336.6
Band H	8	0.50	1.00	9	18/9ths		17.0
	46,709	4,838.75	351.60	42,222			39,521.0
Less allowance for loss on collection and void properties (1.72%)							680.1
							38,840.9

Individual charges per dwelling are calculated by dividing the total budget requirement of West Sussex County Council, the Sussex Police Authority and Worthing Borough Council by the Council Tax Base calculated above.

	Demand or Precept £		Council Tax Base		Band D Council Tax £
West Sussex County Council	45,132,740	÷	38,840.9	=	1,161.99
Sussex Police Authority	5,376,360	÷	38,840.9	=	138.42
Worthing Borough Council	8,389,630	÷	38,840.9	=	216.00

NOTE 2: NON-DOMESTIC RATES (NDR)

Non-domestic rates are collected by the Council from local businesses using a uniform rate supplied by the Government for the Country as a whole (41.4p in 2010/11 and 48.5p in 2009/10) and local rateable values. The total non-domestic rateable value at the end of the year for the district was £76.35m (£67.16m in 2009/10). The total rates collected are paid to the NDR pool which is administered to the government and redistributed to each authority on a per capita basis.

**NOTES TO THE COLLECTION FUND INCOME AND
EXPENDITURE ACCOUNT**

NOTE 3: DEMANDS AND PRECEPTS ON THE FUND

	2010/11	2009/10
	£'000	£'000
West Sussex County Council	45,133	43,582
Sussex Police Authority	5,376	5,180
Worthing Borough Council	8,390	8,103
	58,899	56,865

NOTE 4: BAD AND DOUBTFUL DEBTS

A requirement of £1,164k and £461k for bad and doubtful debts for Council Tax and National Non Domestic Rates has been provided for in 2010/11 in line with Worthing Borough Council's accounting policy for maintaining the provision.

NOTE 5: AMOUNTS DUE AT THE END OF THE YEAR

The amount due at the end of the year will be reclaimed from precepting authorities in future financial years as follows:

	£'000
West Sussex County Council	670
Sussex Police Authority	80
TOTAL	750

ANNUAL GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

Worthing Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the authority is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. A copy of the code is on our website at www.worthing.gov.uk or can be obtained from the Council. This statement explains how Worthing Borough Council has complied with the code and also meets the requirements by the Accounts and Audit Regulations 2011 in relation to the publication of a statement on internal control.

THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises the systems and processes, and culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and 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 the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at the Council for the financial year ended 31 March 2011 and up to the date of approval of the statement of accounts.

The governance framework

The key elements of the systems and processes that comprise the authority's governance arrangements include arrangements for:

- identifying and communicating the authority's vision of its purpose and intended outcomes for citizens and service users
- reviewing the authority's vision and its implications for the authority's governance arrangements
- measuring the quality of services for users, for ensuring they are delivered in accordance with the authority's objectives and for ensuring that they represent the best use of resources

ANNUAL GOVERNANCE STATEMENT

THE PURPOSE OF THE GOVERNANCE FRAMEWORK

- defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication
- developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff
- reviewing and updating standing orders, financial regulations, a scheme of delegation and supporting procedure notes/manuals, which clearly define how decisions are taken and the processes and controls required to manage risks
- undertaking the core functions of an audit committee, as identified in CIPFA's Audit Committees – Practical Guidance for Local Authorities
- ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful
- whistle-blowing and for receiving and investigating complaints from the public
- identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training
- establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation
- incorporating good governance arrangements in respect of partnerships and other group working as identified by the Audit Commission's report on the governance of partnerships, and reflecting these in the authority's overall governance arrangements.

REVIEW OF EFFECTIVENESS

Worthing Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by relevant stakeholders, the external auditors and other review agencies and inspectorates.

The Council has procedures in place to ensure the maintenance and review of the effectiveness of the governance framework, which includes reports to and reviews by the following:

- the Joint Strategic Committee, Cabinets, the Joint Governance and Audit Committee, the Joint Overview and Scrutiny Committee, Overview and Scrutiny Committee, the Standards Committee
- internal and external audit
- other explicit review/assurance mechanisms.

ANNUAL GOVERNANCE STATEMENT

REVIEW OF EFFECTIVENESS

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Joint Governance and Audit Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

SIGNIFICANT GOVERNANCE ISSUES

There are no significant governance issues as identified by red status on the Governance Action Plan.

OTHER ISSUES

The Governance Action Plan has been updated to deal with any issues brought forward from the 2010 review together with any issues which have been identified during the current review.

We have been made aware by the External Auditor, as part of the annual audit, that improvements need to be made in how risk management matters are reported within the Council. In future, such risks should be reported to both the Joint Strategic Committee and the Joint Governance and Audit Committee on a more regular basis.

PROPOSED ACTION

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed: _____

Councillor Paul Yallop
Leader of the Council
Worthing Borough Council



Signed: _____

Peter Latham
Joint Chief Executive of
Adur and Worthing Councils



Dated: _____

Dated: _____

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WORTHING BOROUGH COUNCIL

OPINION ON THE AUTHORITY ACCOUNTING STATEMENTS

I have audited the accounting statements of Worthing Borough Council for the year ended 31 March 2011 under the Audit Commission Act 1998. The accounting statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Housing Revenue Account, the Movement on the Housing Revenue Account Statement and Collection Fund 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 Worthing Borough Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010.

RESPECTIVE RESPONSIBILITIES OF THE EXECUTIVE HEAD OF FINANCIAL SERVICES AND AUDITOR

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the Executive Head of Financial Services 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 Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Authority; 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 Worthing Borough Council's 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WORTHING BOROUGH COUNCIL

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 AUTHORITY'S ARRANGEMENTS FOR SECURING ECONOMY, EFFICIENCY AND EFFECTIVENESS IN THE USE OF RESOURCES

Authority's responsibilities

The Authority 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 review regularly 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 Authority 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 Authority 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 Authority'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 Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2010, as to whether the Authority has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for me to consider under the Code of Audit Practice in satisfying myself whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2011.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WORTHING BOROUGH COUNCIL

CONCLUSION ON AUTHORITY'S ARRANGEMENTS FOR SECURING ECONOMY, EFFICIENCY AND EFFECTIVENESS IN THE USE OF RESOURCES

Basis of conclusion

I planned my work in accordance with the Code of Audit 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 Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

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, Worthing Borough Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2011.

REPORT BY EXCEPTION

The Audit Commission's guidance also requires me to report by exception on any other significant additional matters that come to my attention and which I consider to be relevant to proper arrangements to secure economy, efficiency and effectiveness in the use of resources. Such a matter has come to my attention relating to a significant weakness in the Authority's arrangements for managing risks and maintaining a sound system of internal control. I identified that the Governance & Audit Committee had not received regular reports on the Authority's strategic risks during the year and that Internal Audit had concluded that the risk management arrangements needed improvement in several areas. Effective risk management assists the Authority's members and officers in making decisions, including those that affect the Authority's priorities. Without up to date risk management information, these priorities might not be achieved.

CERTIFICATE

I certify that I have completed the audit of the accounts of Worthing Borough Council in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Helen Thompson
Officer of the Audit Commission
Bicentennial House,
Southern Gate,
Chichester,
West Sussex,
PO19 8EZ
30 September 2011

GLOSSARY OF ACCOUNTING TERMS

The following is a brief explanation of the technical terms used in this publication:-

ACCOUNTING PERIOD	The period of time covered by the accounts. The current year is 2010/11 which means the year commencing 1st April 2010 and ending 31st March 2011. The end of the accounting period is the date at which the balance sheet is drawn up.
ACCRUAL	An amount included in the accounts in respect of income or expenditure for which payment has not been received or made by the end of the accounting period. This is based on the concept that income or expenditure is recognised as it is earned or incurred, not simply when money is received or paid out.
ACTUARIAL ASSUMPTION	An actuarial assumption is an estimate (usually in respect of pension fund valuations) of an unknown value made in accordance with methods of actuarial science. An actuarial assumption is made using statistical tools such as the correlation of known values to possible outcomes for the unknown value. An actuarial assumption is often used to calculate premiums or benefits.
ACTUARIAL GAINS AND LOSSES	Actuarial gains and losses which may result from: (a) experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred); and (b) the effects of changes in actuarial assumptions.
ASSET	A resource that, as a result of a past event, is controlled and expected to give future benefits. It is not necessary to own an asset in order to control it, as assets may be acquired from other providers via credit arrangements such as leasing.
AMORTISED COST	The amount at which the financial asset or financial liability is measured. The measurement reflects the cost or transaction price at initial recognition, adjusted for principal payments and accrued interest at the balance sheet date. The measurement may also be adjusted by any difference between the initial amount and the maturity amount resulting from impairment or uncollectibility by applying the effective interest rate inherent over the term of the financial asset or liability.
BALANCE SHEET	A statement of the recorded assets, liabilities and other accounting balances at the end of an accounting period.
CAPITAL CHARGE	A charge to the revenue account to reflect the cost of long term assets used in the provision of services. The charges themselves consist of depreciation, based upon the useful lives of depreciable assets.
CAPITAL EXPENDITURE	Expenditure on the acquisition of a long term asset or expenditure which adds to and not merely maintains the value of an existing long term asset.

GLOSSARY OF ACCOUNTING TERMS

CAPITAL RECEIPTS	The proceeds from the sale of long term assets.
CASH EQUIVALENTS	Short-term investments that are readily convertible, without penalty, to known amounts of cash and which are subject to an insignificant risk of changes in value.
COMMUNITY ASSETS	Assets that are intended to be held in perpetuity, that have no determinable useful life, and that may have restrictions on their disposal. Examples are parks and historic buildings.
CONSISTENCY	The concept that the accounting treatment of like items within an accounting period and from one period to the next is the same.
CONTINGENT LIABILITY	A potential liability at the balance sheet date the outcome of which is not certain, but may be dependent on a future event. Where the potential liability is likely to be material, the fact that it exists will be disclosed as a note to the accounts.
CREDITORS	Amounts owing for work done, goods received or services rendered in an accounting period, for which payment has not yet been made.
CURRENT ASSETS/LIABILITIES	Assets or liabilities which are of a short term nature, that will be realised within a year, e.g. stocks, debtors and creditors.
DEBTORS	Amounts due to the Council which relate to the accounting period, but have not been received at the balance sheet date
DEPRECIATION	The loss in value of a long term asset due to age, wear and tear, deterioration or obsolescence.
EXPENDITURE	The costs incurred relating to the accounting period irrespective of whether the amounts have been paid or not, i.e. on an accruals basis.
FAIR PRESENTATION	International Accounting Standard IAS 1 requirement that financial statements should not be misleading. To a large extent this means obeying the prevalent accounting standards, but the concept of fairness may transcend that, to include an assessment of the overall picture given by the financial statements.
FAIR VALUE	The amount for which an asset could be exchanged or a liability settled, between knowledgeable and willing parties at arm's length.
FINANCE LEASE	A lease that transfers substantially all of the risks and rewards of ownership of a long term asset from the provider (lessor) to the user (lessee). Although, strictly, the leased asset remains the property of the lessor, in substance the lessee may be considered to have acquired the asset and to have financed the acquisition by obtaining a loan from the lessor.

GLOSSARY OF ACCOUNTING TERMS

FINANCIAL INSTRUMENT	A contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.
IMPAIRMENT OF ASSETS	The objective is to ensure that assets are not carried in the Balance Sheet at more than their recoverable amount.
INFRASTRUCTURE ASSETS	Examples include roads, street lighting, footpaths, cycle tracks, street furniture and coastal defences
INTANGIBLE ASSETS	Non-financial assets e.g. software licences with no physical substance which is controlled by an entity through custody or legal rights.
INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)	Financial statements prepared in accordance with International Financial Reporting Standards (IFRS) should comply with all the IFRS requirements. The term IFRS includes all applicable IFRS, IFRIC, International Accounting Standards (IAS) and SIC Interpretations.
INVESTMENTS	Current asset investments that are readily disposable by the authority without disrupting its business.
INVESTMENT PROPERTIES	Property (land or a building, or part of a building, or both) held solely to earn rentals or for capital appreciation or both.
LIQUID RESOURCES	Surplus funds which are temporarily invested for periods of up to one year. Long-term investments are intended to be held for use on a continuing basis in the activities of the authority.
NET BOOK VALUE	The amount at which long term assets are included in the balance sheet, i.e. their historical or current value less the cumulative amounts provided for depreciation.
OPERATING LEASE	An operating lease is any lease which is not a finance lease. An operating lease has the character of a rental agreement with the lessor usually being responsible for repairs and maintenance of the assets.
POST BALANCE SHEET EVENTS	Those events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the Statement of Accounts is signed by the responsible financial officer.
PROVISION	An amount put aside in the accounts for liabilities or losses which are certain or very likely to occur but uncertain as to the amounts involved or to the dates on which they will arise are not determined.
PRIOR YEAR ADJUSTMENT	This is an event whereby figures quoted in previous year's statements have been changed due to a change in accounting policy.

GLOSSARY OF ACCOUNTING TERMS

PRUDENCE	The concept that revenue is not anticipated but is recognised only when realised in the form either of cash or of other assets the ultimate realisation of which can be assessed with reasonable certainty.
PUBLIC WORKS LOAN BOARD (PWL B)	The Public Works Loan Board (PWL B) is a statutory body operating within the Debt management Office of the UK Treasury (DMO) and is responsible for lending money to local authorities and managing certain public sector funds.
REMUNERATION	Payment or compensation received for services or employment. This includes the base salary and any bonuses or other economic benefits that an employee or executive receives during employment.
RESERVES	Amounts set aside for purposes falling outside the definition of provisions. Reserves include earmarked reserves set aside for specific policy purposes, general contingencies and working balances.
TO DEBIT	An accounting entry which results in either an increase in assets or a decrease in liabilities or net worth.
TO CREDIT	An accounting entry which results in either a decrease in assets or an increase in liabilities or net worth.
TRUE AND FAIR VIEW	Financial statements shall give a true and fair presentation of the financial position, financial performance and cash flows of an authority.
VIREMENT	Transfer of resources from one budget head to another in order to accommodate variations in spending policies.

MAIN CHANGES IN TERMINOLOGY

UK GAAP (Old Terminology)	IFRS (Revised Terminology)
I & E Account and STRGL	Statement of Comprehensive Income
Fixed (e.g. Fixed Assets)	Non current (e.g. Non Current Assets)
Stocks	Inventories
Tangible fixed assets	Property plant and equipment

This publication can be obtained
in large print or Braille. If required, please contact:

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