

STATEMENT OF ACCOUNTS 2009/2010



ADUR DISTRICT COUNCIL

STATEMENT OF ACCOUNTS

for the year ended 31st March, 2010

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EXPLANATORY FOREWORD AND SUMMARY

The purpose of the Statement of Accounts is to provide information on the ways the Council has utilised financial and other resources available to it in the provision of the services it provides to the residents of Adur. The Statement of Accounts is required to be produced by law and sets out the various statutory accounting statements together with other relevant information.

This foreword gives a brief explanation of what is included within the Council's accounts for the year 2009/10 are set out on the following pages. The accounts are set out on the following pages and comprise of:

THE CORE SINGLE ENTITY FINANCIAL STATEMENTS

1. ***The Income and Expenditure Account (Page 19)***

This statement is fundamental to the understanding of a local authority's activities, it reports the net cost for the year of all the functions for which the authority is responsible, and demonstrates how that cost has been financed from general government grants and income from local taxpayers. It brings together expenditure and income relating to all of the local authorities functions, in three distinct sections, each divided by a sub-total.

2. ***Statement of Movement on the General Fund Balance (Page 20)***

This reconciliation statement summarises the differences between the outturn on the Income and Expenditure Account and the amount charged to the council taxpayer by statute.

3. ***Statement of Total Recognised Gains and Losses (Page 22)***

This statement brings together all of the gains and losses of the Council for the year and shows the aggregated increase in its net worth. In addition to the surplus generated on Income and Expenditure account it includes gains and losses relating to the revaluation of fixed assets and re-measurement of the net liability to cover the cost of retirement benefits.

4. ***Balance Sheet (Page 23)***

This is effectively a snap-shot of the Council's financial position at the year end. It shows the Council's balances and reserves and its long-term indebtedness and the fixed and net current assets at the year end, together with summarised information on fixed assets and capital expenditure for the year.

5. ***Cash Flow Statement (Page 24)***

This statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.

6. ***Notes to the Core Financial Statement (Page 25)***

These are the notes that explain the Income and Expenditure Account, Statement of Total Recognised Gains and Losses, Balance Sheet and Cash Flow Statement.

EXPLANATORY FOREWORD AND SUMMARY

THE SUPPLEMENTARY FINANCIAL STATEMENTS

7. ***The Housing Revenue Account (Page 60)***

The Housing Revenue Account (HRA) summarises the resources that have been generated and consumed in providing services and managing the Council's housing stock during the last year. It includes all day to day expenses and related income on an accruals basis, as well as transactions measuring the value of fixed assets actually consumed.

8. ***Statement of Movement on the Housing Revenue Balance (Page 61)***

This statement shows the reconciliation and detail of how the Statement of Movement on the HRA Balances has been arrived at.

9. ***Notes to the Housing Revenue Account (Page 63)***

These are the notes that explain the Housing Revenue Account Income and Expenditure Statement.

10. ***Collection Fund (Page 67)***

The Collection Fund summary shows how the Council is required to account for its collections of revenue from the council tax and non-domestic rate (business rate), and shows how the total income is distributed to preceptors of the fund.

OPERATING REVIEW OF THE YEAR 2009/10

Introduction

Adur is one of the smallest councils in the country with big plans for the next three years. We recognise that because of our size and limited resources, we have to set very clear priorities to ensure we achieve the best we can for the people of Adur.

We believe that only by taking a radical approach to tackling the issues we face will we be able to keep Council Tax increases low and yet deliver high quality services to the people of Adur. To that end we have embarked on a ground breaking partnership arrangement with Worthing Borough Council.

Although the emphasis will be on creating and developing successful partnerships with other Councils to improve the cost effectiveness of our services we remain committed to the people of Adur and their wellbeing. We will continue to strive for better education, better health, better jobs more and better lives for all of us.

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 we need to find. To proceed towards this goal the Council embarked on developing an innovative partnership arrangement with Worthing Borough Council.

The shared single officer structure which was introduced in April 2008, now includes recycling, street and other cleaning and support services.

A comprehensive programme of individual service reviews is being undertaken as part of phase 4 of this venture.

This exciting approach is being watched by other councils nationally (particularly as it is our intention to remain as two separate councils). Many face the same dilemma as ourselves, which is how a small district council can continue to provide high quality services with a limited budget.

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, Worthing.

Council Priorities

In July 2007, the Council jointly agreed a set of four high level priorities with Worthing Borough Council, which form part of Adur's Corporate Plan for 2009 to 2012. These 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.

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

OPERATING REVIEW OF THE YEAR 2009/10

Medium Term Financial Plan (MTFP)

The Council approved its latest MTFP in July 2009 as part of the Revenue Budget report. The plan supports the Council's corporate planning process by forecasting the level of resources that are likely to be available in the years 2010/11 – 2014/15 inclusive.

The forecasts reflect the particular service demands and financial pressures identified within the period covered and how the Council proposes to respond to these in order to deliver a balanced budget that matches resources to spending.

This is achieved within the context of:

- > matching council priorities set out in the corporate plan to available resources;
- > meeting the needs of the local community and residents determined within the Community Strategy;
- > setting a council tax that taxpayers are willing to pay and that accords with government policy on capping;
- > achieving a balance between revenue spending and capital investment;
- > protecting the long term financial health of the Council;

The MTFP aims to maintain the budget on a sustainable basis by focusing on quality key and core services whilst keeping increases to Council Tax to a minimum. The Council aims to achieve this by attaining a minimum of 3% efficiency savings per year, alongside a policy of funding any new growth, or budget shortfall, by funding equivalent savings elsewhere within the budget.

Financial Overview

A more detailed summary of the Council's financial results in 2009/10 is given on the following pages but a brief outline of the Council's financial position is given below.

The Council continues to live within its modest means. It kept its Council Tax increase below capping levels without drawing on reserves, kept Council House rent increases to an average of 3.1% whilst facing further subsidy losses without damaging services.

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.

This has been offset by underspends due to the actual journeys for concessionary fares being less than was estimated (£364,000), "windfall" income from a backdated VAT claim (£250,000) and the increase of Housing Benefit claims leading to additional Department of Works and Pensions grant for overpayment (£100,000).

Capital scheme budgets were originally set at £6.26m. Actual expenditure totalled £6m. There was slippage on various capital projects and overspends of £0.06m for a Skateboard Park in Shoreham-by-Sea and the Council's contribution to Brighton and Hove Transport Scheme was £0.4m overspent (which was fully funded by Government Grant)

OPERATING REVIEW OF THE YEAR 2009/10

Financial Overview (continued)

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.

Impairment

As required under capital accounting regulations, the Council completed an Impairment Review of all its assets at 31st March, 2010 to ensure that fixed assets held are recorded at no more than their recoverable amount. In 2008/09 the Council incurred economic impairment due to the general decrease in property values of £38,840,000 of which £33,521,000 related to the Housing Revenue Account. In 2009/10 revaluations and a review of economic impairment has lead to a reversal of the downward economic impairment for Council houses and Council garages and £16,070,146 has been reversed in the Housing Revenue Account. The Council's investment properties incurred further economic impairment of £254,214 of which £38,376 was written down to the Housing Revenue Account and the remainder to General Fund Revenue.

SUMMARY OF FINANCIAL RESULTS FOR 2009/10

Summary

There follows a brief summary of the salient features of the financial results for 2009/10 and the major influences thereon:-

General Fund

The Council set a balanced net General Fund budget of £10.957m, which was financed partly from central government support (£4,992m) and the balance from Council taxpayers (£5.993m), this equates to an average Council Tax paid for Adur services of £267.71.

The Council's actual net expenditure chargeable to the Council taxpayer was £9.969m a saving of £988,000 against the current budget £920,000 was transferred to earmarked reserves.

A summary, comparing total actual expenditure to the revised budget in respect of cabinet portfolios, is shown below:

	Original Estimate	Actual	Variances
	£'000	£'000	£'000
Member Portfolio			
Clean and Green	4,198	4,158	(40)
Health and Safety & Wellbeing	930	959	29
Improved Customer Services	2,354	2,102	(252)
Leader	636	555	(81)
Regeneration	1,890	1,741	(149)
Resources	1,717	1,795	78
Support Services	-		
Net Portfolio Expenditure	11,725	11,310	(415)
Credit back notional capital charges	(1,365)	(1,571)	(206)
Minimum Revenue Provision	627	655	28
Trading Accounts	-	(163)	(163)
Revenue contribution to capital	-	11	11
Transfer to/(from) Reserves during the year	(30)	(273)	(243)
Spend 2009/10	10,957	9,969	(988)
Financed from:			
Council Tax	(5,993)	(5,993)	-
NNDR Pool (Business Rate)	(4,056)	(4,056)	-
Revenue Support Grant	(936)	(936)	-
Collection Fund Deficit	28	28	-
	(10,957)	(10,957)	-
Movement in General Fund Balances	-	(988)	(988)

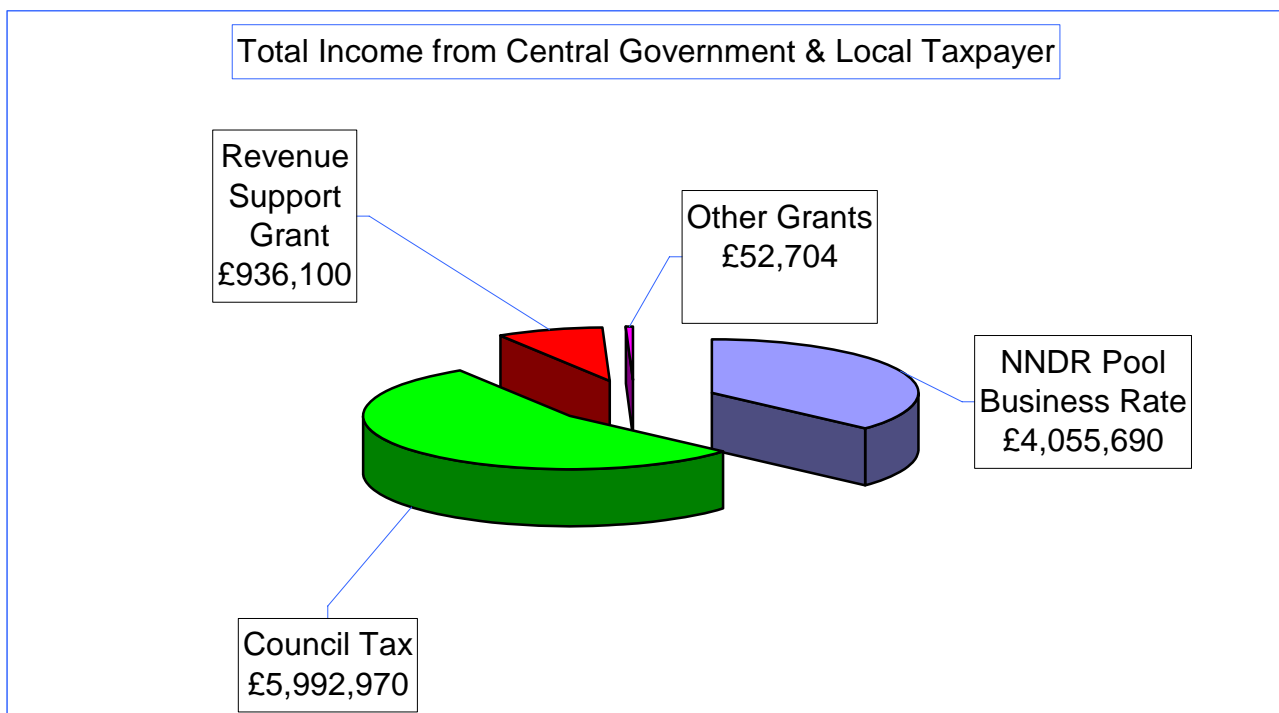
Recommended Carry Forwards	100,050
Recommended transfer to the Partnership Development Fund	250,000
Additional Concessionary Fares Provision for potential liability	70,000
Recommended transfer to insurance fund	50,000
Balance of Net Underspend available to transfer to Capacity Issues Reserve	517,950
	988,000

SUMMARY OF FINANCIAL RESULTS FOR 2009/10

Revenue Spending

Reconciliation of revenue outturn to Income and Expenditure Account surplus	£'000
Total Net Portfolio Underspend reported to Cabinet on 15th June, 2010	(995)
Revenue outturn changes since Cabinet report	7
	(988)
Add/(Less) Housing Revenue Account (HRA)	
Housing Revenue Expenditure	(67)
HRA amortisation of premium included in outturn and not included in I. & E.	(252)
HRA contribution to capital	(200)
Corporate Expenditure	
Net capital charges	1,068
Amortisation of premium	(83)
Minimum Revenue provision included in outturn and not included in I. & E.	(655)
Transfers from reserves during the year	273
Concessionary fares provision	70
Contribution to capital	(11)
Year End Adjustments	
Loss on disposal of assets	(83)
Capital receipts to govt pool	242
HRA depreciation and reversal of impairment	(16,696)
Revenue expenditure funded from capital under statute	113
Government grant deferred	(158)
Net impact of accounting for pension liability	910
Collection Fund adjustment	27
TOTAL	(16,490)

General Fund Income



SUMMARY OF FINANCIAL RESULTS FOR 2009/10

Central Government Support

The Council's share of Business Rates and Revenue Support Grant has increased by £24,790 compared to 2008/09, an increase of 0.5%.

Local Taxpayers

During the year the Council collected £33,625m in Council Tax, inclusive of £4,976m of Council Tax Benefit. This represented 97% of the total Council Tax due to be collected. Council Tax is collected by Adur District Council on behalf of the following preceptors in the proportions detailed: West Sussex County Council 73.2%, Sussex Police Authority 8.6% and Adur District Council 18.1%.

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 the Council's pro rata to entitlement to overall government support. £14.7m was billed during the year on behalf of the national pool and £4.056m was re-distributed from the pool to Adur.

Housing Revenue Account

The Housing Revenue Account had budgeted for a deficit of £122,000 to be funded from their reserves. Reversals of provisions made in earlier years, various improved income streams and reductions in recharges from other services have led to an underspend of £223,000 allowing for a £101,000 contribution to reserves.

Trading Services

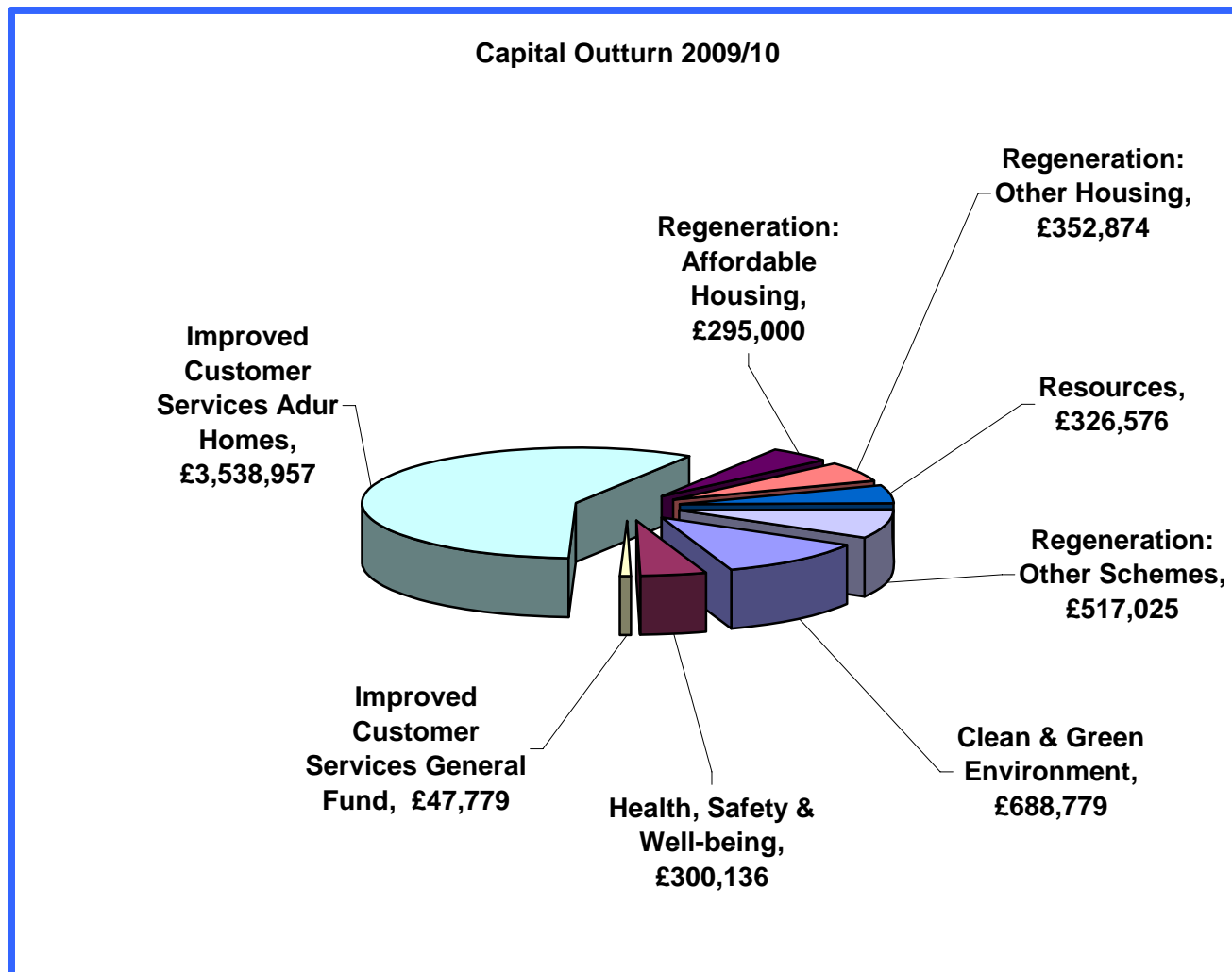
The former Direct Service Organisations (DSO), established under competitive tendering legislation, have now been designated as trading services until internal contractual arrangements expire. Building Maintenance generated a surplus of £99,771 (£96,169 in 2008/09). Trade Refuse sustained a deficit of £21,704 (£75,086 deficit in 2008/09). Horticultural Services generated a surplus of £61,056 (£18,500 surplus in 2008/09). Property Management generated a surplus of £59,927, which also included economic impairment of £195,924, (£1,434,000 deficit in 2008/09 due to market value impairments).

Capital Expenditure and Financing

Local authorities are required to distinguish between revenue and capital expenditure. Revenue expenditure represents the day to day costs of running Council services. Capital expenditure represents expenditure on the acquisition, creation or enhancement of fixed assets, which yield benefits to the Council and the services it provides for a period of more than a year. Total capital expenditure for the year was a little over £6m, which can be broken down as follows.

SUMMARY OF FINANCIAL RESULTS FOR 2009/10

Capital Expenditure and Financing (continued)



Overall Capital expenditure of £6.067m was financed as follows:

	2009/10
	£'000
Capital Receipts	1,057
Other Grants and Contributions	1,424
Revenue Contributions	457
Major Repairs Allowance	1,962
Loan	1,167
TOTAL	6,067

SUMMARY OF FINANCIAL RESULTS FOR 2009/10

Pension Fund Accounts

In common with other large organisations, the Authority has a substantial deficit on its pension fund which is administered by West Sussex County Council. Further explanation is provided in note 5 to the Core Financial Statements. Future formal actuarial valuations will ensure that by modification of contribution rates and consequent increases in revenue costs the deficit is taken into account. The pension fund deficit has increased from £21.2m to £38.68m as at 31st March 2010. This is principally due to the fact that the financial assumptions at 31 March 2010 are less favourable than they were at 31 March 2009, and the mortality assumptions have been strengthened to reflect improvements in life expectancy.

Further Information

Further information about the accounts can be obtained from the Executive Head (Financial Services) at the Town Hall, Chapel Road, Worthing, West Sussex, BN11 1HB. Telephone 01903 221221 or by e-mailing: sarah.gobey@worthing.gov.uk, or visiting our website: www.adur.gov.uk.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

STATEMENT OF ACCOUNTS

For the year ended 31st March, 2010

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 2009/10 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.

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 "present fairly" 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 2003 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, 2010 and its income and expenditure for the year ended on that date.

SARAH GOBEY
Executive Head (Financial Services)

Dated: 30th September, 2010

Certificate of Approval by Constitution and Audit Committee

I confirm that these Accounts were approved by the Constitution and Audit Committee of Adur District Council on 28th June, 2010 and re-approved on 30th September, 2010.

ROD HOTTON
Chairman, Constitution and Audit Committee

Dated: 30th September, 2010

STATEMENT OF ACCOUNTING POLICIES

1. **General**

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting 2009/10 (SORP), the Best Value Accounting Code of Practice (BVACOP) and also with guidance notes issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) on the application of Financial Reporting Standards (FRS) and Statement of Standard Accounting Practices. The 2009 SORP is the last to be produced, in future years the accounts will be based on International Financial Reporting Standards within the framework of the Government Financial Reporting Manual. The Accounting convention adopted is historical cost, modified by the revaluation of certain categories of tangible fixed assets.

The main changes in the Statement of Recommended Practice (SORP) that impact on Adur's statement of accounts for 2009/10 are:

- Accounting for Private Finance Initiatives and similar contracts (FRS 5) has been redrafted. The new requirements are based in IFRIC12 Service Concessions. Although the Council does not have any PFIs the service arrangements for other contracts have been reviewed to ensure they do not fall within IFRIC12.
- Adur District Council acts as a billing authority and is an agent for collection on behalf of other authorities for council tax. The previous SORP requirements were that the billing authority accounted for local taxes as the principal, the Council's balance sheet and cash flow statement now account for only the Council's share.
- The accounting of creditors and debtors in the balance sheet for the collection of Non- Domestic Business Rates on behalf of the Department of Communities and Local Government has also been changed to reflect the Council's role of agent rather than principal. The 2008/09 Income and Expenditure and Balance Sheet have been restated to reflect these changes.
- The Council Tax income included in the Income and Expenditure Account for the year is now the accrued income for the year. This contrasts with previous accounting requirements where Council Tax income included in the Income and Expenditure Account represented the amounts required under regulation to be transferred from the Collection Fund to the General Fund.
- A more detailed disclosure note on officers' remuneration has been introduced and notes on Section 137 expenditure, publicity, the building control account, Business Improvement District Schemes and Local authority Goods and Services Act have been removed.

Accounting Concepts

In managing its finances and preparing the Statement of Accounts the Council has particular regard to the accounting concepts within the SORP. The precise existence and value of assets, liabilities, income and expenditure may be uncertain and where this is the case, professional judgement is used to estimate. In doing so the Council adheres to the accounting concepts set out below to ensure that the accounts presently fairly its financial position and performance.

Relevance

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

STATEMENT OF ACCOUNTING POLICIES

1. **General** (continued)

Reliability

The information in the accounts is complete, prudently prepared, reflects the substance of transactions and is free of deliberate or systematic bias or material errors.

Comparability

A consistent approach to accounting policies is used in preparing the accounts to ensure that it may be compared to previous years. Where there is a change in accounting policy that has a material effect on the information provided, this has been disclosed.

Understandability

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

Materiality

In using its professional judgement the Council has considered the size and nature of any transaction, or set of transactions. An item is considered to be material where its omission or mis-statement would reasonably change the substance of the information presented in the 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.

Going Concern

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

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 may be over-ruled.

2. **Fixed Assets**

All expenditure on the acquisition, creation and enhancement of fixed assets is capitalised on an accruals basis. A de minimis level of £50,000 has been established by the Council, below which assets have not been externally valued.

Income from the disposal of fixed assets is also accounted for on an accruals basis.

The Council's housing fixed assets were revalued as at April 2009 by the District Valuer and incorporated into the Balance Sheet at these values. These values are adjusted for additions and disposals during the year and economic market changes are reviewed as at 31st March, 2010. Most other fixed assets were revalued at April, 2005, ad hoc valuations have been undertaken when appropriate and valuations reviewed for economic market changes as at 31st March, 2010.

STATEMENT OF ACCOUNTING POLICIES

2. **Fixed Assets** (continued)

Land, operational properties and other operational assets are included in the balance sheet at the lower of net current replacement cost and/or net realisable value in existing use.

Infrastructure assets and community assets are included in the balance sheet at historic cost.

Non-operational assets are included in the balance sheet at the lower of net current replacement cost and net realisable value.

Intangible Assets are included in the balance sheet at net realisable value.

3. **Charges to Revenue for Fixed Assets**

Service revenue accounts, support costs and trading accounts are charged with the following amounts to record the real cost of holding fixed assets during the year:-

- (i) Depreciation attributable to the assets used by the relevant service.
- (ii) Impairment loss due to the clear consumption of economic benefit where there are no accumulated gains in the revaluation reserve.
- (iii) Amortisation of intangible fixed assets attributable to the service

These notional charges are then adjusted in the Statement of Movement in General Fund Balances so they do not fall on the Council Taxpayer.

Depreciation is provided on buildings and vehicles, plant and equipment on a straight line basis to write down the assets to their residual value over their useful working lives. The depreciation on council dwellings has been set at a level to match the Major Repairs Allowance granted to the Council by the government.

A further statutory provision, the Minimum Revenue Provision, representing the amount to be set aside for principal repayments on outstanding loan debt and notional interest on credit arrangements is charged to general fund balance. The total amount charged in 2009/10 to the General Fund was £655,057 (2008/09 £624,073)

4. **Capital Receipts**

The usable proportions 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.

The Government requires that 75% of capital receipts generated from the sale of council dwellings to be paid to central government for housing redistribution purposes.

STATEMENT OF ACCOUNTING POLICIES

5. **Grants**

Grants received towards revenue expenditure are credited to the appropriate revenue account on an accruals basis. Capital grants are used to finance the appropriate capital expenditure over a period of years. This will be written off in the service revenue account over the useful life of the asset to match the depreciation of the asset to which it relates.

6 **Revenue Expenditure Funded from Capital Under Statute**

Capital expenditure such as improvement grants for which no tangible fixed assets exists is classified as revenue expenditure funded from capital under statute. Expenditure is written off to the Income and Expenditure Account in the year it is incurred.

7. **Debtors and Creditors**

The revenue and capital accounts of the Council are maintained on an accruals basis in accordance with the SORP. That is, sums due to or from the Council during the year are included whether or not the cash has actually been received or paid in the year.

Exceptions to this principle relate to electricity and similar quarterly payments which are charged at the date of meter reading rather than being apportioned between financial years. These policies are consistently applied each year and do not have a material effect on the year's accounts.

8. **Stocks and Work in Progress**

Stocks are valued at the latest price paid. This is a departure from the requirements of the Code and SSAP9, which require stocks to be shown at actual cost or net realisable value, if lower. The effect of the different treatment is not material.

Work in progress on uncompleted jobs is valued at cost.

9. **Cost of Support Services**

All costs of management and administration have been allocated to services. The allocation basis used for the main costs of management and administration are outlined below:-

Cost Heading	Basis of Allocation
Central Departments (Financial Services, Legal and Democratic Services)	Time spent by staff
Administration Buildings	Head count per service
Computing	Head count per service

STATEMENT OF ACCOUNTING POLICIES

10. ***Leasing***

The capital value of material items acquired during the year under leases is recorded as a note to the Balance Sheet. Rental payments under finance leases have not been apportioned between the finance charge and the principal element (i.e. the reduction of the liability to pay future rentals) as the amounts involved are not significant. Operational lease rentals are charged to revenue on an accruals basis.

The assets acquired under a finance lease have not been capitalised as required by the Statement of Recommended Practice (SORP) as their value is not considered significant.

11. ***Debt Redemption***

Provision is made each year from revenue accounts for debt redemption in the form of the Minimum Revenue Provision (MRP), which is then held in the Capital Adjustment Account (see 3, above).

12. ***Provisions***

Provisions are made where an event takes 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 Income and Expenditure account when the authority 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.

13. ***Pensions***

The pension costs charged to the Council's accounts in respect of its employees are equal to the contributions paid to the funded pension scheme for these employees. Further costs arise in respect of certain pensions paid to retired employees on an unfunded basis.

These contributions are determined on the basis of rates that are intended to meet 100% of the liabilities of the superannuation fund, in accordance with relevant Government regulations.

In accordance with FRS 17 - Retirement Benefits - The Council's accounts have been prepared to disclose the Council's indebtedness to West Sussex County Council's Local Government Pensions Scheme.

14. ***Internal Interest***

Interest is credited to the Housing Revenue Account based upon the average revenue balances outstanding during the year. The amounts are calculated using one month money market rates.

STATEMENT OF ACCOUNTING POLICIES

15. **Investments**

All the investments shown under current assets are temporary deposits repayable within one year and were effected for treasury management purposes.

16. **FRS 3 Reporting Financial Performance - Prior Year Adjustments**

FRS 3 requires that material adjustments applicable to prior periods arising from changes in accounting policies or from the correction of fundamental errors. They do not include normal recurring adjustments of corrections of accounting estimates made in prior periods.

17. **Value Added Tax (VAT)**

Value added tax (VAT) has not been included in the income and expenditure of the accounts except where it is not recoverable.

18. **Bad Debt Provision**

Provision for non collection of outstanding debts should generally be based on the age of the debt, with a general target of:-

Debt over three years old	100%
Debt up to three years old	75%
Debt up to two years old	50%
Debt up to one year old	25%

19. **Financial Instruments**

A financial instrument is broadly defined as any contract which gives rise to a financial asset in one entity and a financial liability in another. Typical financial instruments are:

Liabilities

Trade Payables and Other Payables
Borrowings
Financial Guarantees

Assets

Bank Deposits
Trade
Loans
Other Receivables and Advances
Investments

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 and creditors.

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.

STATEMENT OF ACCOUNTING POLICIES

19. **Financial Instruments** (continued)

All the Council's liabilities represented by long term borrowings, and its assets represented by loans and receivables, are carried in the Balance Sheet at amortised cost.

The interest due from loans and receivables or payable on fixed rate borrowings has been calculated on an accruals basis.

The Council has borrowings amounting to £10.69m at stepped interest rates where for an initial period of the loan is at a relatively low rate and thereafter the rate is increased. The interest due under these loans has been calculated by the Effective Interest Rate (EIR) method which has the impact of equalising the interest rate charge to the revenue account over the life of the loans. The difference between the interest calculated under EIR and the cash payments are reflected in the carrying values for these loans in the Balance Sheet.

All trade debtors and creditors become due in less than a year and are carried in the Balance Sheet at the invoiced value.

An allowance for the non collection of trade debts is made in accordance with the principles set out in note 18 above and charged to the revenue account as appropriate.

The SORP 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 amount are shown where required in the Notes to the 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.

20. **Reserves**

Amounts set aside for purposes falling outside the definition of provisions are reserves.

Earmarked reserves are set aside for specific policy purposes and balances which represent resources set aside for purposes such as general contingencies and cash flow management.

Capital reserves are not available for revenue purposes.

Certain reserves are kept to manage the accounting processes for fixed assets and retirement benefits and they do not represent usable resources for the council.

INCOME AND EXPENDITURE ACCOUNT

	2009/10	2009/10	2009/10	2008/09
	Gross Expenditure	Gross Income	Net Expenditure	Net Restated Expenditure
	£'000	£'000	£'000	£'000
NET EXPENDITURE ON SERVICES				
Central Services to the Public	6,646	(5,761)	885	1,253
Cultural, Environmental, Regulatory & Planning Services	7,682	(2,608)	5,074	7,920
Highways and Transport Services	1,350	(650)	700	919
General Housing Services	19,593	(18,763)	830	1,593
Adult Social Care	184	(259)	(75)	
Corporate & Democratic Core	2,158	(1,004)	1,154	1,363
Non-Distributed Costs	1,614	(357)	1,257	1,279
Net Cost of General Fund Services	39,227	(29,402)	9,825	14,327
Housing Revenue Account	(7,444)	(10,912)	(18,356)	15,242
Net Cost of Services	31,783	(40,314)	(8,531)	29,569
(Gains)/Loss on disposal of fixed assets			(82)	(422)
Parish council Precepts			285	262
(Surplus)/Deficit on trading undertakings not included in Net Cost of Service			(199)	1,376
Interest payable and similar charges			1,852	1,876
Contribution of housing capital receipts to the government pool			241	256
Interest & Investment Income			(389)	(692)
Pensions interest cost and expected return on pension assets			1,600	870
Net Operating Expenditure			(5,223)	33,095
SOURCES OF FINANCE				
Demand on Collection Fund - including the Local Precepts of £284,868			(6,222)	(5,993)
Revenue Support Grant			(936)	(607)
Distribution from Non-Domestic Rate Pool			(4,056)	(4,360)
Government Grants not attributable to specific services			(53)	(28)
NET GENERAL FUND (SURPLUS)/DEFICIT			(16,490)	22,107

The Note to this statement can be found on Page 20 and 21.

There have been no acquisitions or discontinued operations during the current or preceding year.

STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE

The Income and Expenditure Account shows the council's actual financial performance for the year, measured in terms of the resources consumed and generated over the last 12 months. However, the authority is required to raise precepts on a different accounting basis, the main difference being:

- Capital investment is accounted for as it is financed, rather than when the fixed assets are consumed.
- Retirement benefits are charged as amounts become payable to pension funds and pensioners, rather than as future benefits are earned.

The General Fund balances compares the council's spending against the precepts that it raised for the year, taking into account the use of reserves built up in the past and contributions to reserves earmarked for future expenditure. This reconciliation statement summarises the differences between the outturn on the Income and Expenditure Accounts and the General Fund Balance.

	2009/10 Current Year £'000s	2008/09 Restated Previous Year £'000s
(Surplus)/Deficit for the year on the Income & Expenditure Account	(16,490)	22,107
Net additional amount required by statute and non-statutory proper practice to be debited or credited to the General Fund Balance for the year	16,490	(22,130)
Increase in General Fund Balance for the Year	-	(23)
General Fund Balance Brought Forward	(858)	(835)
GENERAL FUND BALANCE CARRIED FORWARD	(858)	(858)

1. ***Note of reconciling items for the Statement of Movement on the General Fund***

Amounts included in the Income & Expenditure Account, but required by statute to be excluded when determining the Movement on the General Fund Balance for the year.

	2009/10 Current Year £'000s	2008/09 Previous Year £'000s
Depreciation, impairment and reversal of impairment general fund	(1,066)	(22,630)
Depreciation, impairment & reversal of impairment HRA	16,694	(118)
Government grants deferred amortisation	165	238
Cost of write downs of expenditure funded from capital under statute to be financed from capital	(1,363)	(573)
Grants for write downs of expenditure funded from capital under statute to be financed from capital	1,165	-
Net profit/(loss) on sale of fixed assets	82	422
Net charges made for retirement benefits in accordance with FRS17	(910)	(410)
Collection Fund adjustment	(26)	(43)
Other prior year adjustment relating to grants written down from expenditure	76	-
	14,817	(23,114)

STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE

1. **Note of reconciling items for the
Statement of Movement on the General Fund** (continued)

Amounts not included in the Income and Expenditure Account but required by statute to be included when determining the Movement on the General Fund Balance for the year.

	2009/10 Current Year	2008/09 Previous Year
	£'000s	£'000s
Transfer from Usable Capital Receipts to meet payments to the Housing Capital Receipts Pool	(241)	(256)
Re-measurement of Interest on Long-term loans	-	-
Statutory provision for repayment of debt (MRP)	655	624
Amortisation of premium	335	223
Capital expenditure charged in-year to revenue	457	240
	1,206	831

Transfers to or from the General Fund Balances that are required to be taken into account when determining the Movement on the General Fund Balance for the year.

	2009/10 Current Year	2008/09 Previous Year
	£'000s	£'000s
Transfers to Housing Revenue Account earmarked reserves	101	(271)
Net transfer from Housing Revenue Repairs Reserve	(35)	(218)
Net transfer to earmarked reserves General Fund	401	642
TOTAL	467	153
Net additional amount required to be debited /(credited) to the General Fund balance for the year	16,490	(22,130)
Increase/(decrease) to the General Fund balance	-	23

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

This statement brings together all the gains and losses of the council for the year and shows the aggregate increase in its net worth. In addition to the surplus generated on the Income and Expenditure Account, it includes gains and losses in relation to the revaluation of fixed assets and re-measurement of the net liability to cover the cost of retirement benefits.

	2009/10	2008/09
	Current Year	Restated Previous Year
	£'000s	£'000s
(Surplus)/Deficit for the year on the Income & Expenditure Account	(16,490)	22,107
Prior yr adjustment to collection fund	-	18
(Surplus)/Deficit arising on revaluation of fixed assets	(3,303)	17,830
Actuarial (Gains)/Losses on pension fund assets and liabilities	16,570	6,630
Pension restatement in accordance with SORP	-	170
Other	(18)	1
TOTAL RECOGNISED (GAINS) AND LOSSES	(3,241)	46,756

BALANCE SHEET

	See Note No:	As at 31st March 2010		As at 31st March 2009 Restated	
		£'000	£'000	£'000	£'000
Fixed Assets					
Intangible Assets	15	-		9	
Operational Assets	14				
Council Dwellings		172,047		152,165	
Other Land and Buildings		17,212		16,535	
Vehicles, Plant, Furniture & Equipment		2,608		3,297	
Infrastructure		1,627		1,098	
Community Assets		1,959		1,935	
Non-Operational Assets	14				
Investment Properties		4,845		4,473	
Assets under construction		266		-	
Surplus assets held for disposal		215		-	
Total Net Fixed Assets			200,779		179,512
Long Term Investments		5		1,054	
Long Term Debtors	24	256		186	
Total Long Term Assets			261		1,240
Current Assets					
Stocks and Work in Progress	21	95		62	
Debtors	22	7,632		7,789	
Provision for Doubtful Debts	22	(1,109)		(1,337)	
Investments	26	10,133		12,426	
Cash in bank - Overnight Deposit		50		-	
Less: Current Liabilities		16,801		18,940	
Borrowing repayable within 12 months	25	(389)		(356)	
Creditors	23	(5,983)		(7,131)	
Bank Overdraft		(483)		(450)	
		(6,855)		(7,937)	
Net Current Assets			9,946		11,003
Long Term Borrowing	25	(31,362)		(33,372)	
Provisions	30	(455)		(488)	
Government Grants deferred	12	(2,133)		(2,049)	
Deferred Liabilities	12	(11)		(13)	
Unapplied Grants and Contribution	12	(1,544)		(1,073)	
Liability related to defined benefit pension	5	(38,680)		(21,200)	
			(74,185)		(58,195)
			136,801		133,560
Financed By Reserves:					
Usable Capital Receipts Reserve	12	1,809		2,539	
Revaluation Reserve	12	3,396		256	
Capital Adjustment Account	12	166,703		149,182	
General Fund Balances		858		858	
Housing Revenue Account		1,520		1,418	
Housing Repairs Account		303		337	
HRA Earmarked Reserves		16		16	
Earmarked Reserves	13	2,124		1,723	
Collection Fund Adjustment A/c		(101)		(75)	
Financial Instruments Adjustment A/c		(1,147)		(1,494)	
Pension Reserve	5	(38,680)		(21,200)	
Total Net Worth			136,801		133,560

CASH FLOW STATEMENT 2009/10

See Note No:	2009/10		Restated 2008/09	
	£'000	£'000	£'000	£'000
REVENUE ACTIVITIES				
Net (inflow)/outflow from operating activities	(4,647)	(4,647)	(2,661)	(2,661)
Returns on Invest's & Servicing of Financing				
Cash Outflows:				
Interest Paid	1,867		1,902	
Cash Inflows:				
Interest received	(385)		(1,114)	
		1,482		788
CAPITAL ACTIVITIES				
Cash Outflows:				
Purchase of fixed assets	4,204		5,117	
Premium to repay debt	-		521	
Other Capital cash payments	1,364		246	
Pooled Capital Payments to DCLG	-		-	
		5,568		5,884
Cash Inflows:				
Sale of Fixed Assets	(231)		(1,863)	
Capital Grants received	(1,884)		(2,212)	
Other capital cash income			(1,265)	
		(2,115)		(5,340)
Net Cash (inflow) outflow before financing		288		(1,329)
MANAGEMENT OF LIQUID RESOURCES				
Short-term Deposits				
Net movement in short term deposits		(373)		179
Other Liquid Resources				
Net movement in other liquid resources	(2,800)		950	
Other	959		769	
External managed funds realised	-		(374)	
		(1,841)		1,345
Increase (decrease) in short-term investments		(2,214)		1,524
FINANCING				
Cash Outflows:				
Repayment of long-term loans	2,565		-	
Repayment of market loans	-		9	
Repayment of short-term (temporary) loans	-		700	
		2,565		709
Cash Inflows:				
New long-term loans raised	-		-	
New short-term (temporary) loans raised	(606)		(700)	
		(606)		(700)
(Increase)/decrease in loans		1,959		9
(Increase)/decrease in cash		33		204

NOTES TO THE CORE FINANCIAL STATEMENTS

1. ***Note of reconciling items for the Statement of Movement on the General Fund***

See Pages 20 and 21.

2. ***Trading Accounts***

The former Direct Service Organisations are now designated as trading accounts and a summary of their trading results is shown below, together with other services treated as trading services:-

	2009/10 Gross Expenditure	2009/10 Gross Income	2009/10 Net Expenditure	2008/09 Net Expenditure
	£'000	£'000	£'000	£'000
Horticultural Services	703	(764)	(61)	(18)
Building Maintenance	641	(741)	(100)	(96)
	1,344	(1,505)	(161)	(114)
Trade Refuse	471	(449)	22	75
Property Management	259	(515)	(256)	(140)
Property Management Market Impairment	196	-	196	1,574
	2,270	(2,469)	(199)	1,395

The council operates two direct service organisations as shown in first part of the statement above, the above statement summarises their financial results.

3. ***Agency Agreement***

Adur District Council have entered into an Agency Agreement with West Sussex County Council to provide the Parking Enforcement for the District. In 2009/10 income collected was £106,000 and expenditure was £162,000. West Sussex County Council contributes £50,000 towards this contract, with the balance being funded by Adur District Council.

4. ***Finance and Operating Leases***

The Council has operating leases on vehicles, plant and equipment. The amounts paid under these arrangements in 2009/10 were £125,203 (£203,860 in 2008/09), and the total commitments outstanding at 31st March 2010 amounted to £158,729 (£204,647 in 2008/09). This includes financing arrangements for the contract hire of the refuse and recycling vehicle fleet.

NOTES TO THE CORE FINANCIAL STATEMENTS

4. *Finance and Operating Leases* (continued)

	Commitments Outstanding at 31-Mar-10
	£'000s
Leases expiring in 2010/11	106
Leases expiring between 2011/12 and 2014/15	49
Leases expiring after 2014/2015	3
	158

As a lessor the Council has granted an operating lease on its 3 main leisure centres, Lancing Manor Leisure Centre, Southwick Leisure Centre and Wadurs Swimming Pool to Impulse Leisure Limited for a period of 30 years from 1st June 2005.

Impulse Leisure Limited only pay a peppercorn rent for these leases as they manage and operate these leisure facilities under a concurrent management agreement which includes a annual subsidy contribution from the Council which amounted to £229,000 in 2009/10 (£238,500 in 2008/09)

The Lancing Manor and Southwick Leisure Centres together were valued at £4.863m as at 31st March 2009 and is subject to £186,211 depreciation at 31st March 2010. Wadurs Swimming Pool was valued at £ 1.2m as at 1st April 2005

5. *Pensions and Retirement Benefits*

This note contains details of the Council's participation in the Local Government Pension Scheme. The scheme is a defined benefit statutory scheme, meaning that the authority and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets. The scheme is administered by West Sussex County Council.

The cost of retirement benefits is recognised in the Net Cost of Services when the benefits are earned by employees, rather than when the benefits are eventually paid as pension. The charge the Council is required to make against Council Tax is based on the cash payable in the year, so the difference between the charges made under FRS 17 and the cash payment are reversed out in the statement of movement in general fund balances. The following transactions have been made in the Income and Expenditure Account and statement of movement in the General Fund balance during the year:

NOTES TO THE CORE FINANCIAL STATEMENTS

5. *Pensions and Retirement Benefits* (continued)

2009/10		2008/09
£'000s	NET COST OF SERVICE	£'000s
(1,370)	Current service cost	(1,280)
(550)	Settlements and Curtailments	(100)
-	Past service cost	(430)
	NET OPERATING EXPENDITURE	
(3,670)	Interest cost	(3,720)
2,070	Expected return on scheme assets	2,850
(3,520)	Charge to Income and Expenditure	(2,680)
	Statement of Movement	
910	Movement on Pensions Reserve	410
(2,610)	EMPLOYER'S CONTRIBUTIONS PAYABLE	(2,270)

In addition to the recognised gains and losses included in the Income and Expenditure Account, actuarial losses of £16,570,000 (£6,630,000 for 2008/09) were included in the Statement of Total Recognised Gains and Losses. The cumulative amount of actuarial gains and losses recognised in the Statement of Total Gains and Losses is a loss of £19,530m.

The liabilities show the underlying commitments that the Council has in the long run to pay retirement benefits. The total liability of £38.7m has an impact on the net worth of the Council as recorded in the balance sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy, as the deficit on the scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

Assets and Liabilities in Relation to Retirement Benefits

Reconciliation of Defined Benefit Obligation	2009/10	2008/09
	£'000s	£'000s
Opening Balance	53,190	53,770
Current service cost	1,370	1,280
Interest cost	3,670	3,720
Contribution by members	730	600
Actuarial Losses/Gains	27,530	(4,530)
Past service costs/gains	-	430
Losses/(Gains) on curtailment	260	100
Liabilities extinguished on settlements	(660)	-
Estimates unfunded benefits paid	(160)	(150)
Estimated benefits paid	(2,130)	(2,030)
	83,800	53,190

NOTES TO THE CORE FINANCIAL STATEMENTS

5. *Pensions and Retirement Benefits* (continued)

Reconciliation of Fair Value of Employer Assets	2009/10	2008/09
	£'000s	£'000s
Opening Balance	31,990	39,610
Expected Return on Assets	2,070	2,850
Contribution by Members	730	600
Contribution by the Employer	2,450	2,120
Contribution in respect of unfunded benefits	160	150
Actuarial Gain/(Losses)	10,960	(11,160)
Assets distributed on settlements	(950)	-
Unfunded benefits paid	(160)	(150)
Benefits paid	(2,130)	(2,030)
	45,120	31,990

The return on the fund in market value terms for the year to March 2010 is estimated based on actual fund returns as provided by the administering authority and index returns where necessary.

The actual return was 31.3% and the estimated return was 40.4%.

Scheme History

	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
	£'000	£'000	£'000	£'000	£'000
Adur District Council Share					
Estimated Employer Assets (A)	45,120	31,990	39,610	40,080	37,800
Present value of scheme liabilities (B)	83,800	53,190	53,770	59,460	60,890
Net Pension Assets/Liabilities (A)-(B)	(38,680)	(21,200)	(14,160)	(19,380)	(23,090)

Experienced of Actuarial Gains and Losses

	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
	£'000	£'000	£'000	£'000	£'000
Differences between actual and expected return on assets	10,960	(11,160)	(3,560)	(740)	5,260
Experience Gains/(Losses) on liabilities	-	(70)	(760)	(10)	60

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 2007.

NOTES TO THE CORE FINANCIAL STATEMENTS

5. *Pensions and Retirement Benefits* (continued)

Basis for Estimating Assets and Liabilities (continued)

	31-Mar-10 per annum	31-Mar-09 per annum
	%	%
Equities	7.8	7.0
Bonds	5.0	5.4
Property	5.8	4.9
Cash	4.8	4.0
Price increases	3.8	3.1
Salary increases	5.3	4.6
Expected return on assets	7.2	6.4
Discount rate	5.5	6.9
Longevity at 65 for current pensioners		
Male	22.7 yrs	21.5 yrs
Female	26.1 yrs	24.4 yrs
Longevity at 65 for future pensioners		
Male	24.8 yrs	22.6 yrs
Female	28.3 yrs	25.5 yrs
Take up option to convert annual pension into retirement lump sum	50%	50%

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

	31-Mar-10 per annum	31-Mar-09 per annum
	%	%
Equities	76	70
Bonds	15	19
Property	6	8
Cash	3	4

The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31st March, 2011 is £2,430,000.

6. *Members' Allowances*

Total allowances paid to Members was £124,783 (£119,039 in 2008/09).

7. *Remuneration of Employees*

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

NOTES TO THE CORE FINANCIAL STATEMENTS

7. *Remuneration of Employees* (continued)

Remuneration Bands	Number of Employees	
	2009/10	2008/09
£50,000 to £54,999	4	1
£55,000 to £59,999	-	-
£60,000 to £64,999	1	1
£65,000 to £69,999	-	-
£70,000 to £74,999	-	-
£75,000 to £79,999	-	-
£80,000 to £84,999	-	-
£85,000 to £89,999	1	-
	6	2

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	
	2009/10	2008/09
£50,000 to £54,999	-	-
£55,000 to £59,999	-	-
£60,000 to £64,999	-	-
£65,000 to £69,999	-	-
£70,000 to £74,999	9	10
£75,000 to £79,999	-	-
£80,000 to £84,999	-	-
£85,000 to £89,999	-	-
£90,000 to £94,999	2	3
£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	-
	13	14

* This officers remuneration includes redundancy payment of £74,981 as illustrated in the following note

NOTES TO THE CORE FINANCIAL STATEMENTS

7. **Remuneration of Employees** (continued)

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 members of staff whose salary was more than £150,000 in either 2009/10 or 2008/09.

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 £617,217 from Worthing Borough Council in 2009/10 for their share of employing these officers.

There were no bonuses paid to these staff in either 2008/09 or 2009/10.

Note 3:

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

7. Remuneration of Employees (continued)

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								
2009/10	115,510	98	1,269	116,877	18,713	135,589	67,795	67,795
2008/09	115,510	168	1,865	117,543	18,713	136,255	68,128	68,127
Strategic Director 1								
2009/10	90,813	159	-	90,972	14,712	105,684	52,842	52,842
2008/09	90,813	159	791	91,763	14,712	106,475	53,237	53,238
Strategic Director 2								
2009/10	90,863	120	916	91,899	14,720	106,618	53,309	53,309
2008/09	90,863	168	1,096	92,127	14,720	106,847	53,424	53,423
Strategic Director 3**								
2009/10	16,901	30	204	17,136	2,738	19,874	9,937	9,937
2008/09	90,813	162	717	91,692	14,712	106,404	53,202	53,202
** This post became vacant in the year and was subsequently deleted from the establishment								

NOTES TO THE CORE FINANCIAL STATEMENTS

7. Remuneration of Employees (continued)

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								
2009/10	70,866	95	-	70,961	11,480	82,441	49,464	32,976
2008/09	70,866	162	-	71,028	11,480	82,508	49,305	33,033
Executive Head of Financial Services								
2009/10	70,866	-	-	70,866	11,480	82,346	49,408	32,939
2008/09	70,866	-	-	70,866	11,480	82,346	49,408	32,939
Executive Head of Planning, Regeneration & Wellbeing								
2009/10	70,866	250	517	71,633	11,480	83,113	49,868	33,245
2008/09	70,866	-	438	71,304	11,480	82,784	49,671	33,113
Executive Head of Legal & Democratic Services								
2009/10	70,891	-	60	70,951	11,484	82,435	49,461	32,974
2008/09	70,866	-	170	71,036	11,480	82,516	49,510	33,006
Executive Head of Leisure & Cultural Services								
2009/10	70,891	-	1,401	72,292	11,606	83,899	75,509	8,390
2008/09	70,891	-	985	71,876	11,571	83,447	75,102	8,345

NOTES TO THE CORE FINANCIAL STATEMENTS

7. Remuneration of Employees (continued)

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								
2009/10	70,916	-	1,260	72,176	11,641	83,817	50,290	33,527
2008/09	70,916	-	825	71,741	11,597	83,338	50,003	33,335
Executive Head of Housing, Health and Community Safety								
2009/10	70,955	168	818	71,941	11,495	83,436	50,061	33,374
2008/09	70,916	168	832	71,915	11,488	83,403	50,042	33,361
Executive Head of Adur Homes								
2009/10	70,916	168	96	71,179	11,488	82,668	8,267	74,401
2008/09	70,916	168	340	71,424	11,488	82,912	8,291	74,621
Executive Head of Technical Services								
2009/10	72,269	162	987	73,418	11,591	85,009	51,006	34,004
2008/09	72,706	162	496	73,364	11,558	84,922	50,953	33,969
Executive Head of Waste & Recycling								
* 2009/10	145,872	168	613	146,653	11,484	158,137	94,882	63,255
2008/09	70,891	168	849	71,908	11,484	83,392	50,035	33,357
* 2009/10 includes redundancy payment of £74,981								

NOTES TO THE CORE FINANCIAL STATEMENTS

8. **Related Party Transactions**

The Council is required to disclose any material transactions with 'related parties', these are bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Related parties include the following:-

Central Government departments for revenue and capital grants, see separate note on Government grants.

West Sussex County Council, Sussex Police Authority and Parish Councils within Adur District for precepts; see the Collection Fund statement and associated notes.

West Sussex County Pension Fund for pension contributions from and on behalf of Adur District Council employees; see note on Pension scheme.

Worthing Borough Council, Horsham District Council and Mid Sussex District Council through the partnership working being undertaken with these authorities; see note on partnership working.

Members and Chief Officers of the Authority, and members of their close family/household.

A Members' Code of Conduct, under section 51 of the Local Government Act 2000, was adopted by the Council in 2002. The Code has been signed by all Members of the Council, copies of which are retained within the Legal and Democratic Services Division. Section 8 of the Code (personal interests) requires Members to declare any such financial interests of related parties, and no such declarations have been made.

Additionally, Members and Corporate Directors have been consulted separately in writing and confirmed that no transactions have been entered into during the year.

The Council paid a grant subsidy of £229,000 to Impulse Leisure Trust. The value of this receipt is material to the Leisure Centre Trust.

9. **Audit Costs**

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

2009/10		2008/09
£'000s		£'000s
116	Financial statements , WGA, Use of Resources & VFM	113
-	Statutory Inspection	7
31	Certification of grant claims and returns	25
9	Managing Performance	-
8	Other Services provided by the auditor	15
	Adur and Worthing Joint Committee	10
164	TOTAL	170

NOTES TO THE CORE FINANCIAL STATEMENTS

10. *Partnership Working*

Since July 2007, Adur District Council and Worthing Borough Council have been working in partnership. During 2009/10 the services that have been provided jointly are Household, Trade Refuse, Recycling Waste Collections, 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.

	Gross Expenditure 2009/10	Gross Income 2009/10	Net Expenditure 2009/10
	£'000	£'000	£'000
EXPENDITURE			
Central Services to the Public	407		407
Cultural, Environmental, Regulatory and Planning Services	6,406	(1,457)	4,949
Corporate & Democratic Core	17	-	17
Net Cost of Services	6,830	(1,457)	5,373
Holding Accounts	7,477		7,477
NET OPERATING EXPENDITURE	14,307	(1,457)	12,850
Funded by:			
Adur District Council			(5,176)
Worthing Borough Council			(7,674)
DEFICIT/(SURPLUS) FOR YEAR			-

Adur DC is also part of the CenSus Joint Committee partnership, a collaborative arrangement with Mid Sussex District Council and Horsham District Council for the delivery of Revenues and Benefits services.

Memorandum Accounts for Census Revenue & Benefits year ending 31st March 2010

	Mid Sussex District Council	Horsham District Council	Adur District Council	TOTAL
Census Revenues & Benefits				
Expenditure	£'000	£'000	£'000	£'000
Salary costs	1,824	927	678	3,429
Transport costs	63	15		78
Supplies and Services	512	175	41	728
Total Expenditure	2,399	1,117	719	4,235
Income				
Grant Income	(69)	(65)	(55)	(189)
Fees and charges	(218)	(171)	(150)	(539)
Miscellaneous Income	(10)	(3)	(3)	(16)
Total Income	(297)	(239)	(208)	(744)
Net Expenditure each council	2,102	878	511	3,491
Proportional Share of Costs	1,276	1,221	994	3,491

NOTES TO THE CORE FINANCIAL STATEMENTS

11. ***Government Grants not attributable to specific services***

Area Based Grant provides additional non-ringfenced revenue funding according to specific government policy. The Council received £22,811 in 2009/10 for climate change.

The Council also received LABG1 of £29,893.

12. ***Note of Movement on Reserves***

(see next page).

12. Note of Movement on Reserves

This statement brings together all the recognised gains and losses of the Council in the year and identifies those that have (and have not) been recognised in the revenue accounts. It separates the movements between capital and revenue reserves. It also illustrates the transactions between reserves.

	CAPITAL RESERVES				REVENUE RESERVES						OTHER CAPITAL BALANCES				
	Revaluation Reserve	Capital Adjustment Account	Major Repairs Reserve	Usable Capital Receipts	General Fund	Other Specific/Earmark Reserves	Housing Reserve Accounts	Pensions Reserve	Collect-ion Fund Adj' Account	2009/10 TOTAL Reserves	Deferred Capital Receipts	Capital Grants Deferred	Financial Instrument Reserve	Gov't Grants Un-applied	2009/10 TOTAL Other Balance
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Balance as at 01.04.09	256	149,182	-	2,539	858	1,723	1,771	(21,200)	-	135,129	13	2,049	(1,494)	1,074	1,642
Adjustment at 01.04.09				78					(75)	3		(9)	8	81	
Net Revenue Surplus (Deficit) for the year						920				920					-
Contribution to Capital						(246)				(246)					
Transfers to Revenue Accounts						(273)	68			(205)					
General Fund Depreciation	(3)	(869)								(872)					-
Impairment	(4)	16,600								16,596					-
Housing Revenue Account Depreciation & MRR		(2,071)	1,962							(109)					-
Housing Reserve applied										-					-
Pension costs in Revenue Accounts								(910)		(910)					-
Minimum Revenue Provision		655								655					-
Deferred Receipts Received											(2)				(2)
Pension Fund Actuarial Gains & Losses								(16,570)		(16,570)					-
Capital Grants & Contributions Received				9						9			1,885		1,885
Amortisation of Grants & Contributions		165								165		(165)			(165)
HRA Capital Receipts Gov't pooled				(241)						(241)					-
Unrealised Gains (Losses) on revaluation of fixed assets	3,302									3,302					-
Elimination on Revaluation										-					-
Re-measurement of interest on LTL's										-			11		11
Amortisation of Premium										-			254		254
Collection Fund									(26)	(26)					-
Effects of Disposals of Fixed Assets															
Cost of Valuation of assets disposed of	(155)	(237)								(392)					-
Capital Receipts from disposals				481						481					-
Net Surplus (Deficit)															
Financing of Fixed Assets															
Use of Capital Receipts		1,057		(1,057)						-					-
Use of Capital Grants & Contributions		1,165								1,165		258	(1,423)		(1,165)
Use of Major Repairs Reserve		1,962	(1,962)							-					-
Use of Revenue Resources		457								457					-
Financing of capital expenditure not producing a fixed asset		(1,363)								(1,363)					-
Balance as at 31st March, 2010	3,396	166,703	-	1,809	858	2,124	1,839	(38,680)	(101)	137,948	11	2,133	(1,147)	1,544	2,541

NOTES TO THE CORE FINANCIAL STATEMENTS

13. *Revenue Reserves and Balances*

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

Earmarked Revenue Reserves	Opening Balance 2009/10	Decrease	Increase	Closing Balance 2009/10
	£'000	£'000	£'000	£'000
Capacity Issues Fund	650	57	520	1,113
Insurance Fund	145	23	50	172
New Technology Fund	37	-	-	37
Partnership Development Fund	425	322	250	353
Community Alarm	7	-	-	7
Health and Safety	32	-	-	32
Investment Property	69	-	-	69
Maintenance Fund				
Building Maintenance Fund	145	25	-	120
Leisure Centre Maintenance Fund	46	21	-	25
Performance Reward Grant Fund	26	-	-	26
Carry Forward Reserve	118	71	100	147
Others (all under £10,000)	23			23
TOTALS	1,723	519	920	2,124

RESERVE

Carry Forward Reserve

PURPOSE OF RESERVE

To carry forward Underspends in one financial year the following year that have been caused by planned spending being delayed.

Performance Reward Grant Fund

Balance of underspent grant earmarked for spending on projects to achieve agreed LAA outcomes.

Capacity Issues Reserve

To cushion the impact of the recession and fund one-off initiatives for the community.

Insurance Fund

To offset costs of insurance excesses.

New Technology

To fund additional IT equipment.

Recycling

To offset the predicted fall in recycling income which will increase net recycling costs in future years.

Partnership Development Fund

To fund initial set up costs of the partnership.

NOTES TO THE CORE FINANCIAL STATEMENTS

13. *Revenue Reserves and Balances* (continued)

RESERVE	PURPOSE OF RESERVE
Community Alarm	To fund the capital costs of community alarm equipment.
Health and Safety	To offset unexpected costs arising from Health and Safety legislation.
Investment Property Maintenance Fund	Fund to offset future maintenance costs of investment property.
Building Maintenance Fund	Fund to offset future maintenance costs of the Council's operational buildings.
Leisure Centre – Client Building Maintenance	To provide funds to meeting the authorised contract commitments for the leisure centre and community swimming pool.
Others	All other reserve held (under £10,000).

CAPITAL RESERVES AND BALANCES

Revaluation Reserve	Capital accounting regulations require the establishment of this account to represent the accumulated gains on the fixed 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 fixed 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 fixed asset and the depreciated historical cost of assets when sold.
Usable Capital Receipts Reserve	Usable Capital Receipts are available for financing new capital expenditure and, until applied for that purpose, are retained in this reserve.

NOTES TO THE CORE FINANCIAL STATEMENTS

14. *Movements in Fixed Assets*

Operational Assets

	Council Dwellings	Other Land and Buildings	Vehicles, Plant and Equipment	Infra-structure	Community Assets	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000
Gross value at 01.04.09	152,165	16,640	9,752	1,174	1,962	181,693
Additions	3,539	87	339	184	124	4,273
Disposals	(188)	(1)	(1,482)	-	-	(1,671)
Re-classification	-	(166)	(1,578)	1,628	(108)	(224)
Revaluations	16,531	1,047	-	-	-	17,578
Gross value at 31.03.10	172,047	17,607	7,031	2,986	1,978	201,649
Depreciation at 01.04.09	-	(105)	(6,455)	(84)	(19)	(6,663)
Depreciaton for year	(1,962)	(319)	(588)	(61)	-	(2,930)
Disposals	-	-	1,434	-	-	1,434
Revaluations	1,962	-	-	-	-	1,962
Re-classifications	-	29	1,186	(1,214)	-	1
Depreciation at 31.03.10	-	(395)	(4,423)	(1,359)	(19)	(6,196)
Balance Sheet Amount at 31.3.10	172,047	17,212	2,608	1,627	1,959	195,453
Balance Sheet Amount at 31.3.09	152,165	16,535	3,297	1,090	1,943	175,030

Non Operational Assets

	Investment Properties	Assets Under Construction	Surplus Assets Held for Disposal or Development	TOTAL
	£'000	£'000	£'000	£'000
Gross value at 01.04.09	4,473	-	-	4,473
Additions	171	260	-	431
Disposals	-	-	(155)	(155)
Re-classification	20	6	198	224
Revaluations	181	-	175	356
Gross value at 31.03.10	4,845	266	218	5,329
Depreciation at 01.04.09	-	-	-	-
Depreciation for year	-	-	(3)	(3)
Disposals	-	-	-	-
Revaluations	1	-	-	1
Reclassifications	(1)	-	-	(1)
Depreciation at 31.03.10	-	-	(3)	(3)
Balance Sheet Amount at 31.3.10	4,845	266	215	5,326
Balance Sheet Amount at 31.3.09	4,473	-	-	4,473

NOTES TO THE CORE FINANCIAL STATEMENTS

14. *Movements in Fixed Assets* (continued)

Council Dwellings

	£'000s
Gross Value at 1st April	152,165
Additions	3,539
Disposals	(188)
Revaluation	16,531
Gross Value at 31st March	172,047
Depreciation at 1st April 2009	-
Depreciation for year	1,962
Elimination on Revaluation	(1,962)
Depreciation at 31st March, 2010	-

15. *Movements in Intangible Assets*

	Intangible Assets
	£'000
Gross value at 01.04.09	156
Additions	-
Disposals	-
Re-classification	-
Revaluations	-
Gross value at 31.03.10	156
Depreciation at 01.04.09	(147)
Depreciation for year	(9)
Disposals	-
Revaluations	-
Reclassifications	-
Depreciation at 31.03.10	(156)
Balance Sheet Amount at 31.3.10	-
Balance Sheet Amount at 31.3.09	9

NOTES TO THE CORE FINANCIAL STATEMENTS

16. *Capital Expenditure and Financing*

	2009/10		2008/09	
	£'000	£'000	£'000	£'000
Opening Capital Financing Requirement		28,026		25,372
Capital Investment:				
Council Dwellings	3,539		3,565	
Other Land and Buildings	87		280	
Vehicles Plant and Equipment	339		1,466	
Non-operational Assets	431		100	
Intangible Assets	-		-	
Community & Infrastructure Assets	308		53	
Revenue expenditure funded from capital under statute	1,363		736	
TOTAL CAPITAL INVESTMENTS		6,067	6,200	6,200

	2009/10		2008/09	
	£'000	£'000	£'000	£'000
Capital Receipts	(1,057)		(92)	
Government Grants via Housing Subsidy	-		-	
Other Contributions	(1,424)		(692)	
Revenue Contributions	(457)		(240)	
Major Repairs Allowance	(1,962)		(1,899)	
TOTAL FINANCING OTHER THAN FROM LOAN		(4,900)	(2,923)	(2,923)
Net invest'nt financed from loan		29,193		28,649
Revenue prov repayment of loans		(655)		(623)
Prior year adjustment for mis-classification of grant		9		
CLOSING CAPITAL FINANCING REQUIREMENT		28,547		28,026

The capital financing requirement reflects various items in the Balance Sheet as shown below:

NOTES TO THE CORE FINANCIAL STATEMENTS

16. **Capital Expenditure and Financing** (continued)

	2009/10	2008/09
	£'000s	£'000s
Fixed Assets	200,779	179,512
Government Grants Deferred	(2,133)	(2,049)
Revaluation Reserve	(3,396)	(256)
Capital Adjustment Account	(166,703)	(149,182)
	28,547	28,025

17. **Commitments Under Capital Contracts**

Contracts for current and future capital expenditure which were entered into by 31st March, 2010 include the following significant commitments.

Commitments Under Capital Contracts	Outstanding
	£'000
Information and Communication Technology:	
Financial Information System (Investment April to September 2010)	56
Integrated Human Resources System (Investment April 10 to April 11)	47
Lancing Leisure Centre	
Renewal of Roof Covering (Investment April to June 2010)	200

N.B. These figures do not necessarily represent the total cost of the scheme.

In addition, the Council has firm plans for the following significant capital schemes, where contracts are expected to be entered into by 31st March, 2011.

Commitments Under Capital Contracts	Outstanding
	£'000
Adur Homes	
Improvements to Council Properties (Investment 2010/11)	2,800
Affordable Housing	
Burdwood House Development (Investment expected July 2010)	198
Information and Communication Technology	
(Investment expected 2010/11)	186
Play Areas	
Improvements to Various Play Areas (Investment expected 2010/11)	116
Southwick Beach	
Replacement of Septic Tanks (Investment expected 2010/11)	52
Southwick Leisure Centre	
Replacement of Sports Hall Flooring (Investment expected 2010/11)	69
Renewal of Roof Covering (Investment expected 2010/11)	66
Street Scene	
Environmental Improvements (Investment expected 2010/11)	50
Street Cleansing	
Replacement of 5 vehicles (Investment expected 2010/11)	126

NOTES TO THE CORE FINANCIAL STATEMENTS

18. *Information on Fixed Assets*

The Council owns the following fixed assets:

DESCRIPTION	NUMBER
OPERATIONAL	
Land and Buildings:	
Adminstration Buildings	2
Allotment Areas	12
Bicycle and Car Parks	17
Bus Shelters	76
Community Centres	7
Council Houses and Flats	2,659
Council Garages	1,088
Miscellaneous Properties	5
Public Conveniences	15
Sports Buildings	3
	3,884

DESCRIPTION	NUMBER
Community Assets	
Cemeteries and Churchyards	6
Civic Regalia	1
Historic Buildings	2
Parks, Open Spaces and Recreation Grounds	30
	39
Vehicles, Plant, Furniture and Equipment	
Equipment	85
Furniture	7
Vehicles	35
	127
NON OPERATIONAL	
Beach/ Nature Areas	4
Car Parking - Garages and Spaces	50
Property and Developments	61
Telecom Masts	2
	117

Infrastructure

Bus shelters, street furniture, coast protection works, pumping stations and drains.

Vehicles, plant and equipment

Refuse containers, litter bins, public seats, leisure centre equipment, information technology and noise measuring equipment.

NOTES TO THE CORE FINANCIAL STATEMENTS

18. **Information on Fixed Assets** (continued)

Community Assets

Various conservation and environmental improvement schemes, recreation grounds, greens and open spaces, cemeteries and churchyards.

Intangible Assets

All of the Council's intangible assets consist of software licences with no physical substance which are controlled by an entity through custody or legal rights

Non-operational assets

Former depot sites and buildings, Southwick Beach Cafe, and the various shops and offices in Southwick Square.

Basis of Valuations

The council's land and buildings other than council dwellings were valued on a 5 yearly cycle by internal valuers who are members of the Royal Institution of Chartered Surveyors. Operational assets were valued at the lower of net replacement cost or net realisable value in existing use. Non-operational assets are valued at net realisable value, which is represented by open market value. The last full valuation was 1st April 2005.

Council Dwellings have been valued by the District Valuer as at 1st April 2009, at net realisable value in existing use.

The Authority is not aware of any material changes in valuation arising since the dates of these valuations other than those stated in note 19, page 47.

19. **Depreciation and Impairment**

Depreciation is provided for buildings and vehicles plant and equipment on a straight line basis to write down the assets to their residual value over their useful working lives. For council dwellings the depreciation is set to match the level of the Major Repairs Allowance awarded by the Government.

The useful working lives of fixed assets which determine the annual depreciation charges are:-

Buildings - 60 years - or a lesser period where the asset is leased or deemed to have a shorter life.

Vehicles, plant and equipment except computer equipment - 5 years

Larger vehicles and plant equipment – 5 – 10 years

Computer equipment - 3 - 5 years

Intangible Assets - 3 years

Infrastructure – 5 – 25 years

NOTES TO THE CORE FINANCIAL STATEMENTS

19. **Depreciation and Impairment** (continued)

As required under capital accounting regulations, the Council completed an Impairment Review of all its assets at 31st March, 2010 to ensure that fixed assets held are recorded at no more than their recoverable amount. In 2008/09 the Council incurred economic impairment due to the general decrease in property values of £38,840,000 of which £33,521,000 related to the Housing Revenue Account. In 2009/10 revaluations and a review of economic impairment has led to a reversal of the downward economic impairment for Council houses and Council garages and £16,070,146 has been reversed in the Housing Revenue Account. The Council's investment properties incurred further economic impairment of £254,214 of which £38,376 was written down to the Housing Revenue Account and the remainder to General Fund Revenue. Other minor impairments resulted from enhancements to assets which did not increase the overall value of the assets, although the services provided by the assets were significantly improved.

20. **Revenue expenditure funded from capital under statute**

Revenue expenditure funded from capital under statute arises out of capital expenditure that does not create a fixed asset. This expenditure is written out in the year of expenditure as a charge to revenue services. This is then financed from the Capital Finance Account so that there is no impact on the Council Tax. Expenditure incurred in the year are as follows.

	Expenditure	Amounts written off
	£'000	£'000
Adur Funded		
Housing Renewal Grants	52	52
Disabled Facility Grants	59	59
Other - General	87	87
	198	198
Grant Funded		
Affordable Housing - S106 Receipts	295	295
Housing Renewal Grants -	31	31
Disabled Facility Grants	210	210
Other - General	629	629
	1,165	1,165
Gross Revenue Expenditure funded from Capital Under Statute	1,363	1,363

NOTES TO THE CORE FINANCIAL STATEMENTS

21. *Stocks and Work in Progress*

	31-Mar-10	31-Mar-09
	£'000s	£'000s
Work in Progress		
Grounds Maintenance & Coast Protection	28	11
Direct Services Unit	-	12
	28	23
Stocks		
Building Maintenance	32	15
Franking Machine	2	5
Adur Share of Joint Stock	33	19
	67	39
TOTAL	95	62

22. *Debtors*

	31-Mar-10	Restated 31-Mar-09
	£'000s	£'000s
Amounts falling due in one year:		
Government Departments	2,344	1,850
Housing Rents	276	1,679
Council Tax including preceptors	1,090	1,273
Sundry Debtors	3,922	2,987
	7,632	7,789
Less:		
Provision for doubtful debts	(1,109)	(1,337)
	6,523	6,452
The amount due from Gov'ment Depts includes:		
Housing Benefit Grant Holding Account	602	1,043
Department of Communities & Local Govt - NNDR	1,711	406
HM Revenues and Customs	31	401
TOTAL	2,344	1,850

23. *Creditors*

	31-Mar-10	Restated 31-Mar-09
	£'000s	£'000s
Government Departments	515	739
Other Local Authorities	210	282
Sundry Creditors	5,258	6,111
TOTAL	5,983	7,132

NOTES TO THE CORE FINANCIAL STATEMENTS

24. *Long Term Debtors*

	31-Mar-10	31-Mar-09
	£'000s	£'000s
Private sector house purchase	-	-
Council house purchase	11	13
Car loans	245	172
TOTAL	256	185

25. *Borrowing*

	31-Mar-10	31-Mar-09
	£'000s	£'000s
Long Term Borrowings:		
Public Works Loan Board	12,455	14,455
Other Commercial Lenders	18,904	18,916
Total Long Term Borrowings	31,359	33,371
Temporary Borrowings:		
Accrued Interest Public Works Loan Board	285	302
Accrued Interest Other Commercial Lenders	57	54
Local Authorities	50	-
Total Temporary Borrowings	392	356
TOTAL	31,751	33,727

	31-Mar-10	31-Mar-09
	£'000s	£'000s
An analysis of loan debt by maturity is:		
Maturing within one year	392	356
	392	356
Maturing in 1-2 years	20	-
Maturing in 2-5 years	1,006	508
Maturing in 5-10 years	11	488
Maturing in more than 10 years	30,322	32,375
TOTAL	31,751	33,727

26. *Investments*

£10.13m of the Council's surplus funds (including £0.133m of accrued interest) was invested externally as at 31st March, 2010 for periods of up to 9 months beyond the balance sheet date.

NOTES TO THE CORE FINANCIAL STATEMENTS

27. *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 and creditors. The Statement of Recommended Practice requires the Council to make a range of disclosures in respect of financial instruments, which follow in the tables below.

A new requirement under the 2009 SORP is to show the proportion of assets and liabilities relating to long term investment and borrowing, but maturing within 12 months of the balance sheet date, as current.

The comparatives for 2008/09 have been restated on a similar basis for consistency, although there is no requirement for prior period adjustments to the accounts.

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-10	31-Mar-09	31-Mar-10	31-Mar-09	31-Mar-10	31-Mar-09
	£'000	£'000	£'000	£'000	£'000	£'000
Financial Liabilities at Amortised Cost (Borrowings)	(31,359)	(33,371)	(392)	(356)	(31,751)	(33,727)
Total Liabilities	(31,359)	(33,371)	(392)	(356)	(31,751)	(33,727)
Loans and Receivables - Investments		1,000	10,134	12,052	10,134	13,052
Total Assets	-	1,000	10,134	12,052	10,134	13,052
NET TOTAL ASSETS / (LIABILITIES)	(31,359)	(32,371)	9,742	11,696	(21,617)	(20,675)

The gains and losses recognised in the Income and Expenditure Account and The Statement of Total Recognised Gains and Losses in relation to financial instruments are made up as follows:

	FINANCIAL LIABILITIES Measured at Amortised Cost		FINANCIAL ASSETS Loans and Receivables		TOTAL	
	2009/10	2008/09	2009/10	2008/09	2009/10	2008/09
	£'000	£'000	£'000	£'000	£'000	£'000
Interest Expense	(1,851)	(1,876)	-	-	(1,851)	(1,876)
Impairment Losses		-	-	-	-	-
Interest Payable and Similar Charges	(1,851)	(1,876)	-	-	(1,851)	(1,876)
Interest Income	-	-	389	692	389	692
Reduction in Impairment	-	-	133	-	133	-
Interest Income and Similar Income	-	-	522	692	522	692
Net Gain/(Loss) in Year	(1,851)	(1,876)	522	692	(1,329)	(1,184)

NOTES TO THE CORE FINANCIAL STATEMENTS

27. *Financial Instruments*

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

Fair Values

Financial liabilities and assets represented by loans and receivables are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments using the following assumptions:

- no early repayment or impairment is recognised;
- where an instrument will mature in the next twelve months, the carrying amount is assumed to approximate to fair value.

The fair values for loans from the PWLB have been calculated using the premature repayment set of rates in force on the last working day of the financial year. For market loans the fair value at 31st March, 2010 has been determined by the cost for an equivalent loan with the same remaining term. For 2008/09 the fair value of market loans reflects the net present value of expected future cash flows at a discount rate of 4.43%.

The fair value of investments at 31st March, 2010 is based upon the carrying amount given the investments all mature within 12 months of the Balance Sheet date. Therefore, the carrying amount has been used as an approximation for fair value. For 2008/09 the fair value of investments was based on the net present values of future cash flows using a discount rate of 1.8%.

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

The fair values calculated are as follows:

	31st March 2010		Restated 31st March 2009	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Liabilities	£'000	£'000	£'000	£'000
Borrowing PWLB	12,455	18,433	14,455	20,615
Market Loans	18,904	23,686	18,916	21,271
Temporary Borrowings	392	392	356	356
Total Borrowing	31,751	42,511	33,727	42,242
Trade and Other Payables	3,782	3,782	6,326	6,326
	35,533	46,293	40,053	48,568

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.

NOTES TO THE CORE FINANCIAL STATEMENTS

27. *Financial Instruments* (continued) - Fair Values (continued)

	31st March 2010		31st March 2009	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Investments	10,133	10,133	13,052	13,062
Trade Receivables	4,453	4,453	4,738	4,738
Loans and Receivables	14,586	14,586	17,790	17,800

The fair value for investments is very similar to the carrying amount because £9m (90%) of the total investments of £10.133m at 31 March 2010 comprises short term cash deposits for which the fair value is deemed to approximate to the carrying value. The composition of borrowings and investments is further analysed in the table below:

	Long Term		Current		TOTAL	
	31-Mar-10	31-Mar-09	31-Mar-10	31-Mar-09	31-Mar-10	31-Mar-09
	£'000	£'000	£'000	£'000	£'000	£'000
BORROWING:						
Public Works Loan Board	(12,455)	(14,455)	(285)	(302)	(12,740)	(14,757)
Public Works L'n Board	(12,455)	(14,455)	(285)	(302)	(12,740)	(14,757)
Barclays Capital	(11,136)	(11,139)	(57)	(54)	(11,193)	(11,193)
DEPFA Bank Plc	(7,250)	(7,250)	-	-	(7,250)	(7,250)
Dresdner Bank AG	(500)	(500)	-	-	(500)	(500)
Adur Bowling Club	(18)	(27)	-	-	(18)	(27)
Other Commercial lenders	(18,904)	(18,916)	(57)	(54)	(18,961)	(18,970)
Worthing Borough	-	-	(50)	-	(50)	-
Temporary Borrowings	-	-	(50)	-	(50)	-
TOTAL BORROWING	(31,359)	(33,371)	(392)	(356)	(31,751)	(33,727)
INVESTMENTS						
West Bromwich Building Society	-	1,000	1,050	50	1,050	1,050
Bank of Scotland	-	-	3,021	1,851	3,021	1,851
Barclays Capital	-	-	1,004	2,002	1,004	2,002
Lloyds TSB	-	-	3,034	-	3,034	-
Nationwide Building Society	-	-	1,013	2,002	1,013	2,002
Royal Bank of Scotland	-	-	1,012	-	1,012	-
Abbey National	-	-	-	1,760	-	1,760
Alliance & Leicester	-	-	-	1,288	-	1,288
Bank of Ireland	-	-	-	1,045	-	1,045
Newcastle Building Society	-	-	-	1,001	-	1,001
Skipton Building Society	-	-	-	1,053	-	1,053
TOTAL INVESTMENTS	-	1,000	10,134	12,052	10,134	13,052
NET TOTAL INVESTMENTS/ (LIABILITIES)	(31,359)	(32,371)	9,742	11,696	(21,617)	(20,675)

NOTES TO THE CORE FINANCIAL STATEMENTS

27. *Financial Instruments* (continued)

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 small 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. Investments are not made with institutions that have less than an AA rating. In addition there is a policy of not lending more than £3m to any one institution.

The Council has not suffered any loss or default from any of its investments in the last five years and is not aware of any loss being suffered on cash deposits by any authority using similar investment criteria. Thus the practical credit risk to the Council is negligible however potentially all of the investments and deposits are exposed to this risk and thus all could be subject to loss.

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 appropriate impairment allowances have been made which total £994k.

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-10	Historical Experience of Default	Historical Experience Adjusted for Market Conditions at 31-Mar-10	Estimated Maximum Exposure to Default and Uncollectibility
	£'000	%	%	£'000
Deposit with Banks and Financial Institutions	10,133	0.00%	0.50%	51
Customers	4,453	20.44%	22.00%	980
	14,586			1,031

NOTES TO THE CORE FINANCIAL STATEMENTS

27. *Financial Instruments* (continued)

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

Overall Aged Debt Analysis	
Under 1 year	873
1-2 years	158
2-3 years	124
Over 3 years	154
	1,309

Liquidity Risk

As the Council has ready access to borrowings from the Public Works Loans Board 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 will be forced to refinance a significant proportion of its borrowings at a time of unfavourable interest rates. To minimise the impact of such an event the Council's strategy limits the amount of debts due to mature to no more than 20% in any one year and in practice the amounts due for repayment in the next 10 years are currently less than 4% of total debts.

The maturity analysis of the long term borrowings is shown in note 25 above.

Market Risk

The Council is exposed to significant 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 range of dates, mostly under 1 year but with some amounts for longer periods up to 3 years. Borrowings comprise long term fixed loans from the Public Works Loans Board and LOBO loans from commercial lenders.

Movements in interest rates would have a complex 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 income and expenditure account. However some of the commercial lenders might wish to exercise their option to increase the interest charged on the Council's borrowings, at which point the Council would have to either accept or replace with a different loan most likely at a higher interest rate. In either case the result would be an increase in the interest charge to the income and expenditure account.

In addition the fair value of both fixed rate borrowings and longer term fixed rate investments will fall however as these instruments are not carried at fair value on the balance sheet this would have no impact on the Council's income and expenditure accounts or balance sheet.

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. In addition our LOBO borrowings are at a range of interest rates and a range of option dates so that the lenders' options are highly unlikely to be triggered at or around the same time.

NOTES TO THE CORE FINANCIAL STATEMENTS

27. **Financial Instruments** (continued)

Market Risk (continued)

Given the Council's borrowing and investment profile its greatest exposure would be to a fall in interest rates. Based on an average level of variable rate investment of £3m a fall in short to medium term interest rates of 1% would reduce interest income received by £31,000 of which approximately £20,000 would fall to be met from the Housing Revenue Account. If interest rates were to rise universally by 1% the impact on investments would be reversed but with the possibility that borrowing costs on part of the debt portfolio could rise by a maximum of £150,000 per annum with approximately three fifths of this cost falling on the Housing Revenue Account.

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.

28. **Contingent Liability**

Personal Search Companies who have requested Environmental Information Regulations and have paid fees according to the charges set by Adur Council are now seeking a financial compensation for the return, in full, of all fees levied for access to such information. Claims could be made for as far back as 31 December 1992 when came into force. At present, it has not been proven that such compensation can be claimed.

29. **Events after the Balance Sheet date**

The statement of accounts was approved 28th June 2010 and at that time there had been no material post balance sheet events. The Chairman of Constitution and Audit Committee; Rod Hotton gave the authorisation for approval up to and including 28th June 2010.

The Chancellor of the Exchequer announced in his Emergency Budget on 22nd June 2010 that the consumer prices index rather than the retail prices index will be the basis for future public sector pension increases. In accordance with paragraph 21 of Financial Reporting Standard 21 (Events after the balance sheet date), this change is deemed to be a non-adjusting post balance sheet event. It is estimated that this change will reduce the value of an average employer's FRS17 liabilities in the West Sussex County Council Pension Fund by around 6 – 8%.

The net liability is the deficit figure which is shown in the balance sheet table in each FRS17 report. The gross figure is the present value of funded liabilities plus the present value of unfunded liabilities (which is shown in the balance sheet table). Therefore in the case of the District Council:

	Actual £'000	6% £'000	8% £'000
Net Liability	38,680	2,321	3,094
Gross Liability	80,960	4,858	6,477

NOTES TO THE CORE FINANCIAL STATEMENTS

30. *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-09	Additions	Reduction/ Usage	Balance at 31-Mar-10
	£'000	£'000	£'000	£'000
HRA Scheme Managers Fund	63	-	63	-
Courtfields Major Works Res've	123	25	66	82
Insurance Claim	138	-	-	138
Insurance Provision	25	-	-	25
Concessionary Fares	140	70	-	210
	489	95	129	455

HRA Scheme Managers Fund was a provision in respect of the cost of implementing minimum pay legislation for some sheltered housing staff. All the claims were settled early in 2009/10. This provision has now been removed from the authority's accounts as it is no longer required.

Courtfields Major Works Reserve is a provision for the cost of works that the Council is obliged to undertake at Courtfields. No major works are currently programmed for the property but it is highly likely that some major works will need to be undertaken in the next few years.

Insurance Claim Provision primarily relates to the expected cost of reinstatement works in respect of fire damage that has the subject to a successful insurance claim. The works have been delayed pending the resolution of legal proceedings that do not involve the Council. The timing is therefore uncertain however the size of the Council's liability is expected to be limited to the amount set aside.

Insurance Provision relates to potential outstanding claims at the year end.

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 2009/10.

31. *Analysis of Net Assets Employed*

	31-Mar-10	31-Mar-09
	£'000s	£'000s
General Fund	13,167	(1,315)
Housing Revenue Account	123,503	130,906
Trading Operations	131	5,986
TOTAL	136,801	135,577

NOTES TO THE CORE FINANCIAL STATEMENTS

32. **Reconciliation of Surplus/(Deficit) to net cash inflow/(outflow) from operating activities**

	Net Expenditure 2009/10	Net Restated Expenditure 2008/09
	£'000s	£'000s
Income & Expenditure Account Surplus/(Deficit)	16,490	(22,107)
Collection Fund & Other Adjustments	27	
Depreciation and Impairment	(13,664)	22,749
Amortisation Grants and Contributions	(165)	(238)
Expenditure funded from Capital Under Statute	199	573
Pension FRS 17 Adjustments	910	410
Other non cash financial instruments adjustments	(335)	-
Revenue Movements on:		
Stocks and Work in Progress	(32)	(12)
Debtors	2,193	(1,919)
Creditors	(2,324)	1,650
Provision	(33)	24
Exclude:		
Net servicing of finance	1,463	1,184
(Profit) and loss on Fixed Assets	(82)	(422)
Net Increase/(Decrease) in cash flow on Revenue activities	4,647	1,892

33. **Government Grants**

Analysis of Government Grants

REVENUE	2009/10
	£'000
General Grants	
Revenue Support Grant	936
Area Base Grant	23
LABGI Grant	30
	989
Specific Grants	
Homeless Initiative Grant	41
Housing Planning Delivery Grant	117
NNDR Administration Grant	89
Concessionary Fares Administration Grant	171
DWP Discretionary Housing Payment	10
Council Tax Collection	4
Housing Benefit Administration	509
National Domestic Rating Grant	12
DWP Local Housing Allowance	11
	964
TOTAL GRANTS	1,953

NOTES TO THE CORE FINANCIAL STATEMENTS

33. **Government Grants** (continued)

CAPITAL	2009/10
	£'000
Major Repairs Allowance	1,962
Disabled Facilities Grant	210
Shoreham Harbour Growth Point Funding	1,161
Coast Protection Grant	12
Playbuilder Grant	100
Energy Efficiency	5
TOTAL	3,450

34. **Increase/Decrease in Cash**

	31-Mar-10	31-Mar-09	Movement in Year
	£'000	£'000	£'000
Cash in Hand	-	-	-
Bank Overdraft	(483)	(450)	(33)
TOTAL CASH BALANCES	(483)	(450)	(33)

35. **Other Liquid Resources**

These are overnight deposits of surplus funds at the authority's bank, repayable on the next working day. At 31 March 2010 the Council held £50,000 in this deposit account.

36. **Reconciliation of items under the Financing and Management of Liquid Resources sections to the opening and closing Balance Sheet**

	01-Apr-09	Cashflows in year	Other non- cash changes	31-Mar-10
	£'000	£'000	£'000	£'000
Short-term investments	12,426	(3,376)	1,133	10,183
Long-term borrowing	(33,728)	2,367	(340)	(31,701)
Temporary loans	-	(50)	-	(50)
	(21,302)	(1,059)	793	(21,568)

NOTES TO THE CORE FINANCIAL STATEMENTS

37. *Prior Period Adjustments*

Prior period adjustments have been made to reflect the changes in accounting treatment for the Council Tax as required by the SORP. The adjustments that have been made to the comparative 2008/09 Accounts impact on the Income and Expenditure Account, Statement of Movement on the General Fund Balance, Balance Sheet, and the appropriate notes supporting the amended figures. The effect of this; increases the Council's net worth by £18,000.

	2008/09 Published Accounts	Prior Year Adjustment	2008/09 Restated
	£'000	£'000	£'000
Income and Expenditure Account			
Demand on the Collection Fund	(6,036)	43	(5,993)
Statement of Movement on the General Fund Balance			
Net additional amount required by statute	(22,087)	(43)	(22,130)
Balance Sheet			
Receipts in advance (included in creditors	-	(67)	(67)
Debtors	8,167	(378)	7,789
Provision for Debtors	(1,764)	427	(1,337)
Adur share of Collection Fund	57	(57)	-
Collection Fund Adjustment Account	-	75	75

HOUSING REVENUE ACCOUNT (HRA) INCOME AND EXPENDITURE

	2009/10		2008/09	
	Net Expenditure		Net Expenditure	
	£'000	£'000	£'000	£'000
INCOME				
Dwelling rents	(9,603)		(9,272)	
Non-dwelling rents	(446)		(409)	
Charges for services and facilities	(796)		(695)	
Contributions towards expenditure	(67)		(76)	
		(10,912)		(10,452)
EXPENDITURE				
Repairs and maintenance	1,805		1,985	
Supervision and management	3,005		3,555	
Rents, rates, taxes and other charges	22		20	
Negative housing revenue account subsidy payable (including the MRA element)	2,480		2,365	
Sums directed by the Secretary of State that are expenditure in accordance with UK GAAP	-		-	
Depreciation and impairment of fixed assets	(14,743)		17,641	
Increase/ (decrease) provision for bad or doubtful debts	(13)		60	
Debt management costs	-		67	
Total Expenditure		(7,444)		25,693
Net Surplus of HRA Services as included in the whole Authority Income and Expenditure Account		(18,356)		15,241
HRA services share of Corporate and Democratic Core		182		172
Net Cost/(Surplus) of HRA Services		(18,174)		15,413
(Gain) or loss on sale of HRA fixed assets	(132)		(126)	
Interest payable and similar charges	987		913	
Amortisation of premiums and discounts	-		-	
Interest and Investment income	(27)		(104)	
		828		683
Deficit/(Surplus) for the year on HRA Services		(17,346)		16,096

**HOUSING REVENUE ACCOUNT (HRA)
STATEMENT OF MOVEMENT ON THE HRA BALANCE**

	2009/10	2008/09
	£'000s	£'000s
(Surplus) for the year on the HRA Income and Expenditure Account	(17,346)	16,096
Net additional amount required by statute to be debited or (credited) to the HRA balance for the year	17,245	(15,822)
(Increase) or decrease in the Housing Revenue Account for the year	(101)	274
Housing Revenue Account surplus brought forward	(1,415)	(1,689)
Housing Revenue Account surplus carried forward	(1,516)	(1,415)
Housing Repairs Account surplus brought forward	(338)	(556)
(Increase) or decrease in the Housing Repairs Account for the year	35	218
Housing repairs account surplus carried forward	(303)	(338)
Housing Revenue account and Housing Repairs Surplus Carried forward	(1,819)	(1,753)

HOUSING REVENUE ACCOUNT (HRA)
NOTE TO THE STATEMENT OF MOVEMENT ON HRA BALANCE

	2009/10	2008/09
	£'000s	£'000s
Items included in the HRA Income and Expenditure Account but excluded from the movement on HRA balance for the year.		
Impairment and reversal of impairment	16,798	(16,037)
Gain or loss on sale of HRA fixed assets	132	126
HRA share of contributions to or from the Pensions Reserve	-	-
Write-downs of expenditure funded from capital under statute to be financed from capital resources.	-	-
Sums directed by the Secretary of state to be debited or credited to the HRA that are not income or expenditure in accordance with UK GAAP.	-	-
	16,930	(15,911)
Amounts not included in the Income and Expenditure Account, but required by statute to be included when determining the Movement on the Housing Revenue Account for the year		
Amortisation of Premiums	252	224
Transfer to/(from) Housing Repairs Account	(35)	(217)
Contribution to/from reserves	-	-
Transfer to/from Major Repairs Reserve	(102)	(119)
Capital expenditure funded by the HRA	200	200
Net additional amount required to be debited or credited to the Housing Revenue Account balance for the year.	17,245	(15,823)

NOTES TO HOUSING REVENUE ACCOUNT (HRA)

1. ***Number of Types of Dwelling in the Housing Stock***

	31st March	31st March
	2009/10	2008/09
Houses	1,047	1,048
Bungalows	170	172
Flats	1,442	1,442
TOTAL DWELLINGS	2,659	2,662

2. ***Total Balance Sheet value of Land, Houses and Other Property within the HRA***

	31st March	31st March
	2009/10	2008/09
	£'000s	£'000s
Council Dwellings	172,047	152,165
Other Land and Buildings	6,082	4,816
Non-operational assets	662	518
Community Assets	-	95
TOTAL BALANCE SHEET VALUE OF LAND, HOUSES AND OTHER PROPERTY	178,791	157,594

3. ***Vacant Possession Value of Dwellings within the HRA at 1st April***

	2009/10	2008/09
	£'000s	£'000s
VACANT POSSESSION VALUE OF DWELLINGS WITHIN THE HRA AT 1ST APRIL	340,184	407,910

The difference between the vacant possession value and the balance sheet value of dwellings within the HRA show the economic cost to Government of providing council housing at less than open market rent.

4. ***Movements on the Major Repairs Reserve (equivalent to Council Dwellings depreciation).***

	2009/10	2008/09
	£'000s	£'000s
Balance at 1st April	-	-
Amount transferred to Major Repairs Reserve	1,962	1,899
Debits to Major Repairs Reserve in respect of capital expenditure	(1,962)	(1,899)
TOTAL BALANCE SHEET VALUE OF LAND, HOUSES AND OTHER PROPERTY	-	-

NOTES TO HOUSING REVENUE ACCOUNT (HRA)

5. *Movements on the Housing Repairs Account*

	2009/10	2008/09
	£'000s	£'000s
Balance at 1st April	338	556
Transfer from HRA to Housing Repairs Account	1,770	1,770
Debits to Housing Repairs Account for expenditure	(1,804)	(1,982)
BALANCE AT 31ST MARCH	304	344

6. *Capital Expenditure and Financing within the HRA*

	2009/10	2008/09
	£'000s	£'000s
EXPENDITURE		
Land	-	-
Housing	3,539	3,565
Garages	-	-
TOTAL CAPITAL EXPENDITURE	3,539	3,565
FINANCING		
Borrowing	931	1,427
HRA usable Capital Receipts	200	39
HRA supported borrowing	236	-
HRA grants received	10	-
HRA Revenue Contributions to capital	200	200
Major Repairs Reserve	1,962	1,899
TOTAL CAPITAL EXPENDITURE FINANCED	3,539	3,565

7. *Capital Receipts*

	2009/10	2008/09
	£'000s	£'000s
Capital Receipts from the disposal of HRA property		
Sale of Council Dwellings	324	339
Mortgage Receipts received from previous years sale of Council Dwellings	2	3
Sale of Land	-	-
	326	342
Retained for capital investment	85	86
Paid to central government	241	256
	326	342

NOTES TO HOUSING REVENUE ACCOUNT (HRA)

8. **Cost of Capital Charge and Capital Asset Charges Accounting Adjustment**

There is no cost of capital charge to the HRA for 2008/09.

9. **Depreciation for the Land, Houses and Other Property within the HRA in year.**

	2009/10	2008/09
	£'000s	£'000s
Council Dwellings (see note 4 page 63)	-	-
Other Land and Buildings	102	119
Non-operational assets	-	-
TOTAL DEPRECIATION IN YEAR	102	119

10. **Impairment charges and revaluations**

There were economic impairments during 2008/09 of £32.8m for the HRA due to the general decrease in property values because of the economic climate. In 2009/10 the review of economic impairment has led to a reversal of the downward economic impairment of £18.5m. £15,614,400 of impairment has been reversed for council dwellings through the Housing Revenue Account Income & Expenditure Account and £2,864,760 has been revalued upwards on the balance sheet.

11. **HRA Subsidy receivable/(repayable) for the financial year**

The figures stated in the HRA subsidy payable for the financial year are based on the actual amount payable as per the mid year subsidy claim. Any changes to these workings will be dealt with at the final subsidy claim stage at the end of September 2010.

	2009/10	2008/09
	£'000s	£'000s
Allowance for management	1,357	1,355
Allowance for maintenance	2,923	2,828
Allowance for major repairs	1,962	1,899
Charges for capital	1,007	989
Rent rebates	-	-
Rent rebates	(9,724)	(9,459)
Interest on receipts	(1)	(1)
Rental constraint allowance	-	-
Prior year adjustment	(4)	24
	(2,480)	(2,365)

12. **HRA Share of Contributions to or from the Pension Reserve**

Due to primacy of legislative requirements (see accounting concepts), FRS17 has not been applied to the HRA and as such, there are zero entries for the pensions interest cost and expected return on pensions assets and also the HRA share of contribution to/(from) the pension reserve.

NOTES TO HOUSING REVENUE ACCOUNT (HRA)

13. ***Rent Arrears***

	2009/10 31st March	2008/09 31st March
	£'000s	£'000s
Net arrears as at 31st March	294	347
Bad Debt provision for uncollectable debts	270	307

14. ***Sums directed by the Secretary of State to be debited or credited to the HRA***

No sums are to be debited or credited to the HRA.

15. ***Exceptional or Prior Year items not disclosed in the Statement***

No exceptional or prior year items are disclosed in the Statement.

COLLECTION FUND INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

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.

	2009/10	2008/09
	£'000s	£'000s
INCOME		
Council Tax receivable (net of benefits)	29,674	29,082
Transfer from General Fund - re benefits	4,976	4,398
Contribution from precepting authorities - re previous year's deficit	163	-
Income collectable from business ratepayers	14,434	15,056
	49,247	48,536
LESS EXPENDITURE		
Precepts and demands	34,673	33,337
Business Rate:		
Payments to National Pool	14,333	14,968
Costs of Collection Allowance	89	88
Interest on Refunds	12	-
Council Tax - write-offs and bad debt provision	290	273
Contribution to precepting authorities from previous year's surplus	-	116
	49,397	48,782
Surplus/(Deficit) for the year	(150)	(246)
Surplus/(Deficit) at 1st April Bought Forward	(430)	(184)
Surplus/(Deficit) at 31st March Carried Forward	(580)	(430)

NOTES TO THE COLLECTION FUND INCOME AND EXPENDITURE ACCOUNT

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	Net Dwellings	Ratio to Band D	No. of Band D Equivalents	Plus 2nd Homes Discount	Total No. of Band D Equivalents
Band A-	4	0.50	3.50	5/9ths	1.9	0.0	1.9
Band A-	2,568	418.25	2,149.75	6/9ths	1,433.2	13.3	1,446.5
Band B	4,700	568.25	4,131.75	7/9ths	3,213.6	9.0	3,222.6
Band C	10,931	874.75	10,056.25	8/9ths	8,938.9	30.9	8,969.8
Band D	5,919	405.50	5,513.50	9/9ths	5,513.5	17.2	5,530.7
Band E	1,848	97.00	1,751.00	11/9ths	2,140.1	4.9	2,145.0
Band F	684	33.00	651.00	13/9ths	940.3	3.5	943.8
Band G	295	12.75	282.25	15/9ths	470.4	4.0	474.4
Band H	5	-2.75	7.75	18/9ths	15.5	0.0	15.5
	26,954	2,407.25	24,546.75		22,667	82.8	22,750.2
Less allowance for loss on collection and void properties (1.75%)							398.7
							22,351.5

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

	Demand or Precept £	Council Tax Base	Band D Council Tax £
West Sussex County Council	25,377,665	÷ 22,386.0 =	1,133.64
Sussex Police Authority	3,016,066	÷ 22,386.0 =	134.73
Adur District Council (inc. parishes)	6,277,838	÷ 22,386.0 =	280.44

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 (48.5p in 2009/10 and 46.2p in 2008/09) and local rateable values. The total non-domestic rateable value at the end of the year for the district was £35.32m (£35.99m in 2008/09). 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

3. ***Demands and Precepts on the Fund***

	2009/10	2008/09
	£'000	£'000
West Sussex County Council	25,378	24,455
Sussex Police Authority	3,016	2,866
Adur District Council (includes parish precepts)	6,278	6,016
	34,672	33,337

4. ***Bad and Doubtful Debts***

A requirement of £290k and £182k for bad and doubtful debts for Council Tax and National Non Domestic Rates has been provided for in 2009/10 in line with Adur District Council's accounting policy for maintaining the provision.

5. ***Amounts due at End of 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	737
Sussex Police Authority	87
TOTAL	824

ANNUAL GOVERNANCE STATEMENT

Scope of responsibility

Adur District 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 Council 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.adur.gov.uk be obtained from the Council. This statement explains how Adur District Council has complied with the code and also meets the requirements of regulation 4[2] of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit [Amendment] [England] Regulations 2006 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 Council 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 2010 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 Council'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

ANNUAL GOVERNANCE STATEMENT

The governance framework (continued)

- measuring the quality of services for users, for ensuring they are delivered in accordance with the Council's objectives and for ensuring that they represent the best use of resources
- 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

Adur District 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 Council 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 Cabinet, the Constitution and Audit Committee, Overview and Scrutiny Committee, the Standards Committee
- internal and external audit

ANNUAL GOVERNANCE STATEMENT

Review of effectiveness (continued)

- other explicit review/assurance mechanisms.

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Constitution 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 2009 review together with any issues which have been identified during the current review.

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 Neil Parkin
Leader of the Council
Adur District Council



Ian Lowrie
Chief Executive of
Adur & Worthing Councils



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADUR DISTRICT COUNCIL

Opinion on the accounting statements

I have audited the accounting statements and related notes of Adur District Council for the year ended 31 March 2010 under the Audit Commission Act 1998. The accounting statements comprise the Income and Expenditure Account, the Statement of Movement on the General Fund Balance, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cash Flow Statement, the Housing Revenue Account, the Statement of Movement on the Housing Revenue Account, the 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 the Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 49 of the Statement of Responsibilities of Auditors and of Audited Bodies published by the Audit Commission in April 2008.

Respective responsibilities of the Executive Head of Financial Services and auditor

The Executive Head of Financial Services' responsibilities for preparing the accounting statements in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice are set out in the Statement of Responsibilities for the Statement of Accounts.

My responsibility is to audit the accounting statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the accounting statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice, of the financial position of the Council and its income and expenditure for the year.

I review whether the governance statement reflects compliance with 'Delivering Good Governance in Local Government: A Framework' published by CIPFA/SOLACE in June 2007. I report if it does not comply with proper practices specified by CIPFA/SOLACE or if the statement is misleading or inconsistent with other information I am aware of from my audit of the accounting statements. I am not required to consider, nor have I considered, whether the governance statement covers all risks and controls. Neither am I required to form an opinion on the effectiveness of the Council's corporate governance procedures or its risk and control procedures.

I read other information published with the accounting statements, and consider whether it is consistent with the audited accounting statements. This other information comprises the Explanatory Foreword. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the accounting statements. My responsibilities do not extend to any other information.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADUR DISTRICT COUNCIL

Basis of audit opinion

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounting statements and related notes. It also includes an assessment of the significant estimates and judgments made by the Council in the preparation of the accounting statements and related notes, and of whether the accounting policies are appropriate to the Council's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the accounting statements and related notes.

Opinion

In my opinion the Council's accounting statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice, of the financial position of the Council as at 31 March 2010 and its income and expenditure for the year then ended.

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

Council's responsibilities

The Council 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 regularly to review the adequacy and effectiveness of these arrangements.

Auditor's responsibilities

I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Council 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 in relation to proper arrangements, having regard to relevant criteria for principal local authorities specified by the Audit Commission and published in May 2008 and updated in October 2009. I report if significant matters have come to my attention which prevent me from concluding that the Council has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADUR DISTRICT COUNCIL

Conclusion

I have undertaken my audit in accordance with the Code of Audit Practice and having regard to the criteria for principal local authorities specified by the Audit Commission and published in May 2008 and updated in October 2009 and the supporting guidance, I am satisfied that, in all significant respects, the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2010.

Certificate

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

Helen Thompson
District Auditor
Audit Commission,
Suite 2, Ground Floor
Bicentennial Building
Southern Gate
CHICHESTER
West Sussex PO19 8EZ
30 September 2010

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 2009/10 which means the year commencing 1st April 2009 and ending 31st March 2010. 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 attributable to an accounting period 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.
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 fixed 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 fixed asset or expenditure which adds to and not merely maintains the value of an existing fixed asset.
CAPITAL RECEIPTS	The proceeds from the sale of fixed assets.
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 fixed asset due to age, wear and tear, deterioration or obsolescence.

GLOSSARY OF ACCOUNTING TERMS

DIRECT SERVICE ORGANISATIONS (DSO)	Direct Labour Organisations established under the Local Government, Planning and Land Act 1980 and DSOs established under the Local Government Act 1988. The legislation has now been repealed, but the accounts have been retained as trading accounts until the contracts won under the legislation expire.
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.
FINANCE LEASE	A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the 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.
FIXED ASSETS	Tangible assets which have value to the Council beyond one financial year, e.g., land, buildings, equipment etc. Such assets result from capital expenditure.
IMPAIRMENT	A reduction in the value of a fixed asset below its net book value in the balance sheet.
INFRASTRUCTURE ASSETS	Infrastructure assets are: highways, footpaths, sea defences, permanent ways, water and drainage facilities.
INTANGIBLE ASSETS	Non-financial assets e.g. software licences with no physical substance which is controlled by an entity through custody or legal rights.
INVESTMENTS	Current asset investments that are readily disposable by the authority without disrupting its business.
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 fixed assets are included in the balance sheet, i.e. their historical or current value less the cumulative amounts provided for depreciation.
NON-OPERATIONAL ASSETS	Fixed assets owned but not directly occupied, used or consumed in the delivery of services. Examples of nonoperational assets are investment properties and assets that are surplus to requirements pending sale.
OPERATING LEASE	An operation lease is any lease which is not a finance lease. An operational lease has the character of a rental agreement with the lessor usually being responsible for repairs and maintenance of the assets. Often these are relatively

GLOSSARY OF ACCOUNTING TERMS

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.
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.
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.
VIREMENT	Transfer of resources from one budget head to another in order to accommodate variations in spending policies.