

ADUR DISTRICT COUNCIL
STATEMENT OF ACCOUNTS
2008/09

Sarah Gobey
Executive Head Financial Services

STATEMENT OF ACCOUNTS 2008/09

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EXPLANATORY FOREWORD AND SUMMARY

The Council's accounts for the year 2008/09 are set out on the following pages. They comprise :-

The Core Single Entity Financial Statements

1. The Income and Expenditure Account (Page 16)

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 Movements on the General Fund Balance (Page 17)

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 18)

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 19)

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.

6. Cash Flow Statement (Pages 20-21)

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

7. Notes to the Core Single Entity Financial Statements (Pages 22-46)

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

The Supplementary Single Entity Financial Statements

8. The Housing Revenue Account (Page 47)

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.

9. Statement of Movements on the Housing Revenue Balance (page 48)

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

10. Note to the Housing Revenue Balance (page 49-52)

This statement shows the reconciliation and detail of how the Statement of Movement on the Housing Revenue Balance has been arrived at.

11. Collection Fund (Page 53)

The Collection Fund summary shows how the Authority 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 2008/09

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. In March 2007 a high level business case was agreed by members of both councils to take this forward.

The Council continues to progress its plan to amalgamate its workforce with Worthing Borough Council and provide shared services across the councils. A new shared senior single officer structure was introduced in April 2008.

This was a very busy year for the Council. A key objective for the year was to complete high level business cases on each of the new service blocks that had been created. These outlined how and when services could be brought together, opportunities for streamlining processes and how further efficiency savings can be achieved.

From April 2009 financial services, legal and democratic services, corporate strategy, street sweeping and the contact centre will operate as shared services. This is in addition to our other shared services. A comprehensive programme of individual service reviews will be 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 retain 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.

Council Priorities

In July 2007, the Council jointly agreed a set of four high level priorities with Worthing BC. These are:-

1. to protect and enhance priority services
2. to promote a clean and green environment;
3. to revitalise, regenerate and create lively economies
4. 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.

Value Statement

In September 2004 the Council adopted its *Value Statement*

"To put the customer at the heart of our business"

The principles underpinning this commitment and by which the Council will seek to work are :

- * To act always with fairness, integrity and courtesy
- * To consult with and listen to the people of Adur and to enable opportunities for involvement in the Council's decision making processes
- * To strive to deliver our services as efficiently, effectively and economically as possible
- * To work in partnership where it is in the best interests of the Council and the people of Adur
- * To ensure equal access to information and Council services
- * To value our staff and to seek to develop their potential

It is a statement of our values and beliefs as an organisation and how we wish to be seen by others and will provide the foundation for the way we work and the decisions we take in the future

Use of resources

The Audit Commission has undertaken the use of resources assessment for 2007/08, the results of which were published in March 2009. The assessment looks at how the financial management is integrated with strategy and corporate management, supports Council priorities and delivers value for money. It is carried out annually as part of the Council's external audit. The Council's overall score was maintained as a '2' (fair) out of maximum score of '4' (excellent).

Medium Term Financial Plan (MTFP)

The Council approved its latest MTFP in June 2009. The plan supports the Council's corporate planning process by forecasting the level of resources that are likely to be available 2010/11 to 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 with the Corporate 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. This is to be achieved 3% annual efficiency savings. In addition any new growth will be funded by an equivalent savings within the budget.

Further information

Further information on the Council's accounts is available from the Executive Head (Financial Services) at the Civic Centre, Ham Road, Shoreham-by-Sea. A separate statement of accounts is required to be produced for Joint Strategic Committee for Adur & Worthing Councils. A copy is available on request.

Financial Overview

A more detailed summary of the Council's financial results in 2008/09 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 and the cost of homelessness. This has been offset by underspends due to the actual journeys for concessionary fares being less than was estimated and a change in the calculation for the charge of the cost of loans to the Housing Revenue Account. .

The Housing Revenue Accounts is a ring fenced account which due to the contribution it is required to make to the Department of Communities and Local Government is no longer self financing. It has had to draw from its reserves for 2008/09 the sum of £274,000.

Spending on capital schemes of over £6m was 29% of the adjusted budget. There were difficulties this year in progressing social housing schemes due to the impact of the recession on housebuilding.

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.

SUMMARY

There follows a brief summary of the salient features of the financial results for 2008/09 and the major influences thereon :-

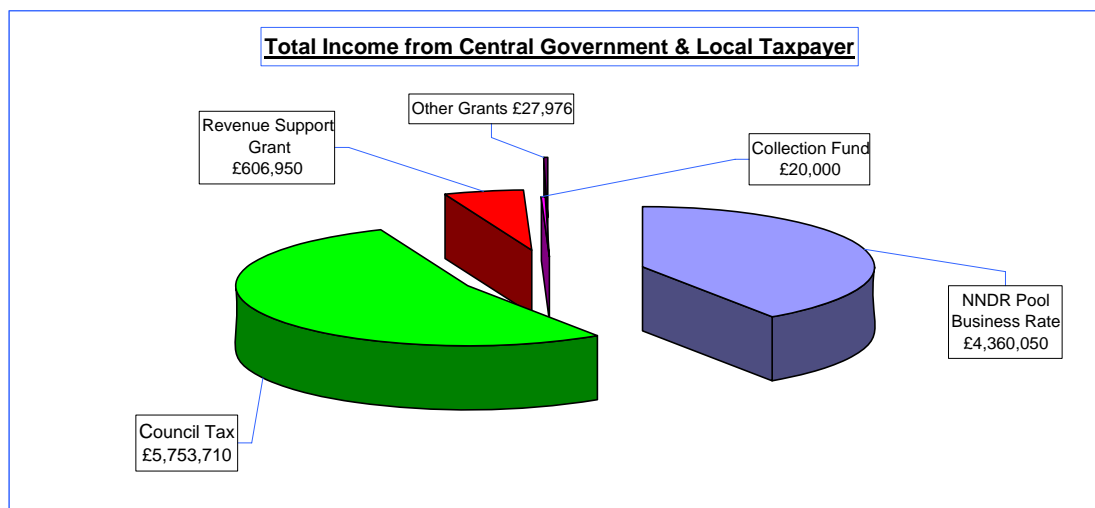
GENERAL FUND

The Council set a balanced net General Fund budget of £10.741m, which was financed partly from central government support (£4.967m) and the balance from Council tax payers (£5.754m). This equates to an average council tax paid for Adur services of £258.34

The Council's actual net expenditure chargeable to the Council taxpayer was £10.06m a saving of £675,000 against the original budget. £652,000 was transferred to earmarked reserves.

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

Member Portfolio	Original	Actual	Variances
	Estimate £'000		
Clean & Green	4,251	3,768	(483)
Health Safety & Wellbeing	748	688	(60)
Improved Customer Services	2,779	2,287	(492)
Leader	631	569	(62)
Regeneration	1,884	1,676	(208)
Resources	798	1,366	568
Net Portfolio Expenditure	11,091	10,354	(737)
Interest and Capital Charges	(350)	(145)	205
Trading Accounts	0	(115)	(115)
Other Grants	0	(28)	(28)
	10,741	10,066	(675)
Transfer to / (from) reserves	0	652	652
Spend 2008/09	10,741	10,718	(23)
Financed from:-			
Council Tax	(5,754)	(5,754)	0
NNDR Pool (Business Rate)	(4,360)	(4,360)	0
Revenue Support Grant	(607)	(607)	0
Collection Fund Surplus	(20)	(20)	0
	(10,741)	(10,741)	0
Movement in General Fund Balances	0	0	0



Central Government Support

The Councils share of Business Rates and Revenue Support Grant has increased by £80,840 compared to 2007/08, an increase of 1.7%.

Local Taxpayers

During the year the Council collected £33.836m in Council Tax (£31.717m in 2007/08), inclusive of £4.398m of council tax benefit (£4.094m in 2007/08). This represented 96.9% of the total council tax due to be collected (97.2% in 2007/08). Council tax is collected by Adur District Council on behalf of the preceptors in the proportions detailed: West Sussex County Council 73.4% (73.4% in 2007/08), Sussex Police Authority 8.5% (8.5% in 2007/08) and Adur District Council 18.0% (18.0% in 2007/08).

The Council also collects non domestic rates from local businesses which are paid over to the government's national pool. The pool is then re-distributed back to Councils on a per capita basis. £15.021m (£13.564m in 2007/08) was billed during the year on behalf of the national pool and £4.36m was re-distributed from the pool to Adur (£4,184m in 2007/08).

Revenue Reserves and Balances

Revenue Reserves at 31st March 2009 were:

	Balance at 31st March 2009 £'000	Balance at 31st March 2008 £'000
Capacity issues Fund (formerly discount fund)	650	273
Carry Forward Reserves 2007/08	118	48
Insurance Fund	145	100
New Technology Fund	37	37
Recycling Credits	0	80
Partnership Development Fund	425	245
Community Alarm	7	7
Health & safety	32	32
Investment Property Maintenance Fund	69	69
Building Maintenance Fund	145	95
Leisure Centre Maintenance Fund	46	46
Performance Reward Grant Fund	26	26
Others - General	23	23
Totals	1,723	1,081

General Fund and Housing Revenue Fund Reserves

	Balance at 31st March 2009 £'000	Balance at 31st March 2008 £'000
General Fund Balance	858	835
Housing Revenue Account	1,418	1,689
Housing Repairs Account	337	556
	2,613	3,080

Provisions at 31st March 2009 were:

	Balance at 31st March 2009 £'000	Balance at 31st March 2008 £'000
HRA Scheme Managers Fund	63	63
Courtfields Major works reserve	123	123
Insurance Claim	138	138
Insurance Provision	25	0
Concessionary Fares	140	140
	489	464

HOUSING REVENUE ACCOUNT

Higher operating costs caused the Housing Revenue Account to make an operational deficit of £0.271m compared to a budgeted deficit of £0.240m.

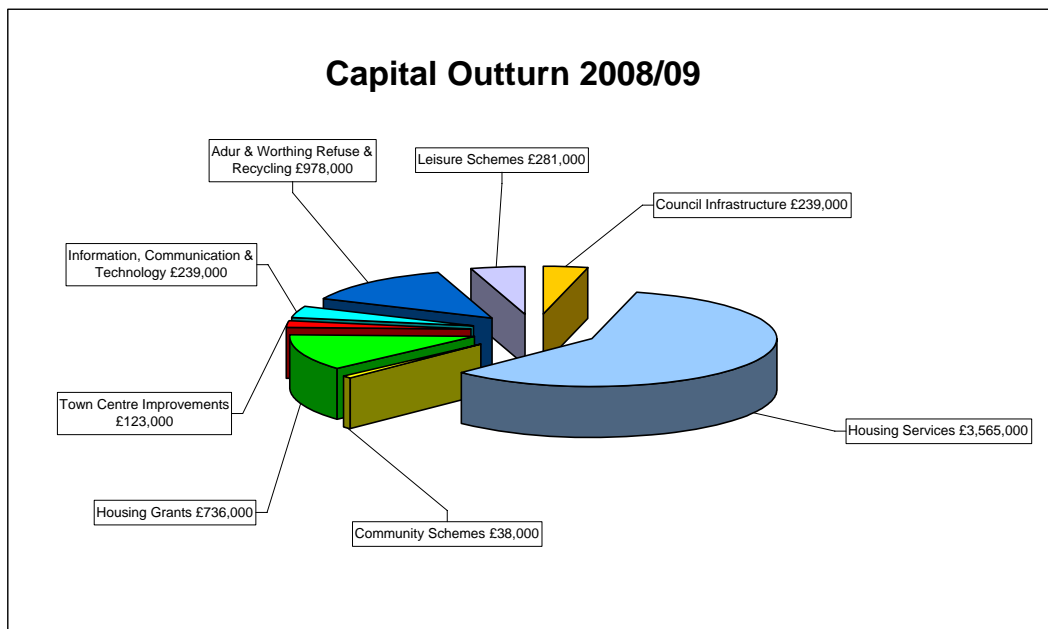
TRADING SERVICES

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 £96,169 (£80,845 in 2007/08). Trade Refuse sustained a deficit of £75,086 (£79,568 deficit in 2007/08). Horticultural Services generated a surplus of £18,500 (£29,265 surplus in 2007/08). Property Management generated a deficit of £1,434,000 due to £1,494,000 market value impairments (£283,440 surplus in 2007/08).

CAPITAL EXPENDITURE AND FINANCING

Capital

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 authority and the services it provides for a period of more than a year. Total capital expenditure for the year was £6.2m.



Capital expenditure for the year was financed from the following sources:

	2008/09
	£'000
Capital Receipts	92
Other grants and contributions	692
Revenue contributions	240
Major Repairs Allowance	1,899
Loan	3,277
Total	<u><u>6,200</u></u>

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 16 to the balance sheet. 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 £13.99m to £21.2m as at 31st March 2009. This is largely due to an increase in the actuarial loss in the pension scheme.

Further Information

Further information about the accounts can be obtained from the Executive Head (Financial Services) at the Civic Centre, Ham Road, Shoreham by Sea, Sussex, BN43 6PR. Telephone 01273 263000 or by e-mailing: accountancy@adur.gov.uk, or visiting our website: www.adur.gov.uk.

ADUR DISTRICT COUNCIL

STATEMENT OF ACCOUNTS

For the year ended 31st March 2009

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Council is required :-

- 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 2008/09 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 responsibilities of the Executive Head (Financial Services)

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 has to select accounting policies and apply them consistently, make judgments 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 fairly the financial position of the Council at 31st March 2009 and its income and expenditure for the year ended on that date.

Sarah Gobey
Executive Head (Financial Services)

Dated : 28th September 2009

Certificate of Approval by Constitution and Audit Committee

I confirm that these Accounts were re-approved by the Constitution & Audit Committee of Adur District Council on 28th September 2009.

Rod Hotton
Chairman, Constitution & Audit Committee

Dated: 28th September 2009

STATEMENT OF ACCOUNTING POLICIES

1. General

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting 2008/09 (ACOP), 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.

This year there have been relatively few changes in the Statement of Recommended Practice (SORP). The main changes are:

- Quoted securities held as assets in the defined benefit pension scheme are now valued at bid price rather than market value. 2007/08 Balance sheet comparisons have not been re-stated to reflect the change. (see note 5)

- In line with Generally Accepted Accounting Policies (GAAP) revenue expenditure funded from capital under statute is no longer referred to as 'deferred charges.'

- The option to produce the Cash Flow Statement using the 'indirect' method whereby revenue cash flow is derived by adjusting the overall Income & Expenditure Account surplus or deficit to a cash basis. The Council has chosen to adopt this option.

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 present 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.

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 judgment 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 yet 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 2008, and incorporated in the balance sheet at these values, adjusted as appropriate by additions and disposals during the year. Other fixed assets were revalued as at April 2005.

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 net realisable value.

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

3. Charges to Revenue for Fixed Assets

Revenue accounts bear a capital financing charge, comprising of a charge for depreciation. 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 2008/09 to the General Fund was £624,073 (2007/08 £378,277)

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.

5. Grants

Grants received towards revenue expenditure are credited to the appropriate revenue account. 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 life of the asset to match the depreciation of the asset to which it relates.

6. Debtors and Creditors

The revenue and capital accounts of the Council are maintained on an accruals basis in accordance with the Code of Practice and Financial Reporting Standards (FRS) 18. 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.

7. 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.

8. 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 :-

<u>Cost Heading</u>	<u>Basis of allocation</u>
Central departments (Financial Services, Legal and Democratic Services)	Time spent by staff
Administrative buildings	Head count per service
Computing	Head count per service

9. 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.

10. 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).

11. Capital Reserves

With effect from 1st April 2007 there are two capital reserve accounts in the Balance Sheet:-

- a. Revaluation Reserve - which records the net gain in assets from revaluations made on or after 1st April 2007.
- b. Capital Adjustment Account - which reflects the capital financing set aside less the charges to revenue for the consumption of fixed assets.

12. 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.

13. 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.

14. Investments

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

15. 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.

16. 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.

17. Bad Debt Provision

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

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

18. 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	Assets
Trade Payables and other payables	Bank Deposits
Borrowings	Trade
Financial Guarantees	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.

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.

INCOME AND EXPENDITURE ACCOUNT

	2008/09 Gross Expenditure £'000	2008/09 Gross Income £'000	2008/09 Net Expenditure £'000	2007/08 Net Expenditure £'000
NET EXPENDITURE ON SERVICES				
Central Services to the Public	6,186	(4,933)	1,253	1,060
Cultural, Environmental, Regulatory and Planning Services	11,025	(3,105)	7,920	5,566
Highways and Transport Services	1,233	(314)	919	1,396
General Housing Services	17,562	(15,969)	1,593	1,503
Corporate and Democratic Core	2,081	(718)	1,363	1,319
Non-Distributed Costs	1,480	(201)	1,279	8
Net Cost of General Fund Services	39,567	(25,240)	14,327	10,852
Housing Revenue Account	25,693	(10,451)	15,242	(1,216)
Net Cost of Services	65,260	(35,691)	29,569	9,636
(Gains) / Loss on disposal of fixed assets			(422)	578
Precepts and levies			262	246
(Surplus)/deficits on trading undertakings not included in Net Cost of Service			1,376	(314)
Interest payable and similar charges			1,876	1,856
Contribution of housing capital receipts to the government pool			256	1,045
Interest and investment income			(692)	(850)
Pension interest cost and expected return on pension assets			870	250
Net operating expenditure			33,095	12,447
SOURCES OF FINANCE				
Demand on Collection Fund - including the local precepts of £261,137			(6,016)	(5,737)
Transfer from Collection Fund in respect of previous year's (surplus) deficit			(20)	(14)
Revenue Support Grant			(607)	(702)
Distribution from Non-Domestic Rate Pool			(4,360)	(4,184)
Government Grants not attributable to specific services			(28)	0
NET GENERAL FUND (SURPLUS)/ DEFICIT			22,064	1,810

Statement of Movement on the General Fund Balance

	2008/09 Current Year £000s	2007/08 Previous Year £000s
(Surplus)/Deficit for the year on the Income and Expenditure Account	22,064	1,810
Net additional amount required by statute and non-statutory proper practice to be debited or credited to the General Fund Balance for the year. (Explanation is on page 22)	(22,087)	(1,810)
Increase in General Fund Balance for the Year	(23)	-
General Fund Balance brought forward	(835)	(835)
General Fund Balance carried forward	(858)	(835)

The note to this statement can be found on page 22

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

This statement brings together all the gains and losses of the council for the year and show 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.

	2008/09 Current Year £000s	2007/08 Previous year £000s
(Surplus)/Deficit for the year on the Income and Expenditure Account	22,064	1,810
Collection fund movement	43	52
(Surplus)/Deficit arising on revaluation of fixed assets	17,830	(19,684)
Actuarial (gains)/Losses on pension fund assets and liabilities	6,630	(4,880)
Pension restatement in accordance with SORP	170	
A loss on restatement of opening balances as at 1st April 2007 in accordance with the SORP	0	1,877
Other	(3)	0
Total Recognised (Gains) and Losses	46,734	(20,825)

BALANCE SHEET

		31st March 2009	£'000	£'000	31st March 2008	£'000
Fixed Assets	16-21					
Intangible Assets				9		18
Operational Assets						
Council Dwellings				152,165		184,046
Other Land and Buildings				16,535		21,600
Vehicles, Plant, Furniture & Equipment				3,297		3,030
Infrastructure				1,098		1,096
Community Assets				1,935		1,994
Non-operational Assets						
Investment Properties				4,473		6,232
Total Net Fixed Assets				<u>179,512</u>		<u>218,016</u>
Long Term Investments				1,054		4,356
Long Term Debtors	26			186		223
Total Long Term Assets				<u>180,752</u>		<u>222,595</u>
Current Assets						
Stocks and Work in Progress	23		62			50
Debtors	24		8,167			6,062
Provision for Doubtful Debts			(1,764)			(1,417)
Investments	28		12,426			8,233
Cash in Bank and in Hand			0			2
				<u>18,891</u>		<u>12,930</u>
Less Current Liabilities						
Creditors	25		(7,064)			(4,672)
Bank Overdraft			(450)			(248)
				<u>(7,514)</u>		<u>(4,920)</u>
Net Current Assets				<u>11,377</u>		<u>8,010</u>
Long term borrowing	27		(33,728)			(33,707)
Provision	32		(488)			(464)
Capital Grants			(9)			(9)
Government grants deferred			(2,040)			(1,722)
Deferred liabilities			(13)			(16)
Unapplied Grants and contribution			(1,073)			(381)
Liability related to defined benefit pension			(21,200)			(13,990)
				<u>(58,551)</u>		<u>(50,289)</u>
				<u>133,578</u>		<u>180,316</u>
Financed by:						
Reserves						
Usable Capital Receipts Reserve			2,539			952
Revaluation Reserve			256			18,140
Capital Adjustment Account			149,182			172,773
General Fund Balances			858			835
Housing Revenue Account			1,418			1,689
Housing Repairs Account			337			556
HRA Earmarked Reserves			16			16
Earmarked Reserves			1,723			1,081
Adur share of collection Fund Deficit			(57)			(14)
Financial Instruments Adjustment Account	29		(1,494)			(1,722)
Pension Reserve			(21,200)			(13,990)
				<u>133,578</u>		<u>180,316</u>
Total Net Worth				<u>133,578</u>		<u>180,316</u>

These financial statements replace the unaudited financial statements authorised at the meeting of Constitution and Audit Committee on 29th June 2009

Sarah Gobey 28th September

The notes to this statement start on page 35

CASH FLOW STATEMENT 2008/09

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

	Note	2008/09 £'000	2008/09 £'000	2007/08 £'000
<u>REVENUE ACTIVITIES</u>				
Net (inflow)/outflow from operating activities	32		(1,892)	(3,690)
Returns on Investments & Servicing of Financing				
Cash Outflows:				
Interest paid			1,902	1,815
Cash Inflows:				
Interest received			(1,114)	(445)
			788	1,371
<u>CAPITAL ACTIVITIES</u>				
Cash Outflows:				
Purchase of fixed assets		5,117		0
Premium to repay debt				7,775
Other Capital cash payments		521		0
Pooled Capital Payments to DCLG		246		494
			5,884	8,269
Cash Inflows:				
Sale of Fixed Assets		(1,863)		(2,063)
Capital grants received		(2,212)		(2,179)
Other capital cash payments/income		(1,265)		(25)
			(5,340)	(4,267)
			544	4,002
Net cash (inflow) outflow before financing			(560)	1,682

MANAGEMENT OF LIQUID RESOURCES

	Note	2008/09 £'000	2008/09 £'000	2007/08 £'000
Short term deposits				
Investments made		288,660		218,022
Investments realised		(288,481)		(221,904)
			179	(3,882)
Other liquid resources				
	35			
Investments made		37,900		59,250
Investments realised		(36,950)		(57,000)
External managed funds realised		(374)		0
			576	2,250
Increase (decrease) in short term investments			755	(1,632)

FINANCING

		<u>2008/09</u> <u>£'000</u>	2008/09 £'000	2007/08 £'000
Cash Outflows:				
Repayment of long term loans		0		0
Repayment of market loans		9		0
Repayment of short term (temporary) loans		700		724
			709	724
Cash Inflows:				
New long term loans raised		0		(36)
New short term (temporary) loans raised		(700)		(704)
			(700)	(740)
(Increase)/decrease in Loans			9	(16)
(Increase)/decrease in Cash			204	35

The notes to this statement start on page 43

NOTES TO THE CORE FINANCIAL STATEMENTS

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.

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

	Notes	2008/09 Current Year £000s	2007/08 Previous year £000s
Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the Movement on the General Fund Balance for the year			
Depreciation and impairment of fixed assets		(22,630)	(1,698)
Housing Revenue Account Depreciation		(118)	(124)
Government Grants Deferred amortisation		238	416
HRA Amortisation of improvement grant debt		0	0
Write downs of expenditure funded from capital under statute to be financed from capital resources		(573)	(580)
Net profit/(Loss) on sale of fixed assets		422	(578)
Net charges made for retirement benefits in accordance with FRS17	5	(410)	340
		<u>(23,071)</u>	<u>(2,224)</u>
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			
Transfer from Usable Capital Receipts to meet payments to the Housing Capital Receipts Pool		(256)	(1,045)
Re-measurement of Interest on Long Term Loans		0	(104)
Statutory provision for repayment of debt (MRP)		624	378
Amortisation of Premium - HRA		223	260
Capital expenditure charged in-year to revenue		240	261
		<u>831</u>	<u>(250)</u>
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			
Transfer from Housing Revenue Account earmarked reserves		(271)	417
HRA earmarked reserve transferred to capital funding		0	0
Net transfer from Housing Revenue Repairs Reserve		(218)	35
Net transfer to earmarked reserves General Fund		642	212
		<u>153</u>	<u>664</u>
Net additional amount required to be credited to the General Fund balance for the year		<u>(22,087)</u>	<u>(1,810)</u>

NOTES TO INCOME AND EXPENDITURE ACCOUNT

These notes support the statement on page 16

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:-

	2008/09 Gross Expenditure £'000	2008/09 Gross Income £'000	2008/09 Net Expenditure £'000	2007/08 Net Expenditure £'000
Horticultural Services	718	(736)	(18)	(30)
Building Maintenance	646	(742)	(96)	(81)
	1,364	(1,478)	(114)	(111)
Trade Refuse	406	(331)	75	80
Property Management	1,953	(519)	1,434	(283)
	3,723	(2,328)	1,395	(314)

The above figures include adjustments in respect of FRS17 pension fund deficit adjustment

Property management expenditure includes the cost of the economic impairment of assets (£1.5m)

The council operates two direct service organisations as shown in first part of the statement above, the above statement summarises their financial results. In 2008/09 Trade Refuse joined the AWCS partnership.

3. Finance and Operating Leases

The Council has operating leases on vehicles, plant and equipment. The amounts paid under these arrangements in 2008/09 were £203,860 (£642,416 in 2007/08), and the total commitments outstanding at 31st March 2009 amounted to £204,647 (£316,668 in 2007/08). This includes financing arrangements for the contract hire of the refuse and recycling vehicle fleet and included a payment of £28,669 to Worthing Borough Council for vehicle leased by Worthing BC which Adur DC used.

Rentals were paid during the year on finance leases to the value of £3,808. Items leased: Horticultural Equipment £4,744 over 5 years and Car Park Machines £9,464 over 5 years. These items have not been capitalised.

	Leases to be paid in 2009/10 £'000	Total value of operational leases £'000
Leases finishing during 2009/10	59	59
Value of operational leases due to be paid in 2009/10 that will expire in 2-5 years	26	146
Value of operational leases due to be paid in 2009/10 that will expire after 31st March 2014	0	0
	85	205

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 Ltd for a period of 30 years from 1st June 2005.

Impulse Leisure Ltd 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 £ 238,500 in 2008/09 (£249,300 in 2007/08)

The Lancing Manor and Southwick Leisure Centres together were valued at £4.863m as at 31st March 2008 and is subject to £186,211 depreciation at 31st March 2009. Wadurs Swimming Pool was valued at £ 1.2m as at 1st April 2005 and is subject to £64,723 depreciation to 31st March 2009.

4. Expenditure on Publicity

The Council incurred expenditure of £131,596 during the year on publicity (£90,197 in 2007/08), mainly in respect of advertising the Authority's facilities, and producing a local newspaper.

Per the requirement of section 5 (1) of the Local Government Act 1986 the council's spending on publicity was:

	2008/09	2007/08
	£	£
Recruitment advertising	18,391	15,178
Producing local newspaper	31,904	34,755
Other publicity	81,301	40,264
	<u>131,596</u>	<u>90,197</u>

5. Pensions & 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.

Under the 2008 SORP the Council has adopted the amendment to FRS17, Retirements Benefits. As a result quoted securities held as assets in the defined benefit pension scheme are now valued at bid price rather than mid-market value. All previous years have been restated to reflect these changes. The Balance Sheet 2007/08 pension liability comparisons have not been re-stated to reflect the changes.

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. The following transactions have been made in the Income & Expenditure Account and statement of movement in the General Fund balance during the year:

2008/09 £,000		2007/08 As restated £,000
	Net cost of Service	
(1,280)	Current service cost	(1,570)
(100)	Settlements & Curtailments	(10)
(430)	Past service cost	0
	Net Operating Expenditure	
(3,720)	Interest cost	(3,160)
2,850	Expected return on scheme assets	2,910
<u>(2,680)</u>	Charge to Income & Expenditure	<u>(1,830)</u>
	Statement of movement	
410	Movement on Pensions Reserve	(340)
<u>(2,270)</u>	Employer's contributions payable	<u>(2,170)</u>

In addition to the recognised gains and losses included in the Income & Expenditure Account, actuarial gains and losses of £ 6,630,000 (£4,880,000 for 2007/08) were included in the Statement of Total Recognised Gains and Losses

The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The total liability of £21.2m has an impact on the net worth of the authority as recorded in the balance sheet. However, statutory arrangements for funding the deficit mean that the financial position of the authority 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

	2008/09 £,000	2007/08 As re-stated £,000
Opening Balance	53,770	59,460
Current service cost	1,280	1,570
Interest Cost	3,720	3,160
Contribution by members	600	490
Actuarial losses/gains	(4,530)	(8,440)
Past Service Costs/Gains	430	0
Losses/(Gains) on curtailment	100	10
Estimates unfunded benefits paid	(150)	(140)
Estimated benefits paid	(2,030)	(2,340)
	<u>53,190</u>	<u>53,770</u>

Reconciliation of fair value of employer assets

	2008/09	2007/08 As re-stated
	£,000	£,000
Opening Balance	39,610	40,080
Expected return on assets	2,850	2,910
Contribution by members	600	490
Contributions by the employer	2,120	2,030
Contributions in respect of unfunded benefits	150	140
Actuarial gain/(losses)	(11,160)	(3,560)
Unfunded benefits paid	(150)	(140)
Benefits paid	(2,030)	(2,340)
	<u>31,990</u>	<u>39,610</u>

The return on the fund in market value terms for the year to March 2009 is estimates based on actual fund returns as provided by the administering authority and index returns where necessary.

The actual return was 13.8% and the estimated return was 20.8%

Scheme History

	31st March	31st March	31st March	31st March	31st March
	2009	2008	2007	2006	2005
	£'000	£'000	£'000	£'000	£'000
Adur District Council share					
Estimated employer assets (A)	31,990	39,610	40,080	37,800	30,080
Present value of scheme liabilities (B)	53,190	53,770	59,460	60,890	50,460
Net Pension Assets/Liabilities (A)-(B)	<u>(21,200)</u>	<u>(14,160)</u>	<u>(19,380)</u>	<u>(23,090)</u>	<u>(20,380)</u>

Experience of Actuarial Gains and Losses

The actuarial gains and losses identified as movements in the Pension Reserve in any year can be analysed in the following

	31st March	31st March	31st March	31st March	31st March
	2009	2008	2007	2006	2005
	£'000	£'000	£'000	£'000	£'000
Differences between actual and expected return on assets	(11,160)	(3,560)	(740)	5,260	1,250
Experience Gains/(Losses) on liabilities	(70)	(760)	(10)	60	(660)

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.

	31st March 2009 Per annum	31st March 2008 Per annum
Equities	7.00%	7.70%
Bonds	5.40%	5.70%
Property	4.90%	5.70%
Cash	4.00%	4.80%
Price increases	3.10%	3.60%
Salary increases	4.60%	5.10%
Expected return on assets	6.40%	7.10%
Discount rate	6.90%	6.90%
Longevity at 65 for current pensioners		
Male	21.5 yrs	
Female	24.4 yrs	
Longevity at 65 for future pensioners		
Male	22.6 yrs	
Female	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:-

	31st March 2009 Per annum	31st March 2008 Per annum
Equity investments	70.00%	71.00%
Bonds	19.00%	17.00%
Property	8.00%	8.00%
Cash	3.00%	4.00%

6. Members' Allowances

Total allowances paid to members was £119,039 (£107,912 in 2007/08).

7. Remuneration of Employees

The numbers of employees whose remuneration, excluding pension contributions, was £50,000 or more, in bands of £10,000, were :-

Remuneration Bands

	Number of employees	
	2008/09	2007/08
£50,000 to £59,999	1	3
£60,000 to £69,999	1	2
£70,000 to £79,999	0	3
£80,000 to £89,999	0	0
£90,000 to £99,999	0	0
	<u>2</u>	<u>8</u>

The senior officers who manage services and staff for Adur District Council and Worthing Borough Council are now employed by Adur District Council on behalf of both Councils as part of a partnership arrangement. Below is an extract from the accounts of the Joint Committee which shows the remuneration of these officers:

Remuneration Bands

	Number of employees	
	2008/09	2007/08
£50,000 to £59,999	0	0
£60,000 to £69,999	0	1
£70,000 to £79,999	10	0
£80,000 to £89,999	0	0
£90,000 to £99,999	3	0
£100,000 to £109,999	0	0
£110,000 to £119,999	1	0
	<u>14</u>	<u>1</u>

The cost of these officers are split as follows:

	Adur	Worthing
Chief Executive	50%	50%
Strategic Directors	50%	50%
Executive Head (Adur Homes)	90%	10%
Executive Head (Leisure & Cultural Services)	10%	90%
All other Executive Heads	40%	60%

8. Building Control Trading Account

The Local Authority Building Control Regulations require the disclosure of information regarding the setting of charges for the administration of the building control function. However, certain activities performed by the Building Control Unit cannot be charged for, such as providing general advice and licensing with other statutory authorities. The statement below shows the total cost of operating the Building Control Unit divided between chargeable and non-chargeable activities.

	Chargeable	Non -	Total
	£	Chargeable	£
		£	£
<u>Expenditure</u>			
Employee expenses	116,612	71,265	187,876
Supplies and Services	38,810	1,880	40,690
Support Costs	40,245	35,546	75,791
Total Expenditure	195,667	108,691	304,357
<u>Income</u>			
Building Regulation Charges	(145,321)	0	(145,321)
Deficit/(Surplus) for year	50,345	108,691	159,036

There is a requirement in the Building Control Regulations for chargeable activities to at least break-even over a 3-year cycle. The Defined Account for the latest 3-year cycle (2006/07 to 2008/09) is a deficit of £57,514. The Council has implemented partnership working / management with Worthing from April 2008 to reduce costs and maximise income.

9. 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 Borough 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 on 19th April 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.

10. Discretionary Expenditure

The majority of the provisions of Section 137 of the Local Government Act 1972 have been repealed by the "well-being" powers contained in Part 1 of the Local Government Act 2000. This empowers local authorities to make contributions to certain charitable funds, not-for-profit bodies providing a public service in the united kingdom and mayoral appeals. There is no spending limit attached to this new power as there was under Section 137 limits.

The council's expenditure under this power was £160,916 mainly on grants and donations to voluntary bodies working in the local area, a breakdown of these groups are listed below:

	2008/09 £	2007/08 £
Miscellaneous grants	6,000	8,249
CAB - Shoreham	48,040	47,100
CAB - Lancing	28,733	28,170
Community Associations	0	23,897
Charities - refuse collection	1,190	1,190
Adur Learning Exchange	0	16,590
Adur Council for Voluntary Services	28,860	28,290
Art Development	1,000	0
Young Peoples Information Shop	5,000	5,734
Adur Safe Scheme	0	5,000
Residents Associations	500	600
Youth Council	0	1,637
Adur Economic Partnership	5,000	5,000
West Sussex Economic Partnership	2,500	11,000
Ropetackle Community Facility	29,100	(7,849)
Individual Grants within the Adur Community	4,993	0)
	<u>160,916</u>	<u>174,608</u>

11. Audit Costs

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

2008/09 £'000		2007/08 £'000
113	Services carried out by the auditor	109
7	Statutory Inspection	7
25	Certification of grant claims and returns	45
	Adur and Worthing	
15	Other services provided by the auditor	0
10	Joint Committee	12
<u>170</u>	Total	<u>173</u>

12. Partnership Working

Since July 2007, Adur District Council and Worthing Borough Council have been working in partnership. During 2008 the services that have been provided jointly are Household, Trade Refuse and Recycling Waste Collections and a single senior officer structure. Over the next few years the Council's will provide more of it's services jointly with an aim to making efficiencies for both Authorities.

	Gross Expenditure 2008/09 £'000	Gross Income 2008/09 £'000	Net Expenditure 2008/09 £'000
Expenditure			
Cultural, Environmental, Regulatory and Planning Services	4,127	(1,258)	2,869
Corporate & Democratic Core	20	0	20
Net Cost of Services	<u>4,147</u>	<u>(1,258)</u>	2,889
Holding Accounts			1,538
Net Operating Expenditure			<u>4,427</u>
Funded by:			
Adur District council			(1,734)
Worthing Borough Council			<u>(2,693)</u>
			<u>(4,427)</u>
Surplus / Deficit			0

Adur DC is also part of the CenSus partnership, a collaborative arrangement with Mid Sussex District Council and Horsham District Council for the joint procurement and delivery of ICT services and the delivery of Revenues and Benefits services. During 2008/09 these aims were pursued through a steering group of the three councils.

Memorandum Accounts for year ending 31st March

Census Revenues and Benefits

	Mid Sussex District Council £'000	Horsham District Council £'000	Adur District Council £'000	Total £'000
Expenditure				
Salary Costs	1,427	1,115	767	3,309
Transport Costs	43	17	9	69
Supplies and Services	364	206	102	672
Total Expenditure	1,834	1,338	878	4,050
Income				
Grant Income	(42)	(27)	(55)	(124)
Fees & Charges	(195)	(136)	(126)	(457)
Miscellaneous Income	0	(15)	(3)	(18)
Total Income	(237)	(178)	(184)	(599)
Net Expenditure	1,597	1,160	694	3,451
Proportional Share of Costs	1,262	1,207	982	3,451

Census ICT Costs

Project	Mid Sussex District Council £'000	Horsham District Council £'000	Adur District Council £'000	Total £'000
Academy	20	108	20	148
EDRMS	59	78	49	186
Help Desk	38	36	36	110
Wide Area Network	16	51	16	83
CAP	0	2	2	4
Miscellaneous	36	33	36	105
Consultancy Contractors	37	52	37	126
Implment Core Directive	25	38	29	92
Data Storage	3	3	3	9
Security	5	5	5	15
	239	406	233	878

13. Government Grants not attributable to specific services

Area Based Grant provides additional non-ringfenced revenue funding according to specific government policy. The Council received £24,080 in 2008/09 for climate change

The Council also received Local Area Agreement Performance Reward Grant of £3,480

14. 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 Reserves	Housing Reserve Account	Pensions Reserve	Collection Fund Surplus/Deficit	2008/09 TOTAL RESERVES	Deferred Capital Receipts	Capital Grants Deferred	Financial Instrument Reserve	Govt Grants Un-applied	2008/09 TOTAL OTHER BALANCE
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Balance as at 1st April 2008	18,140	172,773	0	952	835	1,081	2,261	(13,990)	(14)	182,038	16	1,722	(1,722)	381	397
Adjustment at 1st April 2008	0	-26	0	26	0	0	0	(170)	0	(170)	0	26	0	(26)	0
Net revenue surplus (deficit) for the year	0	0	0	0	23	642	(490)	0	0	175	0	0	0	0	0
Transfers to Revenue Accounts															
General Fund depreciation	(114)	(1,440)	0	0	0	0	0	0	0	(1,554)	0	0	0	0	0
Impairment	0	(775)	0	0	0	0	0	0	0	(775)	0	0	0	0	0
Housing Revenue Account depreciation	0	(2,018)	1,899	0	0	0	0	0	0	(119)	0	0	0	0	0
Housing reserve applied	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Pension Costs in revenue accounts	0	0	0	0	0	0	0	990	0	990	0	0	0	0	0
Minimum Revenue Provision	0	624	0	0	0	0	0	0	0	624	0	0	0	0	0
Deferred Receipts received	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Pension Fund actuarial gains and losses	0	0	0	0	0	0	0	(8,030)	0	(8,030)	0	0	0	0	0
Capital Grants & contributions received	0	0	0	0	0	0	0	0	0	0	0	0	1,248	1,248	
Amortisation of grants and contributions	0	238	0	0	0	0	0	0	0	238	0	(238)	0	(238)	
HRA capital receipts government pooled	0	0	0	(256)	0	0	0	0	0	(256)	0	0	0	0	0
Unrealised gains (losses) on revaluation of fixed assets	(17,770)	(20,307)	0	0	0	0	0	0	0	(38,077)	0	0	0	0	0
Elimination on Revaluation		(58)	0	0	0	0	0	0	0	(58)	0	0	0	0	0
Re-measurement of interest on LTL's	0	0	0	0	0	0	0	0	0	0	0	(24)	0	(24)	
Amortisation of Premium	0	0	0	0	0	0	0	0	0	0	0	252	0	252	
Collection Surplus/Deficit	0	0	0	0	0	0	0	0	(43)	(43)	0	0	0	0	0
Effects of Disposals of fixed assets															
Cost or valuation of assets disposed of		(1,487)	0	0	0	0	0	0	0	(1,487)	0	0	0	0	0
Capital Receipts from disposals		0	0	1,909	0	0	0	0	0	1,909	(3)	0	0	0	(3)
Net Surplus (deficit)	0	(1,487)	0	1,909	0	0	0	0	0	422	(3)	0	0	0	(3)
Financing of fixed assets															
Use of Capital Receipts	0	92	0	(92)	0	0	0	0	0	0	0	0	0	0	0
Use of Capital Grants & Contributions	0	181	0	0	0	0	0	0	0	181	0	529	(529)	0	0
Use of Major Repairs Reserve	0	1,899	(1,899)	0	0	0	0	0	0	0	0	0	0	0	0
Use of Revenue resources	0	240	0	0	0	0	0	0	0	240	0	0	0	0	0
Financing of capital expenditure not producing a fixed asset	0	(754)	0	0	0	0	0	0	0	(754)	0	0	0	0	0
Balance as at 31st March 2009	256	149,182	0	2,539	858	1,723	1,771	(21,200)	(57)	135,072	13	2,039	(1,494)	1,074	1,632

15. Revenue Reserves and Balances

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

Earmarked Revenue Reserves	Opening	Decrease	Increase	Closing
	Balance			Balance
	08/09			08/09
	£'000	£'000	£'000	£'000
Capacity Issues Fund (formerly Discount Fund)	273	0	377	650
Insurance Fund	100	0	45	145
New Technology Fund	37	0	0	37
Recycling Credits	80	(80)	0	0
Partnership Development Fund	245	0	180	425
Community Alarm	7	0	0	7
Health & Safety	32	0	0	32
Investment Property Maintenance Fund	69	0	0	69
Building Maintenance Fund	95	0	50	145
Leisure Centre Maintenance Fund	46	0	0	46
Performance Reward Grant Fund	26	0	0	26
Carry Forward Reserve	48	(48)	118	118
Others (all under £10,000)	23	0	0	23
TOTALS	1,081	(128)	770	1,723

Reserve	Purpose of Reserve
Carry Forward Reserves	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 unspent grant earmarked for spending on projects to achieve agreed LAA outcomes
Capacity Issues Reserve (previously Discount Fund)	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
Community Alarm	To fund the capital costs of community alarm equipment
Health & Safety	To offset unexpected costs arising from Health & 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 authorities contract commitments for the leisure centre and community swimming pool
Others	All other reserve held (under £10,000)

NOTES TO THE BALANCE SHEET

These notes support the statement on page 19

16. Movements in Fixed Assets

	Council dwellings	Other land & buildings	Vehicles plant and equipment	Infrastructure & Community	Non Operational Assets	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000
Gross value at 1 April 2008	185,945	22,134	8,622	3,154	6,232	226,087
Re-classification	(893)	0	0	0	893	0
Additions	3,565	280	1,466	53	100	5,464
Disposals	(161)	(435)	(287)	0	(835)	(1,718)
Revaluations	(2,386)	267	0	0	(58)	(2,177)
Economic impairment Impairments	(33,498)	(5,340)		(64)	(1,814)	(40,716)
	(407)	(266)	(49)	(7)	(45)	(774)
Gross value at 31 March 2009	152,165	16,640	9,752	3,136	4,473	186,166
Depreciation at 1 April 2008	1,899	534	5,592	64	0	8,089
Depreciation for year	1,899	556	1,068	39	0	3,562
Elimination on revaluation	(1,899)	(305)	0	0	0	(2,204)
Elimination on impairment	(1,899)	(659)			0	(2,558)
Elimination on Disposal	0	(21)	(205)	0	0	(226)
Depreciation at 31 March 2009	0	105	6,455	103	0	6,663
	152,165	16,535	3,297	3,033	4,473	179,503

	£'000
Gross value at 1 April	0
Additions	156
Disposals	0
Impairments	0
Gross value at 31 March	156
Depreciation at 1 April 2008	0
Depreciation for year	138
Elimination on revaluation	9
Depreciation at 31 March 2009	156
	0

17. Capital Expenditure and Financing

	2008/09		2007/08	
	£000	£000	£000	£000
Opening Capital Financing Requirement		25,372		21,744
Capital Investment:				
Council Dwellings	3,565		4,375	
Operational assets	280		1,359	
Vehicles plant & equipment	1,466		1,662	
Non-operational assets	100		121	
Intangible assets	0		0	
Community and Infrastructure assets	53		169	
Revenue expenditure funded from capital under statute	574		588	
Disabled Facilities grant 60% government financed	162		152	
Total capital investment	<u>6,200</u>		<u>8,426</u>	
Capital receipts	(92)		(1,300)	
Government grants via Housing Subsidy	0		(152)	
Other contributions	(692)		(807)	
Revenue Contribution	(240)		(261)	
Major repairs allowance	(1,899)		(1,900)	
Total financing other than from loan	<u>(2,923)</u>		<u>(4,420)</u>	
Net investment financed from loan		3,277		4,006
Revenue provision for repayment of loans		(623)		(378)
Closing Capital Financing requirement		<u>28,026</u>		<u>25,372</u>

The Capital Financing Requirement reflects various items in the balance sheet, as shown below:

	2008/09 £'000	2007/08 £'000
Fixed Assets	179,512	218,016
Government Grants & External Contributions Deferred	(2,049)	(1,731)
Revaluation Reserve	(256)	(18,140)
Capital Adjustment Account	(149,182)	(172,773)
	<u>28,025</u>	<u>25,373</u>

18. Commitments Under Capital Contracts

Contracts for current and future capital expenditure which were entered into by 31st March 2009 include the following significant commitments

Contract Work	Net Value of Contract	Net Payments to 31/03/09	Outstanding
	£'000	£'000	£'000
Electrical works at various locations	416	352	65
Electrical re-wiring consultants	28	15	14
Electrical upgrades	1,009	408	601
Decent Homes Consultants	408	296	112
Decent Homes Partnering Contract	6,670	4,492	2,177
Stock condition survey Consultants	60	0	60
Pre-painting & repairs to housing stock	151	111	40
Window Cleaning	129	48	81
Consultants Management	90	19	71
Southwick Square renewal of housing decks	46	6	39
Bank House refurbishment	175	158	17
Hard Landscaping at Southwick	71	41	30
Disabled Adaption	60	50	10
Renewal of roof coverings 1-12 Channel view	39	38	1
	9,352	6,035	3,318

19. Information on Fixed Assets

The Council owns the following fixed assets:-

	31st March 2009	31st March 2008
Council Dwellings:-		
Council houses (including flats etc.)	2,662	2,700
Council garages	1,088	1,088
Land and Buildings:-		
Civic Centre	1	1
Sub Offices	2	2
Depots	1	1
Off street car parks	12	12
Public conveniences	15	15
Leisure Centre's	2	2
Community Pool	1	1
Community Centre's	4	4
Allotment sites	13	13
Shops	56	56
Commercial premises	12	15

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, playground equipment, information technology and noise measuring equipment.

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.

Council Dwellings have been valued by the District Valuer as at 1st April 2008, 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.

20. Depreciation & 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 - 7 years

Computer equipment - 3 - 5 years

Intangible Assets - 3 years

As required under capital accounting regulations, the Council completed an Impairment Review of all its assets at 31st March, 2009 to ensure that fixed assets held are recorded at no more than their recoverable amount. The Council incurred economic impairment due to general decrease in property values in the current economic environment of £38,840,000 of which £33,521,000 related to the Housing Revenue Account and £5,319,000 related to the General Fund. £17,208,580 was written down to the Housing Revenue Account Revaluation Reserve and £649,000 was written down to the General Fund Revaluation Reserve, the remainder was charged to revenue (Housing Revenue Account £15,630,000 and Income & Expenditure Account £4,671,000). Other 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.

21. 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 Financing Reserve so that there is no impact on the Council Tax. Expenditure incurred in the year are as follows.

	Balance 1st April 2008 £'000	Expenditure £'000	Amounts written off £'000	Balance 31st March 2009 £'000
Disabled Facility Grants (Adur funde Improvement grants Other - General	0 0 0	108 66 400	(108) (66) (400)	0 0 0
	0	574	(574)	0
Disabled Facility Grants 60%	0	162	(162)	0
Gross Revenue Expenditure funded from capital under statute	0	735	(735)	0

22. Business Improvement District Scheme (BID)

BID projects are projects for the benefit of a particular area that are financed in whole or part by a BID levy paid by non-domestic ratepayers in the BID area

The Lancing Business Park introduced a BID in September 2008/09. The Council does not supply any services to the BID but acts as a collecting agent for the levy. The Council does not charge for the cost of collection service.

	£'000
Bid levy income	(69)
Other expenditure	63
Council expenditure on providing software	6
	<u>0</u>

23. Stocks and Work-in-Progress

	31st March 2009 £'000	31st March 2008 £'000
Work-in-progress		
Grounds Maintenance	11	3
Direct Services Unit	12	11
	<u>23</u>	<u>14</u>
Stocks		
Maintenance	15	16
General	5	8
Trade Refuse *	4	5
Refuse *	2	2
Recycling*	11	1
Street Sweeping	2	4
Coastal Protection	0	1
	<u>39</u>	<u>37</u>
Total	<u>62</u>	<u>51</u>

* Now transferred to the Joint Strategic Committee. The amount in the accounts represents Adur District Council's share of the Joint Strategic Committee Balance Sheet

24. Debtors

	31st March 2009 £'000	31st March 2008 £'000
Amounts falling due in one year:-		
Government Departments	1,444	1,155
Housing rents	1,679	367
Council Taxpayers	1,139	1,030
Non Domestic Rate Payers	406	245
Sundry debtors	3,499	3,533
		(268)
	8,167	6,062
Less provision for doubtful debts (see point 18 in Statement of Accounting Policy's)	(1,764)	(1,417)
	6,403	4,645

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The amount due from Government Departments includes :-

Housing Benefit Grant holding Account	1,043	0
NNDR Contribution to Pool	0	787
HM Revenues and Customs	401	368
	1,444	1,155

25. Creditors

	31st March 2009 £'000	31st March 2008 £'000
Government Departments	739	530
Other Local Authorities	282	5
Sundry creditors	6,044	4,137
	7,064	4,672

The amounts due to Government Departments include:-

NNDR income due to the Government Pool	229	0
Others	99	46
Planning delivery grant	411	484
	739	530

26. Long Term Debtors

	31st March 2009 £'000	31st March 2008 £'000
Private sector house purchase	0	0
Council house purchase	13	16
Car Loans	172	208
	185	224

27. Long Term Borrowing

	Total outstanding as at 31st March	
Source of loans;	2009 £'000	2008 £'000
Public Works Loan Board	14,758	14,755
Other Commercial Lenders	18,969	18,952
	33,727	33,707
	31st March 2009 £'000	31st March 2008 £'000
An analysis of loan debt by maturity is:-		
Maturing within one year	0	0
	0	0
Maturing in 1-2 years	0	0
Maturing in 2-5 years	527	36
Maturing in 5-10 years	500	1,022
Maturing in more than 10 years	32,700	32,649
	33,727	33,707

28. Investments

£13.05m of the Council's surplus funds (including £0.252m of accrued interest) was invested externally at 31st March 2009 for periods of up to 15 months beyond the balance sheet date. Other external investments are shown at cost and relate only to small investments of War Stock and Consolidated stock

29 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.

The financial instruments disclosed in the Balance Sheet are categorised as follows:

	Long Term		Current	
	31st March 2009 £'000	31st March 2008 £'000	31st March 2009 £'000	31st March 2008 £'000
The financial instruments disclosed in the Balance Sheet are categorised as follows:	(33,727)	(33,707)	0	(4,302)
Total Liabilities	(33,727)	(33,707)	0	(4,302)
Loans and Receivables	1,049	4,356	12,003	11,060
Total Assets	1,049	4,356	12,003	11,060

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

	Financial Liabilities Measured at Amortised Cost		Financial Assets Loans and Receivables		Total	
	2008/09 £'000	2007/08 £'000	2008/09 £'000	2007/08 £'000	2008/09 £'000	2007/08 £'000
Interest Expense	1,948	(1,856)	0	0	1,948	(1,856)
Impairment Losses	0	0	27	(71)	27	(71)
Interest Payable & Similar Charges	1,948	(1,856)	27	(71)	1,975	(1,927)
Interest Income	0	0	692	850	692	850
Reduction in Impairment Interest & Similar Income	0	0	643	875	643	875
Net Gain/(Loss) In Year	1,948	(1,856)	670	804	2,618	(1,052)

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 value of trade and other receivables is taken to be the invoiced or billed amount

The present values for loans from the PWLB have been calculated using the premature repayment set of rates in force on the last working day of each financial year. For market loans a rate of 4.43% and 5.00% have been used for 2008/09 and 2007/08 respectively to reflect the average long term interest rates applicable at the balance sheet date.

The fair value of Investments with a maturity of over 1 year have been valued based upon the net present value of expected future cash flows using a rate of 1.8% for 2008/09 and 5.5% for 2007/08, again reflecting prevalent market conditions at the balance sheet date.

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

The fair values calculated are as follows:

	31 March 2009		31 March 2008	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Financial Liabilities				
Borrowing PWLB	14,758	20,918	14,755	21,321
Market Loans	18,969	21,324	18,952	19,099
Total Borrowing	33,727	42,242	33,707	40,420
Trade & Other Payables	6,326	6,326	4,302	4,302
	<u>40,053</u>	<u>48,568</u>	<u>38,009</u>	<u>44,722</u>

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.

	31 March 2009		31 March 2008	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Investments	13,052	13,062	12,589	12,565
Trade Receivables	4,738	4,738	2,827	2,827
Loans & Receivables	<u>17,790</u>	<u>17,800</u>	<u>15,416</u>	<u>15,392</u>

The fair value for investments is very similar to the carrying amount because £12m (88%) of the total investments of £13.052m at 31 March 2009 comprises short term cash deposits for which the fair value is deemed to approximate to the carrying value.

Nature and Extent of Risks Arising From Financial Instruments

The authority'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 authority

Liquidity risk – the possibility that the authority 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 authority'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 £964k. This represents the Council's estimated maximum exposure to default and uncollectability in respect of these debts. The past due amounts for trade and rent debtors can be analysed as follows.

Overall Aged Debt Analysis

	-
Under 1 year	985
1 -2 Years	78
2-3 years	63
Over 3 years	216
	<u>1,342</u>

Liquidity Risk

As the authority 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 authority 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 27 above.

Market Risk

Interest Rate Risk

The authority 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.

Given the Council's borrowing and investment profile its greatest exposure would be to a fall in interest rates. Based on an average investment of £12m a fall in short to medium term interest rates of 1% would reduce interest income received by £120,000 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 authority has no investments in equity shares and thus is not exposed to losses arising from movements in share prices

Foreign exchange risk

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

30. Contingent Asset

Following a recent decision in the House of Lords, HM Revenue & Customs have accepted claims for overpaid VAT backdated to the introduction of VAT. The Council has investigated areas where claims could be made for overpaid VAT and has submitted claims backdated to 1980. These amount to approximately £135,000 plus simple interest. No Accrual has been made for these in 2008/09 as the settlement of these are dependant on a decision by HMRC. Additional claims for compound interest have also been made but these are dependant on a decision of the high court

31. Events after the balance sheet date

The statement of accounts was approved on 29th June 2009 and there have been no material post balance sheet events.

32. 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 31st March 2008	Additions	Reduction /Usage	Balance at 31st March 2009
Housing Revenue Scheme Managers Fund	63	0	0	63
Courtfields Major Works Rserve	123	0	0	123
Insurance Claim	138	0	0	138
Insurance Provision	0	25	0	25
Concessionary Fares	140	0	0	140
	464	25	0	489

HRA Scheme Managers Fund is a provision in respect of the cost of implementing minimum pay legislation for some sheltered housing staff. Some of the claims were settled in 2008/09 with the balance due to be settled early in 2009/10. Indications are that the balance of the provision at 31st March 2009 will prove adequate to meet the remaining claims

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

33 Analysis of Net Assets Employed

	31st March 2009	31st March 2008
General Fund	(1,315)	6,686
Housing Revenue Account	130,906	168,129
Trading Operations	5,986	5,501
	135,577	180,316

NOTES TO THE CASH FLOW STATEMENT

These notes support the statement on page 20

34. Reconciliation of surplus/(deficit) to net cash inflow/(outflow) from operating activities

	Net Expenditure 2008/09 £'000	Net Expenditure 2007/08 £'000
Income & Expenditure Account surplus / (deficit)	(22,064)	(1,810)
Collection Fund surplus/ (deficit)	(130)	(76)
Depreciation & Impairment	22,749	1,817
Amortisation grants and Contributions	(238)	(416)
Expenditure funded from Capital Under Statue	573	573
Pension FRS 17 adjustments	410	(340)
Re-measurement of interest on long term loans		104
Revenue movements on:		
Stocks and Work in Progress	(12)	
Debtors	(1,919)	1,256
Creditors	1,737	863
Provision	24	124
Exclude :-		
Net servicing of Finance	1,184	850
(Profit) and loss on Fixed Assets	(422)	578
Net Increase/(Decrease) in cash flow on Revenue activities	1,892	3,523

35. Government Grants

The Cash Flow statement on page 20 identifies the major payments to and from Central Government. An analysis of the other Government grants is shown below

	2008/09 £'000
REVENUE	
NNDR Admin Grant	74
Care & Repair Grant	32
Smokefree Legislation	2
Housing Benefit Administration	219
Planning Delivery Grant	87
	<u>414</u>
CAPITAL	
Major Repairs Allowance	1,899
Disabled Facilities Grant	162
Big Lottery Funding	0
Coast Protection Grant	0
Central Heating Grant	0
Other	6
	<u>2,067</u>

36. Increase / decrease in cash

	31st March 2009 £'000	31st March 2008 £'000	Movement in year £'000
Cash in Hand	0	2	(2)
Bank Overdraft	(450)	(248)	(202)
Total cash balances	<u>(450)</u>	<u>(246)</u>	<u>(204)</u>

37. Other Liquid Resources

These are overnight deposits of surplus funds at the authority's bank, repayable on the next working day. At 31 March 2009 the Council held £423k in this deposit account

38. Reconciliation of items under the Financing and Management of Liquid Resources sections to the opening and closing balance sheets

	1st April 2008 £'000	Cashflows In year £'000	Other non- cash changes £'000	31st March 2009 £'000
Short term investments	8,233	755	3,438	12,426
Long term borrowing	(33,707)	0	(20)	(33,727)
Temporary loans	0	0	0	0
	(25,474)	755	3,418	(21,301)

Housing Revenue Account (HRA) Income and Expenditure Account

	2008/09 Net Expenditure £'000	2007/08 Net Expenditure £'000
INCOME		
Dwelling rents (gross)	(9,272)	(9,031)
Non-dwelling rents (gross)	(409)	(403)
Charges for services and facilities	(695)	(684)
Contributions towards expenditure	(76)	(77)
	(10,452)	(10,195)
EXPENDITURE		
Repairs and maintenance	1,985	1,796
Supervision and management	3,555	3,376
Rents, rates, taxes and other charges	20	22
Negative housing revenue account subsidy payable (including the MRA element)	2,365	1,689
Sums directed by the Secretary of State that are expenditure in accordance with UK GAAP		
Depreciation and impairment of fixed assets	17,641	2,024
Increased provision for bad or doubtful debts	60	24
Debt management costs	67	47
Total Expenditure	25,693	8,978
Net Surplus of HRA Services as included in the whole Authority Income and Expenditure Account	15,241	(1,217)
HRA services share of Corporate and Democratic Core	172	167
	0	167
Net Cost/(Surplus) of HRA Services	15,413	(1,050)
(Gain) or loss on sale of HRA fixed assets	(126)	496
Interest payable and similar charges	913	710
Amortisation of premiums and discounts	0	0
Interest and investment income	(104)	(98)
Deficit/(surplus) for the year on HRA Services	16,096	58

Statement of Movement on the HRA Balance

	2008/09	2007/08
	£000s	£000s
(Surplus) for the year on the HRA Income and Expenditure Account	16,096	58
Net additional amount required by statute to be debited or (credited) to the HRA balance for the year	(15,822)	(475)
(Increase) or decrease in the Housing Revenue Account for the Year	274	(417)
Housing Revenue Account surplus brought forward	(1,689)	(1,272)
Housing Revenue Account surplus carried forward	(1,415)	(1,689)
Housing Repairs Account surplus brought forward	(556)	(532)
(Increase) or decrease in the Housing Repairs Account for the Year	218	(24)
Housing repairs account surplus carried forward	(338)	(556)
Housing Revenue Account and Housing Repairs surplus carried forward	(1,753)	(2,245)

Note to the Statement of Movement on the HRA Balance

	2008/09 £000s	2007/08 £000s
Items included in the HRA income and Expenditure Account but excluded from the movement on HRA balance for the year		
Impairment	(16,037)	
Gain or loss on sale of HRA fixed assets	126	(496)
HRA share of contributions to or from the Pensions Reserve	0	0
Write downs of expenditure funded from capital under statute to be financed from capital resources	0	(400)
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	0	0
	<u>(15,911)</u>	<u>(896)</u>
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	224	260
Transfers to/(from) Housing Repairs Account	(217)	24
Contribution to/from reserves	0	11
Transfer to/from Major Repairs Reserve	(119)	(124)
Capital expenditure funded by the HRA	200	250
	<u>88</u>	<u>421</u>
Net additional amount required to be debited or credited to the Housing Revenue Account balance for the year	<u><u>(15,822)</u></u>	<u><u>(475)</u></u>

NOTES TO HOUSING REVENUE ACCOUNT

1. Number and types of dwelling in the housing stock

	2008/09	2007/08
	31st March	31st March
Houses	1,048	1,049
Bungalows	172	173
Mobile homes	0	37
Flats	1,442	1,441
Total dwellings	2,662	2,700

2. Total balance sheet value of land, houses and other property within the HRA

	2008/09	2007/08
	31st March	31st March
	£'000	£'000
Council dwellings	152,165	184,789
Other land and buildings	4,816	5,776
Non-operational assets	518	803
Community Assets	95	109
Total balance sheet value of land, houses and other property	157,594	191,477

3. Vacant possession value of dwellings within the HRA at 1st April

	2008/09	2007/08
	£'000	£'000
Vacant possession value of dwellings within the HRA at 1st April	407,910	406,517

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

4. Movements on the Major Repairs Reserve

	2008/09	2007/08
	£'000	£'000
Balance at 1st April	0	0
Amount transferred to Major Repairs Reserve	1,899	1,900
Debits to Major Repairs Reserve in respect of capital expenditure	(1,899)	(1,900)
Balance at 31st March	0	0

5. Movements on the Housing Repairs Account

	2008/09	2007/08
	£'000	£'000
Balance at 1st April	556	532
Transfer from HRA to Housing Repairs Account	1,770	1,773
Debits to Housing Repairs Account for expenditure	(1,982)	(1,749)
Balance at 31st March	344	556

6. Capital expenditure and Financing within the HRA

	2008/09 £'000	2007/08 £'000
Expenditure		
- land	0	0
- Housing	3,565	4,298
- Garages	0	0
Total Capital Expenditure	3,565	4,298
Financing		
- borrowing	1,427	2,148
- usable capital receipts	39	0
- revenue contributions	200	250
- Major Repairs Reserve	1,899	1,900
Total Capital Expenditure Financed	3,565	4,298

7. Capital receipts

	2008/09 £'000	2007/08 £'000
Capital Receipts from the disposal of HRA property :		
- sale of council dwellings	339	1,390
- Mortgage Receipts received from previous years sale of Council Dwellings	3	3
- sale of land	0	0
	342	1,393
Retained for capital investment	86	349
Paid to central government	256	1,044
	342	1,393

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

	2008/09 £'000	2007/08 £'000
- council dwellings	0	1,900
- other land and buildings	119	124
- non-operational assets	0	0
Total depreciation in year	120	2,024

10. Impairment Charges

Economic impairments due to the general decrease in property values in the current economic environment of £32,838,177 were incurred. Other impairments of £407,000 were also incurred.

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

	2008/09 £'000	2007/08 £'000
- allowance for management	1,355	1,352
- allowance for maintenance	2,828	2,845
- allowance for major repairs	1,899	1,900
- charges for capital	989	943
- rent rebates	0	0
- rent	(9,459)	(9,014)
- interest on receipts	(1)	(1)
- rental constraint allowance	0	283
- prior year adjustment	24	3
	(2,365)	(1,689)

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

13. Rent Arrears

	2008/09	2007/08
	31st March	31st March
	£'000	£'000
Net arrears as at 31st March	<u>347</u>	<u>367</u>
Bad debt provision for uncollectable debts	<u>307</u>	<u>275</u>

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 2009

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.

	Note	2008/09 £'000	2007/08 £'000
INCOME			
Council Tax	1	29,082	27,641
Transfers from General Fund			
Council Tax Benefits		4,398	4,094
Income Collectable from Non-Domestic Ratepayers	2	15,056	13,564
		48,536	45,299
EXPENDITURE			
Demands and Precepts	3	33,337	31,798
Non-Domestic Rates			
Payment to National Pool		14,968	13,477
Costs of Collection Allowance		88	87
Bad and Doubtful Debts			
Provision for uncollectable amounts	4	273	13
		48,666	45,375
Surplus/(Deficit) for the year		(130)	(76)
Collection Fund Balance			
Balance at Beginning of Year		(184)	211
Surplus/(Deficit) for the year		(130)	(76)
		(314)	135
Redistribution of Surplus brought forward	5	116)	319
Balance at End of Year		(430)	(184)
Share of Surplus (Deficit) :			
West Sussex County Council		(334)	(152)
Sussex Police Authority		(39)	(18)
Adur District Council		(57)	(14)
		(430)	(184)

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 bands 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	0.58	3.42	5/9ths	1.9	0.0	1.9
Band A	2,505	405.75	2,099.25	6/9ths	1,399.5	4.0	1,403.5
Band B	4,654	545.24	4,108.76	7/9ths	3,195.7	8.4	3,204.1
Band C	10,816	849.06	9,966.94	8/9ths	8,859.5	28.8	8,888.3
Band D	5,896	350.20	5,545.80	9/9ths	5,545.8	16.8	5,562.6
Band E	1,879	95.77	1,783.23	11/9ths	2,179.5	4.4	2,183.9
Band F	679	35.71	643.29	13/9ths	929.2	4.0	933.2
Band G	299	11.24	287.76	15/9ths	479.6	4.0	483.6
Band H	3	-0.75	3.75	18/9ths	7.5	0.0	7.5
Total	26,735	2,292.80	24,442.20		22,598.2	70.4	22,668.6

Less allowance for loss on collection and void properties (1.75%). 396.6

22,272.0

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.

Authority	Demand or Precept £	/	Council Tax Base	=	Band D Council Tax £
West Sussex County Council	24,454,656	/	22,272.0	=	1,098.00
Sussex Police Authority	2,866,406	/	22,272.0	=	128.70
Adur District Council (inc. parishes)	6,015,847	/	22,272.0	=	270.11

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 (46.2p in 2008/09 and 44.1p in 2007/08) and local rateable values. The total non-domestic rateable value at the end of the year for the district was £35.99m (£35.89m in 2007/08). 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.

3. Demands and Precepts on the Fund

	2008/09 £'000 £	2007/08 £'000 £
West Sussex County Council	24,455	23,337
Sussex Police Authority	2,866	2,724
Adur District Council (includes parish precepts)	6,016	5,737
	33,337	31,798

4. Bad and doubtful debts

A requirement of £273K and £106K for bad and doubtful debts for Council Tax and National Non Domestic Rates has been provided for in 2008/09 in line with Adur District Council's accounting policy for maintaining the provision.

5 Balance at end of year

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

	£'000
West Sussex County Council	(334)
Sussex Police Authority	(39)
Adur District Council (includes parish precepts)	(57)
	(430)

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

The Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. A copy of the code is on our website at www.adur.gov.uk or can 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 authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at the Council for the financial year ended 31 March 2009 and up to the date of approval of the statement of accounts.

The governance framework

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

- identifying and communicating the authority's vision of its purpose and intended outcomes for citizens and service users
- reviewing the authority's vision and its implications for the authority's governance arrangements
- measuring the quality of services for users, for ensuring they are delivered in accordance with the authority's objectives and for ensuring that they represent the best use of resources
- 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, standing financial instructions, 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 authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by 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

- the Cabinet, the Constitution and Audit Committee, Overview and Scrutiny Committee and the Standards Committee
- internal and external audit
- 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.

Action Plan

The Governance Action Plan has been updated to deal with any issues brought forward from the 2008 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:

Dated 29th June 2009

Dated 29th June 2009

Councillor Neil Parkin
 Leader of the Council
 Adur District Council

Ian Lowrie
 Joint Chief Executive of
 Adur & Worthing Councils

Neil Parkin
 Leader of the Council

Ian Lowrie
 Chief Executive



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 2008/09 which means the year commencing 1st April 2008 and ending 31st March 2009. 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

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.

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

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.

Liquid Resources

Current asset investments that are readily disposable by the authority without disrupting its business.

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 non-operational assets are investment properties and assets that are surplus to requirements, pending sale or

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 short-term agreements, with the same asset being leased in succession to different lessees.

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.

Independent auditor's report to the Members of Adur District Council

Opinion on the accounting statements

I have audited the Authority accounting statements and related notes of Adur District Council for the year ended 31 March 2009 under the Audit Commission Act 1998. The Authority accounting statements comprise the Explanatory Foreword, Income and Expenditure Account, Statement of the 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 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 Adur District 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 prepared by the Audit Commission

Respective responsibilities of the responsible Finance Officer and auditor

The Chief Finance Officer's responsibilities for preparing the financial statements in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2008 are set out in the Statement of Responsibilities for the Statement of Accounts

My responsibility is to audit the financial statements and related notes 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 Authority accounting statements present fairly, in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007, the financial position of the Authority and its income and expenditure for the year

I review whether the annual 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 financial 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 Authority's corporate governance procedures or its risk and control procedures

I read other information published with the Authority accounting statements and related notes and consider whether it is consistent with the audited Authority 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 Authority accounting statements and related notes. My responsibilities do not extend to any other information.

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 Authority accounting statements and related notes. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of its accounting statements and related notes, and of whether the accounting policies are appropriate to the Authority'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 Authority 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 Authority accounting statements and related notes.

In my opinion the Authority financial statements present fairly, in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2008, the financial position of the Authority as at 31 March 2009 and its income and expenditure for the year then ended.

Helen Thompson, District Auditor

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

Authority's Responsibilities

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to regularly 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 Authority 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 specified by the Audit Commission for principal local authorities. I report if significant matters have come to my attention which prevent me from concluding that the Authority has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

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 February 2009 and the supporting guidance, I am satisfied that, in all significant respects, Adur District Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending March 2009.

Having regard to the criteria for principal local authorities specified by the Audit Commission and published in December 2006, I am satisfied that, in all significant respects, Adur District Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2009

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, Bicentennial Building, Southern Gate, Chichester, West Sussex, PO19 8EZ.

30 September 2009.