

ADUR DISTRICT COUNCIL

STATEMENT OF ACCOUNTS

2004/05

SHEILA WHEELER
Director of Resources

STATEMENT OF ACCOUNTS 2004/05

CONTENTS

Operationing and Financial Review	3
Statement of Responsibilities	10
Statement of Internal Control	11
Certification by Director of Resources	14
Explanatory Foreword and Summary	15
Statement of Accounting Policies	18
Consolidated Revenue Account	21
Housing Revenue Account	27
Collection Fund	30
Consolidated Balance Sheet	33
Cash Flow Statement	40
Statement of Total Movements in Reserves	43
Auditors Report	46
Glossary of Accounting Terms	48

OPERATING AND FINANCIAL REVIEW OF THE YEAR 2004/05

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.

There is real value in working together with other partner organisations to help us meet ever changing needs and expectations of our community. We will be working more and more in partnership with others over the coming years where this brings added value and benefits to the Council and the people of Adur. Our work with "Adur in Partnership", Adur's local strategic partnership and others from the public private and voluntary sectors will enable us to move ahead faster than we could on our own to deliver on our commitments and help improve the quality of life for the people of Adur.

We will work towards protecting and enhancing our core services. We are investing in a three year rolling programme of improvements in our street scene which will improve the look and feel of the district. Plans are underway to revitalise Adur, including the Shoreham Renaissance Master Plan to provide a blue print for the development of the town centre. Our on-going work with the Crime and Disorder Reduction Partnership will seek to reduce crime and the fear of crime by tackling anti-social behaviour, crime hotspots and graffiti and continue to make Adur a safe and pleasant place to live.

Our vision for the future is to make Adur a place where people want to live, work and play, where people enjoy high quality, efficient, cost-effective, accessible services and enjoy a good quality of life both now and in the years to come.

Council Priorities

To help us use our limited resources to the best effect we have had to make some difficult choices. Five Council Priorities have been agreed and it is in these areas that we will be focusing attention over the next three years. This is in contrast to the approach we've taken in the past by attempting to do everything ourselves and spreading ourselves too thinly which can no longer be sustained.

The people of Adur have influenced our decisions on which areas are most important to them through engagement, consultation and feedback over recent years. Confirmation was obtained in 2004 at the joint State of the District Forum held in association with Adur in Partnership and Sussex Police, that these are still the areas they wish us to focus upon.

The five priorities for the council are:

- * **P1** Protect and enhance core services to the community
- * **P2** Create a clean, green and safe environment
- * **P3** Revitalise Adur
- * **P4** Keep Council Tax increases to the minimum level practicable
- * **P5** Contribute to the implementation of the Community Strategy and other partnership initiatives where practical and beneficial to the community to do so

For more detailed information on how the councils intends to deliver in each of these priority areas, please see the Councils Corporate Plan 2005-2008 (available via the Council's internet web-site) which was approved on 26th May 2005.

Corporate Health of the organisation

A new streamlined management and officer structure came into effect on 1st April 2005. This will allow decisions to be made more quickly and ensure better co-ordination of service provision across the authority, thus increasing efficiency and effectiveness as well as producing significant savings. The measures now in place put us in a much stronger position to move forward with the considerable agenda before us.

Other savings and efficiencies will continue to emerge as we continue to modernise and streamline the way we work across the authority. We will be making even greater use of new technology in our frontline and back office systems where further improvements to service delivery and / or reductions in service costs can still be achieved. Customers will be able to reach us 24/7 to pay bills, complete application forms and view planning applications on-line.

The health, success and well being of the Council must be protected if we are to continue to operate efficiently and effectively. In 2003 the government introduced new best value performance indicators to reflect the corporate health of the organisation and we continue to be committed to them.

With respect to Corporate Governance, during 2004/05 we:

- * Updated the Councils Financial and Contract Procedure Rules
- * Actively worked towards a revised Procurement Strategy to reflect the National Procurement Strategy including e procurement requirements - This work is continuing in 2005/06
- * Refreshed and updated the Medium Term Financial Management Strategy reflecting the Council's and the communities' priorities for the next three years.

Quality Marks and Best Practice

The whole of the Council has been awarded the Investors in People award

Housing Advice	The Housing Advice Service has been awarded the Community Legal Services Quality Mark for the third year running
Adur Help Point	The Council's one stop customers services, as part of the West Sussex Help Point team, has been awarded Charter Mark status
Community Safety	Adur's Crime and Disorder Reduction Partnership has been awarded Beacon status for best practice
Building Control	ISO 9001- a certificated quality standard awarded by the International Organisation for Standardisation

Contribution to Gershon

As part of central government's ongoing efficiency programme to save £6.45bn in the local government sector up to 2007/08 (the "Gershon Agenda"), Adur District Council declared £273,000 of proposed cashable savings in its 2005/06 Annual Efficiency Statement (AES) Forward Look and £76,000 of actual cashable savings in its AES 2004/05 Backward Look. The savings are categorised as follows:

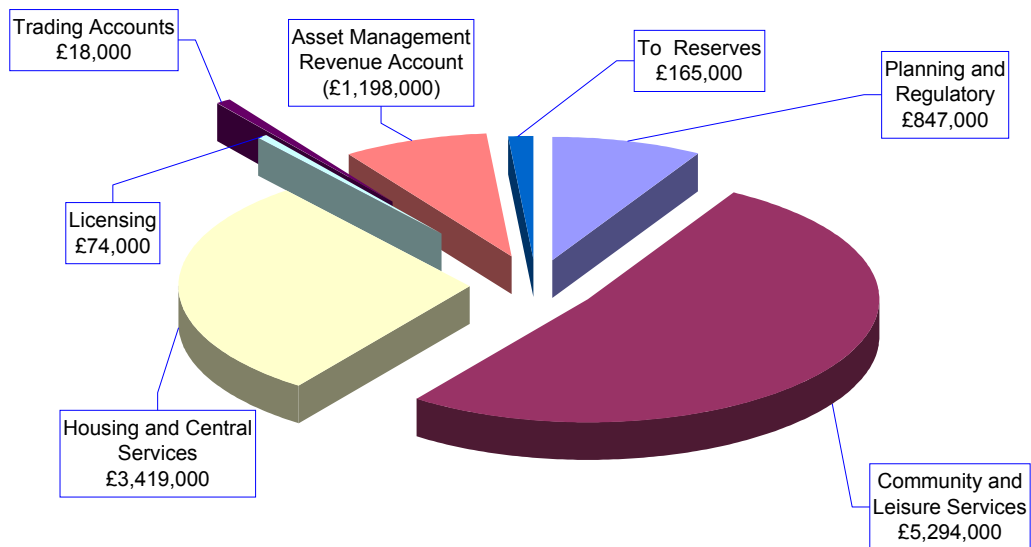
Annual Efficiency Statement Category's	2004/05 £'000	2005/06 £'000
Culture & Sport	5	48
Environmental Services	4	40
Local Transport	1	1
LA Social Housing	9	25
Homelessness	0	2
Corporate Services	32	63
Transactions	4	44
Miscellaneous Efficiencies	21	50
	76	273

General Fund Services

The Council set a balanced net General Fund budget of £8.599m, which was financed partly from central government support (£3.9m) and the balance from Council tax payers (£4.7m). The average council tax bill (for Adur services only) for a Band D property was £216.40 (£206.52 for 2003/04).

Committee	Original Estimate £'000	Actual £'000	Variations £'000
Planning and Regulatory	782	847	65
Community and Leisure Services	5,223	5,294	71
Housing and Central Services	3,414	3,419	5
Licensing	80	74	(6)
Trading Accounts	0	18	18
	9,499	9,652	153
Asset Management Revenue Account	(900)	(1,198)	(298)
	8,599	8,454	(145)
To Reserves	0	165	165
Net expenditure	8,599	8,619	20

2004/05 Revenue Outturn by Spending Committee

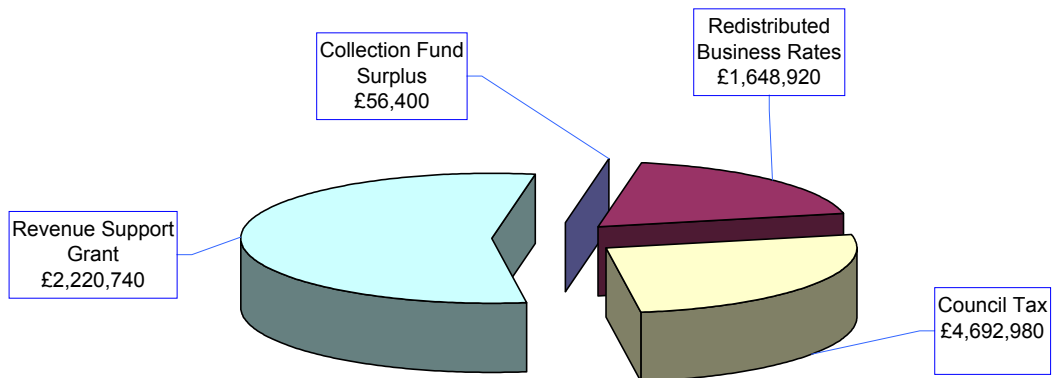


The Council's net expenditure against the original budget was £8.54m and the balance of £165k was transferred to its reserves. The main reason for this underspend was increased recycling performance resulting in extra landfill credits and additional Housing and Council Tax Benefit Subsidy from the Department of Work and Pensions due to these items being 100% fully funded from 2004/05.

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

		2004/05
		£'000
Central Government Support		
	Redistributed Business Rates	1,649
	Revenue Support Grant	2,221
Local Taxpayers		
	Council Tax	4,693
	Collection Fund Surplus	56
Total income from central government & local taxpayers		<u>8,619</u>

Total Income from Central Government & Local Taxpayers



Central Government Support

The councils share of Business Rates and Revenue Support Grant has decreased by £260,960 compared with 2003/04, a decrease of 6.3%, due mainly to the transfer of support for the residual part of benefits from RSG funding to direct grant.

Local Taxpayers

During the year the Council collected £23.685m in Council Tax (net of council tax benefit) on behalf of West Sussex County Council, Sussex Police Authority and Adur District Council. This represented 98.9% of the total amount due.

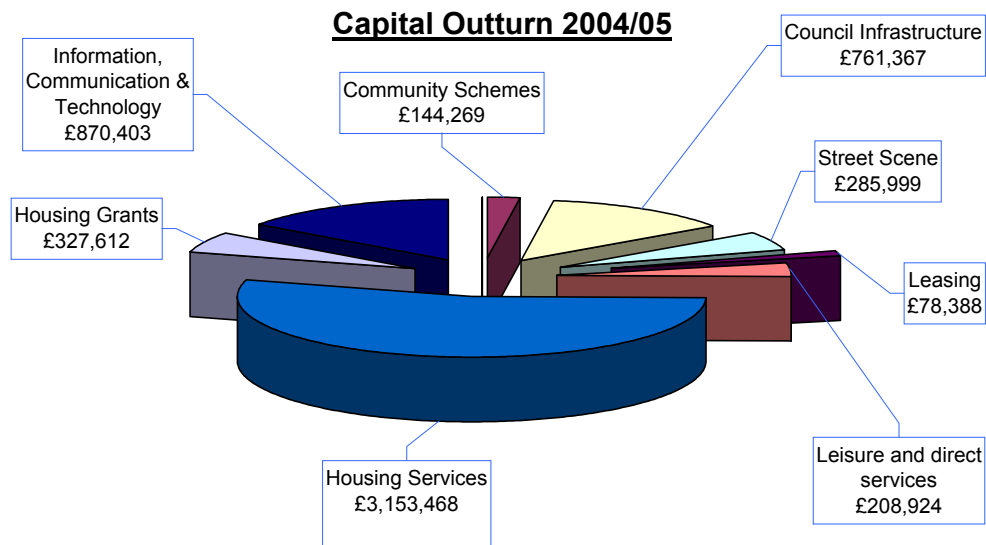
Revenue Reserves and Balances

Revenue reserves and balances at 31st March 2005 were:

	Balance at 31st March 2005 £'000	Balance at 1st April 2004 £'000
General Fund reserves	782	617
Discount Fund	273	273
Insurance Fund	63	66
New Technology Fund	173	154
Risk Management	19	19
Community Fund	25	25
Training Fund	4	1
Vehicle Renewal Fund	5	5
IT Disaster Recovery Fund	8	7
Others - General	3	3
Housing Revenue Account	1,119	1,083
Housing Repairs Account	490	339
Community Alarm	42	55
Courtfields Works Suspense	4	4
Courtfields Sinking Fund	71	53
Totals	3,081	2,704

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 £5.83m.



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

	2004/05 £'000
Capital Receipts	1,797
Grants and Contributions	2,916
Loan	685
Direct Revenue Financing	354
Leasing	78
Total	<u><u>5,830</u></u>

Future Challenges

Corporate Plan

Following the organisational restructure that was agreed at the end of 2004, further work has been undertaken to address the CPA recommendations to complete the "Golden Thread". This reflects both externally noticed and local issues and priorities that are disseminated down through the organisation to individual members of staff to ensure delivery. This has led to the production of the draft Corporate Plan 2005 - 2008.

Risk Management

The Council is committed to ensuring that all its priority projects are delivered and to taking a proactive risk management approach to identifying barriers to the achievement of those goals.

This will involve examining any issues affecting delivery of priority outcomes as part of its quarterly project and performance management. Members require that key risks to manage be identified together with a plan of action where appropriate.

An external review of the Council's corporate risks on its major projects and initiatives has been undertaken. This has allowed us to prioritise a number of areas of work within the Council in order to mitigate the risk to the organisation.

This piece of work will be expanded during 2005/06 to identify high, medium and low risk issues in each of our services. A comprehensive Risk Register for the authority will be compiled and will be subject to monthly monitoring and review by the Council's Corporate Performance Team.

Partnership Working

We fully recognise and accept the part we must play in helping to deliver the national, regional and local agendas but are constantly mindful of the huge demand this sometimes places on small councils such as Adur and our desire to provide high quality, cost effective services to residents.

There is real value in working together with other bodies to help us meet the ever changing needs and expectations of the community and we will be seeking to work more and more in partnership with others over the coming years. Our work with Adur in Partnership and others from the public, private and voluntary sectors will allow us to move ahead with many initiatives to help improve the quality of life for the people of Adur.

We are already working with Worthing Borough council on our AWS initiatives - Adur and Worthing Services. This was first established to combine the refuse and recycling services of both councils to provide a unified waste collection service across the Adur and Worthing districts as a whole. Significant savings, economies of scale and improved service delivery have been projected for both councils over the coming years with the intention for more joined-up working in other related services areas.

We have also embarked on another partnership arrangement with our colleagues from Horsham and Mid Sussex district Councils on information communications technology (ICT) procurements. So far, these relate to a new, modern, e-compliant financial management system and a new revenues and benefits system as well as the technical infrastructure to link these systems between the Council's. By working together in these areas, anticipated procurement opportunities, efficiencies and economies of scale will benefit all three Councils as well as the people in Adur, Horsham and Mid Sussex.

The transfer of Leisure Management services to a non-profit distributing organisation - Impulse Leisure - will be completed 1st July 2005. This involves our three leisure facilities at Lancing Leisure Centre, Southwick Leisure Centre and Wadurs Pool. The main thrust of this initiative is to ensure continual development and improvement in this area with a provider who is better able to cater for, and respond more quickly to market forces, diverse needs and changing expectations of our customers over the years.

Further Information

For further information about the accounts can be obtained from the Head of Financial Services at the Civic Centre, Ham Road, Shoreham by Sea, Sussex, BN43 6PR. Telephone 01273 263000.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The responsibilities of the Authority

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 that officer is the Director of Resources.
- b) To manage its affairs to secure economic, efficient and effective use of its resources and safeguard its assets.

The responsibilities of the Director of Resources

The Director of Resources 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 Director of Resources has to select accounting policies and apply them consistently, make judgements and estimates that are reasonable, and ensure that the Statement of Accounts complies with the Code of Practice on Local Authority Accounting.

The Director of Resources 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.

STATEMENT OF INTERNAL CONTROL

Scope of Responsibility

The 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 as to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility the Council is also responsible for ensuring that there is a sound system of internal controls which facilitates the effective exercise of the Council's functions and which includes arrangements for the management of risks.

The Purpose of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of 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 system of internal control has been in place at the Council for the year ended 31 March 2005 and up to the date of approval of the annual report and accounts.

The Internal Control Environment

The key elements of the internal control environment are as follows:

- * Adur District Council operates under the constitution of the Council which is updated annually and facilitates policy and decision making by setting the framework of the operation that is reviewed by the Monitoring Officer. The Constitution requires that Members and Directors ensure that all decisions are compliant with policies and procedures, laws and regulations. This is set out in the scheme of delegation.
- * Over the past year, the Council reviewed and updated its financial and contract procedure rules and these now make clear statements of the responsibilities of officers and members.
- * Formal risk management work was undertaken at a strategic level and a risk management Strategy developed which makes clear the responsibilities of officers and Members of the Council. A Corporate Training programme is in place to ensure that lessons are disseminated consistently across the organisation.
- * The Policy and Strategy Committee leads on the development of the Council's policies and budgets in the Corporate Plan and the Corporate and Financial Overview, which provide the context for the integration of all business plans and individual objectives on an annual basis.
- * Performance management and monitoring of key corporate objectives takes place monthly at the Chief Executive's Corporate Performance Team which focuses on ownership and accountability for progress against targets. Risks to achievement of objectives are identified and mitigation strategies put in place. The outcome of this process is reported to Members on a quarterly basis.
- * Performance objectives are tracked on an individual basis through the "Performance and Development Review " process which takes place twice a year.
- * Development and Scrutiny Committees provide the challenge mechanism to ensure that effective, efficient and economic use is made of resources and that continuous improvement is achieved in the way in which the Council exercises its functions as required by the Best Value duty.
- * The Council is responding to the Gershon Agenda by pursuing partnership working in areas of transactional processing and back office working where this makes sense

Review of Effectiveness

The Council has responsibility for conducting, at least annually, a review of the effectiveness of the system of internal control. The review of the effectiveness of the system of internal control is informed by the work of the internal auditors and senior managers within the authority who have responsibility for the development and maintenance of the internal control environment, and also by comments made by the external auditors and other review agencies and inspectorates.

Progress has been made on the areas of weakness highlighted in last year's statement. In particular;

- * Performance Management has moved forward with the embedding of the "golden thread" in the way the organisation links corporate priorities with individual targets in personal Performance and Development Reviews. The profile of performance management and monitoring has been raised with the introduction of the Corporate Performance Team where the Chief Executive holds individual Directors to account on delivery of key corporate objectives.
- * The review of the Council's Financial and Contract Procedure rules and the subsequent implementation of training addressed areas of weakness highlighted in the governance arrangements.
- * Substantial progress has been made against the weaknesses in the Risk Management environment of the Council. Zurich Municipal were contracted to work with the Council and to support the development of risk awareness amongst Members and senior managers of the Council. A risk management strategy is now in place and a corporate training programme has been put in place to ensure dissemination of learning across the organisation. A high level Corporate Risk register is now in place and this is being monitored regularly through the Corporate Performance Team. A comprehensive risk register for the Council will be completed and in place by the end of September following training and workshops designed to identify risks across all parts of the authority.

The internal audit function was out-sourced during the year to Deloitte and Touche. They were not appointed until part way through the year, so some catching up of the audit plan is required, but work is expected to be up to date by September 2005. The approach taken by Internal Audit is that of risk based auditing and over the course of the year, a full risk assessment process has been carried out (in conjunction with management) to determine the precise level of work required. This work is being progressed and the Head of Internal Audit has compiled a report detailing his findings through

We have been advised of weaknesses in the framework for assessing on an annual basis the effectiveness of the system of internal control and are currently putting in place plans to address those weaknesses and ensure continuous improvement of the system.

Weaknesses in the Constitution and in particular in the Financial and Contract Procedures have been addressed through the year by a complete overhaul and revision of the documentation. This was complemented by a training a programme for staff.

Significant Internal Control Issues

No major control issues were found but a number of areas do need to be addressed over the coming year to strengthen the control framework and to allow full assurance for 2005/06.

These are as follows:

- * Develop a robust and systematic approach to the Assurance Framework to enable the Council to examine and review the internal control mechanisms of the Council.
- * Continue to develop and embed risk management arrangements across the Council.
- * Formalise joint working arrangements with Worthing Borough Council.

In addition the Council continues to have an ambitious programme of development and change which will need to be managed carefully over the coming year and beyond. Systems of internal control will need to be updated to respond to these developments and in particular to:

- * The setting up and transfer of leisure facilities to an independent Leisure Trust from 1 July 2005 and the management of the impact of this change on the rest of the organisation.
- * Managing and resourcing partnership working namely the continued development of Adur Worthing Services and the CenSus (Central Sussex) ICT Partnership with Horsham and Mid-Sussex District Councils.

We propose over the coming year to take steps to ensure continued improvements of the systems in place and to further enhance our corporate governance arrangements.

Neil Parkin
Leader of the Council
14th October 2005



Ian Lowrie
Chief Executive
14th October 2005



ADUR DISTRICT COUNCIL

STATEMENT OF ACCOUNTS

For the year ended 31st March 2005

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 2005 and its income and expenditure for the year ended on that date.

Director of Resources

Dated :

EXPLANATORY FOREWORD AND SUMMARY

The Council's accounts for the year 2004/05 are set out on the following pages. They comprise :-

1. The Consolidated Revenue Account (Page 21)

This account summarises the revenue expenditure and income relating to all of the Council's functions, including the General Fund, Housing Revenue Account and Trading Services. The account also shows the Authority's sources of revenue that finance the expenditure, and the revenue balance carried forward at the end of the year, including the Direct Service reserves.

2. The Housing Revenue Account (Page 27)

The Housing Revenue Account summarises the expenditure and income relating to the Authority's housing stock for which there is a statutory requirement to account for separately. Total expenditure and income is transferred to the Consolidated Revenue Account and it is then transferred back to the Housing Revenue Account.

3. Collection Fund (Page 30)

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.

4. Consolidated Balance Sheet (Page 33)

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

5. Cash Flow Statement (Page 40)

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

6. Statement of Total Movements in Reserves (Page 43)

This statement brings together all the recognised gains and losses of the Authority during the period and identifies those which have and have not been recognised in the Consolidated Revenue Account.

SUMMARY

There follows a brief summary of the salient features of the financial results for 2004/05 and the major influences thereon :-

GENERAL FUND

The original budget for 2004/05 was set as a balanced budget, total expenditure forecast to be financed by Council Tax and central government funding. Actual figures showed a net saving of £165,000 which were transferred to reserves.

	0 Actual £	0 Original Budget £
Total net expenditure (including Parish precepts)	8,658,420	8,803,620
Transfer to reserves	165,200	0
	<hr/> 8,823,620	<hr/> 8,803,620
Less Parish precepts	204,580	204,580
Total spend	<hr/> 8,619,040	<hr/> 8,599,040
Financed from:-		
Council Tax	4,692,980	4,692,980
NNDR Pool (Business Rate)	1,648,920	1,648,920
Revenue Support Grant	2,220,740	2,220,740
Collection Fund Surplus	56,400	36,400
	<hr/> 8,619,040	<hr/> 8,599,040

The surplus on the General Fund is the net result of relatively small variations across all of the Council's activities. A summary, comparing total actual expenditure to the revised budget in respect of the main Committees, is shown below:-

Committee	Actual £000	Original Budget £000	(Saving) Overspend £000
Planning and Regulatory Committee	847	782	65
Community and Leisure Services Committee	5,294	5,223	71
Housing and Central Services Committee	3,419	3,414	5
Licensing	74	80	(6)
Trading Accounts	18	0	18
Asset Management Revenue Account	(1,198)	(900)	(298)
To reserves	165	0	165
	<hr/> 8,619	<hr/> 8,599	<hr/> 20

HOUSING REVENUE ACCOUNT

The Housing Revenue Account has made an operational surplus of £335,930 compared to a budgeted surplus of £80,000. £300,000 of the operational surplus has been transferred to a capital fund to finance future capital expenditure towards the Decency Standard.

TRADING SERVICES

The former Direct Service Organisations, established under competitive tendering legislation, have now been designated as Trading Services until the internal contractual arrangements expire. All have produced a surplus for the year, except Horticultural Services £8,136, Revenues Collection £1,855, Golden Sands £60,893 and Leisure Management £103,444, which all sustained deficits.

These trading services include Waste Management, Horticultural Services, Leisure Management, Revenues Finance, Building Maintenance, Golden Sands Caravan Park and the management of the Southwick Square shops and offices.

CAPITAL EXPENDITURE AND FINANCING

	2004/05
	£'000
Opening Capital Financing Requirement	17,671
Capital Investment:	
Council Dwellings	3,153
Operational Assets	612
Vehicles Plant & Equipment	1,173
Non-Operational Assets	100
Intangible Assets	102
Community & Infrastructure Assets	54
Capital expenditure not resulting in an increase of fixed assets	636
Sources of Finance:	
Minimum Revenue Provision	-223
Capital receipts from the sale of assets	-1,797
Government Grants	-1,004
External Contributions	-120
Revenue contributions to capital	-347
Major repairs Allowance	-2,054
Previous years commitments financed in 2004/05	160
Closing Capital Financing Requirement	<u>18,116</u>

The rules for financing capital investment changed in line with the Prudential Code for Borrowing as from 1st April 2004, the main changes being that capital is financed on an accrued basis, where as previously only cash payments had been financed.

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

	2004/05	2003/04
	£'000	£'000
Fixed Assets	201,881	184,882
Government Grants & External Contributions Deferred	-1,164	-393
Capital Financing Account	-29,938	-28,587
Fixed Asset Restatement Account	-152,663	-138,252
Deferred Charge	0	21
	<u>18,116</u>	<u>17,671</u>

The Authority has retained resources at the year end to finance future capital expenditure, in the form of usable capital receipts of £872,246.

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 17 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 £12.76m to £20.26m. This is due primarily to a change in the estimation technique, AA Corporate Bond rate as opposed to the Government Actuary Department rate, used to value the fund.

STATEMENT OF ACCOUNTING POLICIES

1. General

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting 2004/05 (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 (SSAPs).

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 of the information, this has been disclosed.

Understandability

The Council has endeavoured to ensure that an interested reader can understand the accounts.

Materiality

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

Accruals

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

Going Concern

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

Primacy of Legislative Requirements

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

2. Fixed Assets

All expenditure on the acquisition, creation and enhancement of fixed assets is capitalised on an accruals basis. A de-minimis level of £50,000 has been established by the Council, below which assets have not 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 2004, 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 2000.

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

All revenue accounts now bear a capital financing charge, comprising a charge for depreciation plus a standard notional interest charge based upon the appropriate net book value of the fixed assets concerned. These notional charges are then adjusted in the Asset Management Revenue Account to reflect actual interest charges.

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 Council has no specific land holdings. 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 revenue accounts in accordance with the Local Government and Housing Act 1989. The total amount set aside was £224,000 to the General Fund Revenue Account (2003/04 £368,000), which includes a depreciation provision.

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.

Under the Local Government and Housing Act, 1989, a specified proportion (75%) of all capital receipts had to be set aside to repay outstanding debt, the remaining proportion being available for use by the authority. New arrangements from 2004/05 require that the former set aside capital receipt 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.

6. Deferred Charges

Deferred charges are payments of a capital nature where no fixed asset is created, but which may properly be financed over a period of years. Deferred charges are now written off in the year they are incurred.

7. 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 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.

8. Stocks and Work in Progress

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

Work in progress on uncompleted jobs is valued at cost.

9. Cost of Support Services

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

<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	Hardware count per service

10. Leasing

The capital value of material items acquired during the year under leases is recorded as a note to the Balance Sheet. Rental payments under finance leases have not been apportioned between the finance charge and the principal element (i.e. the reduction of the liability to pay future rentals) as the amounts involved are not significant. Finance lease rentals were paid during the year to the value of £11,189. Operating lease rentals are charged to revenue on an accruals basis. Rentals were paid during the year on finance leases to the value of £11,189. Items leased Computer Equipment £18,823 over 3 years, Horticultural Equipment £20,502 over 3 years, Horticultural Equipment £4,744 over 5 years and Car Park Machines £9,464 over 5 years. These items have not been capitalised.

11. Debt Redemption

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

12. Reserves

The latest capital accounting rules require the setting up of two reserve accounts in the Consolidated Balance Sheet :-

- a. Fixed Asset Restatement Account - This represents principally the balance of the surpluses or deficits arising on the periodic revaluation of fixed assets.
- b. Capital Financing Account - This includes the provision for credit liabilities representing amounts set aside for repayment of outstanding debt, being the statutory proportion of capital receipts together with the balance of the Minimum Revenue Provision.

13. Pensions

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

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

In accordance with FRS 17 - Retirement Benefits - The Council's accounts have been prepared to disclose the Council's indebtedness to West Sussex County Council's Local Government Pensions Scheme. As such, at 31st March 2005 the Council has included in its accounts a deficit of £20,260,000.

14. Internal Interest

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

15. Investments

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

16. FRS 3 Reporting Financial Performance - Prior Year Adjustments

FRS 3 requires that any prior year adjustments to previous year accounts are reported appropriately.

17. Value Added Tax (VAT)

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

CONSOLIDATED REVENUE ACCOUNT

	0 Gross Expenditure £'000	0 Gross Income £'000	0 Net Expenditure £'000	0 Net Expenditure £'000
NET EXPENDITURE ON SERVICES				
Central Services to the Public	4,988	(4,191)	797	1,109
Cultural, Environmental and Planning Services	6,731	(1,370)	5,361	4,991
Highways, Road and Transport Services	671	(192)	479	496
Housing Services	28,116	(21,210)	6,906	6,420
Corporate and Democratic Core	1,909	(655)	1,254	1,190
Non-Distributed Costs	428	(198)	230	(81)
Net cost of services	42,843	(27,816)	15,027	14,125
Trading Accounts deficit (note 1)			18	(49)
Precepts and levies			205	197
Asset Management Revenue Account (note 5)			(5,779)	(5,143)
Contribution of housing capital receipts to the government pool			1,772	0
Interest and investment income			(814)	(592)
Interest and investment income - Pension adjustment			260	730
Net operating expenditure			10,689	9,268
APPROPRIATIONS				
Transfer to Housing Revenue Account			36	(141)
Contribution to (from) Reserves:				
Reserve Fund			0	(66)
Contribution to Capital - HRA			347	347
Set aside for debt repayment - HRA			0	186
Major Repairs Reserve			(95)	(82)
Contributions to other reserves			300	0
Contributions from other reserves			0	(338)
Capital Financing Account			(807)	(569)
Pension Fund Reserve			(40)	(208)
Transfer from usable capital receipts to equal the contribution of housing capital receipts to the government pool			(1,772)	0
Amount to be met from Government Grants & Local Taxpayers			8,658	8,397
SOURCES OF FINANCE				
Demand on Collection Fund			(4,897)	(4,631)
Transfer from Collection Fund in respect of previous year's surplus			(56)	(40)
Revenue Support Grant			(2,221)	(2,047)
Distribution from Non-Domestic Rate Pool			(1,649)	(2,083)
NET GENERAL FUND SURPLUS (DEFICIT)			165	404

Revenue balances at beginning of year

	2004/05	2003/04
	Net	Net
	Expenditure	Expenditure
	£'000	£'000
General Fund	638	21
Direct Services Unit	0	213
Mis allocation from previous year on the collection fund	(21)	0
	<hr/> 617	<hr/> 234
Net General Fund Surplus (Deficit)	165	404
Revenue balances at end of year	<hr/> 782 <hr/>	<hr/> 638 <hr/>

NOTES TO CONSOLIDATED REVENUE ACCOUNT

1. 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:-

	0 Gross Expenditure £'000	0 Gross Income £'000	0 Net Expenditure £'000	0 Net Expenditure £'000
Waste Management	1,795	1,860	(65)	(54)
Revenue Finance	294	292	2	(4)
Horticultural Services	542	534	8	55
Leisure Management	1,590	1,487	103	19
Building Maintenance	593	607	(14)	(43)
	4,814	4,780	34	(27)
Golden Sands Caravan Park	118	57	61	(53)
Property Management	384	461	(77)	31
FRS 17 Pension Fund Deficit Adjustment				
	5,316	5,298	18	(49)

2. Finance and Operating Leases

Rentals were paid during the year on finance leases to the value of £11,189. The Council has operating leases on vehicles, plant and equipment. The amounts paid under these arrangements in 2004/05 were £519,000 (£568,000 in 2003/04), and the total commitments outstanding at 31st March 2005 amounted to £755,297 (£1,134,000 in 2003/04). This includes financing arrangements for the contract hire of the refuse and recycling vehicle fleet.

3. Expenditure on Publicity

The Council incurred expenditure of £103,905.48 during the year on publicity (£108,423 in 2003/04), mainly in respect of advertising the Authority's facilities, and producing a local newspaper.

4. Pensions

In accordance with FRS17, 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 real cost of retirement benefits is reversed out of the Consolidated Revenue Accounts (CRA) after Net Operating Expenditure. The following transactions have been made in the CRA during the year:

0 £,000		0 £,000
	<i>Net cost of Service</i>	
(910)	Current service cost	(1,270)
(10)	Past service cost	(130)
	<i>Net Operating Expenditure</i>	
(2,250)	Interest cost	(2,160)
1,520	Expected return on scheme assets	1,900
	<i>Appropriations:</i>	
70	Movement on Pensions Reserve	40
(1,580)	Employer's contributions payable	(1,620)

Note 16 to the consolidated Balance Sheet contains details of the assumptions made in estimating the figures included in this note. Note 4 to the Statement of Total Movements in Reserves gives details of actuarial gains and losses.

5. Asset Management Revenue Account

This account is required under the latest capital accounting regulations. Total capital charges to the revenue accounts are set off against depreciation charges and external interest payments, and the excess is charged back to the Consolidated Revenue Account, so as to neutralise the impact of capital charges on the amounts to be met from local taxation. A summary of the transactions are:-

	0	0
	£'000	£'000
External Interest Paid	1,443	1,528
Provision for Depreciation	2,596	2,450
	<u>4,039</u>	<u>3,978</u>
Less Capital Charges made to Service Revenue Accounts :-		
General Fund	(1,412)	(1,285)
Housing Revenue Account	(8,406)	(7,832)
	<u>(9,818)</u>	<u>(9,117)</u>
Release of Government Grant	0	(4)
Excess charged to Consolidated Revenue Account	<u>(5,779)</u>	<u>(5,143)</u>

6. Members' Allowances

Total allowances paid to members was £86,821 (£91,102 in 2003/04).

7. Remuneration of Employees

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

<i>Remuneration Bands</i>	Number of employees	
	0	0
£50,000 to £59,999	5	3
£60,000 to £69,999	0	0
£70,000 to £79,999	1	1

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- Chargeable £	Total Building Control £
<u>Expenditure</u>			
Employee expenses	93,700	98,710	192,410
Supplies and Services	48,332	4,620	52,952
Support Costs	43,460	48,330	91,790
Total Expenditure	185,492	151,660	337,152
<u>Income</u>			
Building Regulation Charges	184,926	0	184,926
Deficit/(Surplus) for year	566	151,660	152,226

9. Related Party Transactions

The accounts are required to disclose any material transactions with 'related parties' during the year. A related party transaction is defined as 'the transfer of assets or liabilities or the performance of service by, to or for, a related party, irrespective of whether a charge is made'. Related parties include the following:-

Central Government departments for revenue and capital grants;

- * West Sussex County Council, Sussex Police Authority and Parish Councils within Adur District for precepts;
- * West Sussex County Pension Fund for superannuation from and on behalf of Adur District Council employees;
- * Members and Chief Officers of the Authority, and members of their close family/household.

Details of transactions with these listed organisations are provided elsewhere in the Statement of Accounts.

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. Section 137 Expenditure

Section 137 (as amended) of the Local Government Act 1972 empowers local authorities, subject to various conditions and limits, to incur expenditure which in their opinion is in the interest of their area or any part of it, or all or some of its inhabitants. Under this section local authorities are required to account separately for any such expenditure. The Council was permitted to spend £297,500 under this power in 2004/05 and the actual expenditure was :-

	0	0
	£	£
Revenue grants to various bodies	80,157	89,207
Capital grants to various bodies	0	0
	80,157	89,207

11. Audit Costs

In 2004/05 the Council incurred the following fees (all payable to the Audit Commission) relating to external audit and inspection:

0 £'000		0 £'000
84,000	Services carried out by the auditor	68,400
11,400	Statutory Inspection	15,800
30,016	Certification of grant claims and returns	35,000
0	Other services provided by the auditor	0
<u>125,416</u>	Total	<u>119,200</u>

12. Local Authority (Goods and Services) Act 1970

The Authority's transport workshop previously undertook MOT testing and servicing of vehicles on a commercial basis, but this ceased with the introduction of the Partnering Adur and Worthing Services (PAWS) scheme. However it is anticipated that MOT testing and servicing of vehicles on a commercial basis may resume in the near future.

HOUSING REVENUE ACCOUNT

	Note	0 Net Expenditure £'000	0 Net Expenditure £'000
INCOME			
Dwelling rents (gross)		8,296	8,563
Non-dwelling rents (gross)		365	370
Charges for services and facilities		582	520
Contributions towards expenditure		68	68
Housing Revenue Account subsidy receivable	11	29	2,979
		9,340	12,500
EXPENDITURE			
Repairs and maintenance/contribution to Housing Repairs Account	5	1,680	1,775
Supervision and management		2,860	2,667
Rents, rates, taxes and other charges		15	15
Rent rebates		255	4,896
Increased provision for bad or doubtful debts		20	20
Cost of capital charge	8	6,487	5,938
Depreciation and impairment of fixed assets	9,10	1,919	1,894
Debt management costs		92	67
Housing Revenue Account subsidy repayable	11	1,420	0
		14,748	17,272
NET COST OF SERVICES		5,408	4,772
Net HRA income on the Asset Management Revenue Account	8	(6,109)	(5,508)
Amortised premiums		254	217
HRA investment income		(141)	(73)
NET OPERATING EXPENDITURE		(588)	(592)
Revenue contribution to capital expenditure	6	347	347
Capital Investment Reserve		300	
HRA contribution to Minimum Revenue Provision		0	186
Transfer to/from Major Repairs Reserve	4	(95)	(82)
Total deficit/(surplus) for year		(36)	(141)
Balance at beginning of the year		1,083	942
Balance at end of the year		1,119	1,083

NOTES TO HOUSING REVENUE ACCOUNT

1. Number and types of dwelling in the housing stock

	0 31st March	0 31st March
Houses	1,083	1,098
Bungalows	173	173
Mobile homes	38	38
Flats	1,461	1,477
Total dwellings	2,755	2,786

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

	0 31st March £'000	0 31st March £'000
Council dwellings	173,564	158,675
Other land and buildings	4,960	4,071
Non-operational assets	778	719
Total balance sheet value of land, houses and other property	179,302	163,465

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

	0 £'000	0 £'000
Total	332,062	304,645

The 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

	0 £'000	0 £'000
Balance at 1st April 2004	1,282	733
Amount transferred to Major Repairs Reserve	1,918	1,894
Transfer from Major Repairs Reserve to HRA during year	(95)	(82)
Debits to Major Repairs Reserve in respect of capital expenditure	(2,054)	(1,263)
Balance at 31st March 2005	1,051	1,282

5. Movements on the Housing Repairs Account

	0 £'000	0 £'000
Balance at 1st April 2004	339	246
Transfer from HRA to Housing Repairs Account	1,680	1,775
Debits to Housing Repairs Account for expenditure	(1,529)	(1,682)
Balance at 31st March 2005	490	339

6. Financing of capital expenditure within the HRA

	0 £'000	0 £'000
- borrowing	685	632
- usable capital receipts	76	46
- revenue contributions	347	347
- capital fund	0	437
- Major Repairs Reserve	2,054	1,263
Total capital expenditure	3,162	2,725

7. Capital receipts

Capital Receipts from the disposal of HRA property :

- sale of council dwellings
- sale of land

	0 £'000	0 £'000
	2,361	3,888
	0	15
	2,361	3,903

8. Cost of capital charge and capital asset charges accounting adjustment

The cost of capital charge, calculated as 3.5% of the value of HRA operational assets, is included to show the cost of public sector capital tied up in the HRA assets.

The charge is notional only and an accounting adjustment is made "below the line" to reconcile it with the HRA's share of debt financing costs.

9. Depreciation for the land, houses and other property within the HRA in year

- council dwellings
- other land and buildings
- non-operational assets

Total depreciation in year

	0 £'000	0 £'000
	1,824	1,812
	95	82
	0	0
	1,919	1,894

10. Impairment Charges

No impairment charges were incurred in the year.

11. HRA Subsidy receivable for the financial year

- allowance for management
- allowance for maintenance
- allowance for major repairs
- charges for capital
- rent rebates
- rent
- interest on receipts
- prior year adjustment

	0 £'000	0 £'000
	1,284	1,285
	2,264	1,806
	1,824	1,812
	855	996
	0	4,502
	(7,644)	(7,430)
	(3)	(4)
	29	12
	(1,391)	2,979

The subsidy receivable shown in the summary includes adjustments in respect of the previous year.

12. Rent Arrears

Gross arrears at 31st March 2005
Less rents paid in advance
Net arrears

Aggregate balance sheet provision for un-collectable debts

	0 31st March £'000	0 31st March £'000
	443	401
	65	62
	378	339
	235	197

COLLECTION FUND INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2005

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	0 £'000	0 £'000
INCOME			
Council Tax	1	23,685	22,397
Transfers from General Fund			
Council Tax Benefits		3,474	3,072
Income Collectable from Non-Domestic Ratepayers	2	13,114	12,861
	3	<u>40,273</u>	<u>38,330</u>
EXPENDITURE			
Demands and Precepts			
		26,918	25,250
Non-Domestic Rates			
Payment to National Pool		12,986	12,681
Costs of Collection Allowance		92	91
Bad and Doubtful Debts			
Provisions		36	164
		<u>40,032</u>	<u>38,186</u>
Movement on Fund balance		<u>241</u>	<u>144</u>
Collection Fund Balance			
Balance at Beginning of Year		144	205
Movement on Fund Balance		<u>241</u>	<u>144</u>
		385	349
Redistribution of Surplus brought forward		144	205
Balance at End of Year	4	<u>241</u>	<u>144</u>
Summary of year end balance			
West Sussex Creditor		177	
Sussex Police Creditor		20	
Adur share of surplus		24	
		<u>221</u>	
Balance transferred to use of funds 2004/05		20	
		<u>241</u>	

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 for discounts 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
Band A-	4	0.25	3.75	5/9ths	2.1
Band A	2,442	402.75	2,039.25	6/9ths	1,359.5
Band B	4,581	554.55	4,026.45	7/9ths	3,131.7
Band C	10,645	884.20	9,760.80	8/9ths	8,676.3
Band D	5,830	406.80	5,423.20	9/9ths	5,423.2
Band E	1,817	82.15	1,734.85	11/9ths	2,120.4
Band F	665	33.90	631.10	13/9ths	911.6
Band G	310	11.90	298.10	15/9ths	496.8
Band H	4	0.10	3.90	18/9ths	7.8
Total	26,298	2,376.60	23,921.40		22,129.3
Less allowance for loss on collection and void properties (2.00%).					442.6
Council Tax Base					21,686.7

Individual charges per dwelling are calculated by dividing the total budget requirement of West Sussex County Council, 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	19,740,630	/	21,686.7	=	910.26
Sussex Police Authority	2,279,720	/	21,686.7	=	105.12
Adur District Council	4,897,560	/	21,686.7	=	225.83

2. Non-Domestic Rates (NDR)

Non-domestic rates are collected by the Council from local businesses using a uniform rate in the pound determined by the Government for the country as a whole (45.6p for 2004/05 and 44.4p for 2003/04) multiplied by local rateable values. The total non-domestic rateable value at the year end for the district was £32.07m (£32.02m in 2003/04). 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

	0 £'000	0 £'000
West Sussex County Council	19,741	18,513
Sussex Police Authority	2,280	2,106
Adur District Council	4,897	4,631
	26,918	25,250

4. Balance at end of year

The balance carried forward at the end of the year will be redistributed to the precepting authorities as follows:-

	£'000
West Sussex County Council	177
Sussex Police Authority	20
Adur District Council	44
	<u><u>241</u></u>

CONSOLIDATED BALANCE SHEET

	0	0	31st March 0 £'000
	Note	£'000	£'000
Fixed Assets	1-4		
Intangible Assets		128	0
Operational Assets			
Council Dwellings		173,564	158,676
Other Land and Buildings		18,845	17,811
Vehicles, Plant, Furniture & Equipment		2,030	1,280
Infrastructure		894	899
Community Assets		1,892	1,825
Non-operational Assets		4,528	4,391
Total Net Fixed Assets		<u>201,881</u>	<u>184,882</u>
Deferred Charges	6	0	21
Long Term Investments		5	5
Long Term Debtors	11	49	61
			0
Total Long Term Assets		<u>201,935</u>	<u>184,969</u>
Current Assets			
Stocks and Work in Progress	8	42	44
Debtors	9	4,112	2,835
Investments	13	11,873	14,556
Cash in Hand		6	6
		16,033	17,441
Less Current Liabilities			
Creditors	10	3,343	3,090
Temporary Loans		20	20
Bank Overdraft		41	242
Long Term Borrowing due within one year		36	0
		3,440	3,352
Net Current Assets		<u>12,593</u>	<u>14,089</u>
Long term borrowing	12	(26,895)	(27,539)
Capital Grants		(233)	(233)
Pension Fund	16	(20,260)	(12,760)
		(47,388)	(40,532)
		<u>167,140</u>	<u>158,526</u>
Financed by:			
Usable Capital Receipts Reserve		872	2,000
Major Repairs Reserve (HRA)		1,051	1,282
Fixed Asset Restatement Account		152,653	138,252
Capital Financing Account		29,939	28,587
Government Grants Deferred		1,164	393
Deferred credits	7	43	51
Unapplied Capital Grants		306	0
Fund Balances and Reserves			
Consolidated Revenue Account		782	638
Housing Revenue Account		1,119	1,083
Housing Repairs Account		490	339
HRA Earmarked Reserves		316	16
Housing Capital Fund		0	0
Collection Fund		0	144
Reserve Fund		690	665
Pension Reserve		(20,260)	(12,760)
Unamortised Premia on Debt Redemption		(2,025)	(2,164)
		(18,888)	(12,039)
Total Net Worth		<u>167,140</u>	<u>158,526</u>

NOTES TO THE CONSOLIDATED BALANCE SHEET

1. Movements in Fixed Assets

	Intangible Assets £'000	Council dwellings £'000	Vehicles Other land & buildings £'000	Plant and equipment £'000	Infrastructure & community £'000	Non Operational Assets £'000
Gross value at 1 April 2004	0	163,971	18,772	3,891	2,735	4,391
Additions	102	3,153	612	1,173	54	100
Revaluation adjustments	26	15,550	792	-26	12	37
Disposals	0	-1,991	0	0	0	0
Gross value at 31 March 2005	128	180,683	20,176	5,038	2,801	4,528
Depreciation at 1 April 2004	0	5,295	960	2,611	11	0
Depreciation for year	0	1,824	371	397	4	0
Depreciation at 31 March 2005	0	7,119	1,331	3,008	15	0
NBV at 31 March 2005	128	173,564	18,845	2,030	2,786	4,528

2. Capital Expenditure and Financing

	2004/05 £'000
Opening Capital Financing Requirement	17,671
Capital Investment:	
Council Dwellings	3,153
Operational Assets	612
Vehicles Plant & Equipment	1,173
Non-Operational Assets	100
Intangible Assets	102
Community & Infrastructure Assets	54
Capital expenditure not resulting in an increase of fixed assets	636
Sources of Finance:	
Minimum Revenue Provision	-223
Capital receipts from the sale of assets	-1,797
Government Grants	-1,004
External Contributions	-120
Revenue contributions to capital	-347
Major repairs Allowance	-2,054
Previous years commitments financed in 2004/05	160
Closing Capital Financing Requirement	18,116

The rules for financing capital investment changed in line with the Prudential Code for Borrowing as from 1st April 2004, the main changes being that capital is financed on an accrued basis, where as previously only cash payments had been financed.

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

	2004/05 £'000	2003/04 £'000
Fixed Assets	201,881	184,882
Government Grants & External Contributions Deferred	-1,164	-393
Capital Financing Account	-29,938	-28,587
Fixed Asset Restatement Account	-152,663	-138,252
Deferred Charges	0	21
	18,116	17,671

3. Information on Fixed Assets

The Council owns the following fixed assets:-

	31st March 0	31st March 0
Council Dwellings:-		
Council houses (including flats etc.)	2,755	2,786
Council garages	1,084	1,084
Land and Buildings:-		
Civic Centre	1	1
Sub Offices	2	2
Depots	1	1
Off street car parks	13	13
Public conveniences	16	16
Leisure Centres	2	2
Community Pool	1	1
Community Centres	3	3
Allotment sites	13	13
Shops	56	56
Commercial premises	16	16

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:

Non-financial assets e.g. software licences with no physical substance which is 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 by Cluttons, members of the Royal Institution of Chartered Surveyors, as at 1st April 2000. Operational assets are valued at the lower of net replacement cost or net realisable value, which is represented by open market value.

Council Dwellings have been valued by the District Valuer as at 1st April 2004, 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.

4. Depreciation

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

Computer equipment - 3 years

5. Finance Leases

Rentals were paid during the year on finance leases to the value of £11,189. Items leased Computer Equipment £18,823 over 3 years, Horticultural Equipment £20,502 over 3 years, Horticultural Equipment £4,744 over 5 years and Car Park Machines £9,464 over 5 years. These items have not been capitalised.

6. Deferred Charges

Deferred charges arise out of Capital Expenditure, which does not create a fixed asset. The deferred charge 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. Deferred Charges incurred in the year are as follows.

	Balance 1st April 0	Expenditure	Amounts written off	Balance 31st March 0
	£'000	£'000	£'000	£'000
Disabled Facility Grants	0	104	-104	0
Improvement grants	0	67	-67	0
Redundancy	0	230	-230	0
Other - General	21	0	-21	0
	21	401	-422	0

7. Deferred Credits

Deferred credits are amounts derived from sales of assets which will be received in instalments over agreed periods of time. They arise from mortgages on sales of council houses, which form the main part of mortgages under long term debtors.

8. Stocks and Work-in-Progress

	31st March 0 £'000	31st March 0 £'000
Work-in-progress		
Rechargeable works	15	6
Direct Services Unit	10	20
	25	26
Stocks		
Leisure Contract	13	15
General	4	3
	17	18
Total	42	44

9. Debtors

	31st March 0 £'000	31st March 0 £'000
Amounts falling due in one year:-		
Government Departments	472	332
Housing rents	499	419
Council Taxpayers	774	729
Investment income	0	0
Sundry debtors	3,855	2,766
	5,600	4,246
Less provision for doubtful debts	1,674	1,616
	3,926	2,630
Amounts falling due after one year:-		
Car loans to employees	186	205
	4,112	2,835
The amount due from Government Departments includes :-		
Housing Benefit Grant holding Account	65	0
Customs and Excise - VAT	407	296
Office of the Deputy Prime Minister	0	36
	472	332

10. Creditors

	31st March 0 £'000	31st March 0 £'000
Government Departments	341	467
Other Local Authorities	174	4
Housing rents	62	53
Sundry creditors	2,766	2,566
	3,343	3,090

The amounts due to Government Departments include:-

NNDR income due to the Government Pool	309	339
SRB grants	13	85

11. Long Term Debtors

	31st March 0 £'000	31st March 0 £'000
Private sector house purchase	8	9
Council house purchase	41	51
Other	0	1
	49	61

12. Long Term Borrowing

	Total outstanding as at 31st March	
	0 £'000	0 £'000
<i>Source of loans</i>		
Public Works Loan Board	12,491	12,699
Local Authority (Transferred Debt)	0	0
Other Commercial Lenders	14,440	14,840
	26,931	27,539

	31st March 0 £'000	31st March 0 £'000
An analysis of loan debt by maturity is:-		
Maturing within one year	36	207
	36	207
Maturing in 1-2 years	0	103
Maturing in 2-5 years	0	0
Maturing in 5-10 years	1,000	433
Maturing in more than 10 years	25,895	26,796
	26,895	27,332

Some debt rescheduling has taken place during the year, whereby loan periods have been extended in order to reduce interest rates.

13. Investments

£12M was invested externally at 31st March 2005 for treasury management purposes for periods of less than a year, £7M of which was placed with fund managers, Alliance Capital Ltd. Other external investments are shown at cost and relate only to small investments of War Stock and Consolidated Gas Stock made by former authorities in the 1940s.

14. Contingent Liability

A claim has been made against the Council for compensation arising from the planning notices served in respect of the movement of live animals through Shoreham Harbour in 1998.

The Council is resisting the total claim through its insurers, Zurich Municipal, and at this stage it is inappropriate to make a reasonable estimate of the potential liability, if any.

15. Post balance sheet events

There have been no material post balance sheet events.

16. Pension Scheme

Note 4 to the consolidated Revenue Account contains details of the Council's participation in the Local Government Pension Scheme. The scheme is a defined benefit statutory scheme, administered by West Sussex County Council.

The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The total liability of £20.3 million 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.

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 2005. The main assumptions used in their calculations have been:-

	31st March 0 Per annum	31st March 0 Per annum
Price increases	2.9%	2.9%
Salary increases	4.4%	4.4%
Pension increases	2.9%	2.9%
Discount rate	5.4%	6.5%

Fair value of attributable assets held at 31st March 2005 :

Assets	Assumed Long Term Return	Fund Assets £'000	Expected Return £'000 p.a.
Equities	7.7%	22,980	1,769
Bonds	5.1%	3,800	194
Property	6.5%	2,020	131
Cash	4.0%	1,410	56
Total	7.1%	<u>30,210</u>	<u>2,150</u>

Net pension assets :	31st March	31st March
	0	0
Adur District Council share	£'000	£'000
Estimated employer assets (A)	30,210	26,550
Present value of scheme liabilities	48,810	37,790
Present value of unfunded liabilities	1,660	1,520
Total value of liabilities (B)	50,470	39,310
Net Pension Assets (A)-(B)	(20,260)	(12,760)

Movements in the surplus/deficit on the scheme	31st March	31st March
	2005	2004
	£'000	£'000
Deficit at beginning of the year	(12,760)	(16,090)
Current Service Costs	(1,270)	(910)
Employer contributions	1,510	1,460
Contributions in respect of unfunded benefits	110	120
Past service costs	(130)	(10)
Impact of settlements and curtailments	0	(110)
Net return on assets	(260)	(730)
Actuarial gains/(losses)	(7,460)	3,510
	(20,260)	(12,760)

CASH FLOW STATEMENT 2004/05

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

	0	0	0
Note	£'000	£'000	£'000
<u>REVENUE ACTIVITIES</u>			
Expenditure			
Cash paid to and on behalf of employees		11,224	10,720
Other operating costs		8,160	8,039
Housing benefit paid out		14,440	12,744
National Non-Domestic Rate Payments to national pool		13,022	12,035
Payments to precepting Authorities		22,225	20,801
		69,071	64,339
Income			
Rents (after rebates)	9,690		10,047
Council Tax	27,054		25,143
National Non-Domestic Rate Receipts from national pool	1,649		2,083
Non-Domestic rate income	13,114		13,002
Revenue Support Grant	2,221		2,047
DSS Grants for rebates	13,900		7,433
Other Government Grants	(2,459)		3,977
Cash received for goods and services	2,850		4,698
Other Revenue cash payments/income	2,775		2,391
		70,794	70,821
Revenue surplus	1	1,723	6,482
Servicing of Finance			
Expenditure/Income			
Interest paid out		1,474	1,606
Interest received		481	505
		993	1,101
<u>CAPITAL ACTIVITIES</u>			
Expenditure			
Purchase of fixed assets	3,702		3,926
Premium to repay debt	254		2,164
Other Capital expenditure	635		1,837
Pooled Capital Payments to ODPM	1,544		
		6,135	7,927
Income			
Sale of fixed assets	2,504		3,940
Capital grants received	1,027		728
Other capital cash payments/income	0		0
		3,531	4,668
		2,604	3,259
<u>MANAGEMENT OF LIQUID RESOURCES</u>			
Short term deposits			
Investments made	119,520		121,835
Investments realised	118,713		121,883
		807	(48)
Other liquid resources			
Investments made	55,560		42,498
Investments realised	59,050		43,118
		(3,490)	(620)
Increase (decrease) in short term investments		(2,683)	(668)
Net cash inflow before financing		809	2,790

FINANCING

	<u>2004/05</u> <u>£'000</u>	2004/05 £'000	2003/04 £'000
Payments			
Repayment of long term loans	208		2,767
Repayment of market loans	400		0
Repayment of short term (temporary) loans	748		728
		1,356	3,495
Receipts			
New long term loans raised	0		0
New short term (temporary) loans raised	748		728
		748	728
Total loans redeemed		608	2,767
Increase/(decrease) in cash	3	201	23

NOTES TO THE CASH FLOW STATEMENT

1. Reconciliation to Consolidated Revenue Account

	Net Expenditure 0 £'000	Net Expenditure 0 £'000
Consolidated deficit	(165)	404
Movement on Housing Revenue Account	(105)	(141)
Movement on Collection Fund	144	(61)
Revenue movements on:		
Stocks and Work in Progress	2	(12)
Debtors	(964)	413
Creditors	60	644
Provision for Credit Liabilities (MRR)	231	368
Revenue Contributions to Capital	347	347
Contributions to reserves	300	3,485
Previous year's adjustment on b/fwd balance	(21)	0
Exclude :-		
Net servicing of Finance	993	1,101
Contribution from reserves	901	(66)
Net cash flow on Revenue activities	1,723	6,482

2. Government Grants

	0 £'000	0 £'000
Revenue		
Housing Subsidy	(2,459)	3,977
Housing Benefits	13,900	7,433
Revenue Support Grant	2,221	2,047
	13,662	13,457
Capital		
Improvement and other grants	1,027	728
	14,689	14,185

3. Increase / decrease in cash

	31st March 0 £'000	31st March 0 £'000	Movement in year £'000
Cash in Hand	6	6	0
Bank Overdraft	(41)	(242)	201
Total cash balances	(35)	(236)	201

4. Other Liquid Resources

These are overnight deposits of surplus funds at the authority's bank, repayable on the next working day.

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

	1st April 0 £'000	Movement in year £'000	31st March 2,005 £'000
Short term investments	14,556	(2,683)	11,873
Long term borrowing	(27,539)	608	(26,931)
Temporary loans	(20)	0	(20)
	(13,003)	(2,075)	(15,078)

STATEMENT OF TOTAL MOVEMENTS ON RESERVES

	0	0	0
Note	£'000	£'000	£'000
Deficit/(Surplus) for the year :-			
- General Fund	(165)		(66)
- Housing Revenue Account	(336)		(141)
- Housing Revenue Surplus Contribution to Capital	(300)		0
- Collection Fund	(241)		(144)
Add back movements on specific revenue reserves			
- General Fund	23		404
- Housing Revenue Account	(151)		188
- Collection Fund Balance Transferred	385		0
- Movements on Other Earmarked Reserves	(25)		0
- Pension Fund	7,500		(3,330)
Total decrease /(surplus) in revenue resources		6,690	(3,089)
Decrease / (Increase) in Unapplied Capital Grants		(306)	0
Decrease / (Increase) in Usable Capital Receipts		1,128	52
Total decrease/(Increase) in realised capital resources	1	822	52
Gains on revaluation of fixed assets		(16,391)	(26,192)
Total increase in unrealised value of fixed assets	2	(16,391)	(26,192)
Value of assets sold, disposed of or decommissioned	3	1,991	3,375
Premia on Redemption		145	1,285
Movement on Government Grants Deferred		(771)	(397)
Movement on Major Repairs Reserve		231	(549)
Usable Capital Receipts Applied		(1,461)	(1,252)
Revenue Resources set aside		130	160
Capital Receipts set aside		0	(2,893)
Total increase in amounts set aside to finance capital investment		(1,726)	(3,646)
Total recognised (gains) and losses		(8,614)	(29,500)

NOTES TO THE STATEMENT OF TOTAL MOVEMENTS ON RESERVES

		Usable Capital Receipts £'000	Unapplied capital grants £'000
1.	Movements in realised capital resources		
	Amounts receivable in 2004/05	332	1,207
	Amounts applied to finance new capital investment in 2004/05	1,460	901
	Total increase in realised capital resources in 2004/05	(1,128)	306
	Balance brought forward at 1st April 2004	2,000	0
	Balance carried forward at 31st March 2005	872	306
2.	Movements in unrealised value of fixed assets		
	Gains on revaluation of fixed assets in 2004/05	16,391	
	Total increase in unrealised capital resources in 2004/05	16,391	
3.	Value of assets sold disposed of decommissioned		
	Amounts written off fixed asset balances for disposals in 2004/05	1,991	
	Total movement on reserve in 2003/04	14,400	
	Balance brought forward at 1st April 2004	138,253	
	Balance carried forward at 31st March 2005	152,653	
4.	Pension Scheme		
	The following are disclosures required by FRS17 - Retirement Benefits		
		2004/05 £'000	2003/04 £'000
(i)	Difference between expected and actual return on assets	1,260	3,640
	Difference between expected and actual return on assets as a percentage of total scheme assets	4.2%	13.7%
		2004/05 £'000	2003/04 £'000
(ii)	Experience gains and losses arising on scheme liabilities	-600	-130
	Experience gains and losses arising on scheme liabilities as a percentage of total scheme liabilities	1.3%	0.3%
(iii)	Active employee membership of the scheme has increased by 19 (5%) over the past years The number of pensioners and deferred pensioners has increased by 24(12%) and 6 (2%) respectively over the same period. This variation does not constitute a material change in the demographic and financial assumptions underlying the present value of scheme liabilities.		

Movements on Reserves

This statement brings together all the recognised gains and losses of the Council in the year and identifies those that have moved between capital and revenue reserves. It also illustrates the transactions between reserves. The notes to the consolidated balance

	CAPITAL RESERVES					
	Fixed Asset Restatement Account	Capital Financing Account	Deferred Capital Receipts	Major Repairs Reserve	Capital Grants Deferred	Premia
	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1st April 2004	138,252	28,587	51	1,282	393	(2,164)
Net revenue surplus (deficit) for the year	0	0	0	0	0	
Transfers to Revenue Accounts						
General Fund depreciation	0	(677)	0	0	0	
Housing Revenue Account depreciation	0	(1,919)	0	1,919	0	
Pension Costs in revenue	0	0	0	0	0	
Use of Revenue Resources	0	354	0	0	0	
Minimum Revenue Provision	0	224	0	0	0	
Deferred Receipts received	0	0	(8)	0	0	
Pension Fund actuarial gains and losses	0	0	0	0	0	
Capital Grants received	0	0	0	0	757	
Contributions received	0	0	0	0	468	
Unrealised gains (losses) on revaluation of fixed assets	16,392	0	0	0	0	
use of PCL's	0	(145)	0	0	0	
Premia on	0	0	0	0	0	139
Effects of Disposals of fixed assets						
Cost or valuation of assets disposed of	(1,991)	0	0	0	0	
Proceeds of disposals	0	0	0	0	0	
Net Surplus (deficit)	(1,991)	0	0	0	0	0
Financing of fixed assets						
Use of Capital Receipts	0	1,738	0	0	0	
Use of Capital Grants & Contributions	0	67	0	0	(454)	
Use of Major Repairs Reserve	0	2,054	0	(2,150)	0	
Financing of capital expenditure not producing a fixed asset	0	(345)	0	0	0	
Balance as at 31st March 2005	152,653	29,938	43	1,051	1,164	(2,025)

Independent Auditor's Report to Adur District Council

I have audited the statement of accounts on pages 14 to 44 which have been prepared in accordance with the accounting policies applicable to local authorities as set out on pages 18 to 20.

This report is made solely to Adur District Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 54 of the Statement of Responsibilities of Auditors and of Audited Bodies, prepared by the Audit Commission.

Respective Responsibilities of the Chief Financial Officer and Auditor/s

As described on page 10 the Chief Financial Officer is responsible for the preparation of the statement of accounts in accordance with the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2004. My responsibilities, as independent auditor, are established by statute, the Code of Audit Practice issued by the Audit Commission and my profession's ethical guidance.

I report to you my opinion as to whether the statement of accounts present fairly the financial position of the Council and its income and expenditure for the year.

I review whether the statement on internal control on pages 11 to 13 reflects compliance with CIPFA's guidance 'The Statement on Internal Control in Local Government: Meeting the Requirements of the Accounts and Audit Regulations 2003' published on 2 April 2004. I report if it does not comply with proper practices specified by CIPFA 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 whether the statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of the Council's corporate governance procedures or its risk and control procedures. My review was not performed for any purpose connected with any specific transaction and should not be relied upon for any such purpose.

I read the other information published with the statement of accounts and consider the implications for my/our report if I become aware of any apparent misstatements or material inconsistencies with the statement of accounts.

Basis of audit opinion

I conducted my audit in accordance with the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission, which requires compliance with relevant auditing standards issued by the Auditing Practices Board.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Council in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Council's circumstances, consistently applied and adequately disclosed.

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


Opinion

In my opinion the statement of accounts presents fairly the financial position of Adur District Council as at 31 March 2005 and its income and expenditure for the year then ended.

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.

Signature: Date: 31 October 2005

Signature:  Date: 31 October 2005
Name: Chris Westwood
District Auditor and Relationship Manager
Address: Audit Commission
44 -45 West Street
Chichester
West Sussex
PO19 1RP

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 2004/05 which means the year commencing 1st April 2004 and ending 31st March 2005. 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, and a notional interest charge calculated on the book value of the asset.

Capital Expenditure

Expenditure on the acquisition of a fixed asset or expenditure which adds to and not merely maintains the value of an existing fixed asset.

Capital Receipts

The proceeds from the sale of fixed assets.

Community Assets

Assets that are intended to be held in perpetuity, that have no determinable useful life, and that may have restrictions on their disposal. Examples are parks and historic buildings.

Consistency

The concept that the accounting treatment of like items within an accounting period and from one period to the next is the same.

Contingent Liability

A potential liability at the balance sheet date the outcome of which is not certain, but may be dependent on a future event. Where the potential liability is likely to be material, the fact that it exists will be disclosed as a note to the accounts.

Creditors

Amounts owing for work done, goods received or services rendered in an accounting period, for which payment has not yet been made.

Current Assets / Liabilities

Assets or liabilities which are of a short term nature, that will be realised within a year, e.g. stocks, debtors and creditors.

Debtors

Amounts due to the Council which relate to the accounting period, but have not been received at the balance sheet date.

Deferred Charges

Expenditure which may properly be deferred, i.e. not written off to revenue, but which does not result in, or remain matched with, tangible assets. Examples of deferred charges are grants of a capital nature to voluntary organisations.

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.

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.

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

Fixed assets that are inalienable, expenditure on which is recoverable only by continued use of the asset created. Examples of infrastructure assets are street lamps and coast protection works.

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 redevelopment.

Operating lease

A lease other than a finance lease.

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 overspending within a fixed total budget.