



Worthing
Borough
Council



***Statement of
Accounts
2012/2013***

WORTHING BOROUGH COUNCIL

STATEMENT OF ACCOUNTS

for the year ended 31st March, 2013

CONTENTS

	PAGE
Explanatory Foreword	2 - 8
Statement of Responsibilities for the Statement of Accounts	9
Movement in Reserves Statement	10
Comprehensive Income and Expenditure Account ...	11
Balance Sheet	12
Cash flow	13
Prior Year Adjustment	14
Notes to the Accounts	15-93
Collection Fund	94-96
Annual Governance Statement	97-100
Independent Auditor's Report to the Members of Worthing Borough Council	101-103
Glossary	104-107

EXPLANATORY FOREWORD

INTRODUCTION

This is an explanatory foreword to the Statement of Accounts.

The accounts shown on the following pages have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2012-13 (the Code) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) supported by the International Financial Reporting Standards (IFRS) and are in respect of the financial year ended 31 March 2013.

Significant changes to the CIPFA Code of Practice for 2012/13 are minimal compared to recent years but include:-

- the first phase of the International Audits Standard Board (IASB) new Conceptual Framework for Financial Reporting 2010 has been adopted by the CIPFA Code 2012/13;
- new disclosure requirements for the transfer of financial assets; and
- clearer guidance on a number of areas where there was previously a degree of uncertainty.

The significant Accounting Policies are included as Note 1 to these accounts.

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

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

EXPLANATION OF ACCOUNTING STATEMENTS

The Statement of Accounts consists of:

Page No:

Statement of Responsibilities

9

This statement sets out the respective responsibilities of the Council and the Executive Head (Financial Services) Financial Services in respect of the Council's accounts. This statement confirms that the accounts give a true and fair view of the financial position of the authority at the accounting date and its income and expenditure for the given financial year.

Movement in Reserves Statement

10

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' and "unusable reserves".

Comprehensive Income and Expenditure Statement

11

This statement provides a summary of the resources generated and consumed by the council in the year that have contributed to the changes in resources shown in the Movement in Reserves Statement (MiRS).

The Balance Sheet

12

This statement summarises the Council's assets and liabilities as at 31st March 2013 in its top half. The bottom half of the statement sets out the reserves split into the 2 categories of 'usable' and 'unusable' Reserves.

EXPLANATORY FOREWORD

EXPLANATION OF ACCOUNTING STATEMENTS

The Cash Flow Statement	13
This statement summarises the flows of cash and cash equivalents of the Council that have taken place over the financial year.	
Prior Year Adjustments	14
Notes to the Accounts	15 - 93
Collection Fund	94 - 96
The Council is required to maintain a separate Collection Fund to receive monies as a billing authority in relation to the Council Tax and National Non-Domestic Rates and accounts for their distribution to preceptors (West Sussex County Council and The Police and Crime Commissioner) and the Council's own General Fund. The Collection Fund also records the Council's contribution to the National Non-Domestic Rating Pool.	

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 cost savings authorities need to find. To achieve this goal Adur District and Worthing Borough Councils embarked on an innovative partnership arrangement.

The shared single officer structure, which was introduced in April 2008, now includes all of the services that were intended to operate as shared Adur & Worthing services with a net cost of services of £19.2m. The shared services are managed via a Joint Committee. This Joint Committee has to meet all the accounting requirements of a public sector body. For accounting purposes the following key processes apply:-

- The Joint Strategic Committee has a separate budget and statement of accounts.
- As each service moves across to the Joint Strategic Committee their respective budgets and spend are pooled.
- The joint budgets/expenditure are recharged back to Adur and Worthing Councils.

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

COUNCIL PRIORITIES

The harmonised high level corporate priorities for Adur and Worthing Councils, which also apply to the Joint Strategic Committee, were updated in 2011.

The 5 current corporate priorities, jointly agreed by Adur and Worthing Councils, are:-

- Protect front line services
- Promote a clean, green and sustainable environment

EXPLANATORY FOREWORD

COUNCIL PRIORITIES

- Support and improve the local economy
- Work in partnerships to promote health and well being in our communities
- Ensure value for money and low Council Tax

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

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

The most recent budget strategy for this council has been compiled in the context of the Government's Comprehensive Spending Review and the 2013/14 local government settlement, which has fundamentally altered Local Government Finance. Both councils agreed a budget strategy to meet this challenge through 3 major work streams – major service reviews, efficiency reviews and base budget reviews. Significant savings were identified as part of the most recent 2013/14 budget. As continuing budget shortfalls are projected, the underspend for 2012/13 will provide a much needed opportunity to place some funds into reserves.

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

- income generated by the Council may be affected by the recession;
- withdrawal of funding by partners, potentially losing funding for key priorities;
- the inflation allowance in non-pay budgets could result in higher than expected costs

The Council has a working balance and other earmarked reserves to help mitigate these risks.

FINANCIAL OVERVIEW

A comprehensive summary of the financial performance of the Partnership authorities – Adur District Council, Worthing Borough Council and the Joint Strategic Committee – is contained in the 11th June 2013 Joint Strategic Committee report "Revenue and Capital Outturn for Joint, Adur and Worthing 2012/13". This is available on the joint Adur District Council and Worthing Borough Council website www.adur-worthing.gov.uk.

SUMMARY OF REVENUE SPEND

A more detailed summary of the Council's financial results for 2012/13 is given on the following pages but a brief outline of the Council's financial position is given below.

The financial outturn for the General Fund shows that the Council has again contained expenditure within the original budget levels 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. In 2012/13 Worthing Borough Council reported an underspend of £513,242 against a budget of £14,440,170.

EXPLANATORY FOREWORD

SUMMARY OF REVENUE SPEND

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 containing spend within approved budgets and being able to maintain reserves.

Final Revenue Outturn

CABINET MEMBER PORTFOLIOS	CURRENT ESTIMATE 2012/13	OUTTURN 2012/13	UNDER/ OVERSPEND
	£000s	£000s	£000s
Leader	842	849	6
CM for Environment	4,993	4,727	(266)
CM for Health & Wellbeing	1,338	1,439	101
CM for Customer Services	3,520	3,904	384
CM for Regeneration	2,535	2,523	(12)
CM for Resources	2,586	3,390	805
Holding Accounts	819	(43)	(862)
Total Cabinet Members	16,633	16,788	155
Credit Back Depreciation	(2,532)	(2,743)	(210)
Minimum Revenue Provision	506	418	(88)
Other grants	-	(17)	(17)
	14,606	14,446	(161)
Transfer to/from reserves:			
Revenue Contributions To Capital Expenditure	-	10	10
Contribution to reserves	(2)	69	71
Transfer from reserves to fund specific expenditure	(278)	(711)	(433)
Capacity Issue Reserve	114	114	-
Transfer to/ (from) reserves	-	513	513
Total Budget requirement before External Support from Government	14,440	14,440	0

Approved Use of Underspends	£'000
Unspent 2012/13 budget approved for use in 2013/14	161
Unspent 2012/13 budgets from Joint Account approved for use in 2013/14	39
Recommended transfer to Special & Other Emergency Reserve	250
Recommended transfer to Property Maintenance Reserve	50
Balance of Net Underspend available to be transferred to Capacity Issues Reserve	13
	513

EXPLANATORY FOREWORD

SUMMARY OF REVENUE SPEND

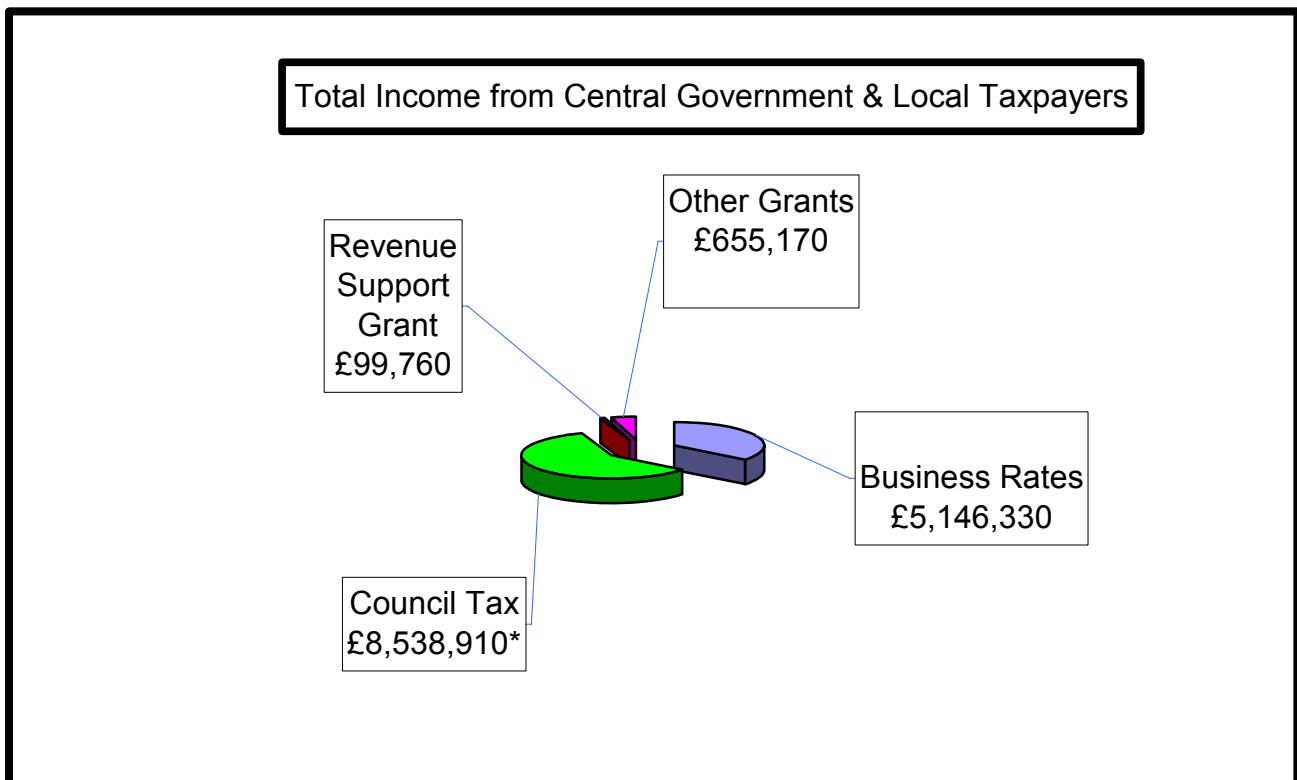
Central Government Support

The Council's share of Business Rates and Revenue Support Grant has reduced by £0.473m compared to 2011/12, a reduction of 8.3%.

Local Taxpayers

The Council collected £52.5m of Council Tax relating to 2012/13, this represented 97.8% of the total Council Tax due to be collected. In addition, Council Tax Benefit totalled £7.287m. Council Tax is collected by Worthing Borough Council on behalf of the following preceptors in the proportions detailed: West Sussex County Council 76.6%, Sussex Police & Crime Commissioner 9.1% and Worthing Borough Council 14.2%.

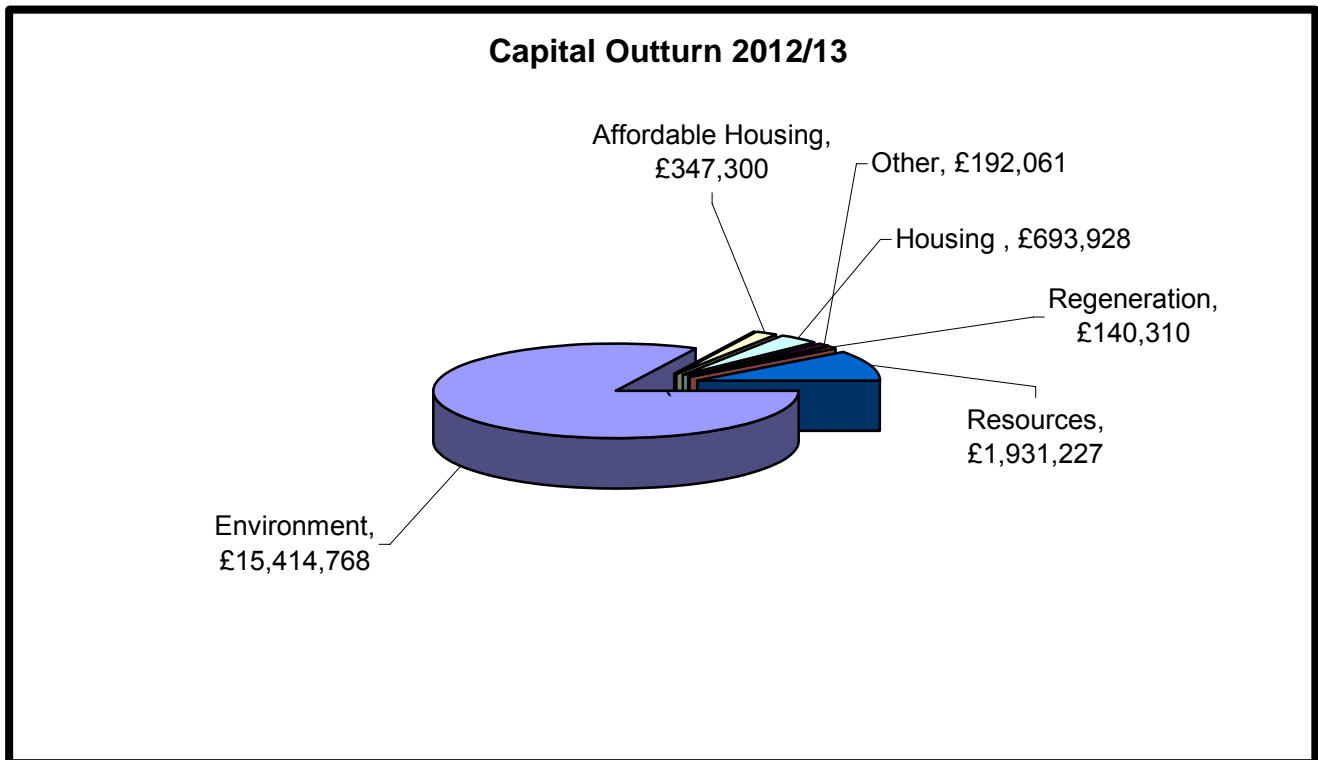
The Council also collects non-domestic rates from local businesses, which are paid over to the government's national pool. The pool is then re-distributed back to Councils on a per capita basis. £30.1m was billed during the year on behalf of the national pool and £5.1m was re-distributed from the pool to Worthing.



* Net of budgeted Collection Fund surplus/deficit.

EXPLANATORY FOREWORD

SUMMARY OF CAPITAL SPEND



The total approved Worthing Capital scheme investment programme for all portfolios was set at £20,413,950. Actual expenditure in the year totalled £18,719,594, a reduction of £1,694,356 on the approved estimate, comprising of net slippage of £1,209,740 and a net underspend of £484,616. This was financed as follows:-

	2012/13
	£'000
Capital Receipts	4,101
Other Grants and Contributions	872
Revenue Contributions	684
Borrowing	13,063
TOTAL	18,720

IMPAIRMENT

In 2012/13 the Council incurred impairment of £5,501 following the breakdown of the Theatre electronic signage.

EXPLANATORY FOREWORD

POST EMPLOYMENT BENEFITS

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

To comply with these relevant accounting standards, the Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Council is required to make against council tax is based on the cash payable in the year. Therefore the cost of post employment/retirement benefits shown in Note 48 are notional and are reversed out of the General Fund via the Movement in Reserves Statement.

STATEMENT FROM SECTION 151 OFFICER

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

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

The outturn position will inform the development of the 2014/15 budget. The intention is to build in recurring under spends into the 2014/15 budget where possible and so avoid the need for unnecessary service reductions.

FURTHER INFORMATION

Further information on Worthing Borough Council's accounts is available from the Executive Head (Financial Services) Financial Services based at the Town Hall, Chapel Road, Worthing, or by accessing the joint Adur and Worthing Councils website, www.adur-worthing.gov.uk.

Information on joint policies and plans for the Adur Worthing partnership, and especially their joint Key Priorities are obtainable on application to the Corporate Strategy Manager in the Town Hall, Chapel Road, Worthing or by accessing the joint Adur and Worthing Councils' website, www.adur-worthing.gov.uk

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

STATEMENT OF ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH, 2013

The Council's Responsibilities:

- (a) To make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council in the financial year 2012/13 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 September, 2013.

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

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

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

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

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

This Statement of Accounts presents a true and fair view of the financial position of the Council at 31st March, 2013 and its income and expenditure for the year ended on that date.

SARAH GOBEY
Executive Head (Financial Services)

Dated: 26.0.2013

Certificate of Approval by Joint Governance and Audit Committee

I confirm that these Accounts were approved by the Joint Governance and Audit Committee of Adur District Council and Worthing Borough Council on 26th September 2013

NOEL ATKINS
Chairman, Joint Governance & Audit Committee

Dated: 26.09. 2013

MOVEMENT IN RESERVES STATEMENT

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

Single Entity	General Fund Balance	Earmarked GF Reserves	Capital Receipts Reserves	Capital Grants Reserve	Capital Grants Receipts	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31.03.11	1,142	5,274	13,502	1,427	-	21,345	57,929	79,274
Movement in Reserves during 2011/12								
Surplus or (deficit) on provision of services	(13,763)		-			(13,763)		(13,763)
Other Comprehensive Expenditure & Income	(34)					(34)	2,852	2,818
Total Comprehensive Expenditure and Income	(13,797)	-	-	-	-	(13,797)	2,852	(10,945)
Adjustments between accounting and funding basis under Regs. (Note 7)	14,461		(5,687)	79		8,853	(8,853)	-
Net Increase/Decrease before Transfers to Earmarked Reserves	664	-	(5,687)	79	-	(4,944)	(6,001)	(10,945)
Transfers to/from Earmarked Res. (Note 8)	(664)	664				-	-	-
Increase/Decrease (movement) in Year	0	664	(5,687)	79	-	(4,944)	(6,001)	(10,945)
Balance at 31.03.12 c/fwd	1,142	5,938	7,815	1,506	-	16,401	51,928	68,329
Movement in Reserves during 2012/13								
Surplus or (deficit) on provision of services	(7,203)		-			(7,203)		(7,203)
Other Comprehensive Expenditure and Income	(3)					(3)	(2,262)	(2,265)
Total Comprehensive Expenditure and Income	(7,206)	-	-	-	-	(7,206)	(2,262)	(9,468)
Adjustments between accounting basis and funding basis under reg's (Note 7)	6,487		(3,724)	(114)		2,649	(2,649)	-
Net Increase/Decrease before Transfers to Earmarked Reserves	(719)	-	(3,724)	(114)	-	(4,557)	(4,911)	(9,468)
Transfers to/from Earmarked Res. (Note 8)	719	(719)				-		-
Increase/Decrease in Year	-	(719)	(3,724)	(114)	-	(4,557)	(4,911)	(9,468)
Balance at 31.03.13 c/ fwd	1,142	5,219	4,091	1,392	-	11,844	47,017	58,861

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

	2012/13	2012/13	2012/13	2011/12	2011/12	2011/12	note
	Gross Expenditure	Gross Income	Net Expenditure	Restated Gross Expenditure	Restated Gross Income	Restated Net Expenditure	
	£'000	£'000	£'000	£'000	£'000	£'000	
NET EXPENDITURE ON SERVICES							
Central Services to the Public	9,194	(8,306)	888	9,481	(8,372)	1,109	
Cultural Services	12,579	(7,240)	5,339	21,612	(6,745)	14,867	
Env'nmental & Regulatory Services	7,660	(3,448)	4,212	9,441	(3,460)	5,981	
Planning Services	2,855	(1,278)	1,577	3,023	(1,185)	1,838	
Highways and Transport Services	376	(1,072)	(696)	821	(1,081)	(260)	
Other Housing Services	38,437	(37,474)	963	37,777	(36,196)	1,581	
Corporate & Democratic Core	1,964	(93)	1,871	2,022	(89)	1,933	
Non-Distributed Costs	2,813	-	2,813	(464)	-	(464)	
Exceptional Item			-			-	
Net Cost of Services	75,878	(58,911)	16,967	83,713	(57,128)	26,585	
(Gains)/losses on the diposal of non-current assets			1,397			949	9
Financing and Investment Income and Expenditure			3,488			2,671	10
Surplus or Deficit of Discontinued Operations			-			-	
Taxation and non-specific grant income			(14,649)			(16,442)	11
(Surplus) or Deficit on Provision of Services			7,203			13,763	
(Surplus)/Deficit arising on revaluation of Property, Plant and Equipment Assets			(568)			(8,312)	25
(Surplus)/Deficit arising on revaluation of available for sale financial assets			-			-	
Actuarial (Gains)/Losses on pension fund assets and liabilities			2,830			5,460	25
Other			3			34	
Other Comprehensive Income and Expenditure			2,265			(2,818)	
Total Comprehensive Income and Expenditure			9,468			10,945	

BALANCE SHEET

	See Note No:	As at 31st March 2013	As at 31st March 2012	Restated As at 31st March 2011
		£'000	£'000	£'000
Long Term Assets:				
Property, Plant & Equipment	12	82,669	69,614	71,943
Heritage Assets	13	10,494	10,491	6,641
Investment Property	14	15,216	18,290	18,577
Intangible Assets	15	53	65	94
Assets Held for Sale	21	-		760
Long Term Investments	16	-		-
Long Term Debtors	19	13	26	32
Total Long Term Assets		108,445	98,486	98,047
Current Assets:				
Short Term Investments	16	7,037	10,608	17,148
Assets Held For Sale	21	-		-
Inventories	17	172	154	121
Short Term Debtors	19	6,297	7,874	5,669
Cash & Cash Equivalents	20	2,440	3,832	825
Total Current Assets		15,946	22,468	23,763
Current Liabilities:				
Cash & Cash Equivalents				
Short Term Borrowing	16	(13,018)	(2,130)	(64)
Short Term Creditors	22	(8,237)	(8,328)	(5,282)
Provisions	23	(321)	(311)	(633)
Liabilities in Disposal Groups		-		
Grants Receipts In Advance - Revenue	39	(107)	(327)	
Grants Receipts In Advance - Capital	39	-	(5)	
Total Current Liabilities		(21,683)	(11,101)	(5,979)
Long Term Liabilities:				
Long Term Creditors			-	
Provisions			-	
Long Term Borrowing	16	(2,847)	(2,690)	(2,596)
Other Long Term Liabilities	47	(41,000)	(38,834)	(33,949)
Capital Grants Receipts in Advance	39	-		(12)
Total Long Term Liabilities		(43,847)	(41,524)	(36,557)
Net Assets		58,861	68,329	79,274
Financed By Reserves:				
Usable Reserves	24&8	(11,844)	(16,401)	(21,345)
Unusable Reserves	25	(47,017)	(51,928)	(57,929)
Total Reserves		(58,861)	(68,329)	(79,274)

CASH FLOW STATEMENT

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

	See Note No:	2012/13	2011/12
		£'000	£'000
Net (surplus) or deficit on provision of services	26	(7,203)	(13,764)
Adjustments to net surplus or deficit on the provision of services for non cash movements	26	7,942	15,090
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	26	3,203	6,266
Net cash flows from Operating Activities	26	3,942	7,592
Investing Activities	27	(15,655)	(8,239)
Financing Activities	28	10,321	3,654
Net increase or decrease in cash and cash equivalents		(1,392)	3,007
Cash and cash equivalents at the beginning of the reporting period		3,832	825
Cash and cash equivalents at the end of the reporting period	20	2,440	3,832

PRIOR YEAR ADJUSTMENTS

A prior year adjustment has been made to correct the presentation of income and expenditure incurred in the Adur and Worthing Joint Committee. These changes do not impact on the Total Comprehensive Income and Expenditure in the Income and Expenditure Statement.

NET EXPENDITURE ON SERVICES	2011/12 Gross Expenditure	Restated Gross Expenditure	2011/12 Gross Income	Restated Gross Income	2011/12 Net Expenditure
	£'000	£'000	£'000	£'000	£'000
Environmental & Regulatory Services	8,383	9,441	(2,402)	(3,460)	5,981
Planning Services	2,457	3,023	(619)	(1,185)	1,838
Other Housing Services	37,769	37,777	(36,188)	(36,196)	1,581
Corporate & Democratic Core	1,933	2,022	-	(89)	1,933
Net cost of services - adjusted items only	50,542	52,263	(39,209)	(40,930)	11,333

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

STATEMENT OF ACCOUNTING POLICIES 2012/13

General

The accounts have been prepared in accordance with the Chartered Institute of Public Finance & Accountancy (CIPFA) / The Local Authority (Scotland) Accounts Advisory Committee (LASAAC) Code of Practice on Local Authority Financial Accounting in United Kingdom - 2012/13 Accounts, which is based on International Reporting Standards (IFRS).

As outlined in the Foreword, there are not many changes to the CIPFA Code of Practice for 2012/13 which affect this Council compared to recent years but they include:-

- The first phase of the International Audits Standard Board (IASB) new Conceptual Framework for Financial Reporting 2010 has been adopted by the CIPFA Code.
- New disclosure requirements for the transfer of financial assets.
- Clearer guidance on a number of areas where there was previously a degree of uncertainty.

The concepts and principles of International Accounting Standards Board Conceptual Framework for Financial Reporting (2010) have been applied and are outlined below.

The Statement of Accounts has been prepared with the overriding requirement that it is a 'true and fair' representation of the financial position, performance and cash flows of the Council.

The Council has endeavoured to ensure that within the restrictive definitions of the regulations the following objectives have been met:-

- To provide financial information about the reporting authority that is useful to existing and potential investors, lenders and other creditors in making decisions about providing resources to it
- To provide information about the authority's financial performance, financial position and cash flows that is useful to a wide range of users for assessing the stewardship of the authority's management and for making economic decisions
- To meet the common needs of most users focusing on the ability of the users to make economic decisions, the needs of public accountability and the stewardship of the authority's resources

Accruals

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

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

UNDERLYING ASSUMPTION TO THE STATEMENT OF ACCOUNTS

Going Concern

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

FUNDAMENTAL QUALITATIVE CHARACTERISTICS OF FINANCIAL STATEMENTS

Relevance and faithful representation

The information in the accounts is useful in assessing the Council's stewardship of public funds and for making economic decisions. It is intended to be complete, neutral and free from error.

Materiality

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

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

ENHANCED QUALITATIVE CHARACTERISTICS

Comparability

A consistent approach to accounting policies is used in preparing the accounts to ensure that it may be compared to previous years.

Verifiability

A faithful representation of the economic position.

Timeliness

The financial statements provide information to decision makers in time to be capable of influencing their decisions.

Understandability

Classifying, characterising and presenting information that is clear and concise. The financial statements are prepared for users who have a reasonable knowledge of business and economic activities.

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

ENHANCED QUALITATIVE CHARACTERISTICS

Elements of financial statements

The elements directly related to the measurements of financial position in the Balance Sheet are assets, liabilities and reserves. The elements directly related to the measurement of the financial performance in the Comprehensive Income and Expenditure Statement are income and expenses.

The elements directly related to the measurements of the financial position in the Balance Sheet are assets, liabilities and reserves. The elements directly related to the measurement of the financial performance in the Comprehensive Income and Expenditure Statement are income and expenses.

The Cash Flow Statement reflects elements in both the Comprehensive Income and Expenditure Statement and the Balance Sheet.

In assessing whether an item meets the definition of an asset, liability or reserve, consideration has been given to its underlying substance and economic reality and not merely its legal form.

Primacy of Legislative Requirements

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

INCOME AND EXPENDITURE

Revenue Recognition

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

COSTS OF SUPPORT SERVICES

The CIPFA Service Reporting Code of Practice (SRCOP) requires the costs of support services to be charged on a fair and transparent basis. The allocation bases used for the main costs are outlined below. The majority of services are allocated out on a time allocation basis with the exception of the following:

Admin Buildings	Headcount
Human Resources inc training	Headcount
Payroll	Headcount
ICT	Number of PC's per section
Customer Services	Number of calls multiplied by length of time per call
Cashiers	Number of transactions

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

COSTS OF SUPPORT SERVICES

Exchequer Services	Number of transactions
Insurance - Employees	Headcount
Insurance - Premises	Premises Valuation
Insurance - Vehicles	Number of Vehicles

Jointly Controlled Operations and Jointly Controlled Assets

Jointly controlled operations are activities undertaken by the Council in conjunction with other Councils that involve the use of the assets and resources of the Councils rather than the establishment of a separate entity. The Council recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure it incurs and the share of income it earns from the activity of the operation.

Jointly controlled assets are items of property, plant or equipment that are jointly controlled by the Council and other Councils, with the assets being used to obtain benefits for the Councils. The joint venture does not involve the establishment of a separate entity. The Council accounts for only its share of the jointly controlled assets, the liabilities and expenses that it incurs on its own behalf or jointly with others in respect of its interest in the joint arrangement and income that it earns from the arrangement.

VALUE ADDED TAX

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

GRANTS AND CONTRIBUTIONS

Grants and other contributions in relation to revenue and capital expenditure are accounted for on an accruals basis and recognised in the accounting statements when the conditions for their receipt have been complied with and there is reasonable assurance that the grant or contribution will be received. The de minimis for grants and contributions is £5,000.

LEASES

IAS 17 requires leases to be classified between finance leases and operating leases. IAS 17 defines a lease as "a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership".

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

- the lease transfers ownership of the asset to the lessee (the User) by the end of the lease term;

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

LEASES

- the lessee has the option to purchase the asset at a price that is expected to be sufficiently lower than the fair value;
- the lease term is for the major part of the economic life of the asset;
- the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset.
- the leased assets are of such a specialised nature that only the lessee can use them without major modifications.

Council as a Lessee – Finance Lease:

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

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

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

Council as a Lessor – Finance Lease:

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

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

Council as a Lessee – Operating Lease:

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

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

LEASES

Council as a Lessor – Operating Lease:

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

NON CURRENT ASSETS

Expenditure and Valuation principles

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

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

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

For 2012/13 the Council's values of land and buildings have been included in the accounts based on professional valuations. A *de minimis* value of £10,000 per capital contract or rolling programme has been applied to new vehicles, plant and equipment, and £10,000 for new land and buildings. Assets valued below these limits are not included, unless a revaluation is pending.

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

NON CURRENT ASSETS

Charges to Revenue for non-current Assets

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

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

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

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

Impairment

The value at which each category of assets is included in the balance sheet has been reviewed at the year-end, and were there to be reason to believe that the value had reduced materially in the period due to impairment, the valuation would be adjusted accordingly. Further information is supplied in Note 44.

Depreciation

Depreciation is charged to service revenue accounts for most non-current assets:

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

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

NON CURRENT ASSETS

Componentisation of Assets

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

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

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

Main Structures

Replaceable Structures

Services

External Works

Land

INTANGIBLE ASSETS

The Council has no internally generated assets. Software licences are capitalised as intangible assets and amortised on a straight line basis over the expected life of the asset.

HERITAGE ASSETS

Heritage Assets are a new classification of assets following the adoption of FRS 30.

Definition of Heritage Assets

A tangible heritage asset is defined as a tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

An intangible heritage asset is defined as an intangible asset with cultural, environmental or historical significance.

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

HERITAGE ASSETS

Recognition of Heritage Assets

The Council recognises heritage assets when the Council has information on the cost or value of the asset. Where information on cost or value is not available, and the cost of obtaining the information outweighs the benefits to the users of the financial statements, the Council does not recognise the asset on the Balance Sheet. Assets which are not recognised in the Balance Sheet are included in a separate Disclosure Note 53.

Valuation of Heritage Assets

The Council's heritage assets are normally measured at valuation except where it is not possible to establish a valuation; for example if there is no market for a particular heritage asset or where it is not possible to provide a reliable estimate of the replacement cost of the asset due to the lack of comparative information. The unique nature of many heritage assets makes reliable valuation complex. Therefore where it is not practicable to obtain a valuation for an asset (at a cost which is commensurate with the benefits to users of the financial statements) and cost information is available, the asset is carried at historical cost (less any accumulated depreciation, amortisation and impairment losses).

Valuations may be made by any method that is appropriate and relevant and include:

- (i) Insurance valuations based on current estimations of market values which are updated annually.
- (ii) External valuations
- (iii) Valuations by reference to recent auctions for similar assets.
- (iv) Valuations by reference to antique and other industry journals and reference materials

Valuations are reviewed with sufficient regularity to ensure they remain current.

Depreciation, Amortisation and Impairment of Heritage Assets

Tangible heritage assets are not depreciated as the assets are considered to have very long or infinite lives. Amortisation on intangible assets is considered on an individual asset basis. Assets are reviewed for impairment where an asset has suffered physical deterioration or breakage, or where doubts arise as to the authenticity of the heritage asset.

Accounting for Heritage Assets

Heritage assets are accounted for in the same way as property, plant and equipment and intangible assets.

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

HERITAGE ASSETS

Capitalisation of Borrowing Costs

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

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

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

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

INVENTORIES

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

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

WORK IN PROGRESS

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

PROVISIONS

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

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

DEBTORS AND CREDITORS

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

Where actual costs are not available, accruals for debtors and creditors are made on a best-estimate basis.

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

ACCOUNTING FOR FINANCIAL INSTRUMENTS

Financial Instruments are broadly defined in the Code of Practice as contracts that give rise to a financial asset in one entity and a financial liability in another entity.

FINANCIAL LIABILITY	FINANCIAL ASSET
<p>A financial liability is an obligation to transfer economic benefits controlled by the authority that is represented by:</p> <ul style="list-style-type: none">- a contractual obligation to deliver cash (or another financial asset) to another entity.- a contractual obligation to exchange financial assets/liabilities with another entity under conditions that are potentially unfavourable to the authority.	<p>A financial asset is a right to future economic benefits controlled by the authority that is represented by:</p> <ul style="list-style-type: none">- cash- a contractual right to receive cash (or another financial asset) from another entity.- a contractual right to exchange financial assets/liabilities with another entity under conditions that are potentially favourable to the authority.

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

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

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

ACCOUNTING FOR FINANCIAL INSTRUMENTS

FINANCIAL LIABILITIES	FINANCIAL ASSETS
<p>Amortised cost (e.g. creditors and borrowing)</p> <p>Fair value through profit or loss (e.g. liabilities held for trading)</p>	<p>Loans and receivables</p> <ul style="list-style-type: none"> - financial assets that have fixed or determinate payments that are not quoted in an active market e.g. debtors, bank deposits <p>Available for sale</p> <ul style="list-style-type: none"> - all other assets that do not fit under the other asset categories <p>Fair value through profit or loss</p> <ul style="list-style-type: none"> - assets held for trading <p>Held to maturity</p> <ul style="list-style-type: none"> - other discretionary assets that have fixed or determinate payments or fixed maturity date.

The Council's financial assets fall under the category of loans and receivables and include trade debtors (receivables), cash and bank deposits, and investments, while its financial liabilities fall within the category of amortised cost and include all operational trade creditors (payables), and external borrowing. Both classes of financial instruments have been accounted for at amortised cost taken as the carrying amount on initial recognition (i.e. the transaction price), or (as in the case of investments and borrowing), principal plus accrued interest to 31st March, 2013.

The Code also requires that each class of financial assets and financial liabilities be disclosed at "fair value" in a way that permits it to be compared with the carrying amount in the statement of accounts. Comparisons of fair value with the carrying amounts are shown where required within the Notes to Core Financial Statements. Paragraph 7.1.4.1 of the Code specifies that all financial instruments should be recognised on the basis of fair value adjusted for transaction costs except where the transaction costs are immaterial. Consequently, in practice, transaction costs are charged directly to the Comprehensive Income and Expenditure Statement in the year in which they are incurred.

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

Soft Loans

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

The council issues soft loans to employees in respect of car loans, and is in receipt of interest free loans to finance energy efficiency capital projects. No adjustment in respect of these loans is made to the accounts to reflect the requirements of the Code on the grounds that the adjustment would be immaterial or impractical.

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

INVESTMENTS

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

DEBT REDEMPTION

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

In accordance with statutory guidance and the Council's statement for Minimum Revenue Provisions (MRP) an amount is charged annually to revenue and set aside for the repayment of debt.

The provisions are made each year from the General Fund Revenue Accounts, which is then held in the Capital Adjustment Account (CAA). The accumulated provision held in the CAA is used to repay the principal amounts borrowed to finance capital investment.

INTERNAL INTEREST

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

CASH AND CASH EQUIVALENTS

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

Paragraph 7 of International Accounting Standard (IAS) 7 suggests that for short term investments to fall within the definition of cash equivalents they be no longer than 3 months duration, as any longer period would increase the risk of a change in value of the investments. For the purpose of classifying cash equivalents within Financial Instruments (Note 16), the Council's accounting policy is to categorise all fixed term deposits as investments, not cash equivalents (irrespective of the duration of the investments). This is because in practice, such deposits would not satisfy the requirement to be readily convertible to cash and would incur a penalty (loss in value) for early redemption. Therefore, in practice the Council's policy restricts the composition of cash and cash equivalents to notes and coin, current account balances held with its own banker, plus instant access call accounts or money market fund deposits placed in other financial institutions, that would be returnable without penalty within 24 hours notice.

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

EXCEPTIONAL ITEMS

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

PRIOR PERIOD ADJUSTMENTS

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance.

Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

RESERVES

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

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

EMPLOYEE BENEFITS

Pension Costs

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

Employees of the Council are members of a pension scheme:

- The Local Government Pensions Scheme, administered by West Sussex County Council. The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees working for the Council.

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

EMPLOYEE BENEFITS

Pension Costs

The Local Government Scheme is accounted for as a defined benefits scheme:

- The liabilities of the West Sussex County Council pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit credit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on bonds.
- The assets of West Sussex County Council pension fund attributable to the Council are included in the Balance Sheet at their fair value.
- The change in the net pensions liability is analysed into seven components:
 - current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
 - past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs;
 - interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
 - expected return on assets – the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return - credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
 - gains or losses on settlements and curtailments – the result of actions to relieve the Authority of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs;
 - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve;

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

EMPLOYEE BENEFITS

Pension Costs

- contributions paid to the West Sussex County Council pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards.

In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

Termination Benefits

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

Current Employee Benefits And Accumulated Absences

The Council reviews the cost of accumulated absences as required by the IFRS code of practice.

The review reveals that the level of this is not material and therefore has chosen not to accrue these costs.

CONTINGENT LIABILITIES

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

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

CAPITAL RECEIPTS

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

NOTE 2: ACCOUNTING STANDARDS ISSUED, BUT HAVE NOT YET BEEN ADOPTED

For 2012/13 Statement of Accounts a revised IAS19 (Employee Benefits) has been issued, but not adopted. IAS19 is changing for accounting years starting on or after 1 January 2013 and this will affect the budgeted pension expense for the next financial year. The key change affecting local government employers relates to the expected return on assets. Advance credit for anticipated outperformance of return seeking assets (such as equities) will no longer be permitted. The expected return on assets is currently credited to profit and loss, however, from 2013 this is effectively replaced with an equivalent figure calculated using the discount rate (as opposed that calculated using the Expected Return on Assets assumption). There is no impact of this change on the accounts covering the 2012/13 financial year. The changes to IAS19 will be retrospectively applied for the 2012/13 financial year, at the time the 2013/14 accounts are prepared. This is in accordance with IAS 8. Essentially, this means that the 2012/13 income statement disclosed in the 2013/14 accounts will be rebased onto the IAS19 (Revised) reporting basis.

NOTE 3: CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

The critical judgements made in the Statement of Accounts are:

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

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

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty the final results could be different from the estimates contained within these accounts. As these items are re-assessed each year, they are subject to annual review and are updated within each year's accounts for the latest information.

The items in the Council's Balance Sheet at 31 March 2013 for which there is a risk of adjustment in the forthcoming financial year are as follows:

NOTES TO THE ACCOUNTS

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

Item	Uncertainties	Effect if actual results differ from assumptions
Property, Plant & Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	<p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.</p> <p>The useful life of some of the council properties has been reduced and as a result the depreciation has increased</p> <p>Depreciation is excluded when the movement in the general fund is determined. It does not impact on the setting of council tax.</p>
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	<p>The effects on the net pensions liability of changes in individual assumptions can be measured. However, the assumptions interact in complex ways.</p> <p>During 2012/13, the Council's actuaries advised that the net pension liability has increased by £2.17.</p> <p>Retirement benefits are charged as amounts become payable to pension funds rather than as future benefits are earned. Net changes made for retirement benefits in accordance with IAS 19 are excluded when the movement in the general fund (revenue outturn) is determined. It does not impact on the setting of council tax.</p>
Arrears	At March 2013 the Council had a balance of debtors due (excluding government department) £5.9m . A review of significant balances suggested that an impairment of doubtful debt of £0.9m was appropriate.	Arrears collection rates are reviewed each year and if collection rates were to deteriorate or improve this would require an appropriate adjustment.

NOTE 5: MATERIAL ITEMS OF INCOME AND EXPENSE

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

NOTES TO THE ACCOUNTS

NOTE 6: EVENTS AFTER THE BALANCE SHEET DATE

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period, 31st March 2013 and the date when the Statement of Accounts is authorised for issue, 20th September 2013.

Two types of events can be identified:

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

When the new arrangements for the retention of business rates come into effect on April 1 2013 the Council will assume 40% of the liability for refunding taxpayers who have successfully appealed against the rateable value of their properties on the ratings list. This will include amounts that were paid over to central government in 2012/13 and prior years. The business rates retention scheme has an overall maximum 'safety net' in its calculation for Worthing of £265,200. This is the maximum that the Council will have to pay over central government. It is estimated that Worthing will achieve a small surplus.

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

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

	General Fund Balance	Capital Receipts Reserves	Capital Grants Unapplied	Movement in Unusable Reserve
2012/13 USABLE RESERVES				
Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement	£000	£000	£000	£000
Charges for depreciation and impairment of non current assets (note 12 & 25)	(2,711)			2,711
Revaluation losses on Property Plant and Equipment (note 12 & 25)	(1,492)			1,492
Movements in the market value of investment Properties (note 14 & 25)	(2,625)			2,625
Amortisation of intangible assets (note 15 & 25)	(37)			37
Capital grants and contributions applied (note 25)	730			(730)
Revenue Expenditure funded from capital under statute (note 25)	(1,056)			1,056
Amount of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement (note 12)	(1,397)			1,397

NOTES TO THE ACCOUNTS

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

2012/13 USABLE RESERVES	General Fund Balance	Capital Receipts Reserves	Capital Grants Unapplied	Movement in Unusable Reserve
	£000	£000	£000	£000
Insertion of items not debited or credited to the Comprehensive Income & Expenditure Statement				
Statutory provision for the financing of capital investment (note 25)	418			(418)
Capital expenditure charged against the General Fund (note 25)	684		-	(684)
Adjustment primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the Comprehensive Income & Expenditure A/c	30		(30)	-
Application of grants to capital financing transferred to the Capital Adjustment Accounts (note 25)			144	(144)
Adjustment primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive income and Expenditure Statement	366	(368)		2
Use of the Capital Receipts Reserve to finance new capital expenditure (note 41)	-	4,101		(4,101)
Transfer from Deferred Capital Receipts Reserve upon receipt of cash (note 25)		(9)		9
Adjustment primarily involving the Deferred Capital Receipts Reserve:				
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the CIES		-		-
Adjustments involving the Major Repairs Reserve				
Reversal of Major Repairs Allowance credited to the HRA				-
Use of the major Repairs Reserve to finance new capital expenditure				-
Adjustments involving the Pensions Reserve				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive income and Expenditure Statement (note 48)	(1,940)			1,940
Employers Pension Contributions and direct payments to pensioners payable in the year	2,600			(2,600)

NOTES TO THE ACCOUNTS

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

	General Fund Balance	Capital Receipts Reserves	Capital Grants Unapplied	Movement in Unusable Reserve
2012/13 USABLE RESERVES	£000	£000	£000	£000
Adjustments involving the Collection Fund Adjustment Account:				
Amount by which council tax income credited to the Comprehensive Income & Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements (note 25)	(57)			57
Adjustment involving the Unequal Pay Back Pay Adjustment Account				
Amount by which amounts charged for Equal Pay claims to the Comprehensive Income and Expenditure Statement are different from the cost of settlements chargeable in the year in accordance with statutory requirements	-			-
Adjustment involving the Accumulated Absences Account				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	-			-
TOTAL ADJUSTMENTS 2012/13	(6,487)	3,724	114	2,649

	General Fund Balance	Capital Receipts Reserves	Capital Grants Unapplied	Movement in Unusable Reserve
2011/12 USABLE RESERVES COMPARATIVE FIGURES RESTATED	£000	£000	£000	£000
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement				
Charges for depreciation and impairment of non current assets (note 25)	(2,652)			2,652
Revaluation losses on Property Plant and Equipment (note 25)	(11,093)			11,093
Movements in the market value of investment Properties (note 25)	(1,920)			1,920
Amortisation of intangible assets (note 25)	(39)			39

NOTES TO THE ACCOUNTS

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

2011/12 USABLE RESERVES COMPARATIVE FIGURES RESTATED	General Fund Balance	Capital Receipts Reserves	Capital Grants Unapplied	Movement in Unusable Reserve
	£000	£000	£000	£000
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement				
Capital grants and contributions applied (note 25)	1,124		-	(1,124)
Revenue Expenditure funded from capital under statute (note 25)	(1,197)			1,197
Amount of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement (note 25)	(951)			951
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement				
Statutory provision for the financing of capital investment (note 25)	369			(369)
Capital expenditure charged against the General Fund (note 25)	371			(371)
Adjustment primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the Comprehensive income and Expenditure Account	670		(670)	-
Application of grants to capital financing transferred to the Capital Adjustment Accounts (note 25)			592	(592)
Adjustment primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive income and Expenditure Statement	234	(234)		-
Use of the Capital Receipts Reserve to finance new capital expenditure (note 41)	(22)	5,927		(5,905)
Contribution from Capital Receipts Reserve towards administrative costs of non current asset disposals				-

NOTES TO THE ACCOUNTS

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

2011/12 USABLE RESERVES COMPARATIVE FIGURES RESTATED	General Fund Balance	Capital Receipts Reserves	Capital Grants Unapplied	Movement in Unusable Reserve
	£000	£000	£000	£000
Adjustment primarily involving the Capital Receipts Reserve:				
Contribution from Capital Receipts Reserve to finance the payments to the Government capital receipts pool				-
Transfer from Deferred Capital Receipts Reserve upon receipt of cash (note 25)		(6)		6
Adjustment primarily involving the Deferred Capital Receipts Reserve:				
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive income and Expenditure Statement				-
Adjustments involving Major Repairs Reserve				
Reversal of Major Repairs All'ce credited to the HRA				-
Use of the major Repairs Reserve to finance new capital expenditure				-
Adjustments involving the Financial Instruments Adjustment Account				
Amount by which finance costs charged to the Comprehensive income and Expenditure Statement are different from finance costs chargeable in year in accordance with statutory requirements				-
Adjustments involving the Pensions Reserve				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive income and Expenditure Statement (note 48)	(1,860)			1,860
Employers Pension Contributions & direct payments to pensioners payable in year (note 48)	2,430			(2,430)
Adjustments involving the Collection Fund Adjustment Account:				
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements (note 25)	75			(75)

NOTES TO THE ACCOUNTS

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

2011/12 USABLE RESERVES COMPARATIVE FIGURES RESTATED	General Fund Balance	Capital Receipts Reserves	Capital Grants Unapplied	Movement in Unusable Reserve
	£000	£000	£000	£000
Adjustment involving the Unequal Pay Back Pay Adjustment Account Amount by which amounts charged for Equal Pay claims to the Comprehensive Income and Expenditure Statement are different from the cost of settlements chargeable in the year in accordance with statutory requirements				-
Adjustment involving the Accumulated Absences Account Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements				-
TOTAL ADJUSTMENTS 2011/12	(14,461)	5,687	(78)	8,852

NOTE 8: TRANSFERS TO/FROM EARMARKED RESERVES

This note sets out the amounts set aside from the General Fund balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund in 2012/13.

NOTES TO THE ACCOUNTS

NOTE 8: TRANSFERS TO/FROM EARMARKED RESERVES

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

Movement in Earmarked Reserves	Balance at 01.04.11	Decrease 2011/12	Increase 2011/12	Balance at 31.03.12	Decrease 2012/13	Increase 2012/13	Balance at 31.03.13
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Earmarked Revenue Reserves							
Capacity Issues Fund	2,843	(458)	549	2,934	(559)	327	2,702
Cremator Abatement	299	(130)	133	302	(242)		60
Crematorium Improvement	-	(55)	55	-	(53)	53	-
Insurance	271	(33)	261	499	(34)	26	491
Joint Health Promotion	44			44	(14)		30
Leisure Lottery & Other Partnerships	78			78			78
Leisure Options	292			292	(292)		-
Grants & Contributions	-		606	606	(267)	251	590
Museum Reserve	110			110			110
Property Maintenance	-			-		-	-
Planning Delivery Grant	183	(28)		155	(21)		134
Special & Other Emergency Expenditure	737	(701)	500	536	(194)	300	642
VAT Partial Exemption	247	(35)		212			212
Vehicle Repair and Renewal	97			97			97
Total General Fund	5,201	(1,440)	2,104	5,865	(1,676)	957	5,146
Capital Expenditure Reserve	73	-	-	73	-	-	73
Total Earmarked Reserves	5,274	(1,440)	2,104	5,938	(1,676)	957	5,219

- (i) The capacity issues reserve was set up in 2005/06 to give the Council scope to deal with a range of cost pressures expected to arise in future years.
- (ii) The Cremator Abatement Reserve and Crematorium Improvement Reserve were established in November 2005 and consist of funds set aside from increases in fees and charges. They are designed to provide funds towards the cost of mercury emission abatement measures and crematorium infrastructure improvements respectively.
- (iii) The Insurance Reserve was established in 1993/94 to fund risk management initiatives, fund minor self-insurance and to achieve longer term revenue savings.
- (iv) The Joint Health Promotion Reserve was established in 2005 with funding received from the local teaching Primary Care Trust for health promotion projects.
- (v) The Leisure, Lottery and Other Partnerships Reserve was established in 1995/96 to assist in financing capital schemes attracting substantial support from the National Lottery distributor bodies and other funding agencies and organisations.

NOTES TO THE ACCOUNTS

NOTE 8: TRANSFERS TO/FROM EARMARKED RESERVES

- (vi) The Leisure Options Reserve has been established using the interest earned from the proceeds of the disposal of certain assets being sold to generate funds to re-provide swimming facilities and the Leisure Centre. .
- (vii) The Grants and Contributions Reserve was created to comply with changes in accounting policy required by the code of practice. The reserve is used where the grant or contribution has been recognised as income in the Comprehensive Income & Expenditure Statement, but the expenditure to be financed from that grant or contribution has not been incurred at the balance sheet date.
- (viii) The Museum Reserve was established in 1993/94 to support the overall service aims of the Museum and Art Gallery on occasions where annual budgets do not allow the work of the Museum and Art Gallery to progress in a manner which will contribute to achieving these aims.
- (ix) The Planning Delivery Grant Reserve was set up in 2006/07 to carry forward grant received in previous years, which has been approved by Cabinet to be spent on specific planning initiatives
- (x) The Special and Other Emergency Expenditure Reserve was set up to fund expenditure such as seaweed removal, uninsured losses (i.e. storm damage) and any other strategic or unforeseen one-off expenditure which may arise.
- (xi) The VAT Partial Exemption Reserve was originally set up in 2000 to meet any additional costs associated with the transfer of the Council's Housing Stock. The purpose of the fund was revised in 2002 and surplus funds redistributed to other reserves leaving a balance of £212,000 to meet potential VAT liabilities.
- (xii) The Vehicle Repairs and Renewal Fund was set up in 2008 to meet future maintenance costs of the Adur Worthing Council Services Fleet.
- (xiv) The Capital Expenditure Reserve was set up in 1993/94 to finance capital schemes which may have been delayed, to provide an alternative source of finance should the income from capital receipts decline and to assist in the financing of new or accelerated capital projects.

NOTE 9: OTHER OPERATING EXPENDITURE

Other Operating Expenditure	31-Mar-13	31-Mar-12
	£'000s	£'000s
De-recognition of assets	1,397	946
Gains/losses on the disposal of non-current assets	-	3
TOTAL	1,397	949

NOTES TO THE ACCOUNTS

NOTE 10: FINANCING AND INVESTMENT INCOME AND EXPENDITURE

Financing and Investment Income and Expenditure	2012/13	2011/12
	£000	£000
Interest Payable & Similar Charges	194	114
Pensions interest cost & expected return on pensions assets	1,460	1,310
Interest Receivable & similar Income	(198)	(266)
Income and expenditure in relation to investment properties	(238)	(219)
Changes in fair value to investment properties	2,539	1,941
Other Investment Income	(269)	(209)
TOTAL	3,488	2,671

NOTE 11: TAXATION AND NON-SPECIFIC GRANT INCOME

Taxation and Non-Specific Grant Income	2012/13	2011/12
	£'000s	£'000s
Council Tax Income	(8,482)	(8,446)
Non Domestic Rates	(5,146)	(4,369)
Non-ringfenced Government Grants	(773)	(1,833)
Capital Grants and Contributions	(248)	(1,794)
TOTAL	(14,649)	(16,442)

NOTE 12: PROPERTY, PLANT AND EQUIPMENT

OPERATIONAL ASSETS

Movements in 2012/2013	Other Land and Buildings	Vehicles, Furniture and Equipment	Infra-structure Assets	Comm-unity Assets	Surplus Assets	Assets Under Const-ruktion	TOTAL
Cost or Valuation	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2012	48,760	8,903	3,663	4,963	2,976	6,698	75,963
Additions	2,419	1,079	344	-	-	13,800	17,642
Revaluation increases/(decreases) recognised in the Revaluation Res've	566	-	-	-	-	-	566
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(913)	-	-	-	(714)	-	(1,627)
Derecognition - Disposals	-	-	-	-	-	-	-
Derecognition - Other	(1,500)	(375)	-	-	-	-	(1,875)
Assets reclassified (to)/from Held for Sale	-	-	-	-	-	-	-
Assets reclassified (to)/from Investment Properties	450	-	-	-	-	-	450
Reclassifications between asset classes, including transfers to intangible assets	(1,447)	(130)	-	1	(38)	1,609	(5)
At 31 March 2013	48,335	9,477	4,007	4,964	2,224	22,107	91,114

NOTES TO THE ACCOUNTS

NOTE 12: PROPERTY, PLANT AND EQUIPMENT

OPERATIONAL ASSETS

Movements in 2012/2013	Other Land and Buildings	Vehicles, Furniture and Equipment	Infra-structure Assets	Comm-unity Assets	Surplus Assets	Assets Under Const-ruktion	TOTAL
Cost or Valuation	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2012	(1,194)	(4,562)	(593)	-	-	-	(6,349)
Depreciation charge	(1,661)	(904)	(140)	-	(1)	-	(2,706)
Depreciation written out to the Revaluation Reserve	2	-	-	-	-	-	2
Deprecation written out to the Surplus/Deficit on the Provision of Services	135	-	-	-	-	-	135
Impairment losses recognised in the Surplus/Deficit on the Provision of Services	-	(5)	-	-	-	-	(5)
Derecognition - Other	102	376	-	-	-	-	478
Reclassifications between asset classes, including transfers to Intangible Assets	65	86	-	-	-	(151)	-
At 31 March 2013	(2,551)	(5,009)	(733)	-	(1)	(151)	(8,445)
Net Book Value at 31 March 2013	45,784	4,468	3,274	4,964	2,223	21,956	82,669
Net Book Value at 31 March 2012	47,566	4,341	3,070	4,963	2,976	6,698	69,614

Share of the above assets used in the provision of the joint service

Movements in 2012/2013	Vehicles, Furniture and Equipment	Assets Under Construction	TOTAL
Cost or Valuation	£'000	£'000	£'000
At 1 April 2012	7,120	6	7,126
Assets transferred to Joint Services	239	-	239
Additions	1,012	236	1,248
Derecognition - Other	(338)	-	(338)
Reclassifications between asset categories	(4)	-	(4)
At 31 March 2013	8,029	242	8,271
Accumulated Depr'tion & Impairment			
At 1 April 2012	(3,503)	-	(3,503)
Depreciation Transfers to Joint Services	(177)	-	(177)
Depreciation charge	(803)	-	(803)
Derecognition - Other	338	-	338
At 31 March 2013	(4,145)	-	(4,145)
Net Book Value at 31 March 2013	3,884	242	4,126
Net Book Value at 31 March 2012	3,617	6	3,623

NOTES TO THE ACCOUNTS

NOTE 12: PROPERTY, PLANT AND EQUIPMENT

COMPARATIVE MOVEMENTS 2011/12

Movements in 2011/2012	Other Land and Buildings	Vehicles, Furniture and Equipment	Infra-structure Assets	Comm-unity Assets	Surplus Assets	Assets Under Const-ruction	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
At 1 April 2011 (Restated)	55,583	9,137	3,438	4,963	2,286	1,779	77,186
Additions	1,382	533	170	-	-	5,085	7,170
Revaluation increases/(decreases) recognised in the Revaluation Reserve	4,380	-	-	-	(25)	-	4,355
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(11,755)	-	-	-	-	-	(11,755)
Derecognition - Disposals	-	(19)	-	-	-	-	(19)
Derecognition - Other	(924)	(687)	-	-	(45)	-	(1,656)
Assets reclassified (to)/from Held for Sale	-	-	-	-	760	-	760
Assets reclassified (to)/from Investment Properties	60	-	-	-	-	(77)	(17)
Reclassifications between asset classes, including transfers to intangible assets	34	(61)	55	-	-	(89)	(61)
At 31 March 2012	48,760	8,903	3,663	4,963	2,976	6,698	75,963
Accumulated Depreciation and							
At 1 April 2011	(432)	(4,349)	(462)	-	-	-	(5,243)
Depreciation charge	(1,557)	(962)	(131)	-	(2)	-	(2,652)
Depreciation written out to the Revaluation Reserve	108	-	-	-	1	-	109
Deprecation written out to the Surplus/Deficit on the Provision of Services	662	-	-	-	-	-	662
Derecognition - Disposals	-	12	-	-	1	-	13
Derecognition - Other	25	685	-	-	-	-	710
Reclassifications between asset classes, including transfers to Intangible Assets	-	52	-	-	-	-	52
At 31 March 2012	(1,194)	(4,562)	(593)	-	-	-	(6,349)
Net Book Value at 31 March 2012	47,566	4,341	3,070	4,963	2,976	6,698	69,614
Net Book Value at 31 March 2011	55,151	4,788	2,976	4,963	2,286	1,779	71,943

NOTES TO THE ACCOUNTS

NOTE 12: PROPERTY, PLANT AND EQUIPMENT

COMPARATIVE MOVEMENTS 2011/12

Share of the above assets used in the provision of the joint service

Movements in 2011/2012	Vehicles, Furniture and Equipment	Assets Under Construction	TOTAL
	£'000	£'000	£'000
Cost or Valuation			
At 1 April 2011	6,995	-	6,995
Additions	426	6	432
Derecognition - Other	(301)	-	(301)
At 31 March 2012	7,120	6	7,126
Accumulated Depreciation and Impairment			
At 1 April 2011	(2,975)	-	(2,975)
Depreciation charge	(828)	-	(828)
Derecognition - Other	300	-	300
At 31 March 2012	(3,503)	-	(3,503)
Net Book Value at 31 March 2012	3,617	6	3,623
Net Book Value at 31 March 2011	4,020	-	4,020

Depreciation

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

- **Other Land and Buildings:** 5 – 69 years
- **Vehicles, Plant, Furniture and Equipment:** 1 – 23 years
- **Infrastructure:** 25 years

Capital Commitments

At 31 March 2013, the Council has entered into a number of significant contracts for the construction or enhancement of Property, Plant and Equipment in 2013/2014 and future years estimated to cost £2,064,351. The major commitments are:-

NOTES TO THE ACCOUNTS

NOTE 12: PROPERTY, PLANT AND EQUIPMENT

COMPARATIVE MOVEMENTS 2011/12

Capital Commitments

- Portland House completion of refurbishment - £153,071
- Field Place installation of gas supply, provision of gas fired heating and kitchen equipment - £229,600.
- Completion of the new swimming pool - £1,681,680.

Revaluations

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

The significant assumptions applied in estimating the fair values are:

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

	Other Land and Buildings	Vehicles, Furniture and Equipment	Infra-structure Assets	Comm-unity Assets	Surplus Assets	Assets Under Const-ruction	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Carried at historical cost	-	4,468	3,274	4,964	-	21,956	34,662
Valued at fair value as at:							
31st March 2013	4,261	-	-	-	172	-	4,433
31st March 2012	17,868	-	-	-	41	-	17,909
31st March 2011	18,031	-	-	-	2,010	-	20,041
31st March 2010	5,624	-	-	-	-	-	5,624
Total Cost or Valuation	45,784	4,468	3,274	4,964	2,223	21,956	82,669

NOTE 13: HERITAGE ASSETS

A tangible heritage asset is defined as a tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

NOTES TO THE ACCOUNTS

NOTE 13: HERITAGE ASSETS

Movements in 2012/2013	Civic Regalia	Art and Sculpture	Costume and Jewellery	Toys	Social History	Archaeology and Geology	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
At 1 April 2012	491	3,400	3,600	1,190	1,400	410	10,491
Donated Assets	-	-	2	-	1	-	3
Revaluation increases/(decreases) recognised in the Revaluation Reserve	-	-	-	-	-	-	-
At 31 March 2013	491	3,400	3,602	1,190	1,401	410	10,494
Impairment							
At 1 April 2011	-	-	-	-	-	-	-
At 31 March 2012	-	-	-	-	-	-	-
Net Book Value at 31 March 2013	491	3,400	3,602	1,190	1,401	410	10,494
Net Book Value at 31 March 2012	491	3,400	3,600	1,190	1,400	410	10,491

Comparative Movements 2011/12

Restated Movements in 2011/2012	Civic Regalia	Art and Sculpture	Costume and Jewellery	Toys	Social History	Archaeology and Geology	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
At 1 April 2011	491	2,091	2,214	732	861	252	6,641
Revaluation increases/(decreases) recognised in the Revaluation Reserve	-	1,309	1,386	458	539	158	3,850
At 31 March 2012	491	3,400	3,600	1,190	1,400	410	10,491
Accumulated Impairment							
At 1 April 2010	-	-	-	-	-	-	-
At 31 March 2011	-	-	-	-	-	-	-
Net Book Value at 31 March 2012	491	3,400	3,600	1,190	1,400	410	10,491
Net Book Value at 31 March 2011	491	2,091	2,214	732	861	252	6,641

NOTES TO THE ACCOUNTS

NOTE 13: HERITAGE ASSETS

Civic Regalia

The Council's Civic Regalia is reported in the Balance Sheet at valuation by an external valuer.

Art and Sculpture

The Authority's collection of fine art, decorative art and sculpture is reported in the Balance Sheet at insurance valuation.

Costume and Jewellery

This collection includes textiles, costumes, costume accessories and jewellery is reported in the Balance Sheet at insurance valuation.

Toys

The collection of toys is reported in the Balance Sheet at insurance valuation.

Social History

This collection includes books, non archaeological coins, tokens, medals, militaria, social history, agriculture, history, transport, ephemera and photography. These assets are included in the Balance Sheet at insurance valuation.

Archaeology and Geology

The artefacts in this category are included in the Balance Sheet at insurance valuation.

NOTE 14: INVESTMENT PROPERTIES

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

	2012/13	2011/12
	£'000	£'000
Rental income from investment property	(873)	(782)
Direct operating expenses arising from investment property	549	584
Net (gain)/loss	(324)	(198)

NOTES TO THE ACCOUNTS

NOTE 14: INVESTMENT PROPERTIES

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

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

	2012/13	2011/12
	£'000	£'000
Balance at start of the year 1st April	18,290	18,577
Additions:		
Construction	-	1,602
Subsequent expenditure	1	14
Net gains/(losses) from fair value adjustments	(2,625)	(1,920)
Transfers:		
To/from Property, Plant and Equipment	(450)	17
Balance at end of the year	15,216	18,290

NOTE 15: INTANGIBLE ASSETS

The Council has no internally generated assets and accounts for its software as intangible assets to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment.

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

The useful lives assigned to the software licences are between 1 and 7 years and the carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £36,568 has been charged to the Income and Expenditure Statement.

NOTES TO THE ACCOUNTS

NOTE 15: INTANGIBLE ASSETS

	2012/13	2011/12
	£'000	£'000
Balance at start of the year 1st April		
Gross carrying amounts	189	179
Adjustment to gross carrying amount	52	-
Accumulated amortisation	(124)	(85)
Adjustment to accumulated amortisation	(52)	-
Net carrying amount at start of year	65	94
Additions:		
Purchases	20	1
Transfers from property, plant and equipment	5	9
Disposals:	(45)	-
Amortisation for the period:	(37)	(39)
Amortisation written off on disposal:	45	-
Net carrying amount at end of year	53	65
Comprising		
Gross carrying amounts	221	189
Accumulated amortisation	(168)	(124)
	53	65

Share of the above assets used in the provision of the Joint Service.

	2012/13	2011/12
	£'000	£'000
Balance at start of the year 1st April		
Gross carrying amounts	142	141
Accumulated amortisation	(90)	(58)
Net carrying amount at start of year	52	83
Additions:		
Existing assets transferred to Joint Services	50	-
Purchases	20	1
Amortisation for the period:	(33)	(32)
Amortisation transferred to Joint Services:	(41)	-
Net carrying amount at end of year	53	52
Comprising		
Gross carrying amounts	217	142
Accumulated amortisation	(164)	(90)
	53	52

NOTES TO THE ACCOUNTS

NOTE 16: FINANCIAL INSTRUMENTS

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

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

	Long Term		Current		Total	
	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
	£'000	£'000	£'000	£'000	£'000	£'000
Financial Liabilities at Amortised Cost (Borrowings)	(2,847)	(2,690)	(13,018)	(2,130)	(15,865)	(4,820)
Total Liabilities	(2,847)	(2,690)	(13,018)	(2,130)	(15,865)	(4,820)
Loans and Receivables - Investments	-	-	7,037	10,608	7,037	10,608
Total Assets	-	-	7,037	10,608	7,037	10,608
NET TOTAL ASSETS / (LIABILITIES)	(2,847)	(2,690)	(5,981)	8,478	(8,828)	5,788

The borrowing on the balance sheet is analysed by maturity structure as follows:

	31-Mar-13	31-Mar-12
	£'000s	£'000s
An analysis of loan debt by maturity is:		
Maturing within one year	13,018	2,130
	13,018	2,130
Maturing in 1-2 years	2,813	1,865
Maturing in 2-5 years	34	825
Maturing in 5-10 years	-	-
Maturing in more than 10 years	-	-
	2,847	2,690
TOTAL	15,865	4,820

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

NOTES TO THE ACCOUNTS

NOTE 16: FINANCIAL INSTRUMENTS

	Long Term		Current		TOTAL	
	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
	£'000	£'000	£'000	£'000	£'000	£'000
BORROWING:						
Public Works Loan Board	(750)	(2,550)	(1,836)	(36)	(2,586)	(2,586)
Public Works L'n Board	(750)	(2,550)	(1,836)	(36)	(2,586)	(2,586)
Salix Finance	(97)	(140)	(74)	(65)	(171)	(205)
Highdown Trust	-	-	(28)	(28)	(28)	(28)
Nottingham Police & Crime Commissioner	(2,000)	-	(3)	-	(2,003)	-
Portsmouth City Council	-	-	(6,050)	-	(6,050)	-
Thurrock Borough Council	-	-	-	(2,001)	-	(2,001)
West Yorkshire Police & Crime Commissioner	-	-	(5,027)	-	(5,027)	-
Other Commercial lenders	(2,097)	(140)	(11,182)	(2,094)	(13,279)	(2,234)
TOTAL BORROWING	(2,847)	(2,690)	(13,018)	(2,130)	(15,865)	(4,820)
INVESTMENTS:						-
Barclays Bank Plc	-	-	-	4,050	-	4,050
Bank of Scotland	-	-	-	1,517	-	1,517
Co-operative Bank Plc	-	-	-	2,000	-	2,000
Coventry Bld.Society	-	-	2,000	-	2,000	-
Lloyds TSB Bank Plc	-	-	2,037	2,036	2,037	2,036
Nationwide Building Society	-	-	1,000	-	1,000	-
Royal Bank of Scotland	-	-	-	1,005	-	1,005
Skipton Bld.Society	-	-	2,000	-	2,000	-
TOTAL INVESTMENTS	-	-	7,037	10,608	7,037	10,608
NET TOTAL INVESTMENTS/ (LIABILITIES)	(2,847)	(2,690)	(5,981)	8,478	(8,828)	5,788

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

NOTES TO THE ACCOUNTS

NOTE 16: FINANCIAL INSTRUMENTS

	FINANCIAL LIABILITIES Measured at Amortised Cost		FINANCIAL ASSETS Loans and Receivables		TOTAL	
	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12
	£'000	£'000	£'000	£'000	£'000	£'000
Interest Expense	(193)	(113)	-	-	(193)	(113)
Impairment Losses	-	-	-	-	-	-
Interest Payable and Similar Charges	(193)	(113)	-	-	(193)	(113)
Interest Income	-	-	193	261	193	261
Change in Impairment	-	-	(135)	(19)	(135)	(19)
Interest Income and Similar Income	-	-	58	242	58	242
Net Gain/(Loss) in Year	(193)	(113)	58	242	(135)	129

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

Fair Values - Borrowing

The fair value of investments and borrowing at 31st March 2013 is based upon professional evaluation by the Council's treasury management advisers.

The valuations use the net present value approach, which provides an estimate of the value of payments in the future in today's terms. The discount rate used is equal to the current rate in relation to the same instrument from a comparable lender at 31st March 2013. The fair value includes accrued interest in the calculation to provide a comparison with the carrying value in the Balance Sheet.

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

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

The fair values calculated are as follows:

	31st March 2013			31st March 2012	
	Carrying Amount	Fair Value		Carrying Amount	Fair Value
	£'000	£'000		£'000	£'000
Financial Liabilities					
Borrowing PWLB	(2,586)	(2,639)		(2,586)	(2,705)
Other Loans	(13,279)	(13,231)		(2,234)	(2,190)
Total Borrowing	(15,865)	(15,870)		(4,820)	(4,895)
Finance Lease Liabilities	-	-		-	-
Trade and Other Payables	(2,175)	(2,175)		(7,096)	(7,096)
	(18,040)	(18,045)		(11,916)	(11,991)

NOTES TO THE ACCOUNTS

NOTE 16: FINANCIAL INSTRUMENTS

The fair value of PWLB Borrowing is greater than the carrying amount because the Council's portfolio is at interest rates 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. The converse applies for other loans, for which the fair value is below the carrying amount, as the interest rates for these loans are lower than the rates for equivalent loans at 31st March, 2013.

Fair Values - Investments

	31st March 2013		31st March 2012	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Investments	7,037	7,037	10,608	10,608
Trade Receivables	1,830	1,830	6,378	6,378
Cash & Cash Equivalents	2,440	2,440	3,832	3,832
Loans and Receivables	11,307	11,307	20,818	20,818

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

The disclosure for Loans and Receivables includes two other elements being Trade Receivables (or trade debtors) and Cash and Cash equivalents. The carrying amount for Trade Receivables differs from the total value of Debtors shown in Note 19 and the Balance Sheet on account of the exclusion of statutory debtors that fall outside the definition of Financial Instruments because they do not constitute trade debts. The carrying value of Cash and Cash Equivalents comprises notes and coin (petty cash) held by the Authority and bank deposits available on demand.

Nature and Extent of Risks Arising From Financial Instruments

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

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

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

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

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

Credit Risk

Credit risk arises from investments with banks and building societies as well as credit exposures to the Council's customers. The Council's treasury management policy on investments limits the amounts invested with any institution or group according to the credit rating provided by the principal rating agencies Fitch, Moody's and Standard and Poor's. Consequently the Council limits lending of no more than £6m to institutions rated AA+ or above, £5m to institutions rated AA or AA-, and £3m to those rated A+ or below. In the case of the councils own bank the limit is £4m, or 25% of total funds (whichever is higher).

NOTES TO THE ACCOUNTS

NOTE 16: FINANCIAL INSTRUMENTS

Credit Risk

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

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

The following analysis summarises the Council's potential maximum exposure to credit risk, based on experience of default and uncollectability, adjusted for current market conditions. The historical default rates for trade debtors is based upon the Council's average provisions for bad debt and equates to 1.36% of all trade debt. However, the bad debt provision for 2012/13 as a percentage of total debtors was 7.39%. Considering current market conditions and expectations for the future the Historical Default rate has been adjusted from 1.36% to 7.39% to gauge the likely maximum exposure to default and uncollectability.

Credit Risk Exposure	Carrying Amount at 31-Mar-13	Historical Experience of Default	Historical Experience Adjusted for Market Conditions at 31-Mar-13	Estimated Maximum Exposure to Default and Uncollectability at 31-Mar-13	Estimated Maximum Exposure at 31-Mar-12
	£'000	%	%	£'000	£'000
Deposit with Banks and Financial Institutions	7,037	0.00%	0.094	7	10
Customers	1,830	1.36%	7.39	135	65
	8,867			142	75

Liquidity Risk

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

NOTES TO THE ACCOUNTS

NOTE 16: FINANCIAL INSTRUMENTS

Market Risk

The Council is exposed to risk in its exposure to interest rate movements in its investments and to a lesser extent on its borrowings. The Council generally invests and borrows at fixed rates.

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

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

According to this assessment strategy, at 31 March 2013, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	£'000
Increase in interest payable on variable rate borrowings	-
Increase in interest receivable on variable rate investments	28
Impact on Surplus or Deficit on the Provision of Services	28
Decrease in fair value of fixed rate investment assets	13
Impact on Other Comprehensive Income and Expenditure	13
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	70

Price Risk

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

Foreign Exchange Risk

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

NOTES TO THE ACCOUNTS

NOTE 17: INVENTORIES

	2012/13	2011/12
	£'000s	£'000s
Worthing balance outstanding at start of year	92	68
Movement net of purchases/issues	(4)	24
Worthing balance outstanding at year-end	88	92
Worthing Borough Council share of the inventories from the Joint Strategic Committee (approximately 60%)	85	62
Total balance outstanding at year end	173	154

Inventories (stock) is mainly for the use of providing internal services. This is not considered a significant part of the overall assets held by the Council and is deemed not material.

NOTE 18: CONSTRUCTION CONTRACTS

The Council has not entered into any significant construction contracts to undertake construction on behalf of a third party.

NOTE 19: DEBTORS

	31-Mar-13	31-Mar-12
	£'000s	£'000s
Amounts falling due in one year:		
Central Government Bodies	347	1,328
Other Local Authorities	1,095	3,242
NHS Bodies	9	1
Public Corporations & Trading Funds	-	1
Other Entities and Individuals	4,846	3,302
TOTAL	6,297	7,874

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

Overall Aged Debt Analysis	31-Mar-13	31-Mar-12
	£'000	£'000
Less than 1 Year	6,096	7,722
1-2 Years	101	65
2-3 years	50	70
Over 3 years	50	17
	6,297	7,874

NOTES TO THE ACCOUNTS

NOTE 19: DEBTORS

Long term debtors disclosed in the balance sheet comprises of:

Long Term Debtors	31-Mar-13	31-Mar-12
	£'000s	£'000s
Private sector house purchase	11	24
Council house purchase	2	2
Legal Charges	-	-
TOTAL	13	26

NOTE 20: CASH AND CASH EQUIVALENTS

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

	31-Mar-13	31-Mar-12
	£'000	£'000
The balance is made up of the following elements:		
Cash held by the Authority	1,973	3,402
Bank Current Accounts	-	430
Short Term deposits, of up to 3 months duration, placed with other financial institutions	467	-
Total Cash & Cash Equivalents	2,440	3,832

NOTE 21: ASSETS HELD FOR SALE

	Current 2012/13	Current 2011/12	Non Current 2012/13	Non Current 2011/12
	£'000	£'000	£'000	£'000
Balance outstanding at start of year	-	-	-	760
Assets declassified as Held for Sale:				
Property, Plant and Equipment	-	-	-	(760)
Balance outstanding at year-end	-	-	-	-

NOTES TO THE ACCOUNTS

NOTE 22: CREDITORS

	31-Mar-13	31-Mar-12
	£'000s	£'000s
Central Government Bodies	76	683
Other Local Authorities	4,842	267
NHS Bodies	-	-
Public Corporations and Trading Funds	-	16
Othe Entities and Individuals	3,319	7,362
TOTAL	8,237	8,328

NOTE 23: PROVISIONS

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

	Balance at 31-Mar-12	Additional provisions made in 2012/13	Amounts used in 2012/13	Unused Amounts Reversed in 2012/13	Unwinding of Discounting in 2012/13	Balance at 31-Mar-13
	£'000	£'000	£'000	£'000	£'000	£'000
Development Control - Land Searches	15	-	-	-	-	15
Car Parks - Disputed Income	262	-	-	-	-	262
Land Charges - Personal Search Fees	34	-	-	-	-	34
Leisure Centre Maintenance	-	10	-	-	-	10
	311	10	-	-	-	321

Car Parks – Disputed Income: The car parking contractor has lodged a case against the Council, regarding the terms of the contract. A provision of £262k has been made against the potential settlement we will have to make in solving this dispute. It would prejudice the Council's legal position to disclose any further information. The Council estimates that it might take approximately 1 to 2 years to resolve this dispute.

Land Charges Personal Search Fees: The Council is involved in litigation, concerning fees charged since 2005, for property searches. Local authorities have charged for property searches, but private search companies have now complained that the fees set are incompatible with the Environmental Information Regulations 2004.

NOTES TO THE ACCOUNTS

NOTE 23: PROVISIONS

Land Charges Personal Search Fees (continued): These regulations provide that environmental information should be made available for personal inspection at no charge. Numerous private property search companies have now issued and/or threatened claims against authorities for charges levied from 1st January 2005 onwards. In March 2011, central government provided £34,355 to each authority to cover potential claims for refunds. The provisions made are for possible claims. This case has been running for a number of years and it is not known when it will be concluded.

Davison Leisure Centre Maintenance: Davison Leisure Centre is a building owned by West Sussex County Council. The Council shares the use of building evenings and weekends. This provision has been made in the event that reactive maintenance is charged. It is anticipated that this might be made during the financial year.

NOTE 24: USABLE RESERVES

Movements in the Council's usable reserves are detailed in the Movement of Reserves Statement, which can be found on page 11.

NOTE 25: UNUSABLE RESERVES

31-Mar-12	Unusable Reserves	31-Mar-13
£'000s		£'000s
(21,281)	Revaluation Reserve	(21,592)
-	Available for Sale Financial Instruments Reserve	-
(69,272)	Capital Adjustment Account	(66,286)
-	Financial Instruments Adjustment Account	-
(20)	Deferred Capital Receipts Reserve	(11)
38,660	Pension Reserve	40,830
(15)	Collection Fund Adjustment Account	42
-	Unequal Pay Back Pay Account	-
-	Accumulated Absences Account	-
(51,928)	TOTAL UNUSABLE RESERVES	(47,017)

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

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

NOTES TO THE ACCOUNTS

NOTE 25: UNUSABLE RESERVES

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

Revaluation Reserve	2012/13	2011/12
	£'000	£'000
Balance at 1 April	(21,282)	(13,184)
Upward revaluation of assets	(568)	(8,398)
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	-	86
Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	(21,850)	(21,496)
Difference between fair value depreciation and historical cost depreciation	258	181
Accumulated gains on assets sold or scrapped	-	34
Balance at 31 March	(21,592)	(21,281)

Capital Adjustment Account

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

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

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

NOTES TO THE ACCOUNTS

NOTE 25: UNUSABLE RESERVES

Capital Adjustment Account

Capital Adjustment Account	2012/13	2011/12
Balance at 1 April	(69,272)	(78,549)
Charges for depreciation and impairment of non-current assets	2,711	2,652
Revaluation losses on Property, Plant and Equipment	1,492	11,093
Amortisation of intangible assets	37	39
Revenue expenditure funded from capital under statute	1,056	1,197
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	1,397	951
Net written out amount of the cost of non-current assets consumed in the year	6,693	15,932
Adjusting amounts written out of the Revaluation Reserve	(258)	(214)
Capital financing applied in the year:		
Use of the Capital Receipts Reserve to finance new capital expenditure	(4,101)	(5,905)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(730)	(1,124)
Application of grants to capital financing from the Capital Grants Unapplied Account	(144)	(592)
Statutory provision for the financing of capital investment charged against the General Fund	(418)	(369)
Capital expenditure charged against the General Fund	(684)	(371)
	(6,335)	(8,575)
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	2,625	1,920
Movement in Long Term Debtors	3	-
	2,628	1,920
Balance at 31 March	(66,286)	(69,272)

NOTES TO THE ACCOUNTS

NOTE 25: UNUSABLE RESERVES

Pension Reserve

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

Pension Reserve	2012/13	2011/12
	£'000	£'000
Balance at 1 April	38,660	33,770
Actuarial gains or losses on pension assets and liabilities	2,830	5,460
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income & Expenditure Statement	1,940	1,860
Employer's pension contributions and direct payments to pensioners payable in the year	(2,600)	(2,430)
Balance at 31 March	40,830	38,660

Deferred Capital Receipts Reserve

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

Deferred Capital Receipts Reserve	2012/13	2011/12
	£'000	£'000
Balance at 1 April	(20)	(26)
Transfer to the Capital Receipts Reserve upon receipt of cash	9	6
Balance at 31 March	(11)	(20)

NOTES TO THE ACCOUNTS

NOTE 25: UNUSABLE RESERVES

Unused Collection Fund Adjustment Account

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

Unused Collection Fund Adjustment Account	2012/13	2011/12
	£'000	£'000
Balance at 1 April	(15)	60
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	57	(75)
Balance at 31 March	42	(15)

Accumulated Absences Account

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

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

NOTE 26: CASH FLOW OPERATING ACTIVITIES

	Net 2012/13	Net 2011/12
	£'000	£'000
The cash flows for operating activities include the following items:		
Interest received	340	306
Interest paid	354	(114)
Dividends received	-	-
Total	694	192

NOTES TO THE ACCOUNTS

NOTE 26: CASH FLOW OPERATING ACTIVITIES

Net Cash flows from operating activities

	Net 2012/13	Net 2011/12
	£'000	£'000
Net Surplus or (Deficit) on the Provision of Services	(7,203)	(13,764)
Adjust net surplus or deficit on the provision of services for non cash movements		
Depreciation	2,711	2,652
Impairment and downward valuations	1,492	11,093
Amortisation	37	39
Increase/(Decrease) in Interest Creditors	160	-
Increase/(Decrease) in Creditors	355	2,171
(Increase)/Decrease in Interest and Dividend Debtors	142	40
(Increase)/Decrease in Debtors	(309)	(2,853)
(Increase)/Decrease in Inventories	(18)	(33)
Pension Liability	(660)	(570)
Contributions to/(from) Provisions	10	(322)
Provision for Equal Pay	-	-
Carrying amount of non-current assets sold property plant and equipment, investment property and intangible assets	1,397	953
Movement in Investment Property Values	2,625	1,920
Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities	7,942	15,090
Capital Grants credited to surplus or deficit on the provision of services	-	-
Proceeds from the sale of short and long term investments	-	-
Premiums or Discounts on the repayment of financial liabilities	3,571	6,500
Proceeds from the sale of property plant and equipment, investment property and intangible assets	(368)	(234)
	3,203	6,266
Net Cash Flows from Operating Activities	3,942	7,592

NOTES TO THE ACCOUNTS

NOTE 27: CASH FLOW INVESTING ACTIVITIES

	Net 2012/13	Net 2011/12
	£'000	£'000
Purchase of property, plant and equipment, investment, property and intangible assets	(18,239)	(8,152)
Purchase of short-term and long-term investments	-	-
Other payments for investing activities	(25)	-
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	2,241	(321)
Proceeds from short-term and long-term investments	-	-
Other receipts from investing activities	368	234
Net cash flows from investing activities	(15,655)	(8,239)

NOTE 28: CASH FLOW FINANCING ACTIVITIES

	Net 2012/13	Net 2011/12
	£'000	£'000
Cash receipts of short- and long-term borrowing	16,535	4,403
Other receipts from financing activities	(644)	1,495
Cash payments for the reduction of the outstanding liabilities relating to finance leases	-	-
Repayments of short- and long-term borrowing	(5,570)	(2,244)
Other payments for financing activities	-	-
Net cash flows from financing activities	10,321	3,654

NOTE 29: AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

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

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

NOTES TO THE ACCOUNTS

NOTE 29: AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

The income and expenditure of the Council's cabinet portfolios recorded in the budget reports for the year 2012/13 is as follows:

	Employee Expenses	Other Expenses	Support Services including Joint Strategic Committee	Depreciation	Total Expenditure	Income	Net Expenditure
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Member Portfolio							
Leader	670	176	90	1	937	(88)	849
Environment	5,136	4,645	1,390	1,537	12,708	(7,981)	4,727
Health and Safety and Wellbeing	741	511	435	7	1,694	(256)	1,438
Customer Services	1,536	46,677	3,214	530	51,957	(48,096)	3,861
Regeneration	1,440	762	1,048	123	3,373	(850)	2,523
Resources	2,810	830	899	34	4,573	(1,183)	3,390
Support Services	-	-	-	-	-	-	-
Net Portfolio Expenditure	12,333	53,601	7,076	2,232	75,242	(58,454)	16,788
Credit back notional capital charges	-	-	-	(2,743)	(2,743)	-	(2,743)
Minimum Revenue Provision	-	418	-	-	418	-	418
Other Grants	-	-	-	-	-	(17)	(17)
Spend 2012/13	12,333	54,019	7,076	(511)	72,917	(58,471)	14,446

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

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

NOTES TO THE ACCOUNTS

NOTE 29: AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

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

	Net 2012/13
	£'000
Cost of Services in Service Analysis	14,446
Add services not included in main analysis	-
Add amounts not reported to management	(6,825)
Remove amounts reported to management not included in Comprehensive Income and Expenditure Statement	(418)
Net Cost of Services in Comprehensive Income & Expenditure Statement	7,203

RECONCILIATION TO SUBJECTIVE ANALYSIS 2012/13

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

Reconciliation to Subjective Analysis 2012/13	Service Analysis	Services not in Analysis	Not reported to manage- ment	Not included in Income & Expend- iture	Allocation of Recharges	Net Cost of Services	Total
Fees, charges & other service income	(4,631)	-	-	-	-	(4,631)	(4,631)
Surplus or deficit on associates and joint ventures	-	-	-	-	-	-	-
Interest and investment income	(198)	-	-	-	-	(198)	(198)
Income from council tax	-	-	(8,482)	-	-	(8,482)	(8,482)
Government grants and contributions	(53,642)	-	(6,148)	-	-	(59,790)	(59,790)
Total Income carried forward	(58,471)	-	(14,630)	-	-	(73,101)	(73,101)

NOTES TO THE ACCOUNTS

NOTE 29: AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

RECONCILIATION TO SUBJECTIVE ANALYSIS 2012/13

Reconciliation to Subjective Analysis 2012/13	Service Analysis	Services not in Analysis	Not reported to manage- ment	Not included in Income & Expend- iture	Allocation of Recharges	Net Cost of Services	Total
Total Income brought forward	(58,471)	-	(14,630)	-	-	(73,101)	(73,101)
Employee expenses	12,333	-	(660)	-	-	11,673	11,673
Other service expenses	53,823	-	-	(418)	-	53,405	53,405
Support Service recharges	7,076	-	-	-	(527)	6,549	6,549
Depreciation, amortisation and impairment	(509)	-	7,374	-	-	6,865	6,865
Interest Payments	194	-	-	-	-	194	194
Precepts & Levies	-	-	-	-	-	-	-
Payments to Housing Capital Receipts Pool	-	-	-	-	-	-	-
Gain or Loss on Disposal of Fixed Assets	-	-	1,397	-	-	1,397	1,397
Other	-	-	221	-	-	221	221
Total operating expenses	72,917	-	8,332	(418)	(527)	80,304	80,304
Surplus or deficit on the provision of services	14,446	-	(6,298)	(418)	(527)	7,203	7,203

The income and expenditure of the Council's cabinet portfolios recorded in the budget reports for the year 2011/12 is as follows:

NOTES TO THE ACCOUNTS

NOTE 29: AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

RECONCILIATION TO SUBJECTIVE ANALYSIS 2011/12

	Employee Expenses	Other Expenses	Support Services including Joint Strategic Committee	Depreciation	Total Expenditure	Income	Net Expenditure
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Member Portfolio							
Leader	585	154	111	2	852	(85)	767
Environment	2,881	2,892	795	944	7,512	(4,522)	2,990
Health and Safety & Wellbeing	857	440	567	12	1,876	(236)	1,640
Improved Customer Services	3,595	47,169	3,493	1,001	55,258	(50,183)	5,075
Regeneration	1,628	897	958	112	3,595	(932)	2,663
Resources	2,684	625	839	29	4,177	(1,266)	2,911
Support Services	-	-	-	-	-	-	-
Net Portfolio Expenditure	12,230	52,177	6,763	2,100	73,270	(57,224)	16,046
Credit back notional capital charges	-	-	-	(2,690)	-	-	(2,690)
Minimum Revenue Provision	-	369	-	-	-	-	369
Other Grants	-	-	-	-	-	(271)	(271)
Spend 2011/12	12,230	52,546	6,763	(590)	73,270	(57,495)	13,454

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

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

	2011/12
	£'000
Cost of Services in Service Analysis	13,454
Add services not included in main analysis	-
Add amounts not reported to management	679
Remove amounts reported to management not included in Comprehensive Income and Expenditure Statement	(370)
Net Cost of Services in Comprehensive Income & Expenditure Statement	13,763

NOTES TO THE ACCOUNTS

NOTE 29: AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

RECONCILIATION TO SUBJECTIVE ANALYSIS 2011/12

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

Reconciliation to Subjective Analysis 2011/12	Service Analysis	Services not in Analysis	Not reported to manage- ment	Not included in Income & Expend- iture	Allocation of Recharges	Net Cost of Services	Total
Fees, charges & other service income	(13,127)	-	-	-	-	(13,127)	(13,127)
Surplus or deficit on associates and joint ventures	-	-	-	-	-	-	-
Interest and investment income	(266)	-	-	-	-	(266)	(266)
Income from council tax	-	-	(8,371)	-	-	(8,371)	(8,371)
Government grants and contributions	(44,102)	-	(8,268)	-	-	(52,370)	(52,370)
Total Income	(57,495)	-	(16,639)	-	-	(74,134)	(74,134)
Employee expenses	12,230	-	(570)	-	-	11,660	11,660
Other service expenses	52,432	-	-	(370)	-	52,062	52,062
Support Service recharges	6,763	-	-	-	(590)	6,173	6,173
Depreciation, amortisation and impairment	(590)	-	16,293	-	-	15,703	15,703
Interest Payments	114	-	-	-	-	114	114
Precepts & Levies	-	-	-	-	-	-	-
Payments to Housing Capital Receipts Pool	-	-	-	-	-	-	-
Gain/Loss on Disposal or derognition of fixed asset	-	-	949	-	-	949	949
Other	-	-	1,236	-	-	1,236	1,236
Total operating expenses	70,949	-	17,908	(370)	(590)	87,897	87,897
Surplus or deficit on the provision of services	13,454	-	1,269	(370)	(590)	13,763	13,763

NOTES TO THE ACCOUNTS

NOTE 30: ACQUIRED AND DISCONTINUED OPERATIONS

There have been no acquired or discontinued operations during 2012/13.

NOTE 31: TRADING OPERATION

The former Direct Service Organisation is designated as a trading account and a summary of trading

	2012/13 Gross Expenditure	2012/13 Gross Income	2012/13 Net Expenditure	2011/12 Net Expenditure
	£'000	£'000	£'000	£'000
Trade Refuse	698	(966)	(268)	(209)
	698	(966)	(268)	(209)

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

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

NOTE 32: AGENCY SERVICES

Worthing Borough Council entered into an Agency Agreement with West Sussex County Council to provide the On-Street parking and Parking Enforcement for the Borough. In 2012/13 income collected was £3.414m (£3.582m 2011/12) and expenditure was £2.671m (£2.725m 2011/12). The surplus of £143,013 (£857,285 2011/12) is paid to West Sussex County Council.

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

NOTE 33: ROAD CHARGING

This note is not applicable to Worthing Borough Council.

NOTES TO THE ACCOUNTS

NOTE 34: JOINT BUDGETS

Since July 2007, Adur District Council and Worthing Borough Council have been working in partnership. During 2012/13 the services that have been provided jointly are Customer Services and Waste Management, Community Safety and Housing Strategy, Planning, Regeneration and Wellbeing, Legal and Democratic Services, Financial Services, Corporate Strategy and a single senior officer structure. The Joint Strategic Committee Balance Sheet is consolidated into the Council's Balance Sheet.

	Gross Expenditure 2012/13	Gross Income 2012/13	Net Expenditure 2012/13
	£'000	£'000	£'000
EXPENDITURE			
Central Services to the Public	662	-	662
Cultural & Related Services	651	-	651
Environmental & Regulatory Services	8,943	(1,901)	7,042
Planning Services	4,616	(1,279)	3,337
Highways & Transport Services	266	-	266
Other Housing Services	702	(68)	634
Corporate & Democratic Core	326	-	326
Net Cost of Services	16,166	(3,248)	12,918
Holding Accounts	7,755	(133)	7,622
NET OPERATING EXPENDITURE	23,921	(3,381)	20,540
Other Operating Expenditure			10
Taxation and non-specific grant income			(2,314)
Funded by:			
Adur District Council			(7,827)
Worthing Borough Council			(11,338)
(Surplus) or deficit on provision of services			(929)
Other Comprehensive Income & Expenditure			-
DEFICIT/(SURPLUS) FOR YEAR			(929)

Census ICT

Adur District Council and Worthing Borough Council are part of the CenSus Joint Committee partnership with Horsham District Council and Mid Sussex District Council for the delivery of ICT Services.

NOTES TO THE ACCOUNTS

NOTE 34: JOINT BUDGETS

Census ICT

Census ICT	Mid Sussex District Council	Horsham District Council	Adur District Council	Worthing Borough Council	TOTAL
	£'000	£'000	£'000	£'000	£'000
Net Expenditure for CenSus ICT Services	23	2,073	6	13	2,115
Proportional Share of Costs	662	538	366	549	2,115

The Census partnership Balance Sheet has not been consolidated into the Council's Balance Sheet as it not deemed to be material.

NOTE 35: MEMBERS' ALLOWANCES

Total allowances paid to Members were as follows:

2012/13	2011/12
£'000	£'000
228,937	200,347

NOTE 36: OFFICERS' REMUNERATION

The numbers of employees (including the Senior Officers who are also listed individually in the later tables) whose remuneration, excluding pension contributions, was £50,000 or more, in bands of £5,000 were:-

Remuneration Band	2012/13 Number of employees	2011/12 Number of employees
£50,000 to £54,999	1	-
£55,000 to £59,999*	1	-
£60,000 to £64,999	-	-
£70,000 to £74,999	-	-
£75,000 to £80,000*	-	1
	2	1
<p>* These include redundancy payments relating to 2012/13 and 2011/12. Please see the Exit Packages table at the end of this note and Note 46 Termination Benefits for further details of these payments.</p>		

NOTES TO THE ACCOUNTS

NOTE 36: OFFICERS' REMUNERATION

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

Remuneration Bands	Number of Employees	
	2012/13	2011/12
£50,000 to £54,999*	4	6
£55,000 to £59,999*	6	6
£60,000 to £64,999	2	4
£65,000 to £69,999*	1	1
£70,000 to £74,999	8	7
£75,000 to £79,999*	2	1
£80,000 to £84,999	-	-
£85,000 to £89,999*	1	1
£90,000 to £94,999	2	1
£95,000 to £99,999	-	-
£100,000 to £104,999	1	1
£105,000 to £109,999	-	-
£115,000 to £119,999	-	-
£120,000 to £124,999*	-	1
£125,000 to £129,999	-	-
£130,000 to £134,999	-	-
£135,000 to £139,999	-	-
£140,000 to £144,999	-	-
£145,000 to £149,999	-	-
	27	29

* These include redundancy payments relating to 2012/13 and 2011/12. Please see the Exit Packages table at the end of this note and Note 46 Termination Benefits for further details of these payments.

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

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

Note 1: There were no members of staff whose salary was more than £150,000 in either 2012/13 or 2011/12.

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

Note 2: The Chief Executive, Strategic Directors and Executive Heads of Services are employed by Adur District Council and provide services to both Adur District Council and Worthing.

There were no bonuses paid to these staff in either 2012/13 or 2011/12.

Remuneration Disclosures for Senior Officers whose salary is less than £150,000, but more than £50,000 per year - See Note 2 above								
Postholder (Title)	Salary (including Fees and Allowance)	Expense Allowance	Benefit in Kind e.g. Car Allowances	Total Remuneration excluding Pension Contributions	Pension Contribution - Employer Only	Total Remuneration including Pension Contributions	Net Cost borne by Worthing B.C.	Net Cost borne by Adur D.C. Employing Authority
Chief Executive								
2012/13	103,250	748	-	103,998	18,275	122,273	61,137	61,137
2011/12	101,185	968	-	102,152	17,032	119,185	59,593	59,593
Strategic Director 1								
2012/13	90,813	-	-	90,813	16,074	106,887	53,443	53,443
2011/12	87,489	288	-	87,777	15,485	103,262	51,631	51,631
Strategic Director 2								
2012/13	90,972	562	-	91,534	16,074	107,608	53,804	53,804
2011/12	90,813	1,099	-	91,912	16,074	107,986	53,993	53,993

Postholder (Title)	Salary (including Fees and Allowance)	Expense Allowance	Benefit in Kind e.g. Car Allowances	Comp'sation for Loss of Office	Total Remuneration excluding Pension Contributions	Pension Contribution - Employer Only	Total Remuneration including Pension Contributions	Net Cost borne by Worthing B.C.	Net Cost borne by Adur D.C. Employing Authority
Executive Head of Financial Services									
2012/13	71,546	300	-	-	71,846	12,543	84,389	50,633	33,755
2011/12	70,866	850	-	-	71,716	12,543	84,259	50,556	33,704
Executive Head of Planning, Reg. & Wellbeing									
2012/13	70,866	2,016	-	-	72,882	12,543	85,426	51,255	34,170
2011/12	70,866	417	-	-	71,283	12,543	83,826	50,296	33,531
Executive Head of Corp. & Cultural Services									
2012/13	70,891	-	-	-	70,891	12,548	83,439	50,063	33,375
2011/12	70,891	129	-	-	71,020	12,548	83,568	50,141	33,427
Executive Head of Leisure & Cultural Services*									
2012/13	-	-	-	-	-	-	-	-	-
2011/12	43,869	600	374	75,722	120,565	5,294	125,859	113,273	12,587
*This post became vacant during 2011/12 and was subsequently deleted from the establishment									

NOTES TO THE ACCOUNTS

NOTE 36 OFFICERS' REMUNERATION

Postholder (Title)	Salary (including Fees and Allowance)	Expense Allowance	Benefit in Kind e.g. Car Allowances	Total Remuneration excluding Pension Contributions	Pension Contribution - Employer Only	Total Remuneration including Pension Contributions	Net Cost borne by Worthing B.C.	Net Cost borne by Adur D.C. Employing Authority
Executive Head of Customer Services, Waste and Recycling								
2012/13	70,916	212	1,834	72,962	12,877	85,839	51,503	34,336
2011/12	70,916	320	1,310	72,546	12,784	85,330	51,197	34,133
Executive Head of Housing, Health and Community Safety								
2012/13	71,109	423	-	71,532	12,557	84,088	50,453	33,635
2011/12	70,669	746	-	71,415	12,508	83,923	50,353	33,568
Executive Head of Adur Homes								
2012/13	71,084	212	-	71,296	12,552	83,848	-	83,848
2011/12	70,916	432	-	71,348	12,552	83,900	8,390	75,510
Executive Head of Technical Services								
2012/13	71,078	294	1,359	72,731	12,726	85,457	51,274	34,183
2011/12	72,275	389	678	73,342	12,672	86,014	51,609	34,406

NOTES TO THE ACCOUNTS

NOTE 36 OFFICERS' REMUNERATION

The numbers of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out below:

{a}	{b}		{c}		{d}		{e}	
Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13
							£	£
£0 £20,000	1	2	8	1	9	10	102,270	78,280
£20,000 £40,000	-	-	9	-	9	4	237,700	109,078
£40,000 £60,000	-	-	1	-	1	1	41,730	40,175
£60,000 £80,000	-	-	2	-	2	-	141,980	0
£80,000 £100,000	-	-	-	-	-	-	-	0
£100,000 £150,000	-	-	-	-	-	-	-	0
Total cost included in bandings	1	2	20	1	21	15	523,680	227,533
Add: Amounts provided for in CIES	-	-	-	-	-	-	-	-
Total cost included in CIES	1	2	20	1	21	15	523,680	227,533
<p>* These redundancy costs are shared between the Authorities in proportion to the service allocation. The total cost of £227,533 in the table above includes £194,592 for exit packages that have been charged to the Authority's Comprehensive Income and Expenditure Statement in the current year.</p>								

NOTE 37: EXTERNAL AUDIT COSTS

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

	2012/13	2011/12
	£'000s	£'000s
Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	62	96
Fees payable to external auditors for the certification of grant claims and returns for the year	9	30
Adur and Worthing Joint Committee	12	19
TOTAL	83	145

NOTES TO THE ACCOUNTS

NOTE 38: SCHOOLS

This note is not applicable to Worthing Borough Council.

NOTE 39: GRANT INCOME

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2012/13.

	2012/13	2011/12
	£'000s	£'000s
Credited to Taxation and Non specific Grant Income		
Non Domestic Rates	5,146	4,369
Revenue Support	100	1,350
Council Tax Freeze Grant	214	210
New Homes Bonus Scheme	445	273
New Burdens Grant	14	-
	5,919	6,202
Credited to Services - Capital Grants		
Commission for Architecture and the Built Environment	-	-
CLG Efficiency Grant	5	-
Community Spaces	46	-
DCSF Playbuilder Grant	-	-
EU Grant	46	-
Goring residents	2	-
S106 Developer Contributions:	6	-
S106 Developer Contributions: Open Spaces	24	158
S106 Developer Contributions: Transport	32	339
S106 Developer Contributions: Affordable Housing	15	244
South East Housing Board	-	6
Specified Capital Grant - Disabled Facilities	-	493
Viridor Credits Landfill Communities Fund	29	25
Volleyball England	-	7
West Sussex County Council	30	-
Worthing Homes	-	-
Worthing Scope	10	-
DEFRA - Environment Agency	-	21
Amateur Swimming Association	-	30
Museum - donated assets	3	-
Big Lottery - Play Areas	-	5
Football Foundation	-	453
Horsham District Council	-	10
Mid Sussex District Council	-	10
New Forest District Council	-	7
	248	1,808

NOTES TO THE ACCOUNTS

NOTE 39: GRANT INCOME

	2012/13	2011/12
	£'000s	£'000s
Capital Grants & Donations - Specific		
DEFRA/Environment Agency	15	-
CLG - Disabled Facilities Grant	545	-
	560	-
Credited to Services - General Fund Grants		
Aquarena Loan	1	
CDRP - Community Engagement	-	-
CLG Efficiency Grant	-	-
Coast Protection Grants and Contributions	-	-
Criminal Record Bureau	10	-
DCLG - Business Rates Cost of Collection	136	136
DCLG - Business Rates New Burdens	40	4
DCLG - Homelessness Initiatives Grant	171	315
DCLG - Zimbabwe Resettlement grant	-	3
DCLG - Planning Delivery Grant	-	184
DCLG - Mortgage Rescue Programme	-	64
DEFRA - Air Quality Grant	-	14
DEFRA - Surface Water Management	17	28
DoH - Smokefree implementation	2	5
Department of Transport - Concessionary Fares	14	-
DWP - Grant for Housing system	-	-
DWP - Access to work	-	-
DWP - Addtl funding for LHA & Temp Accom	-	3
Districts & Boroughs in W. Sussex - ExOffenders Scheme	-	4
England Sports Council - National Benchmarking Survey	2	1
Esmee Fairbairn Grant	-	31
Food Standards Agency - FHRS early adopter grant	1	3
Highdown Pillar Box	10	-
Ministry of Justice - European Elections Funding	-	-
NHS West Sussex - Green Team	-	7
Police Crime Commissioners	87	-
Stronger Communities	-	1
Sport England	5	-
Seaconomics	10	-
Shoreham Harbour Contribution	2	-
The Leche Trust	-	3
Thomas Eggar - Dora Gordine Exhibition	-	1
Tooveys - Dora Gordine Exhibition	-	1
Tooveys - Norwood Gallery / Art Collection	-	1

NOTES TO THE ACCOUNTS

NOTE 39: GRANT INCOME

	2012/13	2011/12
	£'000s	£'000s
Credited to Taxation and Non specific Grant Income		
WBC - Domestic Violence Forum B-Safe Scheme	-	3
WSCC - Short breaks for Disabled Children	-	6
WSCC - 2 x disability training days	-	1
WSCC - Local Area Agreement	-	83
WSCC - Handy Man scheme grant	5	14
WSCC - Staying Put	-	-
WSCC/West Sx PCT	-	-
Other grants & contributions	27	-
	540	916
TOTAL	7,267	8,926

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

	2012/13	2011/12
	£'000s	£'000s
Capital Grants Receipts in Advance		
CLG Efficiency Grant	-	5
Volleyball England	-	-
	-	5
Revenue Grants Receipts in Advance		
Grants recognised in Joint Committee	76	298
Museum Donations	21	-
DEFRA - Surface Water Management	-	17
DoH - Smokefree implementation	10	12
	107	327
TOTAL	107	332

NOTE 40: RELATED PARTIES

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

NOTES TO THE ACCOUNTS

NOTE 40: RELATED PARTIES

Central Government

Central government has effective control over the general operations of the Council – it is responsible for providing the statutory framework, within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are set out in Note 39.

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2012/13 is shown in Note 35. Details of all members' transactions are recorded in the Register of Members' Interest, open to public inspection on the Council's website.

During 2012/13, there was one service commissioned from a company in which a Worthing Member has an interest as a Director, the amount paid was £13,190. All contracts were entered into in full compliance with the Council's standing orders.

Officers

There were no related party transactions declared by officers in 2012/2013.

Other Public Bodies

The Council has a partnership arrangement with Adur District Council for the sharing of a joint officer structure.

Worthing also has a partnership arrangement with Horsham District council and Mid Sussex District Council for the delivery of ICT services.

Transactions and balances relating to these partnerships are summarised in Note 34.

NOTE 41: CAPITAL EXPENDITURE AND CAPITAL FINANCING

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

NOTES TO THE ACCOUNTS

NOTE 41: CAPITAL EXPENDITURE AND CAPITAL FINANCING

	2012/13	2011/12
	£'000	£'000
Opening Capital Financing Requirement	7,906	6,283
Capital Investment		
Property, Plant and Equipment	17,642	7,170
Investment Properties	1	1,616
Intangible Assets	20	1
Revenue Expenditure Funded from Capital Under Statute	1,056	1,197
Assets Held For Sale	-	-
Sources of Finance		
Capital receipts	(4,101)	(5,905)
Government grants and other contributions	(872)	(1,715)
Sums set aside from revenue:		
Direct revenue contributions	(62)	(119)
MRP/loans fund principal	(418)	(369)
Revenue funding	(621)	(253)
Closing Capital Financing Requirement	20,551	7,906
Explanation of movements in year		
Increase (Decrease) in underlying need to borrow (unsupported by Government financial assistance)	12,645	1,623
Increase/(decrease) in Capital Financing Requirement	12,645	1,623

NOTE 42: LEASES

Finance Leases – Lessee

With the introduction from 2010/11 of International Financial Reporting Standards (IFRS) the Council had a number of operating leases which qualified as finance leases under IAS 17. Up to 2011/12 the assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet, but have been written down to zero in 2012/13.

	31-Mar-13	31-Mar-12
	£'000	£'000
Other Land and Buildings	-	-
Vehicles, Plant, Furniture and Equipment	-	2
	-	2

NOTES TO THE ACCOUNTS

NOTE 42: LEASES

Operating Leases - Lessee

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

	31-Mar-13	31-Mar-12
	£'000	£'000
Not later than one year	43	41
Later than one year and not later than five years	126	137
Later than five years	-	-
	169	178

Operating Leases – Lessor

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

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

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

	31-Mar-13	31-Mar-12
	£'000	£'000
Not later than one year	730	695
Later than one year and not later than five years	2,159	1,953
Later than five years	28,831	28,306
	31,720	30,954

NOTE 43: PFI AND SIMILAR CONTRACTS

This is not applicable for Worthing Borough Council.

NOTE 44: IMPAIRMENT LOSSES

During 2012/13 the Authority has recognised an impairment loss of £5,501 in relation to the electronic sign outside the Pavilion Theatre and a smaller linked sign in Montague Place; the signage broke down and was beyond repair due to water damage. The impairment loss was charged to the Cultural Environmental and Regulatory Services line in the Comprehensive Income and Expenditure Statement.

NOTES TO THE ACCOUNTS

NOTE 45: CAPITALISATION OF BORROWING COSTS

This note is not applicable to Worthing Borough Council.

NOTE 46: TERMINATION BENEFITS

	Worthing
	£
Redundancy costs	194,282
Enhanced Pension Benefits	162,493
Total termination benefit 2012/13	356,775
Termination benefits 2011/12	532,033

A total £194,282 is payable in the form of compensation for loss of office for joint working and £162,493 is the 2012/13 working cost of enhanced pension benefits which normally spread over 5 years. This cost also relates to enhanced pensions from previous year terminations.

NOTE 47: OTHER LONG TERM LIABILITIES

Other Long Term Liabilities		31-Mar-13	31-Mar-2012
	See Note No.	£'000s	£'000s
Finance Lease Liabilities	42	-	-
Commuted Sums		(170)	(174)
Pension Reserve Liability	48	(40,830)	(38,660)
TOTAL		(41,000)	(38,834)

NOTE 48: DEFINED BENEFIT PENSION PLAN

Participation in Pension Plans

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

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

NOTES TO THE ACCOUNTS

NOTE 48: DEFINED BENEFIT PENSION PLAN

Transactions Relating to Post-employment Benefits

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

Comprehensive Income & Expenditure Statement	2012/13	2011/12
Cost of services	£'000s	£'000s
Current service cost	(480)	(490)
Settlements and Curtailments	-	(40)
Past service cost	-	(20)
Financing & Investment Income & Expenditure		
Interest cost	(3,460)	(3,760)
Expected return on scheme assets	2,000	2,450
Total post employment benefit charged to the surplus or deficit on the provision of services	(1,940)	(1,860)
Other post employment benefit charged to the CI&E Statement		
Actuarial gains and losses	2,830	5,460
Total post employment benefit charged to the Comprehensive Income & Expenditure Statement	890	3,600

Movement in Reserves statement	2012/13	2011/12
Reversal of net charges made to the surplus or deficit for the provision of services for post employment benefits in accordance with the Code	(660)	(570)
Actual amounts charged against the General Fund balance for pensions in the year		
Employers' contributions payable to the scheme	(2,600)	(2,430)

NOTES TO THE ACCOUNTS

NOTE 48: DEFINED BENEFIT PENSION PLAN

Transactions Relating to Post-employment Benefits

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure statement in the actuarial gains or losses on pension assets and liabilities line was at 31st March, 2012, a loss of £17,470,000 and was at 31st March 2013 a loss of £20,300,000.

Assets and Liabilities in relationship to Post-employment Benefits

Reconciliation of present value of the scheme liabilities (defined benefit obligation)	2012/13	2011/12
	£'000s	£'000s
Opening Balance at 1 April	74,150	70,530
Current service cost	480	490
Interest cost	3,460	3,760
Contributions by Members	150	150
Actuarial Losses/(Gains)	5,960	4,210
Past service costs/(Gains)	-	20
Losses/(Gains) on curtailment	-	40
Liabilities extinguished on settlements	-	-
Estimates unfunded benefits paid	(300)	(290)
Estimated benefits paid	(4,320)	(4,760)
Closing balance at 31 March	79,580	74,150

Reconciliation of Fair Value of Scheme Assets	2012/13	2011/12
	£'000s	£'000s
Opening Balance at 1 April	35,490	36,760
Expected Return on Assets	2,000	2,450
Contributions by Members	150	150
Contributions by the Employers	2,300	2,140
Contribution in respect of unfunded benefits	300	290
Actuarial Gain/(Losses)	3,130	(1,250)
Assets distributed on settlements	-	-
Unfunded benefits paid	(300)	(290)
Benefits paid	(4,320)	(4,760)
Closing balance at 31 March	38,750	35,490

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

NOTES TO THE ACCOUNTS

NOTE 48: DEFINED BENEFIT PENSION PLAN

Assets and Liabilities in relationship to Post-employment Benefits

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

The actual return on scheme assets in the year was 4.3% from 1st April, 2012 to 31st December 2012 and the estimated return from 1st April 2012 to 31st March 2013 is 14.8%.

Scheme History

	31-Mar-13	31-Mar-12	31-Mar-11	31-Mar-10	31-Mar-09
	£'000	£'000	£'000	£'000	£'000
Worthing Borough Council Share					
Estimated Fair Value Employer Assets (A)	38,750	35,490	36,760	62,470	45,600
Present value of scheme liabilities (B)	79,580	74,150	70,530	127,520	85,390
Net Pension Assets/Liabilities (A)-(B)	(40,830)	(38,660)	(33,770)	(65,050)	(39,790)

The liabilities show the underlying commitments that the Council has in the long run to pay post employment (retirement) benefits. The total liability of £40.8m has a substantial impact on the net worth of the Council as recorded in the Balance Sheet, resulting in an overall balance of **£59.8m**. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy. The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary

The total contributions expected to be made to the Local Government Pension Scheme by the council in the year to 31 March 2014 is £2,370,000.

History of Experience Gains and Losses

The actuarial gains identified as movements on the Pension Reserve in 2012/13 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31st March 2013.

	31-Mar-13	31-Mar-12	31-Mar-11	31-Mar-10	31-Mar-09
	%	%	%	%	%
Differences between actual and expected return on assets	8.1	(2.0)	(41.0)	4.2	(35.4)
Experience Gains/(Losses) on liabilities	0.2	(2.0)	46.0	-	0.0

NOTES TO THE ACCOUNTS

NOTE 48: DEFINED BENEFIT PENSION PLANS

Basis for Estimating Assets and Liabilities

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

The principal assumptions used by the actuary have been:

	31-Mar-13 per annum	31-Mar-12 per annum
	%	%
Equities	4.5	6.2
Bonds	4.5	4.3
Property	4.5	4.4
Cash	4.5	3.5
Pension increases (Consumer Price Index)	2.8	2.5
Salary increases	5.1	4.8
Expected return on assets	4.5	5.8
Rate for discounting scheme liabilities	4.5	4.8
Longevity at 65 for current pensioners		
Male	22.7 yrs	22.7 yrs
Female	24.2 yrs	24.2 yrs
Longevity at 65 for future pensioners		
Male	24.3 yrs	24.3 yrs
Female	26.4 yrs	26.4 yrs
Take up option to convert annual pension into retirement lump sum (pre 2008)	50%	50%
Take up option to convert annual pension into retirement lump sum (post 2008)	75%	75%

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

	31-Mar-13 per annum	31-Mar-12 per annum
	%	%
Equities	77	76
Bonds	14	14
Property	8	9
Cash	1	1

NOTES TO THE ACCOUNTS

NOTE 49: CONTINGENT LIABILITIES

Car Park Income

There is currently a dispute with the provider of car parking services over the terms of the contract. If agreed this would increase the cost of parking to the Council.

VAT Liability

Worthing Borough Council has breached its VAT partial exemption insignificance limit of 5%. HMRC allow occasional breaches of the 5% limit if it can be demonstrated that the average of seven years partial exemption calculations is less than 5%. Since this seven year average includes 2013-14 and 2014-15, it will not be certain that the breach of £937,807 does not need to be repaid until the 2014-15 accounts have been finalised.

There are no other contingent liabilities.

NOTE 50: CONTINGENT ASSETS

There are no contingent assets

NOTE 51: NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

See Note 16.

NOTE 52: HERITAGE ASSETS: SUMMARY OF TRANSACTIONS

Value of Museum Heritage Assets Acquired by Donation	2010/11	2011/12	2012/13
	£'000	£'000	£'000
Archaeology and Geology	3	-	-
Art and Sculpture	-	1	-
Costume and Jewellery	3	7	2
Social History	1	1	1
Toys	-	1	-
TOTAL DONATIONS	7	10	3

- The Council has not purchased or disposed of any items over £1,000 in the three year period 2010/2011 – 2012/2013.
- It is not practicable to provide information prior to 2010/2011.
- The 2012/2013 transactions for donated assets have been reported in the Balance Sheet at valuation based on research by curatorial staff and specialist volunteers.

NOTES TO THE ACCOUNTS

NOTE 53: HERITAGE ASSETS NOT REPORTED IN THE BALANCE SHEET

The following assets are not reported in the balance sheets because information on the cost or value of these assets is not available due to the lack of comparative information and the unique nature of these assets; the cost of obtaining a valuation would not be commensurate with the benefits to the users of the financial statements.

Highdown Gardens

This is a public garden on English Heritage's Register of Historic Parks and Gardens. Situated in 8.52 acres of stunningly beautiful gardens on Downland countryside overlooking the sea and offers a unique collection of rare plants and trees. Originally created out of a chalk pit by Sir Frederick Stern at the beginning of the last century, the gardens are so special they have been deemed a National Collection, introduced by Sir Frederick Stern. The cultural significance of this asset cannot be valued.

War Memorial Monument

Situated outside the Town Hall. The Council does not hold cost information on this asset and the cultural and historical significance cannot be valued.

Pigeon Memorial

This is a monument situated in Steyne Gardens dedicated to the pigeons who took part in the First World War. The cultural and historical significance of this monument cannot be valued.

The Miller's Tomb

This is a famous tomb situated on a Downland site, which is now owned by the National Trust. The tomb is the grave of John Oliver who was a miller in 1709 and thought to be involved in smuggling. The site has been designated a site of nature and conservation due to the wealth of flora including orchids. It is not possible to value the cultural and historical significance of this unique asset.

Amelia Park Gateway

This is a listed building constructed between 1831 and 1833. The main archway was designed for carriages and the two side arches were designed for pedestrians. It is not possible to value the cultural and historical significance of this unique asset.

NOTE 54: HERITAGE ASSETS: FURTHER INFORMATION ON THE MUSEUM'S COLLECTIONS

Art and Sculpture

The Museum has built up an extensive topographical collection of paintings, prints and drawings dating from 1800 to the present day. It also has a fine body of oil paintings by the British Post Impressionist painters who were members of the Camden Town Group. The watercolours include works by some of the main water-colourists working from the eighteenth century onwards.

NOTES TO THE ACCOUNTS

NOTE 54: HERITAGE ASSETS: FURTHER INFORMATION ON THE MUSEUM'S COLLECTIONS

Costume and Jewellery

This is one of the most important costume collections of its kind in the country and since the 1960s the collection has grown to approximately 25,000 items of British clothing, accessories and ephemera, used and worn by both sexes, all ages and social levels.

Toys

The juvenilia collection is one of the museum's particular strengths and is not only one of the largest collections of its kind outside London, but also includes pieces of superb quality and interest. These include English wax dolls, early paper dolls, dolls houses, clockwork toys, cards, table and optical games as well as educational games and books.

Social History

This collection includes books, non archaeological coins, tokens, medals, militaria, social history, agricultural history, transport, ephemera and photography. The coin collection includes commemorative medals from Sussex.

The coin collection includes Iron Age and Roman coins, British coins of all periods, as well as those from British overseas territories, and a small but significant collection of tokens from Sussex as well as others from the rest of Britain.

Each of the main areas within the Social History section is supported by large holdings of printed ephemera and photographs. The collections relate primarily to English Social History and to the Worthing area in particular. There is a collection of over 6000 topographical photographs which illustrate how the area has developed and provide a wealth of information.

Archaeology and Geology

From the 1930s to the 1970s the Worthing Archaeological Society was responsible for a number of major excavations. Since the early 1970s most excavations in the area have been carried out by professional archaeological units. Material from all this work is housed in the Worthing Museum. The collection also includes chance finds and material from field walking.

The Geology collection is a comprehensive and representative collection of rocks and minerals from South-East England and especially from Sussex.

Heritage Assets of Particular Importance

The archaeology collection is extensive and includes both excavated material and stray finds from all periods from the Palaeolithic to Post-Medieval. Notable exhibits include material from important Neolithic flint-mining sites, Bronze Age material, Iron Age material, Romano-British material, early Anglo-Saxon finds, late Saxon material and Medieval material.

The Women's Costume collection is the largest section of costume with examples of Haute Couture, dressmaker, home-made and mass-produced clothing with garments dating from 1700 and accessories dating from 1600. Other notable costume collections include jewellery, hats and handbags.

A unique collection of items that include decorative art, local history and juvenilia was bequeathed to the Museum in 1999 by a local collector.

NOTES TO THE ACCOUNTS

NOTE 54: HERITAGE ASSETS: FURTHER INFORMATION ON THE MUSEUM'S COLLECTIONS

Preservation and Management

The Council's Museum has a rolling programme of major repair and restoration of its artefacts which is charged to the Comprehensive Income and Expenditure Statement.

The Museum has a detailed Acquisitions and Disposals Policy which outlines the procedures for acquiring assets and disposing of assets.

NOTE 55: TRUST FUNDS

The Council acts as one of several trustees for the following funds:

	Capital Value of Fund	Capital Value of Fund
	£'000	£'000
Highdown Tower Gardens Income used to make improvements to the garden	34	34
Dr Chester's Charity Aid to people in poverty	17	18
TOTAL	51	52

In neither case do the funds represent the assets of the Council and therefore they have not been included in the balance sheet.

The Council acts as a trustee for the Highdown Tower Gardens (registered charity number 305445). Capital funds are held by the Council on behalf of the Trustees.

COLLECTION FUND INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2013

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.

	2012/13	2011/12
	£'000s	£'000s
INCOME		
Council Tax receivable (net of benefits)	52,416	51,972
Transfer from General Fund - re benefits	7,287	7,417
Contribution from precepting authorities - re previous year's deficit	71	141
Income collectable from business ratepayers	29,952	29,494
	89,726	89,024
LESS EXPENDITURE		
Precepts and demands		
- West Sussex County Council	45,990	45,138
- Sussex Police	5,478	5,377
- Worthing Borough Council	8,549	8,391
Business Rate:		
Payments to National Pool	29,815	29,340
Costs of Collection Allowance	134	136
Interest on Refunds	3	18
Council Tax - write-offs and bad debt provision	156	101
Contribution to precepting authorities from previous year's surplus		-
	90,125	88,501
Surplus/(Deficit) for the year	(399)	524
Surplus/(Deficit) at 1st April Bought Forward	100	(424)
Surplus/(Deficit) at 31st March Carried Forward	(299)	100

NOTES TO THE COLLECTION FUND INCOME AND EXPENDITURE ACCOUNT

NOTE 1: COUNCIL TAX

Council Tax income is based on the value in 1991 of residential properties, which are classified into eight valuation 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	2nd & New Homes Discount	Net Dwellings	Ratio to Band D	No. of Band D Equivalents
Band A-	11	1.75	0.00	9	5/9ths	5.1
Band A-	7,214	1,253.00	69.20	6,030	6/9ths	4,020.1
Band B	10,542	1,322.50	129.90	9,349	7/9ths	7,271.8
Band C	12,477	1,123.75	103.00	11,456	8/9ths	10,183.3
Band D	8,778	695.25	58.00	8,141	9/9ths	8,140.8
Band E	5,152	330.75	28.80	4,850	11/9ths	5,927.8
Band F	2,201	120.25	16.90	2,098	13/9ths	3,029.9
Band G	847	49.00	2.90	801	15/9ths	1,334.8
Band H	10	1.50	0.00	9	18/9ths	17.0
	47,232	4,897.75	408.70	42,743		39,930.6
Less allowance for loss on collection and void properties						352.1
						39,578.5

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

	Demand or Precept £		Council Tax Base		Band D Council Tax £
West Sussex County Council	45,989,821	÷	39,578.5	=	1,161.99
Sussex Police & Crime Commissioner	5,478,456	÷	39,578.5	=	138.42
Worthing Borough Council	8,548,980	÷	39,578.5	=	216.00

NOTE 2: NON-DOMESTIC RATES (NDR)

Non-domestic rates are collected by the Council from local businesses using a uniform rate supplied by the Government for the Country as a whole (45.8p in 2012/13), (43.3p in 2011/12) and local rateable values. The total non-domestic rateable value at the end of the year for the district was £77.78m (£78.0m in 2011/12). The total rates collected are paid to the NDR pool which is administered to the government and redistributed to each Council on a per capita basis.

NOTES TO THE COLLECTION FUND INCOME AND EXPENDITURE ACCOUNT

NOTE 3: BAD AND DOUBTFUL DEBTS

A requirement of £1,314k and £829k for bad and doubtful debts for Council Tax and National Non Domestic Rates has been provided for in 2012/13 in line with Worthing Borough Council's accounting policy for maintaining the provision.

NOTE 4: APPORTIONMENT OF BALANCES TO MAJOR PRECEPTORS

This note shows the apportionment of balances into the parts attributable to the major precepting authorities.

Apportionment of Balances to Major Preceptors				
	West Sussex County Council	Sussex Police Authority	Worthing Borough Council	TOTAL
	£'000	£'000	£'000	
Demand on Collection Fund 2013/14	40,999	4,884	7,621	53,504
Apportionment based on 2013/14 demand	76.63%	9.13%	14.24%	100.00%
Council Tax Arrears	2,180	260	405	2,845
Provision for Bad Debts	(1,007)	(120)	(187)	(1,314)
Receipt in Advance	(570)	(68)	(106)	(744)
(Surplus)/Deficit	230	27	42	299
Balance as at 31/03/2013	833	99	154	1,086

ANNUAL GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

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

The Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. A copy of the code is on our website at www.adur-worthing.gov.uk or can be obtained from the Council. This statement explains how Worthing Borough Council has complied with the code and also meets the requirements of regulation 4[2] of the Accounts and Audit Regulations 2011 in relation to the publication of a statement on internal control.

THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Council 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 2013 and up to the date of approval of the statement of accounts.

The governance framework

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

- identifying and communicating the authority's vision of its purpose and intended outcomes for citizens and service users;
- reviewing the authority's vision and its implications for the authority's governance arrangements;
- translating the vision into objectives for the authority and its partnerships;
- 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 and value for money;

ANNUAL GOVERNANCE STATEMENT

THE PURPOSE OF THE GOVERNANCE FRAMEWORK

- defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication in respect of the authority and partnership arrangements;
- developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff;
- reviewing the effectiveness of the authority's decision-making framework, including delegation arrangements, decision making in partnerships and robustness of data quality;
- reviewing the effectiveness of the framework for identifying and managing risks and demonstrating clear accountability;
- ensuring effective counter-fraud and anti-corruption arrangements are developed and maintained;
- ensuring effective management of change and transformation;
- ensuring the authority's financial management arrangements conform with the governance requirements of the *CIPFA Statement on the Role of the Chief Financial Officer in Local Government* (2010) and, where they do not, explain why and how they deliver the same impact;
- ensuring the authority's assurance arrangements conform with the governance requirements of the *CIPFA Statement on the Role of the Head of Internal Audit* (2010) and, where they do not, explain why and how they deliver the same impact;
- ensuring effective arrangements are in place for the discharge of the monitoring officer function;
- ensuring effective arrangements are in place for the discharge of the head of paid service function;
- 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;
- enhancing the accountability for service delivery and effectiveness of other public service providers;
- incorporating good governance arrangements in respect of partnerships and other joint working as identified by the Audit Commission's report on the governance of partnerships, and reflecting these in the authority's overall governance arrangements.

ANNUAL GOVERNANCE STATEMENT

REVIEW OF EFFECTIVENESS

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

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

- the Joint Strategic Committee, Cabinets, the Joint Governance and Audit Committee, the Joint Overview and Scrutiny Committee, 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 Joint Governance and Audit Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

SIGNIFICANT GOVERNANCE ISSUES

There are five significant governance issues either identified by red status on the Governance Action Plan or from the Internal Audit Annual Report;

- (i) Roles/responsibilities of Members and senior officers;
- (ii) Scheme of Delegations
- (iii) the development of protocols for Leader/Chief Executive roles;
- (iv) Contract Management procedures and processes; and
- (v) Lack of an ICT Disaster Recovery Plan.

OTHER ISSUES

The Governance Action Plan has been updated to deal with any issues brought forward from the 2012 review together with any issues which have been identified during the current review.

The Council identified the need to improve its future procurement and contract management arrangements following the failure of a contractor to deliver a major housing repairs scheme to timetable. Actions are being taken to remedy the situation by way of a major review of contract management and a corporate review of procurement.

The governance requirements in the Statement on the Role of the Chief Financial Officer in Public Services are that the Chief Financial Officer should be professionally qualified, report directly to the chief executive and be a member of the leadership team, with a status at least equivalent to other members. The position within Adur and Worthing Councils does not wholly conform to the above statement. The Section 151 does not report directly to the Chief Executive but reports to one of the Strategic Directors in line with the reporting requirements for all Heads of Service. However, the Section 151 Officer is a full member of the Council's Management Team and has full access to the Chief Executive where necessary.

ANNUAL GOVERNANCE STATEMENT

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.



Councillor Paul Yallop
Leader of the Council
Worthing Borough Council



Alex Bailey
Chief Executive of
Adur and Worthing Councils

Signed: _____

Signed: _____

Dated: _____

Dated: _____

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

OPINION ON THE AUTHORITY FINANCIAL STATEMENTS

We have audited the financial statements of Worthing Borough Council for the year ended 31 March 2013 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 55 and Collection Fund and the related notes 1 to 4. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

This report is made solely to the members of Worthing Borough Council, as a body, in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE EXECUTIVE HEAD OF FINANCIAL SERVICES AND AUDITOR

As explained more fully in the Statement of the Responsibilities for the Financial Statements set out on page 9, the Executive Head (Financial Services) is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Executive Head (Financial Services); and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Statement of Accounts 2012/2013 to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the financial position of Worthing Borough Council as at 31 March 2013 and of its expenditure and income for the year then ended; and

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

OPINION ON FINANCIAL STATEMENTS

- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

OPINION ON OTHER MATTERS

In our opinion, the information given in the Statement of Accounts 2012/2013 for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH I REPORT BY EXCEPTION

We report to you if:

- in our opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007;
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998;
- we designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects.

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

Respective Responsibilities Of The Authority And The Auditor

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

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

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

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

SCOPE OF THE REVIEW OF ARRANGEMENTS FOR SECURING ECONOMY, EFFICIENCY AND EFFECTIVENESS IN THE USE OF RESOURCES

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in November 2012, as to whether the Authority has proper arrangements for:

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

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2013.

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

CONCLUSION

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in November 2012, we are satisfied that, in all significant respects, Worthing Borough Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2013.

DELAY IN CERTIFICATION OF COMPLETION OF THE AUDIT

CERTIFICATE

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

HELEN THOMPSON
for and on behalf of Ernst & Young LLP, Appointed Auditor
Southampton

30 September 2013

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 2012/13 which means the year commencing 1st April 2012 and ending 31st March 2013. The end of the accounting period is the date at which the balance sheet is drawn up.
ACCRUAL	An amount included in the accounts in respect of income or expenditure for which payment has not been received or made by the end of the accounting period. This is based on the concept that income or expenditure is recognised as it is earned or incurred, not simply when money is received or paid out.
ACTUARIAL ASSUMPTION	An actuarial assumption is an estimate (usually in respect of pension fund valuations) of an unknown value made in accordance with methods of actuarial science. An actuarial assumption is made using statistical tools such as the correlation of known values to possible outcomes for the unknown value. An actuarial assumption is often used to calculate premiums or benefits.
ACTUARIAL GAINS AND LOSSES	Actuarial gains and losses which may result from: <ul style="list-style-type: none">(a) experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred); and(b) the effects of changes in actuarial assumptions.
ASSET	A resource that, as a result of a past event, is controlled and expected to give future benefits. It is not necessary to own an asset in order to control it, as assets may be acquired from other providers via credit arrangements such as leasing.
AMORTISED COST	The amount at which the financial asset or financial liability is measured. The measurement reflects the cost or transaction price at initial recognition, adjusted for principal payments and accrued interest at the balance sheet date. The measurement may also be adjusted by any difference between the initial amount and the maturity amount resulting from impairment or uncollectibility by applying the effective interest rate inherent over the term of the financial asset or liability.
BALANCE SHEET	A statement of the recorded assets, liabilities and other accounting balances at the end of an accounting period.
CAPITAL CHARGE	A charge to the revenue account to reflect the cost of 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.

GLOSSARY OF ACCOUNTING TERMS

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

GLOSSARY OF ACCOUNTING TERMS

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

GLOSSARY OF ACCOUNTING TERMS

PUBLIC WORKS LOAN BOARD (PWLB)	The Public Works Loan Board (PWLB) is a statutory body operating within the Debt management Office of the UK Treasury (DMO) and is responsible for lending money to local authorities and managing certain public sector funds.
REMUNERATION	Payment or compensation received for services or employment. This includes the base salary and any bonuses or other economic benefits that an employee or executive receives during employment.
RESERVES	Amounts set aside for purposes falling outside the definition of provisions. Reserves include earmarked reserves set aside for specific policy purposes, general contingencies and working balances.
TO DEBIT	An accounting entry which results in either an increase in assets or a decrease in liabilities or net worth.
TO CREDIT	An accounting entry which results in either a decrease in assets or an increase in liabilities or net worth.
TRUE AND FAIR VIEW	Financial statements shall give a true and fair presentation of the financial position, financial performance and cash flows of an Council.
VIREMENT	Transfer of resources from one budget head to another in order to accommodate variations in spending policies.

MAIN CHANGES IN TERMINOLOGY

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

**Jo-Anne Chang Rogers,
Finance Manager (Worthing),
Worthing Borough Council,
Town Hall,
Chapel Road,
Worthing,
West Sussex, BN11 1HB**

**Telephone Direct Line: 01903 221232
E-mail: jo-anne.chang-rogers@adur-worthing.gov.uk**