



Worthing
Borough
Council



***Statement of
Accounts
2013/2014***



WORTHING BOROUGH COUNCIL

STATEMENT OF ACCOUNTS

for the year ended 31st March, 2014

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EXPLANATORY FOREWORD

INTRODUCTION

This is an explanatory foreword to the Statement of Accounts for the year ended 31 March 2014.

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 2013-14 (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 2014.

Changes to the CIPFA Code of Practice for 2013/14 relevant to this authority include:-

- revisions to post-employment benefits;
- a new section on accounting for business rates retention;
- amendment to the presentation of financial statements
- Enhancement to the guidance where uncertainty was identified in the areas of Property, Plant and Equipment, non-current assets, leases, grants, financial instruments

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 are listed and explained in the next section.

EXPLANATION OF ACCOUNTING STATEMENTS

The Statement of Accounts consists of:

Page No:

Statement of Responsibilities

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This statement sets out the respective responsibilities of the Council and the Chief Financial Officer 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

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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

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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

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This statement summarises the Council's assets and liabilities as at 31st March 2014 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	15
<p>This statement summarises the flows of cash and cash equivalents of the Council that have taken place over the financial year.</p>	
Prior Year Adjustments	16-17
<p>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.</p>	
Notes to the Accounts	18-98
Collection Fund	99 – 101
<p>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. This financial year the local government finance regime has been revised with the introduction of the retained business rates scheme. The main aim of the scheme is to give Councils a greater incentive to grow businesses in the Borough. It does, however, also increase the financial risk due to non-collection and the volatility of the NNDR tax base.</p>	

The scheme allows the Council to retain a proportion of the total NNDR received. The Worthing share is 40% with the remainder paid to the precepting body - West Sussex County Council (10%) and Department of Communities and Local Government (50%).

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 £24.7m. 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 Chief Financial Officer, Town Hall, Chapel Road, Worthing, BN11 1HB.

EXPLANATORY FOREWORD

COUNCIL PRIORITIES

The harmonised high level corporate priorities for Adur and Worthing Councils, which also apply to the Joint Strategic Committee, were updated in April 2013.

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

- Supporting and improving the local economy;
- Protecting front line services
- A mixed economy of partnership working
- 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 2014/15 local government settlement. Both councils agreed a budget strategy to meet this challenge through 3 major work streams – major service reviews, efficiency reviews and base budget reviews. As a result significant savings were identified as part of the 2014/15 budget round.

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.

Further details around the MTFPs for both councils are contained in the "*Outline Forecast 2015/16 To 2019/20 And Budget Strategy*", which was reported to 22nd July 2014 Joint Strategic Committee.

The link for this report is <http://www.adur-worthing.gov.uk/media/media,125630,en.pdf>

A new Chief Executive took up his role in September 2013. His approach to the challenges facing the 2 councils is set out in the document "*Catching The Wave*". The link for this document is <http://www.adur-worthing.gov.uk/media/media,125629,en.pdf>

The Chief Executive set up 5 work streams:

- (i) Structures
- (ii) Operating Systems
- (iii) Communications

EXPLANATORY FOREWORD

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

- (iv) Partnership
- (v) Organisational Development

Key areas for early attention include:

- Supporting our wealth generators
- Cultivating enterprising communities
- Becoming adaptive councils

An update on Catching The Wave is contained in, agenda item 5, the 22 July 2014 report to the Joint Strategic Committee, "Catching the Wave" – A progress update on organisational change".

The link for this document is [http://www.adur-worthing.gov.uk/media,125629,en.pdf](http://www.adur-worthing.gov.uk/media/media,125629,en.pdf)

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 24th June 2014 Joint Strategic Committee report "Revenue and Capital Outturn for Joint, Adur and Worthing 2013/14". This is available on the joint Adur District Council and Worthing Borough Council website www.adur-worthing.gov.uk.

The financial activities of the Council can be categorised as either Revenue or Capital:

- Revenue spending represents the net cost of consuming supplies and providing services delivered by the Council in its day-to-day business during the year.
- Capital spending results in an asset, which will provide benefit to the District over a number of years.

SUMMARY OF REVENUE SPEND

A more detailed summary of the Council's financial results for 2013/14 is given on the following pages but a brief outline of what we planned to spend and what we actually spent is given below.

The financial outturn for the General Fund shows that the Council did not contain expenditure within the original budget due to some one-off additional costs that were not part of the original budget. The current economic recession has impacted on income streams for the Council. In 2013/14 Worthing Borough Council reported an overspend of £299,260 against a budget of £14,254,430. The major variations are explained in more detail in the 24th June 2014 Joint Strategic Committee report "Revenue and Capital Outturn for Joint, Adur and Worthing 2013/14". <http://www.adur-worthing.gov.uk/media/media,124885,en.pdf>. This report is freely available on the joint Adur District Council and Worthing Borough Council website www.adur-worthing.gov.uk.

EXPLANATORY FOREWORD

SUMMARY OF REVENUE SPEND

Overall therefore the Council has had a difficult year from a financial perspective. The Council maintained and improved services and delivered on major capital investments but for the first time in many years was unable to contain spend within approved budgets.

How the money was spent and how services were funded

CABINET MEMBER PORTFOLIOS	CURRENT ESTIMATE 2013/14	OUTTURN 2013/14	UNDER/ OVERSPEND
	£000s	£000s	£000s
Leader	915	943	27
CM for Environment	3,885	4,099	214
CM for Health & Wellbeing	1,391	1,419	29
CM for Customer Services	4,043	4,693	650
CM for Regeneration	2,662	2,538	(124)
CM for Resources	2,546	4,162	1,616
Holding Accounts	821	(41)	(861)
Total Cabinet Members	16,262	17,813	1,551
Credit Back Depreciation	(2,877)	(2,585)	292
Minimum Revenue Provision	1,088	884	(204)
Other grants	-	(384)	(384)
	14,473	15,728	1,254
Transfer to/from reserves:			
Contribution to reserves	(16)	(149)	(133)
Transfer from reserves to fund specific expenditure	(253)	(1,076)	(822)
Capacity Issue Reserve	50	50	-
Transfer to/ (from) reserves	-	(299)	(299)
Total Budget requirement before External Support from Government	14,254	14,254	(0)

How the money was spent and how services were funded

Approved Use of Underspends	£'000
Unspent 2013/14 budget approved for use in 2014/15	67
Unspent 2013/14 budgets from Joint Account approved for use in 2014/15	88
Recommended transfer to Special & Other Emergency Reserve	-
Recommended transfer from the Capacity Issues Reserve to fund unspent budget requests	(156)
Net overspend transferred from the Working Balance	(299)
Overspend declared in year	(299)

EXPLANATORY FOREWORD

SUMMARY OF REVENUE SPEND

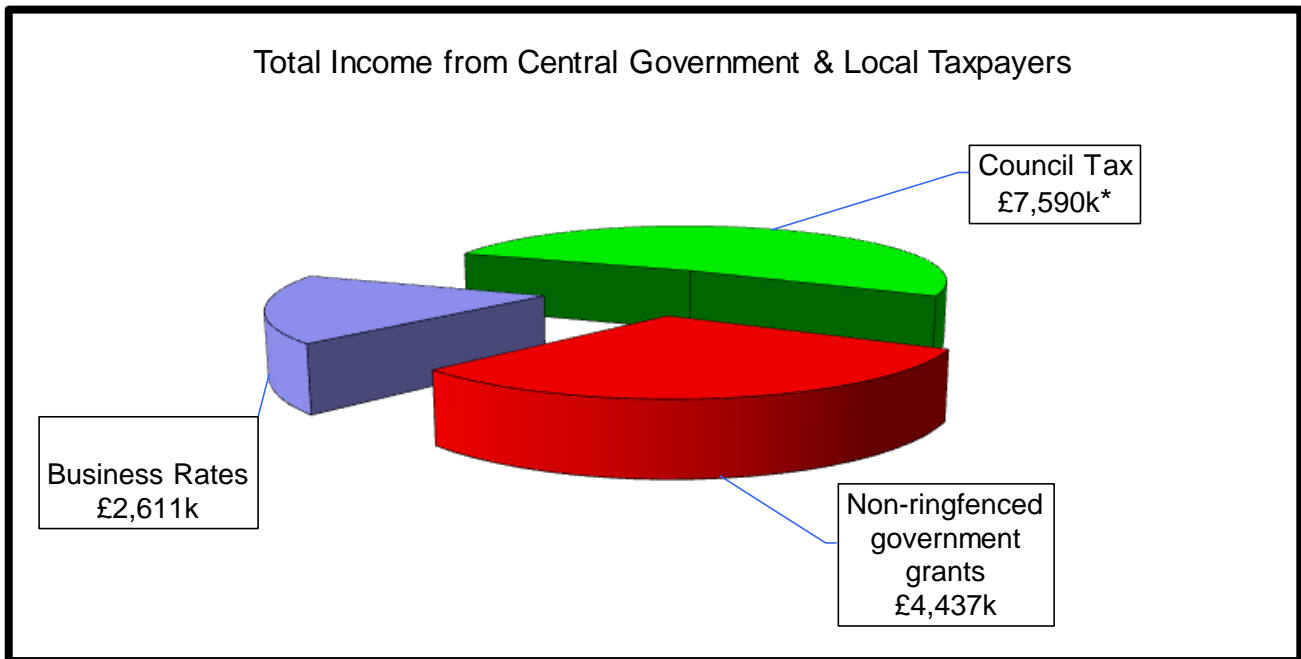
Funding from Central Government Support

From 2013/14, the structure of revenue support grant has changed and the Council's share of Revenue Support Grant is £3.536m for the financial year.

Funding from Local Taxpayers

The Council collected £53.67m of Council Tax relating to 2013/14, this represented 97.59% of the total Council Tax due to be collected. In addition, Council Tax Benefit totalled £7.049m. Council Tax is collected by Worthing Borough Council on behalf of the following preceptors in the proportions detailed: West Sussex County Council 76.5%, Sussex Police & Crime Commissioner 9.3% and Worthing Borough Council 14.2%.

The Council also collects non-domestic rates from local businesses. In 2013/14 the government introduced a business rate retention scheme which changed how business rates are administered nationally. Of the £29.82m billed, after allowing for exemptions, reliefs and provisions, the Council keeps 40%, 10% is paid to the County Council and the remaining 50% is paid over to the government's national pool.

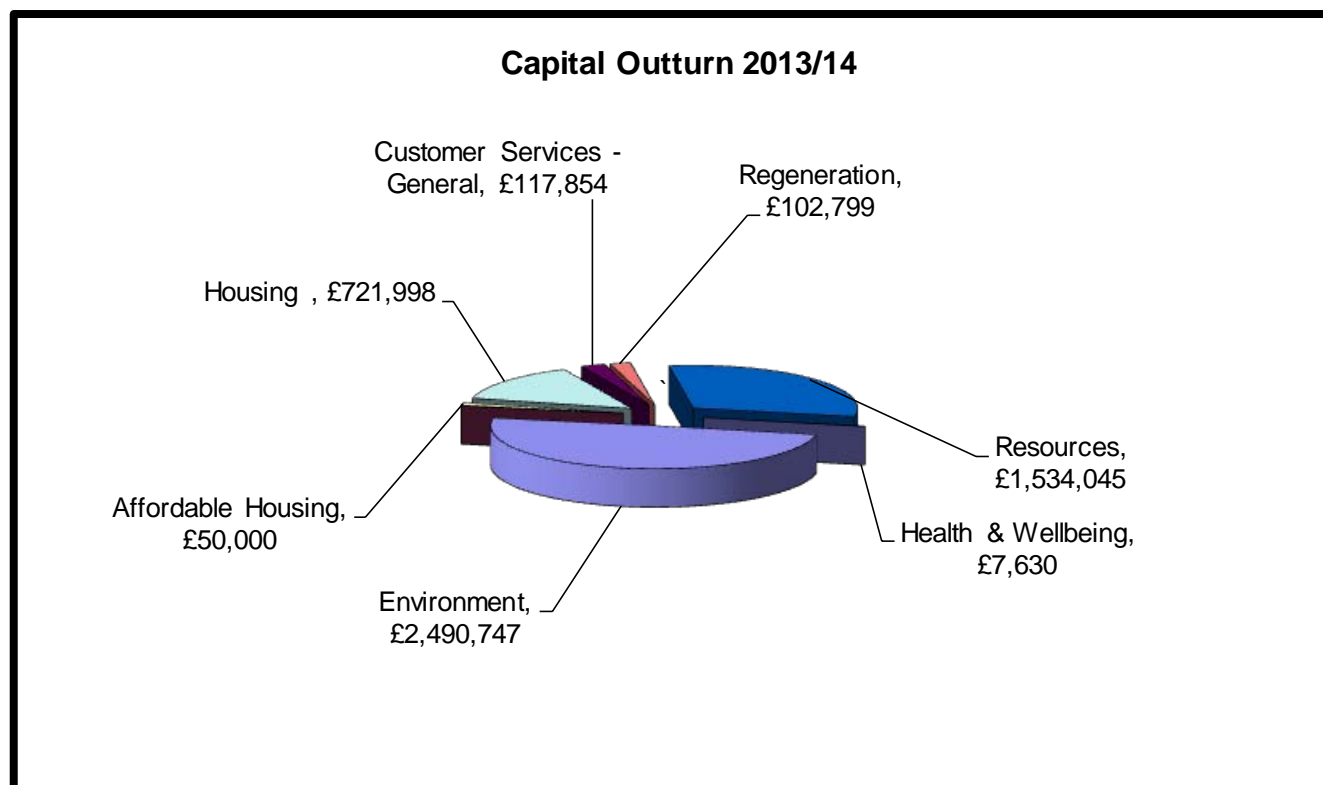


* Net of budgeted Collection Fund deficit.

EXPLANATORY FOREWORD

SUMMARY OF CAPITAL SPEND

Capital spending either maintains or creates new assets or is expenditure that is capital under statute that will contribute to the Council's aims and objectives over more than one year. The Council plans and budgets for capital expenditure by means of a three-year 'rolling' Capital Programme.



The Worthing capital investment programme for all Portfolios was originally estimated at £6,770,000. Subsequent approvals and reprofiling of budgets to 2014/2015 produced a total current budget of £5,978,610. Actual expenditure in the year totalled £5,025,073, a reduction of £953,537 on the revised estimate, comprising of a net slippage of £700,670 and a net underspend of £252,867. This was financed as follows:

	2013/14
	£'000
Capital Receipts	230
Other Grants and Contributions	558
Revenue Contributions	148
Borrowing	4,089
TOTAL	5,025

EXPLANATORY FOREWORD

SUMMARY OF CAPITAL SPEND

“The Council’s assets have been increased. The size of the capital programme, the funding and the capital outturn is explained in more detail in the 24th June 2014 Joint Strategic Committee report “Revenue and Capital Outturn for Joint, Adur and Worthing 2013/14”. <http://www.adur-worthing.gov.uk/media/media.124885.en.pdf>. This report is freely available on the joint Adur District Council and Worthing Borough Council website www.adur-worthing.gov.uk.

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.

EXCEPTIONAL ITEM

A long running legal dispute with the car park contractor was settled in 2013/14. Confidentiality is a condition of the settlement. The settlement cost was part funded by a provision of £246,000 with the remaining cost being funded from the Special and Other Emergency Expenditure Reserve.

ACHIEVEMENTS IN 2013/14

The Revenue and Capital transactions recorded in these statements supported all the Council’s activities and objectives in 2013/14. Substantial achievements were made in the following areas:

New ways of working - The Councils embarked on an accommodation project with the aim of reducing down the number of large buildings that are owned and managed. The project will save the Councils over £250,000 per year once it is completed. The Council has successfully relocated its staff into two buildings and will be in a position to dispose of the Civic Centre once the extension to the Shoreham Centre has been completed. The rationalisation of the accommodation has also enable the Councils to provide updated space to the local Citizen Advice Bureau and other voluntary groups

City Deal - The City Deal was signed by both Councils. This innovative collaboration will promote economic regeneration in both Adur and Worthing as part of the greater Brighton area.

The Think Family Initiative - The Council has been working in partnership with West Sussex County Council to support the most vulnerable families in our communities, aiming to improve life prospects, especially for children, and reduce pressure on public services.

EXPLANATORY FOREWORD

ACHIEVEMENTS IN 2013/14

Grounds Maintenance Service - The previously separate services for Adur and Worthing councils came together in 2013/14. While 2013/14 was a year of amalgamation, 2014/15 will see the development of the service and the delivery of substantial savings.

Waste Management Service - The service continues to deliver a high quality service year on year whilst reducing the cost to the tax payer. In particular, the garden waste bin service continues to be very popular and the number of residents using this service grows every year.

Splashpoint Leisure Centre - The new swimming pool and Leisure Facility at Splashpoint was opened in May 2013 by the Olympic Swimmer Ellie Simmonds. Attendance at the new Worthing leisure facility 'Splashpoint' has exceeded all expectations and the venue continues to prove popular.

Car Parks - The Council took the decision to bring the car parks back in house and gain control over the car park tariffs for the benefit of the local residents.

Field Place - In 2013/14 Field Place was much improved with an improved kitchen and a new conference and training centre. The improved facilities have proved popular with residents.

SUMMARY

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 Council overspent by £299,260, the first overspend for many years. However, the budget for 2014/15 has already been adjusted for some of the items identified and so this is not expected to recur.

The outturn position will inform the development of the 2015/16 budget. Within the overall overspend, there were some underspends and the intention is to build in recurring under spends into the 2015/16 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 Section 151 Chief Financial Officer 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 Head of Productivity and Innovation 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, 2014

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 2013/14 that officer was the Chief Financial Officer.
- (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, 2014.

The Chief Financial Officer and Section 151 Officer's Responsibilities:

The Chief Financial Officer 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 Chief Financial Officer 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 Chief Financial Officer 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, 2014 and its income and expenditure for the year ended on that date.

SARAH GOBEY
Chief Financial Officer

Dated: 23rd September, 2014

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 23rd September 2014

NOEL ATKINS
Chairman, Joint Governance & Audit Committee

Dated: 23rd September, 2014

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
Restated Balance at 31.03.12	1,142	5,938	7,815	1,506	-	16,401	45,805	62,206
Movement in Reserves during 2012/13								
Surplus or (deficit) on provision of services	(7,549)	-	-	-	-	(7,549)	-	(7,549)
Other Comprehensive Expenditure & Income	(3)	-	-	-	-	(3)	(1,916)	(1,919)
Total Comprehensive Expenditure and Income	(7,552)	-	-	-	-	(7,552)	(1,916)	(9,468)
Adjustments between accounting and funding basis under Regs. (Note 7)	6,833	-	(3,724)	(114)	-	2,995	(2,995)	-
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 (movement) in Year	(0)	(719)	(3,724)	(114)	-	(4,557)	(4,911)	(9,468)
Restated Balance at 31.03.13 c/fwd	1,142	5,219	4,091	1,392	-	11,844	40,894	52,738
Movement in Reserves during 2013/14								
Surplus or (deficit) on provision of services	(17,717)	-	-	-	-	(17,717)	-	(17,717)
Other Comprehensive Expenditure and Income	6	-	-	-	-	6	4,988	4,994
Total Comprehensive Expenditure and Income	(17,711)	-	-	-	-	(17,711)	4,988	(12,723)
Adjustments between accounting basis and funding basis under reg's (Note 7)	16,084	-	98	(95)	-	16,087	(16,087)	-
Net Increase/Decrease before Transfers to Earmarked Reserves	(1,627)	-	98	(95)	-	(1,624)	(11,099)	(12,723)
Transfers to/from Earmarked Res. (Note 8)	1,329	(1,329)	-	-	-	-	-	-
Increase/Decrease in Year	(298)	(1,329)	98	(95)	-	(1,624)	(11,099)	(12,723)
Balance at 31.03.14 c/ fwd	844	3,890	4,189	1,297	-	10,220	29,795	40,015

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

	2013/14	2013/14	2013/14	2012/13	2012/13	2012/13	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 *	1,791	(987)	804	9,194	(8,306)	888	
Cultural Services	22,171	(8,664)	13,507	12,579	(7,240)	5,339	
Env'nmental & Regulatory Services	7,882	(3,933)	3,949	7,660	(3,448)	4,212	
Planning Services	3,495	(1,517)	1,978	2,855	(1,278)	1,577	
Highways and Transport Services	924	(1,101)	(177)	376	(1,072)	(696)	
Other Housing Services	39,030	(37,548)	1,482	38,437	(37,474)	963	
Corporate & Democratic Core	2,309	(160)	2,149	1,964	(93)	1,871	
Non-Distributed Costs	2,540	-	2,540	2,813	-	2,813	
Net Cost of Services	80,142	(53,910)	26,232	75,878	(58,911)	16,967	
(Gains)/losses on the disposal of non-current assets			2,551			1,397	9
Financing and Investment Income and Expenditure			3,395			3,834	10
Taxation and non-specific grant income			(14,461)			(14,649)	11
(Surplus) or Deficit on Provision of Services			17,717			7,549	
(Surplus)/Deficit arising on revaluation of Property, Plant and Equipment Assets			216			(568)	25
Remeasurements of the net defined pension benefit liability			(5,204)			2,484	25
Other			(6)			3	
Other Comprehensive Income and Expenditure			(4,994)			1,919	
Total Comprehensive Income and Expenditure			12,723			9,468	

* The Central Services to the Public has reduced for both expenditure & income due to changes with respect to council tax benefit. The responsibility for council tax benefit has passed from central government to local authorities. As a result specific grant for council tax benefit to local authorities has ceased. See Collection Fund Income and Expenditure.

BALANCE SHEET

	See Note No:	As at 31st March 2014	As at 31st March 2013	Restated As at 1st April 2012
		£'000	£'000	£'000
Long Term Assets:				
Property, Plant & Equipment	12	66,009	82,669	69,614
Heritage Assets	13	11,504	10,494	10,491
Investment Properties	14	15,042	15,216	18,290
Intangible Assets	15	158	53	65
Assets Held for Sale	21	4,784	-	
Long Term Investments	16	-	-	
Long Term Debtors	19	12	13	26
Total Long Term Assets		97,509	108,445	98,486
Current Assets:				
Short Term Investments	16	2,001	7,037	10,608
Assets Held For Sale	21	-	-	
Inventories	17	178	172	154
Short Term Debtors	19	6,767	6,297	7,874
Cash & Cash Equivalents	20	1,743	2,440	3,832
Total Current Assets		10,689	15,946	22,468
Current Liabilities:				
Cash & Cash Equivalents				
Short Term Borrowing	16	(14,710)	(13,018)	(2,130)
Short Term Creditors	22	(8,574)	(8,237)	(8,328)
Provisions	23	(660)	(321)	(311)
Liabilities in Disposal Groups		-	-	
Grants Receipts In Advance - Revenue	39	(296)	(107)	(327)
Grants Receipts In Advance - Capital	39	-	-	(5)
Total Current Liabilities		(24,240)	(21,683)	(11,101)
Long Term Liabilities:				
Long Term Creditors		-	-	
Provisions		-	-	
Long Term Borrowing	16	(88)	(2,847)	(2,690)
Other Long Term Liabilities	47	(43,855)	(47,123)	(44,957)
Donated Assets Account	39	-		
Capital Grants Receipts in Advance	39	-	-	
Total Long Term Liabilities		(43,943)	(49,970)	(47,647)
Net Assets		40,015	52,738	62,206
Financed By Reserves:				
Usable Reserves	24 & 8	(10,219)	(11,844)	(16,401)
Unusable Reserves	25	(29,796)	(40,894)	(45,805)
Total Reserves		(40,015)	(52,738)	(62,206)

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:	2013/14	Restated 2012/13
		£'000	£'000
Net (surplus) or deficit on provision of services	26	(17,717)	(7,549)
Adjustments to net surplus or deficit on the provision of services for non cash movements	26	14,169	8,288
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	26	4,196	3,203
Net cash flows from Operating Activities	26	648	3,942
Investing Activities	27	(1,886)	(15,655)
Financing Activities	28	541	10,321
Net increase or decrease in cash and cash equivalents		(697)	(1,392)
Cash and cash equivalents at the beginning of the reporting period		2,440	3,832
Cash and cash equivalents at the end of the reporting period	20	1,743	2,440

PRIOR YEAR ADJUSTMENT

Prior to 2013/14 staff paid through the Joint Strategic Committee were included within the Adur District and Worthing Borough Councils IAS19 report on pension liabilities from the Council's Actuary. To show pension costs and liabilities within the Joint Strategic Committee accounts in accordance with IFRS , a separate IAS19 report was commissioned for the Joint Strategic Committee. Within the Adur District Council accounts, who acted as the employing Council, Note 48 reflects the bulk transfer of staff that took place, (for IAS19 purposes), to the Adur/Worthing Joint Committee at the close of business on 31 March 2013. These transactions are consolidated into Worthing Borough Council's Accounts. Where this has restated the 2012/13 accounts the movements are shown below.

Net Expenditure on Services	2012/13 Net Expenditure	Restated 2012/13 Net Expenditure
	£'000	£'000
Financing & Investment Income & expenditure	3,488	3,834
Net change to (Surplus) or Deficit on Provision of Services		346
Remeasurements of the net defined pension benefit liability	2,830	2,484
Net change to Other Comprehensive Income and Expenditure		(346)
Net change to Total Comprehensive Income and Expenditure		-

Movement In Reserves Statement	2012/13 Net Expenditure	Restated 2012/13 Net Expenditure
	£'000	£'000
Surplus or (deficit) on provision of services	(7,203)	(7,549)
Net change to (Surplus) or Deficit on Provision of Services		(346)
Adjustments between accounting and funding basis under Regulation	6,487	6,833
Net change to Adjustments between accounting and funding basis under Regulation		346
Net change to General Fund Balance		-

PRIOR YEAR ADJUSTMENT

Cash Flow Statement	2012/13 Net Expenditure	Restated 2012/13 Net Expenditure
	£'000	£'000
Surplus or (deficit) on provision of services	7,203	7,549
Net change to (Surplus) or Deficit on Provision of Services		346
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(7,942)	(8,288)
Net change in adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities		(346)
Net increase or decrease in cash or cash equivalents		-

Note 48: Defined Benefit Pension Plan Transactions relating to post employment benefit	2012/13 Net Expenditure	Restated 2012/13 Net Expenditure
	£'000	£'000
Net interest cost	1,460	1,806
Net change to (Surplus) or Deficit on Provision of Services		346
Remeasurement of the net defined benefit liability	2,830	2,484
Net change in adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities		(346)
Net change to Total Comprehensive Income and Expenditure		-

Balance Sheet	2012/13	Restated 2012/13
	£'000	£'000
Long Term Liabilities	(41,000)	(47,123)
Change in Net Assets		(6,123)
Unusable Reserves	(47,017)	(40,894)
Total Reserves		6,123

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

STATEMENT OF ACCOUNTING POLICIES 2013/14

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 Accounting in United Kingdom - 2013/14 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 2013/14 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. The current de minimis is £250.

Tax Income (Council Tax, Non-Domestic Rates (NDR) And Rates)

The Council is a billing authority and follows the principles in IPSAS 23 Revenue from Non Exchange transactions (Taxes and Transfers) in respect of accounting for tax income collected except where adaptations to fit the public sector are detailed in the Code.

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

Tax Income (Council Tax, Non-Domestic Rates (NDR) And Rates)

Retained Business Rate income, Top Up income and Council Tax income included in the Comprehensive Income & Expenditure Statement for the year will be treated as accrued income.

NDR, Top Up Income and Council Tax will be recognised in the Comprehensive Income & Expenditure Statement in the line Taxation & Non-Specific Grant Income. As a billing authority the difference between the NDR and Council Tax included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund shall be taken to the Collection Fund Adjustment Account and reported in the Movement in Reserve Statement. Each major preceptor's share of the accrued NDR and Council Tax income will be available from the information that is required to be produced in order to prepare the Collection Fund Statement.

Revenue relating to such things as council tax, general rates, etc. shall be measured at the full amount receivable (net of any impairment losses) as they are non-contractual, non-exchange transactions and there can be no difference between the delivery and payment dates.

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.

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

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.

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.

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

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	Headcount
Customer Services	Number of calls multiplied by length of time per call
Cashiers	Number of transactions
Exchequer Services	Number of transactions
Insurance - Employees	Headcount
Insurance - Premises	Premises Valuation
Insurance - Vehicles	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 its 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.

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

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

The Council as Lessee – Finance Leases:

Property, plant and equipment held under finance leases is recognised 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).

The asset recognised is matched by a corresponding liability on the balance sheet for the obligation to pay the lessor (asset provider) the amounts due in respect of the capital cost of acquiring the asset. This is because the transaction is considered to be the same as if the Council had purchased the asset and financed it through taking out a loan. The lease payments from lessee to lessor are therefore apportioned between:

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

LEASES

- a charge for the acquisition of the interest in the property, plant or equipment, which is applied to write down the lease liability held on the balance sheet, and
- a finance charge, which is debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

However, the Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and impairment losses, and revaluation gains and losses are therefore reversed by way of a revenue contribution in the General Fund Balance via an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

The Council as Lessor – Finance Leases:

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal.

At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal.

A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property, which is applied to write down the lease debtor (together with any premiums received), and
- finance income (that is credited to the Financing and Investment Income and Expenditure Line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement.

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

LEASES

Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

The Council as Lessee – Operating Lease:

Under an operating lease the property so acquired is not required to be recognised as an asset in the Council's balance sheet, and the payments due under the lease will be a charge to revenue.

The Council as Lessee – Operating Lease:

These payments are in effect rentals and are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

The Council as Lessor – Operating Lease:

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet of the Council. Rental income is credited to revenue within the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease).

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 are charged directly to service revenue accounts.

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

NON CURRENT ASSETS

Expenditure and Valuation principles

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 Revaluation Reserve only includes gains since its inception from 1st April, 2007, prior gains being incorporated in the Capital Adjustment Account. The Council applies a five-year rolling programme of revaluations. The principal valuation bases used are:

- Property, Plant and Equipment assets are initially valued at cost and 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 depreciated historic cost value. Donated assets are revalued at fair value.
- 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.
- 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.
- Assets reclassified as Held for Sale when the following criteria are met:
 - i) The asset is available for sale in its present condition subject to terms that are customary for sales of such assets.
 - ii) The sale must be highly probable.
 - iii) The appropriate level of management must be committed to a plan to sell the asset (or disposal group).
 - iv) The sale should be expected to qualify for recognition as a completed sale within one year from the date of classification except where the sale is likely to proceed to a sale without significant changes to the plan of sale.

For 2013/14 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

Disposals

Assets are disposed of in the year of sale and the profit or loss on disposal is charged to the Comprehensive Income and Expenditure Account.

Charges to Revenue for non-current Assets

Service revenue accounts, central support services, and trading accounts are charged with a depreciation charge, profit or loss on disposal and any impairment loss for all non-current assets used in the provision of services. (An impairment loss is only charged to revenue, if there is no balance on the Revaluation Reserve.) 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.

Asset lives are established by reference to the expected timespan over which the Council expects to get economic benefits from that asset. This could be a valuer or the officer using the asset.

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

Buildings	8-68 yrs except when impairment has occurred.
Vehicles	10 years
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.

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

NON CURRENT ASSETS

Depreciation

- 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.

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 following criteria need to be met before an asset is classified as an intangible asset:

1. The asset must be identifiable
2. The asset must lack physical substance
3. The asset is controlled by the Authority and benefit from future economic benefits. Intangible assets are measured at cost.
4. Intangible assets are amortised over their useful lives.

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

INTANGIBLE ASSETS

Intangible assets are either internally generated or purchased. 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.

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.

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

HERITAGE ASSETS

Valuation of Heritage Assets

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.

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 charged 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.

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

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.

Non Domestic Rates Appeals

A provision is made for appeals which are likely to be settled in the favour of the appellant. This is based on all known outstanding business rate appeals which have been lodged with the Valuation Office together with an allowance for new appeals which may emerge in the future. The amount provided for is based on advice received from an external consultant and is assessed on the likely change to rateable value.

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.

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

ACCOUNTING FOR FINANCIAL INSTRUMENTS

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

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

FINANCIAL LIABILITIES	FINANCIAL ASSETS
<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, 2014.

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.

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

ACCOUNTING FOR FINANCIAL INSTRUMENTS

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.

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 as amended by SI 2012/265) 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

A contribution is made 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.

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

CASH AND CASH EQUIVALENTS

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.

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.

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

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 and presentational revisions reflect the 2013/14 Code changes to the classification, recognition, measurement and disclosure requirements introduced by the June 2011 amendments to 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.

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;

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

EMPLOYEE BENEFITS

Pension Costs

- 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;
- 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

Termination benefits, such as redundancy payments, are payable as a result of either an employer's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept a voluntary redundancy offer in exchange for those benefits. They are often lump-sum payments, but also include enhancement of retirement benefits

The Code requires that a liability for a termination benefit is recognised at the earlier of the following dates:

when the authority can no longer withdraw the offer of those benefits, and
when the authority recognises costs for a restructuring that is within the scope of section 8.2 of the Code and IAS 37 (see Module 8, section B) and involves the payment of termination benefits.

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

EMPLOYEE BENEFITS

Termination Benefits

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

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

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.

Events after the Reporting Period

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

Adjusting Events - Those events that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.

Non-adjusting Events - Those events 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 either their estimated financial effect or a statement that such an estimate cannot be made reliably. Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

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.

CAPITAL RECEIPTS

Capital receipts are income received from the sale of land or other capital assets above £10,000, a proportion of which may be used to finance capital expenditure.

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.

NOTES TO THE ACCOUNTS

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

The Code of Practice on Local Council Accounting in the United Kingdom 2014/15 (the Code) has introduced several changes in accounting policies which will be required from 1 April 2014. If these had been adopted for the financial year 2013/14 there would be no material changes as detailed below.

A number of new and revised standards have been issued addressing the accounting for consolidation, involvements in joint arrangements and disclosure of involvements in other entities. These include:

- **IFRS 10 Consolidated Financial Statements** – This standard introduces a new definition of control, which is used to determine which entities are consolidated for the purposes of group accounts. The Council does not currently have any subsidiaries or associates.
- **IFRS 11 Joint Arrangements** – This standard addresses the accounting for a ‘joint arrangement’, which is defined as a contractual arrangement over which two or more parties have joint control. These are classified as either a joint venture or a joint operation. In addition proportionate consolidation can no longer be used for jointly controlled entities. The Council has no material joint venture arrangements.
- **IFRS 12 Disclosures of Involvement with Other Entities** – This is a consolidated disclosure standard requiring a range of disclosures about an entity’s interests in subsidiaries, joint arrangements, associates and unconsolidated ‘structured entities’. The Council does not currently have any of arrangements with other entities under IFRS12
- **IAS 27 Separate Financial Statements and IAS 28 Investments in Associates and Joint Ventures** – These statements have been amended to conform with the changes in IFRS 10, IFRS 11 and IFRS 12. There is therefore also no impact as a result of changes in IAS 27 and IAS 28.
- **IAS 32 Financial Instruments Presentation** – The Code references to amended application guidance when offsetting a financial asset and a financial liability. The gains and losses are separately identified on the Comprehensive Income and Expenditure Statement and therefore no further disclosure is required.

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.

NOTES TO THE ACCOUNTS

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 2014 for which there is a risk of adjustment in the forthcoming financial year are as follows:

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>If the useful life of assets fell by one year there would be an increase in the depreciation charged in the C.I.E.S.</p> <p>There would also be a corresponding decrease in the carrying amount of the assets.</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 2013/14, the Council's actuaries advised that the net pension liability has decreased by a net £3.26m. £1.94m increase as a result of estimates being corrected as a result of experience and a decrease of £5.20m attributable to updating of the assumptions.</p>

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
Arrears	At March 2014 the Council had a net balance of debtors due (excluding government department) £5.36m. A review of significant balances suggested that an impairment of doubtful debt of £1.67m 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

The Council settled a long-running legal dispute with the contractor managing the Car Parks. There is a legally binding confidentiality clause as part of the settlement agreement. This required the Council to use the provision of £262,000 specifically set aside for this purpose. The remainder of the cost was funded from the Special and Other Emergency Expenditure Reserve.

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 2014 and the date when the Statement of Accounts is authorised for issue, 23rd September 2014.

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.

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.

NOTES TO THE ACCOUNTS

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

2013/14 USABLE RESERVES	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 & Expenditure Statement				
Charges for depreciation and impairment of non current assets (note 12 & 25)	(2,580)			2,580
Revaluation losses on Property Plant and Equipment (note 12 & 25)	(9,477)			9,477
Movements in the market value of investment Properties (note 25)	(128)			128
Amortisation of intangible assets (note 15 & 25)	(14)			14
Capital grants and contributions applied (note 25)	527			(527)
Movement in the Donated Assets Account (note 13)	13			(13)
Revenue Expenditure funded from capital under statute (note 25)	(828)			828
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)	(2,731)			2,731
Insertion of items not debited or credited to the Comprehensive Income & Expenditure Statement				
Statutory provision for the financing of capital investment (note 25)	884			(884)
Capital expenditure charged against the General Fund (note 25)	148		-	(148)
Adjustment primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the Comprehensive Income & Expenditure A/c	(63)		63	-
Application of grants to capital financing transferred to the Capital Adjustment Accounts (note 25)			32	(32)
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	327	(327)		-

NOTES TO THE ACCOUNTS

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

2013/14 USABLE RESERVES	General Fund Balance	Capital Receipts Reserves	Capital Grants Unapplied	Movement in Unusable Reserve
	£000	£000	£000	£000
Adjustment primarily involving the Capital Receipts Reserve:				
Use of the Capital Receipts Reserve to finance new capital expenditure (note 41)	-	230		(230)
Transfer from Deferred Capital Receipts Reserve upon receipt of cash (note 25)		(1)		1
Adjustments involving the Pensions Reserve				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive income and Expenditure Statement (note 48)	(6,268)			6,268
Employers Pension Contributions and direct payments to pensioners payable in the year (note 48)	4,328			(4,328)
Adjustments involving the Collection Fund Adjustment Account:				
Amount by which council tax and non domestic rating income credited to the Comprehensive Income & Expenditure Statement is different from council tax and non domestic rating income calculated for the year in accordance with statutory requirements (note 25)	(222)			222
TOTAL ADJUSTMENTS 2013/14	(16,084)	(98)	95	16,087

2012/13 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				
Charges for depreciation and impairment of non current assets (note 25)	(2,711)			2,711
Revaluation losses on Property Plant and Equipment (note 25)	(1,492)			1,492
Movements in the market value of investment Properties (note 25)	(2,625)			2,625
Amortisation of intangible assets (note 25)	(37)			37

NOTES TO THE ACCOUNTS

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

2012/13 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)	730		-	(730)
Movement in the Donated Assets Account				
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 25)	(1,397)			1,397
Insertion of items not debited or credited to the Comprehensive Income and 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 and Expenditure Account	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)
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

2012/13 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)		(9)		9
Adjustments involving the Pensions Reserve				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive income and Expenditure Statement (note 48)	(2,286)			2,286
Employers Pension Contributions & direct payments to pensioners payable in year (note 48)	2,600			(2,600)
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)	(57)			57
TOTAL ADJUSTMENTS 2012-2013	(6,833)	3,724	114	2,995

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 2013/14.

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 01.04.12	Decrease 2012/13	Increase 2012/13	Balance at 31.03.13	Decrease 2013/14	Increase 2013/14	Balance at 31.03.14
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Earmarked Revenue Reserves							
Capacity Issues Fund	2,934	(559)	327	2,702	(903)	216	2,015
Cremator Abatement	302	(242)	-	60	(60)	-	-
Crematorium Improvement	-	(53)	53	-	(46)	46	-
Insurance	499	(34)	26	491	(86)	31	436
Joint Health Promotion	44	(14)	-	30	(8)	-	22
Leisure Lottery & Other Partnerships	78	-	-	78	-	-	78
Leisure Options	292	(292)	-	-	-	-	-
Grants & Contributions	606	(267)	251	590	(55)	10	545
Museum Reserve	110	-	-	110	-	2	112
Theatres Ticket Levy	-	-	-	-	(43)	70	27
Planning Delivery Grant	155	(21)	-	134	(10)	-	124
Special & Other Emergency Expenditure	536	(194)	300	642	(493)	-	149
VAT Partial Exemption	212	-	-	212	-	-	212
Vehicle Repair and Renewal	97	-	-	97	-	-	97
Total General Fund	5,865	(1,676)	957	5,146	(1,704)	375	3,817
Capital Expenditure Reserve	73	-	-	73	-	-	73
Total Earmarked Reserves	5,938	(1,676)	957	5,219	(1,704)	375	3,890

- (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) Theatre Tickets Levy is a new fund set up in 2013/14, specifically to fund maintenance on theatres.
- (x) The Planning Delivery Grant Reserve was set up in 2006/07 to carry forward grant received in previous years, which has been approved by Cabinet to be spent on specific planning initiatives
- (xi) The Special and Other Emergency Expenditure Reserve was set up to fund expenditure such as seaweed removal, uninsured losses (i.e. storm damage) and any other strategic or unforeseen one-off expenditure which may arise.
- (xii) The VAT Partial Exemption Reserve was originally set up in 2000 to meet any additional costs associated with the transfer of the Council's Housing Stock. The purpose of the fund was revised in 2002 and surplus funds redistributed to other reserves leaving a balance of £212,000 to meet potential VAT liabilities.
- (xiii) The Vehicle Repairs and Renewal Fund was set up in 2008 to meet future maintenance costs of the Adur Worthing Council Services Fleet.
- (xiv) The Capital Expenditure Reserve was set up in 1993/94 to finance capital schemes which may have been delayed, to provide an alternative source of finance should the income from capital receipts decline and to assist in the financing of new or accelerated capital projects.

NOTE 9: OTHER OPERATING EXPENDITURE

Other Operating Expenditure	31-Mar-14	31-Mar-13
	£'000s	£'000s
De-recognition of assets	2,541	1,397
Gains/losses on the disposal of non-current assets	10	-
TOTAL	2,551	1,397

NOTES TO THE ACCOUNTS

NOTE 10: FINANCING AND INVESTMENT INCOME AND EXPENDITURE

Financing and Investment Income and Expenditure	2013/14	Restated 2012/13
	£000	£000
Interest Payable & similar charges	174	194
Net interest on net defined benefit liability (asset)	3,456	1,806
Interest Receivable & similar income	(93)	(198)
Income and expenditure in relation to investment properties	18	(238)
Changes in fair value to investment properties	128	2,539
Other Investment Income (Trading Operations: Note 31)	(288)	(269)
TOTAL	3,395	3,834

NOTE 11: TAXATION AND NON-SPECIFIC GRANT INCOME

Taxation and Non-Specific Grant Income	2013/14	2012/13
	£'000s	£'000s
Council Tax Income	(7,549)	(8,482)
Non Domestic Rates	(2,432)	(5,146)
Non-ringfenced Government Grants	(4,437)	(773)
Capital Grants and Contributions	(43)	(248)
TOTAL	(14,461)	(14,649)

NOTE 12: PROPERTY, PLANT AND EQUIPMENT

OPERATIONAL ASSETS

Movements in 2013/2014	Other Land and Buildings	Vehicles, Furniture and Equipment	Infra- structure Assets	Comm- unity Assets	Surplus Assets	Assets Under Constr- uction	TOTAL
Cost or Valuation	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2013	48,335	9,477	4,007	4,964	2,224	22,107	91,114
Additions	2,960	796	227	-	-	96	4,079
Revaluation increases/(decreases) recognised in the Revaluation Res've	(1,539)	29	-	-	(1,126)	-	(2,636)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(9,654)	-	-	-	(7)	-	(9,661)
Derecognition - Disposals	-	-	-	-	-	-	-
Derecognition - Other	(2,573)	(398)	-	-	(22)	-	(2,993)
Assets reclassified (to)/from Held for Sale	(4,784)	-	-	-	-	-	(4,784)
Assets reclassified (to)/from Investment Properties	17	-	-	-	(49)	-	(32)
Reclassifications between asset classes, including transfers to intangible assets	21,649	143	1	-	185	(22,082)	(104)
At 31 March 2014	54,411	10,047	4,235	4,964	1,205	121	74,983

NOTES TO THE ACCOUNTS

NOTE 12: PROPERTY, PLANT AND EQUIPMENT

OPERATIONAL ASSETS

Movements in 2013/2014	Other Land and Buildings	Vehicles, Furniture and Equipment	Infra-structure Assets	Comm-unity Assets	Surplus Assets	Assets Under Const-ruktion	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
Accu'lated Deprec'tion & Impairm't							
At 1 April 2013	(2,551)	(5,009)	(733)	-	(1)	(151)	(8,445)
Depreciation charge	(1,587)	(821)	(154)	-	(9)	-	(2,571)
Depreciation written out to the Revaluation Reserve	1,419	(13)	-	-	8	-	1,414
Deprecation written out to the Surplus/Deficit on the Provision of Services	178	-	-	-	7	-	185
Impairment losses recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	(9)	-	(9)
Derecognition - Other	86	366	-	-	-	-	452
Reclassifications between asset classes, including transfers to Intangible Assets	(144)	18	-	-	(25)	151	-
At 31 March 2013	(2,599)	(5,459)	(887)	-	(29)	-	(8,974)
Net Book Value at 31 March 2014	51,812	4,588	3,348	4,964	1,176	121	66,009
Net Book Value at 31 March 2013	45,784	4,468	3,274	4,964	2,223	21,956	82,669

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

Movements in 2013/2014	Vehicles, Furniture and Equipment	Surplus Assets	Assets Under Construction	TOTAL
	£'000	£'000	£'000	£'000
Cost or Valuation				
At 1 April 2013	8,029	-	242	8,271
Assets transferred to joint services	(63)	-	-	(63)
Additions	558	-	-	558
De-recognition - Other	(235)	-	-	(235)
Reclassifications between asset categories	108	24	(236)	(104)
At 31 March 2014	8,397	24	6	8,427
Accumulated Depreciation				
At 1 April 2013	(4,145)	-	-	(4,145)
Depreciation transfers to joint services	16	-	-	16
Depreciation charge	(720)	(4)	-	(724)
Derecognition - Other	222	-	-	222
Transfer of depreciation from other asset categories	6	(6)	-	-
At 31 March 2014	(4,621)	(10)	-	(4,631)
Net Book Value at 31 March 2014	3,776	14	6	3,796
Net Book Value at 31 March 2013	3,884	-	242	4,126

NOTES TO THE ACCOUNTS

NOTE 12: PROPERTY, PLANT AND EQUIPMENT

COMPARATIVE MOVEMENTS 2012/13

Movements in 2012/2013	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 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 Reserve	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
Accumulated Depreciation and Impairment							
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
Depreciation 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

NOTES TO THE ACCOUNTS

NOTE 12: PROPERTY, PLANT AND EQUIPMENT

COMPARATIVE MOVEMENTS 2012/13

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
	£'000	£'000	£'000
Cost or Valuation			
At 1 April 2012	7,120	6	7,126
Additions	1,012	236	1,248
Assets transferred to Joint Services	239		239
Derecognition - Other	(338)	-	(338)
Reclassifications between asset categories	(4)	-	(4)
At 31 March 2013	8,029	242	8,271
Accumulated Depreciation and Impairment			
At 1 April 2012	(3,503)	-	(3,503)
Depreciaton 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

Depreciation

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

- **Other Land and Buildings:** 8 – 68 years
- **Vehicles, Plant, Furniture and Equipment:** 1 – 21 years
- **Infrastructure:** 25 years

Capital Commitments

At 31 March 2014, the Council has entered into two significant contracts for the construction and enhancement of Property, Plant and Equipment in 2014/2015 estimated to cost £477,702. The commitments are:-

NOTES TO THE ACCOUNTS

NOTE 12: PROPERTY, PLANT AND EQUIPMENT

Capital Commitments

- Car Parks replacement of barrier and pay equipment £271,441.
- Worthing Leisure Centre replacement of current astroturf and conversion of the area into 6 pitches £206,261.

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	-	4,589	3,348	4,963	27	120	13,047
Valued at fair value as at:							
31st March 2014	17,512	-	-	-	218	-	17,730
31st March 2013	4,164	-	-	-	172	-	4,336
31st March 2012	16,996	-	-	-	-	-	16,996
31st March 2011	7,707	-	-	-	760	-	8,467
31st March 2010	5,433	-	-	-	-	-	5,433
Total Cost or Valuation	51,812	4,589	3,348	4,963	1,177	120	66,009

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 2013/2014	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 2013	491	3,400	3,602	1,190	1,401	410	10,494
Donated Assets	-	-	6	1	6	-	13
Revaluation increases/(decreases) recognised in the Revaluation Reserve	-	100	103	295	286	213	997
At 31 March 2014	491	3,500	3,711	1,486	1,693	623	11,504
Net Book Value at 31 March 2013	491	3,400	3,602	1,190	1,401	410	10,494

COMPARATIVE MOVEMENTS 2012/2013

Restated 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
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

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.

NOTES TO THE ACCOUNTS

NOTE 13: HERITAGE ASSETS

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.

The museum's collections are currently being revalued by curatorial staff and specialist volunteers based on research from specialist journals, the internet, auctions and other reference materials.

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.

	2013/14	2012/13
	£'000	£'000
Rental income from investment property	(707)	(873)
Direct operating expenses arising from investment property	725	549
Net (gain)/loss	18	(324)

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.

	2013/14	2012/13
	£'000	£'000
Balance at start of the year 1st April	15,216	18,290
Additions:		
Construction	-	-
Subsequent expenditure	112	1
Disposals:	(190)	-
Net gains/(losses) from fair value adjustments	(128)	(2,625)
Transfers:		
To/from Property, Plant and Equipment	32	(450)
Balance at end of the year	15,042	15,216

NOTES TO THE ACCOUNTS

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 £13,936 has been charged to the Income and Expenditure Statement.

	2013/14	2012/13
	£'000	£'000
Balance at start of the year 1st April		
Gross carrying amounts	221	189
Adjustment to gross carrying amount	-	52
Accumulated amortisation	(168)	(124)
Adjustment to accumulated amortisation	-	(52)
Net carrying amount at start of year	53	65
Additions:		
New assets recognised in the revaluation reserve	9	-
Purchases	6	20
Transfers from property, plant and equipment	104	5
Disposals:	(88)	(45)
Amortisation for the period:	(13)	(37)
Amortisation written off on disposal:	87	45
Net carrying amount at end of year	158	53
Comprising		
Gross carrying amounts	252	221
Accumulated amortisation	(94)	(168)
	158	53

NOTES TO THE ACCOUNTS

NOTE 15: INTANGIBLE ASSETS

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

	2013/14	2012/13
	£'000	£'000
Balance at start of the year 1st April		
Gross carrying amounts	217	142
Accumulated amortisation	(164)	(90)
Net carrying amount at start of year	53	52
Additions:		
Existing assets transferred to joint services	9	50
Purchases	6	20
Transfers from property, plant and equipment	104	5
Amortisation for the period:	(14)	(33)
Amortisation transferred between asset classes	-	(41)
Net carrying amount at end of year	158	53
Comprising		
Gross carrying amounts	249	217
Accumulated amortisation	(91)	(164)
	158	53

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 trade creditors (payables). The Code of Practice requires the Council to make a range of disclosures in respect of financial instruments, which follow in the tables below.

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

	Long Term		Current		Total	
	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
	£'000	£'000	£'000	£'000	£'000	£'000
Financial Liabilities at Amortised Cost (Borrowings)	(88)	(2,847)	(14,710)	(13,018)	(14,798)	(15,865)
Total Liabilities	(88)	(2,847)	(14,710)	(13,018)	(14,798)	(15,865)
Loans and Receivables - Investments	-	-	2,001	7,037	2,001	7,037
Total Assets	-	-	2,001	7,037	2,001	7,037
NET TOTAL ASSETS / (LIABILITIES)	(88)	(2,847)	(12,709)	(5,981)	(12,797)	(8,828)

NOTES TO THE ACCOUNTS

NOTE 16: FINANCIAL INSTRUMENTS

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

	31-Mar-14	31-Mar-13
	£'000s	£'000s
An analysis of loan debt by maturity is:		
Maturing within one year	14,710	13,018
	14,710	13,018
Maturing in 1-2 years	52	2,813
Maturing in 2-5 years	36	34
Maturing in 5-10 years	-	-
Maturing in more than 10 years	-	-
	88	2,847
TOTAL	14,798	15,865

NOTES TO THE ACCOUNTS

NOTE 16: FINANCIAL INSTRUMENTS

The composition of borrowings and investments by counterparty at the Balance Sheet date are further analysed below:

	Long Term		Current		TOTAL	
	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
	£'000	£'000	£'000	£'000	£'000	£'000
BORROWING:						
Public Works Loan Board		(750)	(766)	(1,836)	(766)	(2,586)
Public Works L'n Board	-	(750)	(766)	(1,836)	(766)	(2,586)
Other Commercial Loans						
Crawley Borough Council	-	-	(3,004)		(3,004)	-
Highdown Trust	-	-	(28)	(28)	(28)	(28)
Hyndburn Borough Council	-	-	(2,006)		(2,006)	-
Leicester City Council	-		(5,012)		(5,012)	-
Nottingham Police & Crime Commissioner		(2,000)	(2,003)	(3)	(2,003)	(2,003)
Portsmouth City Council	-	-		(6,050)	-	(6,050)
Salix Finance	(88)	(97)	(84)	(74)	(172)	(171)
Sth Yorkshire J'nt Secretariat	-	-	(1,807)	-	(1,807)	-
West Yorkshire Police & Crime Commissioner	-	-		(5,027)	-	(5,027)
Other Commercial Lenders Sub-Total	(88)	(2,097)	(13,944)	(11,182)	(14,032)	(13,279)
TOTAL BORROWING	(88)	(2,847)	(14,710)	(13,018)	(14,798)	(15,865)
INVESTMENTS:						
Coventry Bld.Society	-	-		2,000	-	2,000
Lloyds TSB Bank Plc	-	-	1,001	2,037	1,001	2,037
Nationwide Building Society	-	-	1,000	1,000	1,000	1,000
Skipton Building Society				2,000		2,000
TOTAL INVESTMENTS	-	-	2,001	7,037	2,001	7,037
NET TOTAL LIABILITIES	(88)	(2,847)	(12,709)	(5,981)	(12,797)	(8,828)

NOTES TO THE ACCOUNTS

NOTE 16: FINANCIAL INSTRUMENTS

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

	FINANCIAL LIABILITIES Measured at Amortised Cost		FINANCIAL ASSETS Loans and Receivables		TOTAL	
	2013/14 £'000	2012/13 £'000	2013/14 £'000	2012/13 £'000	2013/14 £'000	2012/13 £'000
Interest Expense	(163)	(193)	-	-	(163)	(193)
Impairment Losses	-	-	-	-	-	-
Interest Payable and Similar Charges	(163)	(193)	-	-	(163)	(193)
Interest Income	-	-	85	193	85	193
Decrease/(Increase) in Impairment	-	-	41	(135)	41	(135)
Interest Income and Similar Income	-	-	126	58	126	58
Net Gain/(Loss) in Year	(163)	(193)	126	58	(37)	(135)

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

Fair Values – Financial Liabilities

The fair value of the reported carrying amounts at 31st March 2014 is based upon professional evaluation by the Council's treasury management advisers.

The borrowing 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 for market loans is equal to the rate pertaining at 31st March, 2014 in relation to the same instrument from a comparable lender. The fair value includes accrued interest in the calculation to provide a comparison with the carrying value in the Balance Sheet. For loans from the PWLB the fair values have been calculated using a discount rate equivalent to the new borrowing rate in force on the last working day of the financial year.

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

The fair values for Financial Liabilities are compared with the carrying amounts as follows:

	31st March 2014		31st March 2013	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Financial Liabilities				
Borrowing PWLB	(766)	(778)	(2,586)	(2,639)
Other Loans	(14,032)	(13,998)	(13,279)	(13,231)
Total Borrowing	(14,798)	(14,776)	(15,865)	(15,870)
Finance Lease Liabilities	-	-	-	-
Trade and Other Payables	(2,765)	(2,765)	(2,175)	(2,175)
	(17,563)	(17,541)	(18,040)	(18,045)

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 PWLB loans. This means that if the Council had repaid these loans at the Balance Sheet date it would have paid a premium to the PWLB over and above the carrying value. The converse applies for other loans, for which the fair value is below the carrying amount, as the Council would have received a discount had they been redeemed at the Balance Sheet date because the interest rates for these loans was lower than the rates for equivalent loans.

Fair Values – Loans and Receivables

	31st March 2014		31st March 2013	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Investments	2,001	2,001	7,037	7,037
Trade Receivables	1,292	1,292	1,830	1,830
Cash & Cash Equivalents	1,743	1,743	2,440	2,440
Loans and Receivables	5,036	5,036	11,307	11,307

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 also includes two other elements being Trade Receivables (or trade debtors) and Cash and Cash equivalents. The carrying amount for Trade Receivables differs by £5.5m 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 bank current accounts and Money Market Funds available on demand. The composition of cash equivalents is disclosed in Note 20.

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.

NOTES TO THE ACCOUNTS

NOTE 16: FINANCIAL INSTRUMENTS

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).

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 other Council using similar investment criteria. However the prevailing financial climate since the banking crises of 2008 is a salient reminder that the investment of the council's funds is not entirely without risk.

Trade and rental debts are usually payable immediately when due. Generally therefore, all amounts outstanding, (apart from those amounts raised as accruals at 31st March, 2014 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 Note 19.

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 1.09% of all trade debt. However, the bad debt provision for 2013/14 as a percentage of total debtors was 7.26%. Considering current market conditions and expectations for the future the Historical Default rate has been adjusted from 1.09% to 7.26% to gauge the likely maximum exposure to default and uncollectability.

Credit Risk Exposure	Carrying Amount at 31-Mar-14	Historical Experience of Default	Historical Experience Adjusted for Market Conditions at 31-Mar-14	Estimated Maximum Exposure to Default and Uncollectability at 31-Mar-14	Estimated Maximum Exposure at 31-Mar-13
	£'000	%	%	£'000	£'000
Deposit with Banks and Financial Institutions	2,001	0.00%	0.037%	1	7
Customers	1,292	1.09%	7.26%	94	135
	3,293			95	142

NOTES TO THE ACCOUNTS

NOTE 16: FINANCIAL INSTRUMENTS

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 surplus funds that would otherwise be invested if it were not used to repay debt.

Market Risk

The Council is exposed to market risk by way of interest rate movements in its investments and to a lesser extent on its borrowings. To manage this risk the Council generally invests and borrows at fixed rates in accordance with its Prudential Limits.

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 2014, 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	18
Impact on Surplus or Deficit on the Provision of Services	18
Decrease in fair value of fixed rate investment assets	11
Impact on Other Comprehensive Income and Expenditure	11
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)	56

NOTES TO THE ACCOUNTS

NOTE 16: FINANCIAL INSTRUMENTS

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.

NOTE 17: INVENTORIES

	2013/14	2012/13
	£'000s	£'000s
Worthing balance outstanding at start of year	87	92
Movement net of purchases/issues	2	(5)
Worthing balance outstanding at year-end	89	87
Worthing Borough Council share of the inventories from the Joint Strategic Committee (approximately 60%)	89	85
Total balance outstanding at year end	178	172

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-14	31-Mar-13
	£'000s	£'000s
Amounts falling due in one year net of bad debt provision:		
Central Government Bodies	1,407	347
Other Local Authorities	2,408	1,095
NHS Bodies	10	9
Other Entities and Individuals	* 2,942	4,846
TOTAL	6,767	6,297
* Of which £2.09m relates to Housing Benefit overpayment arrears		

NOTES TO THE ACCOUNTS

NOTE 19: DEBTORS

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

Overall Aged Debt Analysis	31-Mar-14	31-Mar-13
	£'000	£'000
Less than 1 Year	6,652	6,096
1-2 Years	26	101
2-3 years	51	50
Over 3 years	38	50
	6,767	6,297

Long term debtors disclosed in the balance sheet comprises of:

Long Term Debtors	31-Mar-14	31-Mar-13
	£'000s	£'000s
Council house purchase	10	11
Legal Charges	2	2
TOTAL	12	13

NOTE 20: CASH AND CASH EQUIVALENTS

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

	31-Mar-14	31-Mar-13
	£'000	£'000
The balance is made up of the following elements:		
Cash held by the Authority	875	1,973
Bank Current Accounts	138	-
Short Term deposits, of up to 3 months duration, placed with other financial institutions	730	467
Total Cash & Cash Equivalents	1,743	2,440

NOTES TO THE ACCOUNTS

NOTE 21: ASSETS HELD FOR SALE

	Current 2013/14	Current 2012/13	Non Current 2013/14	Non Current 2012/13
	£'000	£'000	£'000	£'000
Balance outstanding at start of year	-	-	-	-
Assets classified as Held for Sale:				
Property, Plant and Equipment	-	-	4,784	-
Balance outstanding at year-end	-	-	4,784	-

The Authority recognised the following asset as held for sale during 2013/14:

Aquarena Swimming Pool

The Authority has exchanged contracts for the sale of the Aquarena.

NOTE 22: CREDITORS

	31-Mar-14	31-Mar-13
	£'000s	£'000s
Central Government Bodies	1,130	76
Other Local Authorities	4,154	4,842
Public Corporations and Trading Funds	7	-
Othe Entities and Individuals	3,283	3,319
TOTAL	8,574	8,237

NOTES TO THE ACCOUNTS

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. All existing provisions have been utilised during 2013/14.

	Balance at 31-Mar-13	Additional provisions made in 2013/14	Amounts used in 2013/14	Unused Amounts Reversed in 2013/14	Unwinding of Discounting in 2013/14	Balance at 31-Mar-14
	£'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 Maint'ce	10	-	(10)	-	-	-
Business Rate appeals	-	660	-	-	-	660
	321	660	(321)	-	-	660

Business Rates Appeals: A provision has been made for appeals which are likely to be settled in the favour of the appellant. This is based on all known outstanding business rate appeals which have been lodged with the Valuation Office together with an allowance for new appeals which may emerge in the future. The gross provision is £1,651k, Adur Council's share is £660k, being 40% of the total.

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-13	Unusable Reserves	Restated 31/03/2014
£'000s		£'000s
(21,592)	Revaluation Reserve	(21,121)
(66,286)	Capital Adjustment Account	(52,617)
(11)	Deferred Capital Receipts Reserve	(10)
46,953	Pension Reserve	43,689
42	Collection Fund Adjustment Account	264
(40,894)	TOTAL UNUSABLE RESERVES	(29,795)

NOTES TO THE ACCOUNTS

NOTE 25: UNUSABLE RESERVES

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

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	2013/14	2012/13
	£'000	£'000
Balance at 1 April	(21,592)	(21,282)
Upward revaluation of assets	(1,656)	(568)
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	1,872	-
Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	(21,376)	(21,850)
Difference between fair value depreciation and historical cost depreciation	217	258
Accumulated gains w/o when assets transferred to investment properties	38	-
Balance at 31 March	(21,121)	(21,592)

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	2013/14	2012/13
Balance at 1 April	(66,286)	(69,272)
Charges for depreciation and impairment of non-current assets	2,580	2,711
Revaluation losses on Property, Plant and Equipment	9,477	1,492
Amortisation of intangible assets	14	37
Revenue expenditure funded from capital under statute	828	1,056
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	2,731	1,397
Net written out amount of the cost of non-current assets consumed in the year	15,630	6,693
Adjusting amounts written out of the Revaluation Reserve	(255)	(258)
Capital financing applied in the year:		
Use of the Capital Receipts Reserve to finance new capital expenditure	(230)	(4,101)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(540)	(730)
Application of grants to capital financing from the Capital Grants Unapplied Account	(32)	(144)
Statutory provision for the financing of capital investment charged against the General Fund	(884)	(418)
Capital expenditure charged against the General Fund	(148)	(684)
	(2,089)	(6,335)
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	128	2,625
Movement in Long Term Debtors	-	3
	128	2,628
Balance at 31 March	(52,617)	(66,286)

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	2013/14	Restated 2012/13
	£'000	£'000
Balance at 1 April	46,953	44,783
Remeasurements of the net defined benefit liability / (asset)	(5,204)	2,484
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	6,268	2,286
Employer's pension contributions and direct payments to pensioners payable in the year	(4,328)	(2,600)
Balance at 31 March	43,689	46,953

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	2013/14	2012/13
	£'000	£'000
Balance at 1 April	(11)	(20)
Transfer to the Capital Receipts Reserve upon receipt of cash	1	9
Balance at 31 March	(10)	(11)

NOTES TO THE ACCOUNTS

NOTE 25: UNUSABLE RESERVES

Collection Fund Adjustment Account

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

Unused Collection Fund Adjustment Account	2013/14	2012/13
	£'000	£'000
Balance at 1 April	42	(15)
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	42	57
Amount by which business rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	180	-
Balance at 31 March	264	42

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 2013/14	Net 2012/13
	£'000	£'000
The cash flows for operating activities include the following items:		
Interest received	129	340
Interest paid	(243)	354
Dividends received	-	-
Total	(114)	694

NOTES TO THE ACCOUNTS

NOTE 26: CASH FLOW OPERATING ACTIVITIES

Net Cash flows from operating activities

	Net 2013/14	Restated Net 2012/13
	£'000	£'000
Net Surplus or (Deficit) on the Provision of Services	(17,717)	(7,549)
Adjust net surplus or deficit on the provision of services for non cash movements		
Depreciation	2,580	2,711
Impairment and downward valuations	9,477	1,492
Amortisation	14	37
Increase/(Decrease) in Interest Creditors	(69)	160
Increase/(Decrease) in Creditors	(2,591)	355
(Increase)/Decrease in Interest and Dividend Debtors	36	142
(Increase)/Decrease in Debtors	(409)	(309)
(Increase)/Decrease in Inventories	(6)	(18)
Pension Liability	1,940	(314)
Contributions to/(from) Provisions	339	10
Provision for Equal Pay	-	-
Carrying amount of non-current assets sold property plant and equipment, investment property and intangible assets	2,731	1,397
Movement in Investment Property Values	128	2,625
Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities	14,169	8,288
Capital Grants credited to surplus or deficit on the provision of services	(477)	-
Proceeds from the sale of short and long term investments	5,000	-
Premiums or Discounts on the repayment of financial liabilities	-	3,571
Proceeds from the sale of property plant and equipment, investment property and intangible assets	(327)	(368)
	4,196	3,203
Net Cash Flows from Operating Activities	648	3,942

NOTES TO THE ACCOUNTS

NOTE 27: CASH FLOW INVESTING ACTIVITIES

	Net 2013/14	Net 2012/13
	£'000	£'000
Purchase of property, plant and equipment, investment, property and intangible assets	(3,175)	(18,239)
Purchase of short-term and long-term investments	-	-
Other payments for investing activities	(305)	(25)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	173	2,241
Proceeds from short-term and long-term investments	-	-
Other receipts from investing activities	1,420	368
Net cash flows from investing activities	(1,886)	(15,655)

NOTE 28: CASH FLOW FINANCING ACTIVITIES

	Net 2013/14	Net 2012/13
	£'000	£'000
Cash receipts of short- and long-term borrowing	13,888	16,535
Other receipts from financing activities	1,540	(644)
Cash payments for the reduction of the outstanding liabilities relating to finance leases	-	-
Repayments of short- and long-term borrowing	(14,886)	(5,570)
Other payments for financing activities	-	-
Net cash flows from financing activities	541	10,321

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 2013/14 are 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	311	438	1	296	1,046	(103)	943
Environment	3,113	8,142	1,165	1,778	14,198	(10,098)	4,100
Health and Safety and Wellbeing	8	1,239	37	397	1,681	(262)	1,419
Customer Services	2,521	40,271	538	2,067	45,397	(40,705)	4,692
Regeneration	15	2,603	90	813	3,521	(983)	2,538
Resources	2,421	1,338	317	1,135	5,211	(1,049)	4,162
Support Services	-	-	(41)	-	(41)	-	(41)
Net Portfolio Expenditure	8,389	54,031	2,107	6,486	71,013	(53,200)	17,813
Credit back notional capital charges	-	-	-	(2,585)	(2,585)	-	(2,585)
Minimum Revenue Provision	-	884	-	-	884	-	884
Other Grants	-	-	-	-	-	(384)	(384)
Spend 2013/14	8,389	54,915	2,107	3,901	69,312	(53,584)	15,728

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.

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 2013/14
	£'000
Cost of Services in Service Analysis	15,728
Add services not included in main analysis	17
Add amounts not reported to management	2,856
Remove amounts reported to management not included in Comprehensive Income and Expenditure Statement	(884)
Net Cost of Services in Comprehensive Income & Expenditure Statement	17,717

RECONCILIATION TO SUBJECTIVE ANALYSIS 2013/14

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 2013/14	Service Analysis	Services not in Analysis	Not reported to management	Not included in Income & Expenditure	Allocation of Recharges	Net Cost of Services	Total
Fees, charges & other service income	(15,427)	-	-	-	-	(15,427)	(15,427)
Surplus or deficit on associates and joint ventures	-	-	-	-	-	-	-
Interest and investment income	(93)	-	-	-	-	(93)	(93)
Income from council tax	-	-	(7,549)	-	-	(7,549)	(7,549)
Government grants, contributions rates retention	(38,064)	-	(6,707)	-	-	(44,771)	(44,771)
Total Income carried forward	(53,584)	-	(14,256)	-	-	(67,840)	(67,840)

NOTES TO THE ACCOUNTS

NOTE 29: AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

RECONCILIATION TO SUBJECTIVE ANALYSIS 2013/14

Reconciliation to Subjective Analysis 2013/14	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	(53,584)	-	(14,256)	-	-	(67,840)	(67,840)
Employee expenses	8,389	-	6,291	-	-	14,680	14,680
Other service expenses	54,741	7	-	(884)	-	53,864	53,864
Support Service recharges	2,107	-	-	-	(468)	1,639	1,639
Depreciation, amortisation and impairment	3,901	-	8,298	-	-	12,199	12,199
Interest Payments	174	-	-	-	-	174	174
Precepts & Levies	-	-	-	-	-	-	-
Payments to Housing Capital Receipts Pool	-	-	-	-	-	-	-
Gain or Loss on Disposal of Fixed Assets	-	-	2,551	-	-	2,551	2,551
Other	-	10	440	-	-	450	450
Total operating expenses	69,312	17	17,580	(884)	(468)	85,557	85,557
Surplus or deficit on the provision of services	15,728	17	3,324	(884)	(468)	17,717	17,717

NOTES TO THE ACCOUNTS

NOTE 29: AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

RECONCILIATION TO SUBJECTIVE ANALYSIS 2012/13

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

	Employee Expenses	Other Expenses	Support Services including Joint Strategic Committee	Depreciation	Total Expenditure	Income	Net Expenditure
Member Portfolio	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Leader	670	176	90	1	937	(89)	849
Environment	5,136	4,645	1,390	1,537	12,708	(7,981)	4,727
Health and Safety & Wellbeing	741	511	435	7	1,694	(256)	1,439
Improved Customer Services	1,536	46,677	3,214	530	51,957	(48,097)	3,861
Regeneration	1,440	762	1,048	123	3,374	(851)	2,523
Resources	2,810	830	899	34	4,574	(1,183)	3,390
Support Services	-	-	-	-	-	-	-
Net Portfolio Expenditure	12,333	53,602	7,076	2,233	75,244	(58,456)	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	(509)	72,919	(58,473)	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 cabinet portfolio income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement

	2012/13
	£'000
Cost of Services in Service Analysis	14,446
Add services not included in main analysis	-
Add amounts not reported to management	(6,479)
Remove amounts reported to management not included in Comprehensive Income and Expenditure Statement	(418)
Net Cost of Services in Comprehensive Income & Expenditure Statement	7,549

NOTES TO THE ACCOUNTS

NOTE 29: AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

RECONCILIATION TO SUBJECTIVE ANALYSIS 2012/13 - Restated

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 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	(58,471)	-	(14,630)	-	-	(73,101)	(73,101)
Employee expenses	12,333	-	(314)	-	-	12,019	12,019
Other service expenses	53,823	-	-	(418)	-	53,406	53,406
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/Loss on Disposal or derognition of fixed asset	-	-	1,397	-	-	1,397	1,397
Other	-	-	220	-	-	220	220
Total operating expenses	72,917	-	8,677	(418)	(527)	80,650	80,650
Surplus or deficit on the provision of services	14,446	-	(5,953)	(418)	(527)	7,549	7,549

NOTES TO THE ACCOUNTS

NOTE 30: ACQUIRED AND DISCONTINUED OPERATIONS

There have been no acquired or discontinued operations during 2013/14.

NOTE 31: TRADING OPERATION

The former Direct Service Organisation is designated as a trading account and a summary of trading results is shown below:

	2013/14 Gross Expenditure	2013/14 Gross Income	2013/14 Net Expenditure	2012/13 Net Expenditure
	£'000	£'000	£'000	£'000
Trade Refuse	722	(1,009)	(287)	(268)
	722	(1,009)	(287)	(268)

The trading account has been consolidated within the Comprehensive Income and Expenditure Statement under 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 2013/14 income collected was £3.333m (£3.414m 2012/13) and expenditure was £2.678m (£2.671m 2012/13). The surplus of £654,489 (£143,013 2012/13) 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 2013/14 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 2013/14	Gross Income 2013/14	Net Expenditure 2013/14
	£'000	£'000	£'000
EXPENDITURE			
Central services to the public	736	-	736
Cultural and Related Services	1,434	(29)	1,405
Environmental and Regulatory Services	8,185	(1,975)	6,210
Planning Services	5,189	(1,434)	3,755
Highways & Transport Services	295	-	295
Other Housing Services	1,562	(113)	1,449
Corporate & Democratic Core	389	-	389
Non-Distributed Costs	82	-	82
Net Cost of Services	17,872	(3,551)	14,321
Holding Accounts	8,537	(191)	8,346
NET OPERATING EXPENDITURE	26,409	(3,742)	22,667
Other operating expenditure			77
Financing and investment income and expenditure			2,784
Taxation & non-specific grant income			(967)
Funded by:			
Adur District Council			(7,851)
Worthing Borough Council			(12,330)
(Surplus) or deficit on provision of services			4,380
Remeasurments of the net defined pension benefit liability			(6,648)
Other Comprehensive Income & Expenditure			(6,648)
			(2,268)

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	33	2,200	55	0	2,288
Proportional Share of Costs	694	569	410	615	2,288

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:

2013/14	2012/13
£	£
238,862	228,937

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	2013/14 Number of employees	2012/13 Number of employees
£50,000 to £54,999	-	1
£55,000 to £59,999*	2	1
£60,000 to £64,999	-	-
£70,000 to £74,999	1	-
£75,000 to £80,000*	-	-
	3	2

* These include redundancy payments relating to 2013/14 and 2012/13. Please see the Exit Packages table at the end of this note and Note 46 Termination Benefits for further details of these payments.

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	
	2013/14	2012/13
£50,000 to £54,999*	7	4
£55,000 to £59,999*	3	6
£60,000 to £64,999	8	2
£65,000 to £69,999*	-	1
£70,000 to £74,999	4	8
£75,000 to £79,999*	3	2
£80,000 to £84,999	-	-
£85,000 to £89,999*	1	1
£90,000 to £94,999	1	2
£95,000 to £99,999	-	-
£100,000 to £104,999	-	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	-	-
£150,000 to £155,000	1	-
£195,000 to £200,000	1	-
	30	27

* These include redundancy payments relating to 2013/14 and 2012/13. 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 2 members of staff whose salary was more than £150,000 in 2013/14 and none for 2012/13.

Remuneration Disclosures for Senior Officers whose 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 2013/14 or 2012/13.

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)	Benefit Kind Expense Allowance	Comp- ensation 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
Chief Executive								
2013/14	98,653	1,019	-	99,672	18,407	118,079	59,040	59,040
2012/13	103,250	748	-	103,998	18,275	122,273	61,137	61,137
Strategic Director 1								
2013/14	91,721	368	-	92,089	16,235	108,324	54,162	54,162
2012/13	90,813	0	-	90,813	16,074	106,887	53,444	53,444
Strategic Director 2 Andrew Gardiner								
2013/14	95,454	589	100,265	196,308	16,235	212,543	106,271	106,271
2012/13	90,972	562	-	91,534	16,074	107,608	53,804	53,804

NOTES TO THE ACCOUNTS

NOTE 36 OFFICERS' REMUNERATION

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									
2013/14	71,885	117			72,002	12,669	84,671	50,803	33,868
2012/13	71,546	300			71,846	12,543	84,389	50,633	33,756
Executive Head of Planning, Reg. & Wellbeing									
2013/14	71,575	101			71,676	12,669	84,345	50,607	33,738
2012/13	70,866	2,016			72,882	12,543	85,425	51,255	34,170
Executive Head of Corp. & Cultural Services									
2013/14	72,437	261			72,698	12,673	85,371	51,223	34,148
2012/13	70,891				70,891	12,548	83,439	50,063	33,376
Executive Head of Customer Services, Waste and Recycling									
2013/14	74,434	4			74,438	12,932	87,370	52,422	34,948
2012/13	70,916	212	1,834		72,962	12,877	85,839	51,503	34,336

NOTES TO THE ACCOUNTS

NOTE 36 OFFICERS' REMUNERATION

Postholder (Title)	Salary (including Fees and Allowance)	Expense Allowance	Benefit in Kind e.g. Car Allowances	Compensation 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 Housing, Health & Community Safety Paul Spedding									
2013/14	73,787	1,082	-	79,698	154,567	12,682	167,249	100,349	66,900
2012/13	71,109	423	-	-	71,532	12,557	84,089	50,453	33,636
Executive Head of Adur Homes									
2013/14	38,111	171	-	-	38,282	6,714	44,996	26,998	17,998
2012/13	71,084	212	-	-	71,296	12,552	83,848	50,309	33,539
Executive Head of Technical Services									
2013/14	63,107	1,040	-	-	64,147	7,876	72,023	43,214	28,809
2012/13	71,078	294	1,359	-	72,731	12,726	85,457	51,274	34,183

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	
	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14
							£	£
£0 £20,000	2	9	11	6	13	15	78,280	108,197
£20,000 £40,000	-	2	4	4	4	6	109,078	190,210
£40,000 £60,000	-	-	1	-	1	-	40,175	-
£60,000 £80,000	-	-	-	2	-	2	-	139,763
£80,000 £100,000	-	-	-	-	-	-	-	-
£100,000 £150,000	-	-	-	1	-	1	-	100,265
Total cost included in bandings	2	11	16	13	18	24	227,533	538,435
Add: Amounts provided for in CIES not included	-	-	-	-	-	-	-	-
Total cost included in CIES	2	11	16	13	18	24	227,533	538,435

* These redundancy costs are shared between the Authorities in proportion to the service allocation. The total cost of £538,435 in the table above includes £349,274 for exit packages that have been charged to the Authority's Comprehensive Income and Expenditure Statement in the current year.

NOTE 37: EXTERNAL AUDIT COSTS

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

	2013/14	2012/13
	£'000s	£'000s
Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	62	62
Fees payable to external auditors for the certification of grant claims and returns for the year	14	9
Adur and Worthing Joint Committee	13	12
TOTAL	89	83

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 2013/14.

	2013/14	2012/13
	£'000s	£'000s
Credited to Taxation and Non specific Grant Income		
Non Domestic Rates	2,507	5,146
Revenue Support	3,535	100
DCLG Capitalisation Grant	19	-
Council Tax Freeze Grant	87	214
Council Tax transistion	26	-
New Homes Bonus Scheme	685	445
New Burdens Grant	86	14
	6,945	5,919
Credited to Services - Capital Grants		
Cabinet Office Elections	6	-
CLG Efficiency Grant	-	5
Community Spaces	-	46
EU Grant	-	46
Goring residents	-	2
S106 Developer Contributions	-	6
S106 Developer Contributions: Flooding	10	-
S106 Developer Contributions: Open Spaces	48	24
S106 Developer Contributions: Transport	16	32
S106 Developer Contributions: Affordable Housing	89	15
S106 receipts returned to WSCC	(274)	-
Viridor Credits Landfill Communities Fund	-	29
West Sussex County Council	135	30
Worthing Scope	-	10
	30	245
Donated Assets		
Museum - donated assets	13	3
	13	3
Capital Grants & Donations - Specific		
DEFRA/Environment Agency	28	15
CLG - Disabled Facilities Grant	437	545
	465	560
Credited to Services - General Fund Grants		
Aquarena Loan	-	1
Arts Council	21	-
Crematorium	38	-
Criminal Record Bureau	-	10

NOTES TO THE ACCOUNTS

NOTE 39: GRANT INCOME

	2013/14	2012/13
	£'000s	£'000s
Credited to Services - General Fund Grants		
DCLG - Business Rates Cost of Collection	-	136
DCLG - Business Rates New Burdens	-	40
DCLG - Homelessness Initiatives Grant	-	171
DEFRA - Surface Water Management	-	17
DoH - Smokefree implementation	-	2
Disability Holiday Programme	-	14
Food Standards Agency - FHRS early adopter grant	-	1
Highdown Pillar Box	5	10
Museum	3	-
Neighbourhood working	20	-
Police Crime Commissioners	-	87
Sport England	-	5
Seaconomics	62	10
Shoreham Harbour Contribution	-	2
Splashpoint Leisure Trust	35	-
WSCC - Handy Man scheme grant	-	5
	184	511
TOTAL	7,637	7,238

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:

	2013/14	2012/13
	£'000s	£'000s
Revenue Grants Receipts in Advance		
Grants recognised in Joint Committee	236	76
Bluebell Way Public Art	10	-
Museum Donations	-	21
Local Assistance Network Grant	40	-
DoH - Smokefree implementation	10	10
TOTAL	296	107

NOTES TO THE ACCOUNTS

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.

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 2013/14 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 2013/14, there was one service commissioned from a company in which a Worthing Member has an interest as a Director, the amount paid was £13,160. 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 2013/2014.

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.

NOTES TO THE ACCOUNTS

NOTE 41: CAPITAL EXPENDITURE AND CAPITAL FINANCING

	2013/14	2012/13
	£'000	£'000
Opening Capital Financing Requirement	20,551	7,906
Adjustment for prior year roundings	3	-
Capital Investment		
Property, Plant and Equipment	4,079	17,642
Investment Properties	111	1
Intangible Assets	7	20
Revenue Expenditure Funded from Capital Under Statute	828	1,056
Sources of Finance		
Capital receipts	(230)	(4,101)
Government grants and other contributions	(558)	(872)
Sums set aside from revenue:		
Direct revenue contributions	-	(62)
MRP/loans fund principal	(884)	(418)
Revenue funding	(148)	(621)
Closing Capital Financing Requirement	23,759	20,551
Explanation of movements in year		
Increase / (Decrease) in underlying need to borrow (unsupported by Government financial assistance)	3,205	12,645
Increase/(decrease) in Capital Financing Requirement	3,205	12,645

NOTE 42: LEASES

Operating Leases - Lessee

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

	31-Mar-14	31-Mar-13
	£'000	£'000
Not later than one year	103	43
Later than one year and not later than five years	252	126
Later than five years	-	-
	355	169

NOTES TO THE ACCOUNTS

NOTE 42: LEASES

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-14	31-Mar-13
	£'000	£'000
Not later than one year	729	730
Later than one year and not later than five years	2,024	2,159
Later than five years	27,808	28,831
	30,561	31,720

NOTE 43: PFI AND SIMILAR CONTRACTS

This is not applicable for Worthing Borough Council.

NOTE 44: IMPAIRMENT LOSSES

There were no impairment losses in 2013/14.

NOTE 45: CAPITALISATION OF BORROWING COSTS

This note is not applicable to Worthing Borough Council.

NOTES TO THE ACCOUNTS

NOTE 46: TERMINATION BENEFITS

	Worthing
	£
Redundancy costs	349,274
Enhanced Pension Benefits	219,692
Total termination benefit 2013/14	568,967
Termination benefits 2012/13	356,775

A total £349,274 is payable in the form of compensation for loss of office for staff working for the Joint Strategic Committee and £219,692 is the 2013/14 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-14	31-Mar-2013
See Note No.	£'000s	£'000s
Commuted Sums	(166)	(170)
Pension Reserve Liability	(43,689)	(46,953)
TOTAL	(43,855)	(47,123)

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.

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 (for those benefits) and to disclose them at the time that employees earn their future entitlement.

NOTES TO THE ACCOUNTS

NOTE 48: DEFINED BENEFIT PENSION PLAN

Participation in Pension Plans

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 pension's liabilities with investment assets.

Transactions Relating to Post-employment Benefits

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

	Consolidation of Joint Committee:		Local Government Pension Scheme	
	Joint Comm'tee 2013/14	Worthing 2013/14	Total 2013/14	Restated 2012/13
	£'000s	£'000s	£'000s	£'000s
Cost of services				
Current service cost	(2,081)	(674)	(2,755)	(480)
Past service cost	(49)	(8)	(57)	-
(gain)/loss from settlements		-	-	-
Financing & Investment Income &				
Net Interest cost	(1,670)	(1,786)	(3,456)	(1,806)
Total post employment benefit charged to the surplus or deficit on the provision of services	(3,800)	(2,468)	(6,268)	(2,286)
Other post employment benefit charged to the CI&E Statement				
<i>Remeasurement of the net defined benefit liability comprising:</i>				
Return on plan assets (excluding the amount included in the net interest expense)	1,594	4,351	5,945	3,476
Actuarial gains and losses arising on changes in demographic assumptions	1,356	(3,464)	(2,108)	-
Actuarial gains and losses arising on changes in financial assumptions	1,039	(984)	55	(6,130)
Other (if applicable)		1,312	1,312	170
Total remeasurements recognised in other comprehensive income	3,989	1,215	5,204	(2,484)
Total post-employment benefits charged to the CI&E statement	189	(1,253)	(1,064)	(4,770)

NOTES TO THE ACCOUNTS

NOTE 48: DEFINED BENEFIT PENSION PLAN

Transactions Relating to Post-employment Benefits

Movement in Reserves Statement	2013/14	2013/14	2013/14	Restated 2012/13
	£'000s	£'000s	£'000s	£'000s
Reversal of net charges made to the surplus or deficit on the provision of services for post employment benefits in accordance with the code	2,407	(466)	1,941	(314)
Actual amounts charged against the General Fund balance for pensions in the year:				
Employer's contributions payable to the scheme	(1,394)	(2,934)	(4,328)	(2,600)
Retirement benefits payable to pensioners	773	4,209	4,982	4,620

Pension Assets and Liabilities

Pensions Assest and Liabilities Recognised in the Balance Sheet	Local Government Pension Scheme	
	2013/14	2012/13
	£'000s	£'000s
Present value of the defined benefit obligation	82,864	79,580
Fair value of plan assets	(43,715)	(38,750)
Sub-total	39,149	40,830
Consolidation of Joint Committee	4,540	6,123
Net liability arising from defined benefit obligation	43,689	46,953

NOTES TO THE ACCOUNTS

NOTE 48: DEFINED BENEFIT PENSION PLAN

Pension Assets and Liabilities

Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets	Local Government Pension Scheme	
	2013/14	2012/13
	£'000s	£'000s
Opening fair value of scheme assets	38,750	35,490
Interest income	1,718	1,654
Remeasurement gain / (loss):		
The return on plan assets, excluding the amount included in the net interest expense	4,351	3,476
Other		
Contributions from employer	2,934	2,600
Contributions from employees into the scheme	171	150
Benefits paid	(4,209)	(4,620)
Closing fair value of scheme assets	43,715	38,750

Reconciliation of present value of the scheme liabilities (defined benefit obligation)	Funded Liabilities: LGPS	
	2013/14	2012/13
	£'000s	£'000s
Opening Balance at 1 April	79,580	74,150
Current service cost	674	480
Interest cost	3,504	3,460
Contributions from scheme members	171	150
Remeasurement (gains) & losses:		
Actuarial gains / losses arising from changes in demographic assumptions	3,464	-
Actuarial gains / losses arising from changes in financial assumptions	984	6,130
Other experience	(1,312)	(170)
Past service cost	8	-
Losses/(Gains) on curtailment	-	-
Liabilities assumed on a entity combinations	-	-
Benefits paid	(4,209)	(4,620)
Liabilities extinguished on settlements	-	-
Closing balance at 31 March	82,864	79,580

NOTES TO THE ACCOUNTS

NOTE 48: DEFINED BENEFIT PENSION PLAN

Local Government Pension Scheme Assets Comprised:

Local Government Pension Scheme assets comprised (quoted prices are in active markets)	Fair value of scheme assets	
	2013/14 £'000s	2012/13 £'000s
Cash and cash equivalents	939.1	588.7
Equity instruments:		
Consumer	7,358.2	5,697.6
Manufacturing	3,913.8	3,070.5
Energy and Utilities	2,253.4	2,084.1
Financial Institutions	6,805.8	3,835.5
Health and Care	3,025.6	2,160.3
Information and Technology	5,117.8	3,248.8
Other	1,186.1	695.7
Sub-total equity	29,660.7	20,792.5
Debt Securities:		
UK Government	1,101.5	1,438.9
Bonds	3,929.3	4,065.4
Equities	-	5,501.6
Sub-total debt securities	5,030.8	11,005.9
Property:		
UK Property	3,407.2	2,934.5
Overseas Property	97.8	93.1
Sub-total property	3,505.0	3,027.6
Private equity	-	-
Other investment funds	1,917.5	739.4
Derivatives	-	-
Total assets	41,053.1	36,154.1

Local Government Pension Scheme assets comprised (quoted prices are not in active markets)	Fair value of scheme assets	
	2013/14 £'000s	2012/13 £'000s
Private Equity:		
All	2,662.4	2,595.9
Total assets	2,662.4	2,595.9

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. Both the Local Government Pension Scheme and discretionary benefits liabilities have been estimated by Hymans Robertson, an independent firm of actuaries, estimates for the County Council Fund being based on the latest full valuation of the scheme as at 31st March, 2014.

The significant assumptions used by the actuary have been:

	Local Government Pension Scheme	
	2013/14	2012/13
Mortality assumptions:		
<i>Longevity at 65 for current pensioners</i>		
Male	24.4	22.7
Female	25.8	24.2
<i>Longevity at 65 for future pensioners</i>		
Male	26.9	24.3
Female	28.5	26.4
Rate of inflation	2.8%	2.8%
Rate of increase in salaries	3.9%	5.1%
Rate of increase in pensions	2.6%	2.8%
Rate for discounting scheme liabilities	4.1%	4.5%

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

Change in assumptions at 31 March 2014	Approximate % increase to Employer Liability	Approximate monetary amount (£000)
0.5% decrease in Real Discount Rate	6%	5,338
1 year increase in member life expectancy	3%	2,486
0.5% increase in Salary Increase Rate	1%	692
0.5% increase in the Pension Increase Rate	6%	4,649

The estimation of the defined benefit obligation is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all other assumptions remain constant. The assumptions for longevity, for example, assume that life expectancy increase or decreases for men and women. In practise, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have been assessed on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

NOTES TO THE ACCOUNTS

NOTE 48: DEFINED BENEFIT PENSION PLANS

Impact on the Council's Cash Flow:

The Council anticipates paying £2,450,000 contributions to the scheme in 2014/15.

NOTE 49: CONTINGENT LIABILITIES

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	2013/14
	£'000	£'000	£'000	£'000
Archaeology and Geology	3	-	-	-
Art and Sculpture	-	1	-	-
Costume and Jewellery	3	7	2	6
Social History	1	1	1	6
Toys	-	1	-	1
TOTAL DONATIONS	7	10	3	13

- The Council has not purchased or disposed of any items over £1,000 in the four year period 2010/2011 – 2013/2014.
- It is not practicable to provide information prior to 2010/2011.
- The 2013/2014 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:

	2013/14 Capital Value of Fund	2012/13 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	21	18
TOTAL	55	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 2014

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.

Collection Fund - Business Rates and Council Tax						
	2013/14			2012/13 Restated		
	Business Rates	Council Tax	TOTAL	Business Rates	Council Tax	TOTAL
INCOME (A)	£'000	£'000		£'000	£'000	
Council Tax Receivable		53,159	53,159		59,704	59,704
Business Rates Receivable	31,850		31,850	30,586		30,586
Transitional; Protection Payments Receivable	49		49	-		-
Reconciliation Adjustments	-		-	-		-
	31,899	53,159	85,058	30,586	59,704	90,290
Contribution Towards Previous Year Deficit						
Central Government	-		-	-		-
Worthing Borough Council	-	31	31	-	10	10
West Sussex County Council	-	169	169	-	54	54
Sussex Police and Crime Commissioner	-	20	20	-	6	6
	-	220	220	-	70	70
TOTAL INCOME (C) = (A+B)	31,899	53,379	85,278	30,586	59,774	90,360
EXPENDITURE (D)						
Contribution Towards Previous Year Surplus						
Central Government	-		-	-		-
Worthing Borough Council	-	-	-	-	-	-
West Sussex County Council	-	-	-	-	-	-
Sussex Police and Crime Commissioner	-	-	-	-	-	-
	-	-	-	-	-	-
Precepts, Demands and Shares (E)						
Central Government	14,974		14,974	30,035		30,035
Worthing Borough Council	11,979	7,621	19,600	-	8,549	8,549
West Sussex County Council	2,995	40,999	43,994	-	45,990	45,990
Sussex Police and Crime Commissioner		4,884	4,884		5,478	5,478
	29,948	53,504	83,452	30,035	60,017	90,052
Charges to Collection Fund (F)						
Less: write offs of uncollectable amounts	645	78	723	98	93	191
Less: Incr. / Decr. (-) in Bad Debt Provision	(29)	88	59	319	63	382
Less: Incr. / Decr. (-) in Provision for Appeals	1,651	-	1,651	-		-
Less: Cost of Collection	133	-	133	134		134
Less: Reconciliation adjustments	-	-	-	-		-
	2,400	166	2,566	551	156	707
TOTAL EXPENDITURE (G) = (D+E+F)	32,348	53,670	86,018	30,586	60,173	90,759
Surpl. / Def. (-) arising during the yr (C-G)	(449)	(291)	(740)	-	(399)	(399)
Surplus / Deficit (-) b/fwd. 1st April	-	(298)	(298)	-	101	101
Surplus / Deficit (-) c/fwd. 31st March	(449)	(589)	(1,038)	-	(298)	(298)

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	Add New Homes Forecsat	Net Dwellings	Ratio to Band D	No. of Band D Equivalents
Band A-	11	1.66	0.0	9.34	5/9ths	5.2
Band A	7,329	1,150.71	14.0	6,191.99	6/9ths	4,128.0
Band B	10,588	1,182.46	75.0	9,480.04	7/9ths	7,373.4
Band C	12,545	995.12	34.0	11,584.18	8/9ths	10,297.0
Band D	8,822	600.22	7.0	8,229.18	9/9ths	8,229.2
Band E	5,184	290.42	7.5	4,900.58	11/9ths	5,989.6
Band F	2,228	101.50	2.5	2,128.50	13/9ths	3,074.5
Band G	853	42.02	0.0	810.88	15/9ths	1,351.5
Band H	7	1.50	0.0	5.50	18/9ths	11.0
	47,566	4,365.61	140.0	43,340.19		40,459
Less allowance for loss on collection and void properties						284.7
Less allowance for loss on collection and void properties						4,891.2
						35,283

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	40,998,958	÷	35,283.4	=	1,161.99
Sussex Police & Crime Commissioner	4,883,928	÷	35,283.4	=	138.42
Worthing Borough Council	7,621,210	÷	35,283.4	=	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 (47.1p in 2013/14), (45.8p in 2012/13) and local rateable values .

NOTE 3: BAD AND DOUBTFUL DEBTS

A requirement of £1,373k and £800k for bad and doubtful debts for Council Tax and National Non Domestic Rates has been provided for in 2013/14 in line with Worthing Borough Council's accounting policy for maintaining the provision.

NOTES TO THE COLLECTION FUND INCOME AND EXPENDITURE ACCOUNT

NOTE 4: APPORTIONMENT OF BALANCES TO MAJOR PRECEPTORS OF COUNCIL TAX

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

	West Sussex County Council Closing Balance	Sussex Police and Crime Commissioner Closing Balance	Preceptors Total	Worthing Closing Balance	TOTAL
	£	£		£	
Demand on Collection Fund 2014/15	41,052	4,986		7,631	53,669
Applicable proportions based on 2014/15 demand (This %age used to allocate (surplus)/deficit for 2013/14)	76.49%	9.29%		14.22%	100.00%
C Tax arrears as at 31/03/2014	2,277	277	2,553	423	2,977
Provision for bad debts as at 31/03/2014	(1,072)	(130)	(1,202)	(199)	(1,401)
Receipt in advance as at 31/03/2014	(617)	(75)	(692)	(115)	(806)
(Surplus)/Deficit as at 31/03/2013	228	27	256	42	298
In year (Surplus)/Deficit for 2013/14	222	27	249	41	290
Balance as on 31/03/2014	1,038	126	1,164	193	1,357

NOTE 5: APPORTIONMENT OF BALANCES TO MAJOR PRECEPTORS OF BUSINESS RATES

Apportionment of Business Rates Balances to Major Preceptors				
	Department of Communities and Local Govt	West Sussex County Council	Worthing Borough Council	TOTAL
	£'000	£'000	£'000	
Business Rates Arrears	379	65	260	704
Provision for Bad Debts	(400)	(80)	(320)	(800)
Provision for Appeals	(731)	(146)	(585)	(1,462)
Receipt in Advance	(270)	(54)	(216)	(540)
(Surplus)/Deficit	130	26	104	260
Balance as at 31/03/2014	(892)	(189)	(757)	(1,838)

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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.worthing.gov.uk or www.adur-worthing.gov.uk or can be obtained from the Council. This statement explains how Adur District Council has complied with the code and also meets the requirements of regulation 4[2] of the Accounts and Audit Regulations 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 31st March 2014 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;

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THE GOVERNANCE FRAMEWORK

- 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;
- 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;
- whistleblowing 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;

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THE GOVERNANCE FRAMEWORK

- 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.

The operation of this authority's governance framework is described in the section below.

THE OPERATION OF THE GOVERNANCE FRAMEWORK

The governance framework gives Managers/Directors/Members, in a number of ways, the confidence/evidence/ certainty that what needs to be done is being done. The chart below provides a high level overview of the Council's key responsibilities, how they are met and the means by which assurance is delivered.

WHAT WE NEED TO DO					
Focusing on the purpose of the Authority; deliver outcomes for the Community and create and implement a vision for the local area.	Working together to achieve a common purpose with clearly defined functions and roles	Promote values for the authority and demonstrate the values of good governance through upholding high standards of conduct and behaviour	Take informed and transparent decisions which are subject to effective scrutiny and managing risk	Develop the capacity and capability of members and officers to be effective	Engage with local people and other stakeholders to ensure robust public accountability.
HOW WE DO IT					
<ul style="list-style-type: none"> • Organisational goals • Service planning • Performance Management • Strategies 	<ul style="list-style-type: none"> • The Constitution • The Monitoring Officer • Section 151 Officer 	<ul style="list-style-type: none"> • Codes of conduct • Financial management and MTFP • Bribery Act 2010 policy guidance • Whistleblowing Policy • HR Policies and procedures 	<ul style="list-style-type: none"> • Freedom of information requests • Complaints procedure • Reports considered by legal and finance experts • Equality impact assessments • Corporate risk register 	<ul style="list-style-type: none"> • Robust interview and selection process • Training and development • Workforce planning • Succession planning • Performance development reviews 	<ul style="list-style-type: none"> • Community and engagement policy • Consultations • Terms of reference for partnerships

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THE OPERATION OF THE GOVERNANCE FRAMEWORK

HOW WE KNOW WHAT NEEDS TO BE DONE IS BEING DONE

Joint Governance and Audit Committee function and self-assessment;
Corporate Governance Group; Scrutiny Reviews;
Review of progress made in addressing issues; Performance monitoring;
Review of compliance with corporate governance controls;
Review of accounts; Employee opinion surveys; Internal audits and external audits;
Inspections and recommendations made by external agencies.

The following sections look at how the Council delivers governance principles in more detail:

1. FOCUSING ON THE PURPOSE OF THE AUTHORITY AND ON OUTCOMES FOR THE COMMUNITY AND CREATING AND IMPLEMENTING A VISION FOR THE LOCAL AREA

Joint Corporate Priorities

The Councils have agreed a set of priorities which set out its aspirations for the town. These are detailed below:

Supporting and improving the local economy:

- 1) Promote and support projects and ideas that attract new and retain existing businesses, and generate investment in the area.
- 2) Enable new homes to be built to help meet the housing needs of our communities.
- 3) Support high quality developments.

Protecting front line services:

- 1) Provide and develop customer driven cost effective services.
- 2) Fulfil statutory obligations for delivery of front line services.
- 3) Adopt more sustainable ways of delivering services.

A mixed economy of Partnership working:

- 1) Work actively together in partnership to deliver cost effective services whilst retaining separate identities and seek to extend partnerships with others.
- 2) Work more closely with and commission our communities, the voluntary sector, public organisations, business and commercial sectors to:
 - Develop and deliver services.
 - Reduce crime, fear of crime, antisocial behaviour and support the Early and Family Intervention projects.
 - Deliver interventions that improve the health of our communities.

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THE OPERATION OF THE GOVERNANCE FRAMEWORK

Ensuring value for money and low Council Tax:

- 1) Keep council tax increases low.
- 2) Generate financial capital, increase income and seek external funding sources.
- 3) Drive continual improvement and efficiencies in services particularly in procurement and contract management.
- 4) Reduce costs through 'Digital by Default' - getting more transactions online to

Service planning and performance management

In order to secure these outcomes for residents and service users, the Council needs to respond to some tough challenges. Through partnership working and efficiency savings the Council has made £5.9m of savings over the past five years and needs to find a further £2.5m by 2018/19 in a climate of reducing funding from Central Government and rising demand for many of the Councils services. This means that it is important that, whilst we focus on achieving the organisational goal and aspirations, we continue to plan services in detail on an annual basis, focusing on challenges over the coming year but also considering the medium term horizon.

The Heads of Service are responsible for preparing service plans that include detail on: core business that must be delivered; plans for improvement, development and disinvestment; financial planning; arrangements for addressing key governance issues; key service risks and management/mitigation activity and arrangements for robust performance management within the service.

2. MEMBERS AND OFFICERS WORKING TOGETHER TO ACHIEVE A COMMON PURPOSE WITH CLEARLY DEFINED FUNCTIONS AND ROLES.

The Constitution

The constitution sets out the how the Council operates; the roles and responsibilities of members, officers and the scrutiny and review functions; how decisions are made; and the procedures that are followed to ensure that these are efficient, transparent and accountable to local people. Although there is no longer a statutory requirement, this Council continues with this arrangement internally and is in the process of updating the constitution to ensure it reflects current practice. As well as working together as a single organisation and with our neighbour Adur District Council, members and officers continue to improve their working relations with other organisations, both locally and sub-nationally, to achieve a common purpose of improved efficiency and effectiveness.

The Monitoring Officer

The Monitoring Officer is a statutory function and ensures that the Council, its officers, and its elected members, maintain the highest standards of conduct in all they do. The Monitoring Officer ensures that the Council is compliant with laws and regulations, as well as internal policies and procedures. She is also responsible for matters relating to the conduct of Councillors and Officers, and for monitoring and reviewing the operation of the Council's Constitution.

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THE OPERATION OF THE GOVERNANCE FRAMEWORK

Section 151 Officer

Whilst all Council Members and Officers have a general financial responsibility, the s151 of the Local Government Act 1972 specifies that one Officer in particular must be responsible for the financial administration of the organisation and that this Officer must be CCAB qualified. This is typically the highest ranking qualified finance officer and in this Council this is Sarah Gobey, who is also the Chief Financial Officer.

3. PROMOTING THE VALUES FOR THE AUTHORITY AND DEMONSTRATING THE VALUES OF GOOD GOVERNANCE THROUGH UPHOLDING HIGH STANDARDS OF CONDUCT AND BEHAVIOUR

Codes of conduct

Codes of Conduct exist for both staff and members.

All Councillors have to keep to a Code of Conduct to ensure that they maintain the high ethical standards the public expect from them. If a complainant reveals that a potential breach of this Code has taken place, Adur District Council or Worthing Borough Council may refer the allegations for investigation or decide to take other action.

On joining the Council, Officers are provided with a contract outlining the terms and conditions of their appointment. All staff must declare any financial interests, gifts or hospitality on a public register. Additionally, members are expected to declare any interests at the start of every meeting that they attend in accordance with Standing Orders. Members and officers are required to comply with approved policies.

Financial management

The Chief Financial Officer and s151 Officer is responsible for leading the promotion and delivery of good financial management so that public money is safeguarded at all times, ensuring that budgets are agreed in advance and are robust, that value for money is provided by our services, and that the finance function is fit for purpose. She advises on financial matters to both the Cabinet and full Council and is actively involved in ensuring that the authority's strategic objectives are delivered sustainably in line with long term financial goals. The s151 Officer together with finance staff ensure that new policies or service proposals are costed, financially appraised, fully financed and identifies the key assumptions and financial risks that face the council.

Financial Regulations were revised in 2013/14 by the s151 Officer so that the Council can meet all of its responsibilities under various laws. They set the framework on how we manage our financial dealings and are part of our Constitution. They also set the financial standards that will ensure consistency of approach and the controls needed to minimise risks. The s151 Officer has a statutory duty to report any unlawful financial activity or failure to set or keep to a balanced budget. She also has a number of statutory powers in order to allow this role to be carried out, such as the right to insist that the local authority makes sufficient financial provision for the cost of internal audit.

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THE OPERATION OF THE GOVERNANCE FRAMEWORK

Anti-fraud, bribery and corruption

The Council is committed to protecting any funds and property to which it has been entrusted and expects the highest standards of conduct from Members and Officers regarding the administration of financial affairs.

The Councils have a Corporate Anti-Fraud Team which acts to minimise the risk of fraud, bribery, corruption and dishonesty and recommends procedures for dealing with actual or expected fraud.

Guidance and policies for staff on the Bribery Act 2010 and the Prevention of Money Laundering are found on the intranet.

Whistleblowing

The Council is committed to achieving the highest possible standards of openness and accountability in all of its practices. The Council's Whistleblowing policy (revised in 2014) <http://awintranet/media/media,125134,en.pdf> sets out the options and associated procedures for Council staff to raise concerns about potentially illegal, unethical or immoral practice and summarises expectations around handling the matter.

Joint Governance and Audit Committee

As its name suggests, the Joint Governance and Audit Committee has the responsibility for receiving many reports that deal with issues that are key to good governance. The Committee undertakes the core functions of an Audit Committee identified in CIPFA's practical guidance. The group has an agreed set of terms of reference, which sets out their roles and responsibilities of its members.

4. TAKING INFORMED AND TRANSPARENT DECISIONS WHICH ARE SUBJECT TO EFFECTIVE SCRUTINY AND MANAGING RISK.

Transparency

The Council and its decisions are open and accessible to the community, service users, partners and its staff. The Freedom of Information Act 2000 (Fol) gives anyone the right to ask for any information held by a public authority, which includes this Council, subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so.

All reports requiring a decision are considered by appropriately qualified legal, and finance staff with expertise in the particular function area before they are progressed to the relevant Committee or group. This Council wants to ensure that equality considerations are embedded in the decision-making and applied to everything the Council does. To meet this responsibility, equality impact assessments are carried out on all major council services, functions, projects and policies in order to better understand whether they impact on people who are protected under the Equality Act 2010 in order to genuinely influence decision making.

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THE OPERATION OF THE GOVERNANCE FRAMEWORK

Risk management

All significant risks (defined as something that may result in failure in service delivery, significant financial loss, non-achievement of key objectives, damage to health, legal action or reputational damage) must be logged on a Corporate Risk Register, profiled (as high/medium/low), and mitigating measures/assurances must be put in place.

Effective scrutiny

The Council operates Joint Overview and Scrutiny Committee (JOSC) governed by its own terms of reference. It is important that JOSC acts effectively as one of their key tasks is to review and challenge the policy decisions that are taken by Cabinet or the Joint Strategic Committee. Topics that are chosen to be 'scrutinised' are looked at in depth by a cross party panel of Councillors. They assess how the Council is performing and see whether they are providing the best possible, cost effective service for people in the city. The JOSC's findings are reported to the Joint Strategic Committee or Cabinet and may result in changes to the way in which services are delivered.

Complaints

There is a clear and transparent complaints procedure for dealing with complaints. The Council operates a three-stage complaints procedure and promises to acknowledge complaints within 5 working days and respond fully within 10 working days for first-stage complaints, and 15 working days for second-stage complaints. If complainants remain dissatisfied they have the right to refer the matter to the Local Government Ombudsman.

5. DEVELOPING THE CAPACITY AND CAPABILITY OF MEMBERS AND OFFICERS TO BE EFFECTIVE.

Recruitment and induction

The Council operates a robust interview and selection process to ensure that Officers are only appointed if they have the right levels of skills and experience to effectively fulfil their role. If working with children and/or vulnerable adults they will be subject to an enhanced criminal records check prior to appointment. New Officers receive induction which provides information about how the organisation works, policies and health and safety. Newly elected Councillors are required to attend an induction which includes information on: roles and responsibilities; political management and decision-making; financial management and processes; health and safety; information governance; and safeguarding.

Training and development

All Officers are required to complete a number of mandatory e-learning courses including health and safety, equalities and diversity, financial rules, and information governance. Officers and Members have access to a range of IS, technical, soft skills and job specific training courses. Compulsory training is provided for Members who sit on the following committees: Joint Governance and Audit Committee, Licensing Committee, and the Planning Committee. Other member-led training is available to Councillors through Democratic Services and Learning and Development. The package of support available gives Members the opportunity to build on existing skills and knowledge in order to carry out their roles effectively.

ANNUAL GOVERNANCE STATEMENT

THE OPERATION OF THE GOVERNANCE FRAMEWORK

Performance monitoring

All Officers receive regular one to ones with their Manager in order to monitor workload and performance and Managers are required to carry out a performance development review on an annual basis, which seeks to identify future training and development needs. Services consider workforce plans as part of the annual business planning process. Our service plans paint a picture of what we want to achieve; workforce planning helps to establish the nature of the workforce needed to deliver that vision, and produce a plan to fill the gaps. This helps to ensure we have the right people, with the right skills, in the right jobs, at the right time.

6. ENGAGING WITH LOCAL PEOPLE AND OTHER STAKEHOLDERS TO ENSURE ROBUST PUBLIC ACCOUNTABILITY.

Engagement and communication

It is recognised that people need information about what decisions are being taken locally, and how public money is being spent in order to hold the council to account for the services they provide. The views of customers are at the heart of the council's service delivery arrangements. Worthing Borough Council has developed a Community and Engagement Policy, which reflects the council's ambition to enable and empower communities to shape the places within which they live and work, influence formal decision making and make informed choices around the services they receive.

To be effective this policy aims to inspire and support a genuine two-way dialogue with all sections of the community and other stakeholders. There are a number of ways people can get involved and connect with the council. Current consultations can be found on the Council's website at www.adur-worthing.gov.uk. Local people have the option to engage in a dialogue through: social media sites (including Facebook and twitter), petition schemes, neighbourhood forums, council meetings (open to the public), their local Councillor and through the citizens panel.

Consultations

The council keeps a forward plan of planned consultations. Internally, a consultation toolkit has been developed to guide council staff through the consultation process. The agreed process ensures that engagement activity is relevant, accessible, transparent and responsive. To increase awareness, consultations are proactively promoted. A list of current consultations, as well as a list of past consultations explaining how the council has used public feedback is available on the council website.

Partnership working

In addition to the partnership between Adur and Worthing (<http://www.adur-worthing.gov.uk/about-the-councils/partnership-working/>), this Council is involved in a number of different partnerships, at different levels – each with their own set of terms of reference for effective joint working.

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 Head of Internal Audit's statement on the system of internal audit for this year stated that:

From the Internal Audit work undertaken in compliance with the PSIAS in 2013/14, it is the Head of Internal Auditors opinion that he can provide **Satisfactory Assurance** that the system of internal control in place at Worthing Borough Council for the year ended 31 March 2014 accords with proper practice except for the significant control environment issues which can be found in Appendix 1 to the detailed report at <http://www.adur-worthing.gov.uk/media/media,124980,en.pdf> . The assurance can be further broken down between financial and non-financial systems, as follows:

Assurance – Financial Systems:

Our overall opinion is that internal controls within financial systems operating throughout the year are fundamentally sound.

Assurance – Non-Financial Systems:

Our overall opinion is that internal controls within operational systems operating throughout the year are fundamentally sound.

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

- i) Procurement and contract management procedures and processes:
The Council identified the need to improve its future procurement and contract management arrangements following an in depth review of contact procedures and contract management arrangements. Actions are being taken to remedy the situation by way of:

ANNUAL GOVERNANCE STATEMENT

SIGNIFICANT GOVERNANCE ISSUES

- A programme of training on contract standing orders and contract management;
- A major review of contract management; and
- A corporate review of procurement.

ii) Lack of an ICT Disaster Recovery Plan.

The Council identified this as a key priority following an in-depth review of an IT failure. To address this, the Council has engaged consultants to support the production of a new ICT Disaster Recovery Plan

OTHER ISSUES

The Governance Action Plan has been updated to deal with any issues brought forward from the 2013 review together with any issues which have been identified during the current review.

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 Officer does not report directly to the Chief Executive, but reports to one of the Directors in line with the reporting requirements for all Heads of Service. The Section 151 Officer is not a member of the Council's Corporate Leadership Team and does not have the same status as the other members, but has full access to the Chief Executive and the Corporate Leadership Team where necessary.

PROPOSED ACTION

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

Signed: _____

Councillor Paul Yallop
Leader of the Council
Worthing Borough Council



Signed: _____

Alex Bailey
Chief Executive of
Adur & Worthing Councils



Dated: _____

Dated: _____

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

OPINION ON THE AUTHORITY'S FINANCIAL STATEMENTS

We have audited the financial statements of Worthing Borough Council for the year ended 31 March 2014 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; the Collection Fund Income and Expenditure Account and the related notes 1 to 5. 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 2013/14.

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 CHIEF FINANCIAL OFFICER AND AUDITOR

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 11, the Chief Financial Officer 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 2013/14, 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 Chief Financial Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Statement of Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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

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 2014 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.

OPINION ON OTHER MATTERS

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

MATTERS ON WHICH WE 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 (updated as at December 2012);
- 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 THE 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 October 2013, 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 2014.

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 October 2013, 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 2014.

DELAY IN CERTIFICATION OF COMPLETION OF THE AUDIT

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the authority's Whole of Government Accounts consolidation pack. We are satisfied that this work does not have a material effect on the financial statements or on our value for money conclusion.

K.L. HANDY

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

29 September 2014

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 2013/14 which means the year commencing 1st April 2013 and ending 31st March 2014. 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.
CURRENT SERVICE COST	Current Service Cost is the increase in the present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current period, i.e. the ultimate pension benefits "earned" by employees in the current year's employment.
CURTAILMENT	Curtailments will show the cost of the early payment of pension benefits if any employee has been made redundant in the previous financial year.
DEBTORS	Amounts due to the Council which relate to the accounting period, but have not been received at the balance sheet date
DEFINED BENEFIT SCHEME	This is a pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).
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.

GLOSSARY OF ACCOUNTING TERMS

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.
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.

GLOSSARY OF ACCOUNTING TERMS

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

GLOSSARY OF ACCOUNTING TERMS

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

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