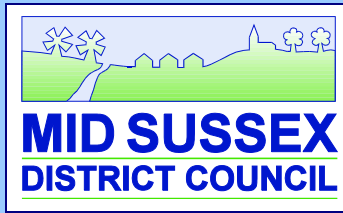


## ***Statement of Accounts for the Year Ended 31st March 2006***

### ***Contents***

	<i>Page No.</i>
<b>Section 1</b>	
<b><i>Foreword and Accounting Policies</i></b>	
• Statement of Responsibilities	4
• Foreword by the Head of Finance	5
• Statement of Accounting Policies	8
<b>Section 2</b>	
<b><i>Consolidated Revenue Account</i></b>	14
• Notes to the Consolidated Revenue Account	15
<b>Section 3</b>	
<b><i>Collection Fund</i></b>	
• Income and Expenditure Account	28
• Notes to the Income and Expenditure Account	29
<b>Section 4</b>	
<b><i>Consolidated Balance Sheet</i></b>	32
• Notes to the Consolidated Balance Sheet	33
<b>Section 5</b>	
<b><i>Statement of Total Movements in Reserves</i></b>	42
• Notes to the Statements of Total Movement in Reserves	43
<b>Section 6</b>	
<b><i>Cash Flow Statement</i></b>	46
• Notes to the Cash Flow Statement	47
<b>Section 7</b>	
<b><i>Auditor's Opinion and Certificate</i></b>	50
<b>Section 8</b>	
<b><i>Statement on Internal Control</i></b>	54
<b>Section 9</b>	
<b><i>Glossary of Terms</i></b>	59



***Foreword and  
Accounting Policies***

## ***Foreword and Accounting Policies***

### ***Statement of Responsibilities for the Statement of Accounts***

#### ***The Authority's Responsibilities***

The authority is required:

- 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 authority, that Officer is the Head of Finance;
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- to approve the Statement of Accounts.

#### ***The Head of Finance's Responsibilities***

The Head of Finance is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA / LASAAC Code of Practice on Local Authority Accounting in Great Britain (the Code of Practice)

In preparing this Statement of Accounts, the Head of Finance has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code of Practice.

The Head of Finance has also:

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

## ***Foreword by the Head of Finance***

### **1. Introduction**

The purpose of this foreword is to provide a guide to the most significant matters reported in the accounts. The pages that follow are the Council's Accounts for 2005/06 and comprise:

- **Statement of Accounting Policies** - This explains the basis of the figures in the accounts. It enables an appreciation of the policies that have been followed in dealing with material items.
- **Consolidated Revenue Account** - This reports the net cost for the year of the functions for which the Council is responsible and demonstrates how that cost has been financed from central government grants, national non-domestic rates and income from local taxpayers. It brings together expenditure and income relating to all of the Council's functions.
- **Collection Fund** - This account reflects the statutory requirement for the Council to maintain a separate Collection Fund. It shows the transactions of the Council as a billing authority in relation to non-domestic rates and council tax and illustrates the way in which council tax has been distributed to West Sussex County Council, Sussex Police Authority and the General Fund. The Collection Fund is incorporated in the Consolidated Balance Sheet and the Cash Flow Statement.
- **Consolidated Balance Sheet** - This is fundamental to the understanding of the Council's financial position at year end. It shows the balances and reserves at the Council's disposal, the fixed and net current assets employed in its operations, together with summarised information on the fixed assets held and demonstrates that the Council has no long term indebtedness.
- **Cash Flow Statement** - This consolidated statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.

This year, we will also be publishing audited summary accounts to help 'non-financial' people understand the Council's financial position. We have also made some presentational changes in order to make the accounts as easy to read as possible. We are also grateful to the Audit Commission for clarifying their preferred approach to the more technical presentational aspects of the accounts, and this has led to improvements being made in key parts of this document. If any further information is required on any aspect of these documents please use the relevant details below to contact us.

I would now like to draw attention to the key features of these accounts and offer a brief financial overview of the year.

### **2. Town Centre Revitalisation**

This year marked the start of the 'Better Mid Sussex' project. The project involves a fundamental examination of the Council's property portfolio and the bringing forward of schemes to revitalise the three main town centres. We are being assisted in this work by our development partner, Thornfield Properties, who are creating Town Centre Masterplans with the aim of taking forward well-supported improvements to our three town centres. This is a long-term project which will continue to appear as a high priority for this Council for many years to come. Whilst much of the revenue cost of this project is being met from a development partner contribution, this is, itself, repayable to them in forthcoming years as a valid expense of the project. The Council has in effect, drawn down in advance on an anticipated future revenue and capital betterment, and will continue to incur significant costs to be repaid at a later date. The accounts therefore contain a short statement relating to the risk of so doing which can be found at page 38.

### **3. *Outturn for 2005/06***

The revenue and capital outturn for 2005/06 was reported to Cabinet on 5<sup>th</sup> June 2006. The report explained that during 2005/06 Members had received four Budget Management reports to assist in the management of the budget and to minimise the risk of a significant variation.

The final underspend of £67,000 was within the tolerance level that had been set internally, and reflects well on the efforts of the Management Team to control expenditure and achieve neither an under or an overspend. Budget management continues to improve and it is anticipated that the movement of money between budgets, otherwise known as virement, will significantly reduce in future years.

The overall outturn figure takes account of a number of items that would, if they were included, not give a true picture of the overall financial situation for 2005/06. Thus, unbudgeted, 'windfall' income has been deducted and a very modest £11,000 has been carried forward, to be spent in 2006/07, for items where it has not been possible to raise orders in the year of account. This is entirely consistent with previous practice and standard accounting principles.

The position on capital spending is similar in that it is underspent. Overall expenditure against budget slipped significantly by £1,696,000, with £1,868,000 expended against a budget of £3,564,000. This was mainly due to delay on schemes starting but it does highlight the need to not only adequately budget for the cost of capital schemes, but to timetable and project manage those schemes that have been approved with greater accuracy. Where appropriate, the funding for these projects has been carried forward into future years.

This delay in capital expenditure has a knock-on effect with the interest that has been earned. For 2005/06 this totalled £806,000 against an original budget of £549,000. After transferring £4,000 to the specific reserve for employee benefits in accordance with existing practice, the balance of £802,000 has been transferred to the General Reserve. This is £253,000 more than originally budgeted and improves the reserves position for the Council overall.

Finally, in this section, the total expenditure on the Specific Items financed from the Specific Reserve and General Reserve for 2005/06 was £2,289,000. Details of all this expenditure is contained within the outturn report to Cabinet on 5<sup>th</sup> June 2006.

### **4. *Local Taxpayers***

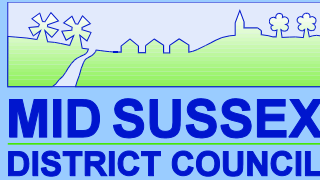
During the year, the Council collected £63.847m in Council Tax (net of council tax benefit) on behalf of West Sussex County Council, Sussex Police Authority and Mid Sussex District Council and its parishes. All but £6.953m of this was passed on to the other authorities. The collection rate for the year was 98.4% of the total amount due and most of the remainder will be collected in the first few months of 2006/07.

### **5. *Pensions***

The pensions liability has risen to £23,940,000 as at 31<sup>st</sup> March 2006, from £21,870,000 as at 31<sup>st</sup> March 2005. The discount rate for valuing liabilities as at 31<sup>st</sup> March 2006 was 1.7% (31<sup>st</sup> March 2005 2.4%), this has had the effect of increasing the liabilities by £7,920,000. However, this has been offset by improved returns on pension scheme assets of £6,380,000 as compared with last years' forecast. Full details of the movement in the liability is shown in Consolidated Revenue Note 14.

### **6. *Further Information***

Interested members of the public had a statutory right to inspect the accounts from 15<sup>th</sup> May 2006 to 12<sup>th</sup> June 2006. The availability of the accounts for inspection was advertised in the local newspapers, Mid Sussex Times, The Leader and East Grinstead Observer. Further information about any aspect of the accounts is available from both the Head of Finance, Peter Stuart 01444 477315 ([peters@midsussex.gov.uk](mailto:peters@midsussex.gov.uk)), and the Chief Accountant, Cathy Craigen 01444 477384 ([cathyc@midsussex.gov.uk](mailto:cathyc@midsussex.gov.uk)), at Mid Sussex District Council, Oaklands Road, Haywards Heath, RH16 1SS. It is our intention to be open with the information that we hold and we encourage local stakeholder enquiries.



### ***Statement of Accounts 2005/06***

This Statement of Accounts is that upon which the auditor should enter his certificate and opinion and has been prepared under the Audit Commission Act 1998.

It presents fairly the financial position of the Council at 31st March 2006 and its income and expenditure for the year then ended.

***P Stuart  
Head of Finance  
27<sup>th</sup> September 2006***

## **Statement of Accounting Policies**

### **1. General**

Subject to the exceptions in policies 9 and 11 below, the accounts have been prepared in accordance with the Best Value Accounting Code of Practice, issued in 2005 and the Code of Practice on Local Authority Accounting in Great Britain, issued in 2005 by the Chartered Institute of Public Finance and Accountancy (CIPFA), which has been franked as a Statement of Recommended Practice by the Accounting Standards Board in Great Britain: Statement of Recommended Practice (SORP) 2005 and all other relevant legislation and statements of good practice.

The accounts have been prepared in accordance with Financial Reporting Standard (FRS) 18, which deals primarily with the selection, application and disclosure of accounting policies.

### **2. Reserves and Balances**

The Council maintains three reserves in accordance with the system of capital accounting introduced on 1st April 1994. They consist of:

- **Fixed Asset Restatement Account** - This represents the balance of the surpluses or deficits arising on the periodic revaluation of fixed assets. This balance is written down by the net book value of assets disposed. It is not backed by cash resources and thus cannot be called upon to support spending.
- **Capital Financing Account** – This includes the amount of capital expenditure financed from revenue and capital receipts, and the amount provided for depreciation.
- **Usable Capital Receipts** - This represents the capital receipts available to finance capital expenditure in future years.

The Council also maintains certain other reserves in accordance with Section 91 of the Local Government Finance Act 1988 to meet future expenditure. A summary of the transactions on each of these reserves is shown in note 23 to the Consolidated Balance Sheet. Further detail is contained in Section 5 of this document. These reserves consist of:

- **Earmarked Specific Reserve** - This reserve comprises amounts for particular purposes and for which Member authorisation has been obtained as to how these may be applied.
- **General Fund Balances** - This includes amounts ear-marked for the Capital Programme and amounts provided by developers as commuted sums in lieu of future maintenance. The remainder held is a non-earmarked balance, and this amount is considered appropriate as a working balance and to provide for emergencies should they arise.

### **3. Intangible Fixed Assets**

The purchase of intangible assets, for example software licences, are capitalised as assets from 1<sup>st</sup> April 2004, in accordance with SORP 2005. Intangible assets are amortised on a straight-line basis over their economic lives, which for the software licences has been set as 5 years.

### **4. Fixed Assets**

From 1st April 1994, expenditure on the acquisition, creation or enhancement of fixed assets has been capitalised on an accruals basis in the accounts, provided that the fixed asset yields benefits to the authority and the services it provides for a period of more than one year. This excludes expenditure on routine repairs and maintenance of fixed assets, which is charged direct to service revenue accounts.

The method of valuation in each case accords with CIPFA guidelines. "Operational" assets of a non-specialised nature have been valued to Open Market Value for the Existing Use and "Operational" assets of a specialised nature to Depreciated Replacement Cost. "Non-Operational" assets have been valued to Open Market Value.

These Operational and Non-Operational assets were valued as at 1st April 2000. The valuations were carried out by P. Inglis, BSc MRICS, District Valuer & Valuation Officer, who is external to the council.

Open spaces (community assets) have been included at a nominal value of £1 per item. Works of art (community assets) have been included on the basis of an insurance valuation undertaken during 1998. Infrastructure and equipment assets have been entered in the balance sheet at historical cost.

The rules governing the accounting for fixed assets in Local Government require assets to be revalued at least every five years. As from April 2001 the Council started a rolling revaluation process of its assets over a five-year period which equates to 20% of its assets being revalued each year. The asset valuations, as at 1st April 2005, were carried out by Mrs Anna Hutchings, MRICS, District Valuer, who is external to the council.

## **5. Depreciation**

The SORP 2005 requires that all fixed assets (except non depreciable land) should be depreciated except when the depreciation and accumulated depreciation is immaterial.

Depreciation is provided for on all fixed assets with a finite useful life (which can be determined at the time of acquisition or revaluation) according to the following policy:

- Newly acquired assets are depreciated from the day of acquisition until the end of their useful life or the day of disposal. Assets in the course of construction are not depreciated until they are brought into use.
- Depreciation on buildings is calculated using the straight line method over the useful life which is determined by the District Valuer. Depreciation on computer equipment is calculated using the straight- line method over 5 years. All other equipment is depreciated using a 10% reducing balance method.

## **6. Charges to Revenue**

Capital charges, with the exception of leasing payments, are charged to those revenue accounts in which responsibility for managing fixed assets is reflected. The charge covers the annual provision for depreciation plus a capital financing charge determined by applying a specified notional rate of interest to each asset. The aggregate charge to individual services reflects the capital employed in each service.

The notional interest rates for 2005/06 have been specified by CIPFA/LASAAC Joint Committee as follows:

- Assets carried at current value (land, buildings, vehicles and equipment) 3.5%
- Assets carried at historical cost (infrastructure assets) 4.95%

Capital charges have a neutral impact on the amounts required to be raised from local taxation as they are credited to the asset management revenue account.

Amounts set aside from revenue to finance capital expenditure or as transfers to other earmarked reserves are disclosed separately as appropriations on the face of the consolidated revenue account below net operating expenditure.

## **7. Capital Receipts**

The treatment of capital receipts from the sale of assets is subject to the provisions of the Local Government and Housing Act 1989. This requirement was modified when the Council became "debt free" in 1991, and as a result all capital receipts from the sale of assets are classed as usable. The basis of accounting is on a cash received basis, but items less than £10,000 are not treated as capital.

## **8. Government Grants**

Grants and subsidies have been credited to the appropriate revenue and capital accounts and accrual has been made for balances known to be receivable for the year ended 31st March 2006.



### **9. Leasing**

Rental payments under finance leases are apportioned between the finance charge and the principal element, i.e. the reduction of the liability to pay future rentals.

Rentals payable under operating leases are charged to revenue on an accruals basis.

### **10. Debtors and Creditors**

The revenue and capital accounts of the Council are prepared on an accruals basis in accordance with SORP 2005 and FRS 18 which supersedes SSAP2. That is, sums due to or from the Council during the year are included whether or not the cash has actually been received or paid in the year.

Exceptions to this principle relate to:

- Quarterly and monthly payments for utilities are charged at the date of meter reading each year rather than being apportioned between financial years;
- Council Taxpayers, where no account is taken for possible changes arising from new entries, late notification from Council Taxpayers and amendments to the valuation list until the transaction is actioned. This means late changes in the year may not be accounted for until the following year.
- Housing and Council Tax Benefit payments, where payments are made in conformity with the legislative requirements.
- Members Allowances, where payments are made in the year claims from councillors are processed.
- Employee overtime and car mileage claims, where payments are made in the year claims are processed following overtime worked or mileage incurred.
- Concessionary fares, where income rail passes are accounted for in the year received although passes are valid for a year from issue.

These policies are consistently applied each year and therefore do not have a material effect on the year's accounts.

### **11. Provisions**

Where a loss or liability is recognised in accordance with FRS 12, Provisions, Contingent Liabilities and Contingent Assets, and a reasonable estimate of the amount can be made, a provision is raised. Payment of a provision is service revenue expenditure.

### **12. Stocks and Work in Progress**

Stocks are valued at actual cost. This is a departure from the requirements of SORP 2005 and SSAP 9, which require stocks to be shown at the lower of actual cost or net realisable value, but the impact is not material.

There was no work in progress at 31st March 2006.

### **13. Costs of Support Services**

In compliance with SORP 2005 the costs of support services are fully charged to services except for corporate and democratic core and non distributed costs which are shown separately.

### **14. Pensions**

The figures for pension costs have been prepared in accordance with Financial Reporting Standard 17, Retirement Benefits, (FRS 17). They include costs for both current and former employees. These costs have been determined on the basis of contributions required to meet 100% of the liabilities of the Pension Fund, in accordance with relevant Government regulations. Further costs arise in respect of certain pensions paid to retired employees on an unfunded basis.

There is no overall effect on the Consolidated Revenue Account as a result of adopting FRS17. The net cost of services has been reduced but this reduction has been set-off by the pensions interest cost and expected return on pension assets and a contribution from the pensions reserve. This is shown in Consolidated Revenue Account note 14, on pages 20 to 23, and Consolidated Balance Sheet note 24, on page 41. The Consolidated Balance Sheet includes a pensions liability, balanced by a pensions reserve of the same value. Interested parties may contact the Head of Finance for details of these adjustments.

The Council's policy in relation to its commitments to the West Sussex Pension Fund for 2005/06 was:

- for service accounts to bear the cost of pension contributions which relate to current employment only;
- appropriate one-off payments from reserves to meet the actuarial costs of early retirement, e.g. early payment of pension and any added years granted, and for these payments to be repaid over four-five years by the service connected with the retirement;
- annual lump sum payments of £400,000 for the period of the Financial Strategy to reduce the impact on the council tax of employer pension contributions.

### **15. Investments**

Investments are shown in the Consolidated Balance Sheet at cost. Short Term Investments are those that have a maturity of up to 364 days and Long Term Investments are those that will mature in one year or more (long term investments reaching the last year of their maturity remain classified as long term).

### **16. Officer Personal Loan Scheme**

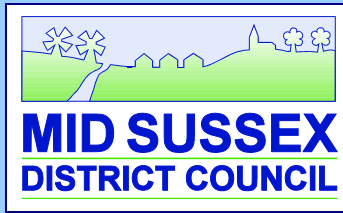
Balances held are shown as long term debtors in the Consolidated Balance Sheet. Loans in their last year are still shown as long term debtors with the exception of season ticket loans which are included as sundry debtors in the Consolidated Balance Sheet as the maximum period allowed is twelve months.

### **17. Deferred Charges**

Deferred charges are payments of a capital nature where no fixed asset is created. The Council's policy is to finance this expenditure from existing resources in the year of account in which the cost is incurred.

### **18. Government Grant Deferred**

Where the acquisition of a fixed asset is financed either wholly or in part by a Government grant or other contribution, the amount of the grant or contribution is credited to the Government Grants Deferred Account. The grant is then released to the Asset Management Revenue Account over the useful life of the asset, matching the depreciation charge made for that asset.



***Consolidated Revenue  
Account***

## Consolidated Revenue Account

	2005/06 Gross Expenditure £	2005/06 Gross Income £	2005/06 Net Expenditure £	2004/05 Net Expenditure £
<b>Service Net Expenditure</b>	1			
Central Services to the Public	7,357,481	(6,767,417)	590,064	613,654
Culture, Environmental and Planning Services	23,488,648	(11,551,678)	11,936,970	11,340,768
Highways, Roads and Transport Services	1,405,921	(1,788,284)	(382,363)	(275,963)
Housing Services	20,494,350	(18,621,240)	1,873,110	1,766,071
Social Services	59,740	0	59,740	59,681
Exceptional Items	2	85,457	0	17,485
Corporate and Democratic Core	3,336,002	(143,259)	3,192,743	2,615,535
Non Distributed Costs	477,689	0	477,689	841,128
<b>Net Cost of Services</b>	56,705,288	(38,871,878)	17,833,410	16,978,359
Parish and Town Council Precepts and Drainage Levies			2,490,089	2,352,501
Asset Management Revenue Account	4		(2,797,233)	(2,683,970)
Interest and Investment Income			(805,699)	(672,509)
Section 106 Agreements	5		0	(206,431)
Pensions interest cost and expected return on pension assets	14		550,000	210,000
<b>Net Operating Expenditure</b>			17,270,567	15,977,950
Capital Expenditure charged to Revenue Account	6		102,409	291,434
Contributions to/(from) Revenue Reserves	7		60,464	80,763
Capital Financing Account	8		(2,098,412)	(1,999,326)
Contribution from the Pensions Reserve	14		(540,000)	(121,000)
<b>Amount to be met from Government Grants and Local Taxpayers</b>			14,795,028	14,229,821
Demand on Collection Fund			(9,432,168)	(8,856,873)
Collection Fund Adjustment			(12,000)	832
Distribution from NNDR Pool			(3,686,900)	(3,464,551)
Revenue Support Grant			(1,850,939)	(1,909,229)
Revenue Support Grant Amended for 2003/04			(22,219)	0
<b>(Surplus) / Deficit for the Year</b>			(209,198) *	0

\* The surplus has been transferred to the General Fund Balances as detailed in the Statement of Total Movements in Reserves, Note 1.

## Notes to the Consolidated Revenue Account

### 1. Service Net Expenditure

As a result of implementing the Best Value Accounting Code of Practice (BVACOP), the service expenditure analysis presented differs from the Council's Head of Service structure. This note translates the BVACOP service expenditure analysis into the Council's Head of Service expenditure analysis.

	2005/06 Gross Expenditure £	2005/06 Gross Income £	2005/06 Net Expenditure £	2004/05 Net Expenditure £
<b>Head of Service Net Expenditure</b>				
Environment	3,874,985	(2,470,612)	<b>1,404,373</b>	1,395,317
Environment Directorate Admin	0	0	<b>0</b>	56,025
Outdoor Business	7,837,677	(2,766,863)	<b>5,070,814</b>	4,877,493
Housing	847,393	(120,911)	<b>726,482</b>	684,728
Community Services	1,142,667	(300,437)	<b>842,230</b>	696,265
Planning Policy	685,626	(200,612)	<b>485,014</b>	580,015
Community & Dev Directorate Admin	0	0	<b>0</b>	(7,560)
Leisure & Property	11,343,005	(6,861,360)	<b>4,481,645</b>	3,690,114
Leisure & Property Directorate Admin	0	0	<b>0</b>	18,009
Organisational Development	122,229	(28,312)	<b>93,917</b>	441,903
Finance *	2,295,778	(29,935)	<b>2,265,843</b>	1,054,662
Corporate Systems	188,777	(81,595)	<b>107,182</b>	132,601
Legal Services	1,099,738	(1,455,005)	<b>(355,267)</b>	53,539
Revenues & Benefits	3,265,165	(1,854,208)	<b>1,410,957</b>	1,576,074
Corporate Improvement	1,173,942	(1,713)	<b>1,172,229</b>	938,801
Resources Directorate Admin	0	0	<b>0</b>	1,019,689
	<b>33,876,982</b>	<b>(16,171,563)</b>	<b>17,705,419</b>	17,207,675
Benefits	1a 22,742,849	(22,700,315)	<b>42,534</b>	(246,801)
Exceptional Items	2 85,457	0	<b>85,457</b>	17,485
	<b>56,705,288</b>	<b>(38,871,878)</b>	<b>17,833,410</b>	16,978,359

\* includes Strategic Core

#### 1a. Benefits

This item has been shown separately from Head of Service Net Expenditure because it represents a local contribution to a national scheme. It is demand led and has particular significance within the total Net Cost of Services. For 2005/06 this amount was £42,534, (2004/05 £246,801) comprising Council Tax Benefits and Housing Benefits payable, net of government grant and excluding the cost of administration.

## 2. Exceptional Items

These are material items in terms of the authority's overall net expenditure, which derive from events or transactions that are not expected to recur frequently or regularly that fall within the ordinary activities of the authority. They need to be disclosed separately by virtue of their size or incidence to give a fair presentation of the accounts.

A provision had been made for £255,000 in 2003/04 relating to a liability for repair works on one of the council's properties. However actual payment made in 2004/05 was £272,485 ie. £17,485 more than the original provision made in the accounts. Further repair works completed in 2005/06 cost £85,457.

## 3. Building Regulations Charging Account

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

### Building Regulations Charging Account 2005/06

	<i>Chargeable</i> 2005/06 £	<i>Non - Chargeable</i> 2005/06 £	<i>Total Building Control</i> 2005/06 £
<b>Expenditure</b>			
Employee expenses	316,091	135,468	<b>451,559</b>
Transport	27,344	11,719	<b>39,063</b>
Supplies and Services	57,635	2,340	<b>59,975</b>
Central and Support Service Charges	123,590	52,967	<b>176,557</b>
<b>Total Expenditure</b>	<b>524,660</b>	<b>202,494</b>	<b>727,154</b>
<b>Income</b>			
Building Regulation Charges	(519,409)	(4,609)	<b>(524,018)</b>
<b>Total Income</b>	<b>(519,409)</b>	<b>(4,609)</b>	<b>(524,018)</b>
<b>(Surplus)/Deficit for Year</b>	<b>5,251</b>	<b>197,885</b>	<b>203,136</b>
<b>Comparatives for 2004/05</b>			
Expenditure	588,228	231,202	819,430
Income	(541,581)	(3,536)	(545,117)
<b>(Surplus)/Deficit for Year</b>	<b>46,647</b>	<b>227,666</b>	<b>274,313</b>

Under regulation 5(6) of the Charges Regulations, the authority is required to ensure that income received from building control fees fully recovers the costs over a three year rolling period. Results over the past three years: 2005/06 deficit £5,251, 2004/05 deficit £46,647, 2003/04 surplus £48,012.

#### 4. Asset Management Revenue Account

The Asset Management Revenue Account is credited with notional charges made to Service Net Expenditure for the capital employed in the delivery of services. It is debited with actual capital financing costs incurred during the year. The balance on the account is then transferred back to the Consolidated Revenue Account to ensure that the notional charges for capital made do not impact on the level of Council Tax.

	2005/06 £
<b>Expenditure</b>	
Depreciation	1,988,824
Impairment charge	1,000
Intangible fixed asset amortisation	53,437
<b>Total Expenditure</b>	<b>2,043,261</b>
<b>Income</b>	
Reversal of capital charges to services:-	
Asset rent (assets carried at current value 3.5%, at historical cost 4.95%)	(2,630,921)
Depreciation	(1,988,824)
Impairment charge	(1,000)
Intangible fixed assets	(53,437)
Contributions released from Government Grants Deferred account	(166,312)
<b>Total Income</b>	<b>(4,840,494)</b>
Transferred to the Consolidated Revenue Account	<b>(2,797,233)</b>

#### 5. Section 106 Agreements

Sums received from individuals and developers in lieu of future maintenance costs on land adoptions and contributions under Section 106 (of the Town & Country Planning Act 1990) Agreements whereby developers make payments to the Council in lieu of their own provision of recreational facilities, playspaces and car parking spaces. The Council will utilise these monies to maintain assets adopted and provide the facilities subject to these agreements within certain time limits. Further details are shown in Consolidated Balance Sheet Note 7.

#### 6. Capital Expenditure Charged to Revenue Account

The table below shows an analysis of capital expenditure charged to revenue during the year and how it was financed:

	£		£
<b>Capital Expenditure</b>		<b>Financed by</b>	
Council Assets	59,558	Interest and Investment Income	0
De minimus	42,851	General Fund Balances	42,851
Other Grants	0	Earmarked Specific Reserve	59,558
Improvement Grants	0		
	<b>102,409</b>		<b>102,409</b>

### 7. Contributions to/(from) Revenue Reserves

The following revenue contributions to and from reserves were made during 2005/06 and further details are shown in Note 23 to the Consolidated Balance Sheet.

	2005/06 £	2004/05 £
Specific Reserve	<b>132,892</b>	(750,034)
Special Reserve *	<b>0</b>	11,315
General Fund Balances	<b>(72,428)</b>	819,482
	<b>60,464</b>	80,763

\*Special Reserve has been combined within General Fund Balances from 1<sup>st</sup> April 2005.

### 8. Capital Financing Account

The following transfers to and from the Capital Financing Account were made during 2005/06. Further details of the Capital Financing Account are shown in Note 21 to the Consolidated Balance Sheet.

	2005/06 £	2004/05 £
Depreciation of Fixed Assets	<b>(1,988,824)</b>	(1,910,696)
Impairment	<b>(1,000)</b>	0
Amortisation of Intangible Assets	<b>(53,437)</b>	(42,397)
Government Grants Deferred	<b>166,312</b>	114,785
Deferred Charges Amortised	<b>(221,463)</b>	(161,018) *
	<b>(2,098,412)</b>	(1,999,326)

\*restated for 2004/05

### 9. Operating Leases

The Council has operating lease agreements covering equipment, photocopiers and vehicles (for pest control, dog wardens, car parking and leisure). The amount paid under these arrangements in 2005/06 was £99,263 (2004/05 £73,574).

### 10. Publicity Expenditure

Section 5 of the Local Government Act 1986 requires local authorities to keep a separate account of expenditure on publicity. An analysis of this expenditure is shown below.

	2005/06 £	2004/05 £
Leisure Facilities	<b>85,073</b>	84,128 *
Council Newspaper	<b>60,394</b>	24,922 *
Staff Recruitment	<b>83,590</b>	105,922
Development Control	<b>18,541</b>	18,787
Cleansing	<b>7,460</b>	9,621
Other Items	<b>24,293</b>	16,659 *
	<b>279,351</b>	260,039

\* These 2004/05 figures have been restated



**11. Expenditure under Section 137 of the Local Government Act 1972**

Part 1, Section 2 of the Local Government Act 2000 came into force on 18<sup>th</sup> October 2000. The Act creates a new discretionary power for local authorities in England and Wales allowing them to incur expenditure which in their opinion, is in the interests of, and will bring direct benefit to, their area or any part of it or to all or some of its inhabitants without limit.

The previous power of a local authority to incur expenditure given by Section 137 of the Local Government Act 1972 has been repealed with the exception of item 3. Item 3 enables local authorities to contribute to the funds of charities and any body that provide a service to the public or a section of the public. An analysis of the expenditure is shown below.

	2005/06 £	2004/05 £
<b><u>Grants under Section 137 item 3</u></b>		
<b>Culture, Environment and Planning - Grants</b>		
Sussex Downs Conservation Board	12,000	7,000
Action in Rural Sussex	5,000	3,000
Council for Voluntary Services	17,201	16,700
Triple Four (CAB in Burgess Hill & Haywards Heath)	62,978	63,822
Citizens Advice Bureaux, East Grinstead	41,200	40,000
Other Organisations	32,754	30,923
	<b>171,133</b>	161,445
<b>Social Services - Grants</b>		
Age Concern	59,740	59,681
<b><u>Grants outside Section 137 item 3</u></b>		
<b>Culture, Environment and Planning - Grants</b>		
Sports Grants	500	130
<b>Total</b>	<b>231,373</b>	221,256

**12. Agency Arrangements**

The Council has no current arrangements on an agency basis for which it would be fully reimbursed.

### **13. Local Authority (Goods and Services) Act 1970**

Income and Expenditure under this act relates to arrangements entered into by local authorities with other public bodies such as the carrying out by one authority of maintenance in connection with land or buildings for which another body is responsible.

West Sussex County Council are charged for electricity, gas, heating and grounds maintenance for their area offices, and for grounds maintenance at Haywards Heath Library, which in total amounted to £950, (£950 in 2004/05).

The Inland Revenue are charged for the heating of their offices and maintenance of shared drives and car parks, which amounted to £900 (£900 in 2004/05).

The Council maintains public conveniences at Ardingly £710, (£764 in 2004/05) and Keymer £2,169 (£799 in 2004/05) on the behalf of Parish Councils because they are open to the public.

### **14. Pensions**

The Council is a participating employer in the West Sussex Pension Fund which is a Local Government Pension Scheme administered by West Sussex County Council. This Fund provides pension fund members with defined benefits related to pay and service. Under Pension Regulations, contributions are required to meet 100% of the overall liabilities of the Fund.

In 2005/06, the Council paid an employer's contribution of £1,069,508 (£862,570 in 2004/05) into the West Sussex Pension Fund, representing 12.7% (10.5% in 2004/05) of employees' pensionable pay. The contribution rate was determined by the Fund's Actuary, based on triennial actuarial valuations. The last relevant review being at 31<sup>st</sup> March 2004.

At the last review, the Actuary valued the Mid Sussex share of the Pension Fund as 69.6% funded, giving rise to a deficit of £14 million with liabilities of £46 million. The Council's Financial Strategy provided for an additional sum to be paid to the Pension Fund, as a contribution towards paying off the deficit. In March 2006, the Council paid a lump sum of £400,000 (4.75% of pensionable pay) relating to 2006/07.

During 2005/06 payments totalling £196,816 (2.34% of pensionable pay) were made into the Pension Fund in respect of the actuarial costs relating to early retirements.

The Council is responsible for all pension payments relating to added years benefits it has awarded and is responsible for other pension costs payable to the East Sussex Pension Fund in respect of pre 1974 pensioners. In 2005/06 payments to both funds totalled £249,522 (2.34% of pensionable pay) and were met by amounts set aside for this purpose in the Specific Reserve.

In the 2004 valuation, the actuary proposes that 20 years would again be a prudent period over which to recover the fund deficit. This would give rise to an increased employers' contribution rate that is to be phased in 'stepped' increases. The agreed rates are: 2005/06 12.7%, 2006/07 15% and 2007/08 17.2%.

The actuary has used the projected unit method as a basis for calculating the service cost. This is in accordance with FRS 17.

**14. Pensions (cont'd)**

Information relating to Financial Reporting Standard, FRS17, "Retirement Benefits", is as follows:

The latest valuation was carried out, as at 31 March 2004 by independent qualified actuaries. The financial assumptions made by the West Sussex County Council Pension Fund's Actuary in relation to the composition of the pension fund were:

<i>Assumptions as at:</i>	<i>31.03.06</i>	<i>31.03.05</i>
Rate of increase in salaries	4.6%	4.4%
Rate of increase in pensions in payment	3.1%	2.9%
Discount rate	4.9%	5.4%
Inflation assumption	3.1%	2.9%

The assets in the West Sussex County Council Pension Fund and the expected rate of return were:

	<i>Long-term rate of return expected at 31.03.06</i>	<i>Value at 31.03.06 £'000</i>	<i>Long-term rate of return expected at 31.03.05</i>	<i>Value at 31.03.05 £'000</i>
Equities	<b>7.4%</b>	<b>1,080,900</b>	7.7%	829,700
Bonds	<b>4.6%</b>	<b>172,600</b>	5.1%	137,300
Property	<b>5.5%</b>	<b>91,300</b>	6.5%	72,900
Cash	<b>4.6%</b>	<b>53,300</b>	4.0%	50,800
		<b>1,398,100</b>		<b>1,090,700</b>

The Actuary has estimated the Council's share of the assets of the Fund as at the 31 March 2006 to be as shown in the table below:

	<i>Value at 31.03.06 £'000</i>	<i>Value at 31.03.05 £'000</i>
Equities	<b>35,420</b>	27,860
Bonds	<b>5,660</b>	4,610
Property	<b>2,990</b>	2,450
Cash	<b>1,740</b>	1,700
	<b>45,810</b>	<b>36,620</b>

14. Pensions (cont'd)

The following amounts were measured in accordance with the requirements of FRS 17 "Retirement Benefits" and show the proportion in respect of the Mid Sussex District Council element of the Pension Fund as at 31 March 2006.

	2005/06 £'000	2004/05 £'000
Total market value of assets	45,810	36,620
Present value of scheme liabilities	(68,030)	(56,820)
Surplus / (deficit) in the scheme	(22,220)	(20,200)
Present Value of Unfunded Liabilities	(1,720)	(1,670)
Net pension asset / (liability)	<u>(23,940)</u>	<u>(21,870)</u>

The effects on the revenue account of incorporating FRS17 are as follows:

**Revenue Account Costs for the year to 31.03.06**

*Analysis of amount charged :*

	2005/06 £'000	2004/05 £'000
Service Cost	1,430	1,340
Past Service Cost	130	30
Curtailment and Settlements	0	310
Total Operating Charge	<u>1,560</u>	<u>1,680</u>
Expected return on assets	(2,610)	(2,300)
Interest on Pension Scheme Liabilities	3,160	2,510
Net Return	550	210
Net Revenue Account Cost	<u>2,110</u>	<u>1,890</u>

**14. Pensions (cont'd)****Analysis of Amount Recognised in the Statement of Total Movement in Reserves**

	2005/06 £'000	2004/05 £'000
Actual return less expected return on pension scheme assets	6,380	1,538
Experience gains and losses arising on the scheme liabilities	10	(372)
Changes in Financial assumptions underlying the present value of scheme liabilities	(7,920)	(9,665)
Actuarial gain/(loss) recognised in the Statement of Total Movement in Reserves	<b>(1,530)</b>	<b>(8,499)</b>

**Movement in Surplus/Deficit During the year**

	2005/06 £'000	2004/05 £'000
Current Service Cost	(1,430)	(1,340)
Employer contributions (** refer to page 20)	1,470	1,662
Contributions in respect of unfunded Benefits	100	107
Past Service Cost	(130)	(30)
Impact of settlements and curtailments	0	(310)
Net return on assets	(550)	(210)
Contribution from the Pension Reserve	(540)	(121)
Actuarial gains/(losses)	(1,530)	(8,499)
<b>Movement in Surplus/(deficit) during the year</b>	<b>(2,070)</b>	<b>(8,620)</b>
<b>Surplus/(deficit) at beginning of the year</b>	<b>(21,870)</b>	<b>(13,250)</b>
<b>Surplus/(deficit) at end of year</b>	<b>(23,940)</b>	<b>(21,870)</b>

**History of Experience Gains and Losses**

	2005/06 £'000	2004/05 £'000
Difference between the expected and actual return on assets	6,380	1,538
Value of assets	45,810	36,621
<b>Percentage of assets</b>	13.9	4.2
Experience gains/(losses) on liabilities	10	(372)
Present value of liabilities	69,750	58,477
<b>Percentage of the present value of liabilities</b>	0.0	0.6
Actuarial gains/(losses) recognised in Statement of Total Movement in Reserves	(1,530)	(8,499)
Present value of liabilities	69,750	58,477
<b>Percentage of present value of liabilities</b>	2.2	14.5

Further information can be found in the West Sussex County Council Pension Fund's Annual Report, which is available on request from County Hall, Chichester, West Sussex.

### 15. Officers' Emoluments

The Accounts and Audit Regulations 2003 require disclosure of officers' emoluments. These include all amounts paid to or receivable by an employee and includes sums due by way of expenses allowance and the estimated money value of any other benefits received by an employee otherwise than in cash.

Remuneration Band	Number of Employees	
	2005/06	2004/05 *
£50,000 - £59,999	4	5
£60,000 - £69,999	0	0
£70,000 - £79,999	2	3
£80,000 - £89,999	0	1
£90,000 - £99,999	0	1
£100,000 - £109,999	0	0
£110,000 - £119,999	1	0

\* The 2004/05 figures have been restated.

### 16. Trust Funds

The Council is the sole trustee of and administers a number of Trust Funds which have been consolidated within Service Net Expenditure as follows:

Net Current Assets 31 March 06		2005/06 Gross Expenditure	2005/06 Gross Income Charitable Trading	2005/06 Net Expenditure	2004/05 Net Expenditure
£		£	£	£	£
1,437,940	Beech Hurst	86,470	(93,920)	<b>(7,450)</b>	(12,515)
362,526	St.Johns Park	24,094	(15,144)	<b>8,950</b>	10,205
47,930	Fairfield Road Recreation Ground	7,209	(3,915)	<b>3,294</b>	6,433
64,157	Richard Worsley Recreation Ground	47,387	(8,921)	<b>38,466</b>	18,928
2	Lucastes Avenue Open Space	343	0	<b>343</b>	683
1	West Common Open Space	635	0	<b>635</b>	674*
154,267	Ashurst Wood Recreation Ground	26,569	(2,858)	<b>23,711</b>	5,784
16,750	King George V Field (Crawley Down)	4,496	(849)	<b>3,647</b>	3859*
<b>2,083,573</b>		<b>197,203</b>	<b>(125,607)</b>	<b>71,596</b>	<b>34,051</b>

\* restated for 2004/05

The Trust Fund Assets are no longer consolidated within the Council Assets.

### 17. Members Allowances

The Local Authorities (Members' Allowances)(Amendment) Regulations 2003 require authorities to make public the total sum paid, but did not specify arrangements for publication. SORP 2005 requires the disclosure of the amount of Members' allowances paid. In 2005/06 the Council paid Members' allowances totalling £309,441 (2004/05 £318,066).

**18. Related Party Transactions**

SORP 2005 requires disclosure of transactions with 'related parties'. Related Parties are defined as: central government, local authorities and other bodies precepting or levying demands on the council tax, subsidiary and associated companies, joint venture and joint venture partners, council members and chief officers and the pension fund.

Disclosure within this note will only occur where the transaction is material and is not disclosed elsewhere within the accounts. During the year transactions with related parties arose as follows:

	<i>Gross Expenditure</i>	<i>Gross Income</i>
	£	£
<b>Chief Officers</b>		
Personal loans made available under the Council scheme	<b>12,000</b>	<b>(19,832)</b>

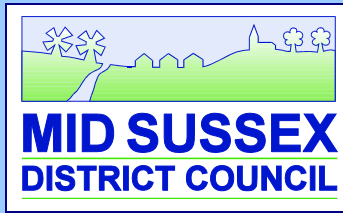
**Census Partnership**

As a result of the Census Partnership between Adur, Horsham and Mid Sussex District Council, there is an agreement to share certain costs of the partnership. As at 31<sup>st</sup> March 2006, the following amounts were due in respect of expenditure in that year:

Mid Sussex liability to	Horsham	£3,847
Mid Sussex liability to	Adur	£1,667
Horsham liability to	Mid Sussex	£43,447
Adur liability to	Mid Sussex	£43,447

**19. Audit Costs**

	2005/06	2004/05
	£	£
Fees payable to the appointed auditors with regard to:		
External Audit Services	<b>94,895</b>	89,172
Statutory inspection		8,073
Fees payable in respect of any other services provided by the appointed auditor over and above the duties described above with regard to:		
Work under S 35 of the Audit Commission Act	<b>0</b>	6,800
Legal fees	<b>613</b>	0
Issues raised by members of the public	<b>1,013</b>	0
Grants (estimated)	<b>40,196</b>	33,000
Fees payable for trust fund audit	<b>800</b>	800
	<b>137,516</b>	<b>137,845</b>



***Collection  
Fund***



## Collection Fund

### Income and Expenditure Account

This statement represents the transactions of the Collection Fund, 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. The costs of administering the collection of this income are accounted for in the General Fund.

	Note	2005/06 £	2004/05 £
<b>Income</b>			
<b>Council Tax</b>			
	1		
Income receivable from Taxpayers		(63,846,599)	(60,719,747)
Transfers to/(from) General Fund			
Council Tax Benefits		(4,174,178)	(3,900,889)
Transitional Relief from previous years		7,214	1,822
<b>Total Council Tax</b>		<b>(68,013,563)</b>	<b>(64,618,814)</b>
<b>National Non-Domestic Rates</b>			
Income collectable from Business Ratepayers	2	(29,871,328)	(27,889,251)
<b>Contributions</b>			
Contribution to/from Previous Year's (Deficit)/Surplus	4	86,000	(6,000)
		<b>(97,798,891)</b>	<b>(92,514,065)</b>
<b>Expenditure</b>			
<b>Demand and Precepts</b>			
West Sussex County Council		53,107,846	49,841,741
Sussex Police Authority		6,136,306	5,755,898
Mid Sussex District Council		9,432,168	8,856,873
<b>National Non-Domestic Rates</b>			
	2		
Payment to National Pool		29,694,076	27,712,715
Cost of Collection Allowance		177,252	176,536
<b>Bad and Doubtful Debts (Council Tax only)</b>			
	3		
Write Offs		84,887	12,714
Provisions		138,622	82,131
		<b>98,771,157</b>	<b>92,438,608</b>
<b>Movement on Fund Balance</b>			
		<b>972,266</b>	<b>(75,457)</b>
<b>Collection Fund Balance</b>			
Balance at the Beginning of the Year		(88,321)	(12,864)
Movement on Fund Balance	4	972,266	(75,457)
<b>Balance at the End of the Year</b>		<b>883,945</b>	<b>(88,321)</b>

## **Notes to the Income and Expenditure Account**

### **1. Council Tax**

Council Tax income derives from charges raised according to the value of residential properties, which have been classified into eight valuation bands estimating 1 April 1991 values for this specific purpose.

The number of chargeable dwellings represents the total number of properties in each band shown on the valuation list as at 30th November 2004 adjusted for exemptions and other estimated changes within the year.

The Council Tax base is the number of chargeable dwellings in each band adjusted for discounts and then by a proportion to convert to a band D equivalent.

An allowance is made for losses on collection.

	<i>No of Chargeable Dwellings</i>	<i>Less Discounts</i>	<i>Net Dwellings</i>	<i>Ratio to Band D</i>	<i>No of Band D Equivalents</i>
<b>Band A</b>	1,565.33	228.60	1,336.73	<i>6/9ths</i>	891.2
<b>Band B</b>	5,264.14	823.90	4,440.24	<i>7/9ths</i>	3,453.5
<b>Band C</b>	11,697.13	1,166.85	10,530.28	<i>8/9ths</i>	9,360.2
<b>Band D</b>	14,834.79	1,035.65	13,799.14	<i>9/9ths</i>	13,799.1
<b>Band E</b>	9,747.03	501.10	9,245.93	<i>11/9ths</i>	11,300.6
<b>Band F</b>	7,453.43	267.55	7,185.88	<i>13/9ths</i>	10,379.7
<b>Band G</b>	3,861.13	117.65	3,743.48	<i>15/9ths</i>	6,239.1
<b>Band H</b>	294.79	9.45	285.34	<i>18/9ths</i>	570.7
<b>Total</b>	54,717.77	4,150.75	50,567.02		55,994.1
			Less Allowances for Loss on Collection (0.6%)		(336.0)
			<b>Council Tax Base</b>		<b>55,658.1</b>

The average band D Council Tax can be calculated by estimating the amount of income required to be taken from the Collection Fund by West Sussex County Council, Sussex Police Authority and the Council (including parish and town council requirements) for the forthcoming year and dividing this by the Council Tax Base as below.

<i>Authority</i>	<i>Demand or Precept £</i>		<i>Council Tax Base</i>		<i>Band D Council Tax £</i>
West Sussex County Council	53,107,846	÷	55,658.1	=	<b>954.18</b>
Sussex Police Authority	6,136,306	÷	55,658.1	=	<b>110.25</b>
Mid Sussex District Council	9,432,168	÷	55,658.1	=	<b>169.47</b> (average)
					<b>1,233.90</b>

To calculate the Council Tax for each band, the band D Council Tax is then multiplied by the ratio specified above for the particular band. There were 24 actual Council Taxes levied for band D properties for each parish area in the district and these ranged from £1,194.97 to £1,254.36.

## **2. National Non-Domestic Rates (NNDR)**

Non-domestic rates are organised on a national basis. The Government specifies an amount for the year (42.2p in 2005/06 and 45.6p in 2004/05) and, subject to transitional arrangements and small hereditament relief, local businesses pay rates calculated by multiplying their rateable value by that amount. The total non-domestic rateable value at the year-end was £94.464m (£73.376m in 2004/05). The Council is responsible for collecting rates due from the ratepayers in its area and pays the proceeds, less an allowance for costs of collection, into the NNDR Pool administered by the Government.

## **3. Bad and Doubtful Debts**

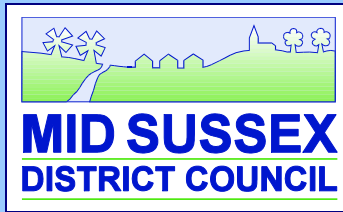
Provision has been made for Council Taxpayers' Bad and Doubtful Debts using an analysis of the recovery position of the debts outstanding as at 31st March 2006. A total of £1,677,322, has been provided against debts of £2,471,775 outstanding as at 31st March 2006.

## **4. Contribution to Previous Year's Surplus/Deficit**

In accordance with legislation, the estimated balance as at 31<sup>st</sup> March 2005 on the Collection Fund (excluding items relating to community charge) was £86,000 surplus and this was notified to both the County Council and Police Authority. This surplus has been added to the contribution to each of these principal authorities in proportion to their Council Tax for the year 2004/05, as follows:

<i>Authority</i>	<i>£</i>	<i>%</i>
West Sussex County Council	<b>66,000</b>	<b>77.33</b>
Sussex Police Authority	<b>8,000</b>	<b>8.93</b>
Mid Sussex District Council	<b>12,000</b>	<b>13.74</b>

At 31<sup>st</sup> March 2006, the fund has moved into deficit. This has been caused by the non-achievement of new properties being added to the tax-base. This deficit will be re-cooped by contributions from the principal authorities in the percentages shown above.



***Consolidated Balance  
Sheet***

## Consolidated Balance Sheet

	Note(s)	As at 31st March 2006	As at 31st March 2005
		£	£
<b>Intangible Assets</b>	1	<b>221,807</b>	210,953
<b>Fixed Assets</b>	2 to 6		
Operational Assets			
Land and Buildings		<b>50,952,463</b>	50,782,868
Vehicles, Plant and Equipment		<b>1,118,560</b>	826,515
Infrastructure Assets		<b>4,020,008</b>	4,020,008
Community Assets		<b>711,393</b>	711,389
Non-Operational Assets		<b>16,545,479</b>	15,202,140
		<b>73,569,710</b>	71,753,873
<b>Long Term Investments</b>	9	<b>0</b>	1,000,000
<b>Long Term Debtors</b>	10	<b>609,569</b>	675,970
<b>Total Long Term Assets</b>		<b>74,179,279</b>	73,429,843
<b>Current Assets</b>			
Stocks	11	<b>41,507</b>	48,662
Debtors	12	<b>5,595,958</b>	3,436,662
Investments	14	<b>8,000,000</b>	8,500,000
Bank	15	<b>954,867</b>	697,689
		<b>14,592,332</b>	
<b>Current Liabilities</b>			
Creditors	13	<b>(8,125,072)</b>	(7,306,986)
Provision	17	<b>0</b>	0
		<b>(8,125,072)</b>	
<b>Total Assets Less Current Liabilities</b>		<b>80,646,539</b>	78,805,870
<b>Liability related to Defined Benefit Pension Scheme</b>	24	<b>(23,940,000)</b>	(21,870,000)
<b>Total Assets Less Liabilities</b>		<b>56,706,539</b>	56,935,870
<b>Fixed Asset Restatement Account</b>	20	<b>54,942,440</b>	51,942,538
<b>Capital Financing Account</b>	21	<b>17,769,430</b>	18,938,767*
<b>Government Grants Deferred</b>	7	<b>1,193,493</b>	856,766*
<b>Deferred Credits</b>	16	<b>434,370</b>	496,473
<b>Usable Capital Receipts Reserve</b>	22	<b>732,777</b>	1,307,875
<b>Earmarked Specific Reserve</b>	23	<b>791,791</b>	658,899*
<b>Pension Reserve</b>	24	<b>(23,940,000)</b>	(21,870,000)
<b>Balances</b>			
General Fund	23	<b>5,666,183</b>	4,516,231*
Collection Fund		<b>(883,945)</b>	88,321
		<b>4,782,238</b>	
<b>Total Reserves and Balances</b>		<b>56,706,539</b>	56,935,870

\*The opening balances of these reserves have been restated. Details are shown in the appropriate note to the Balance Sheet.

## Notes to the Consolidated Balance Sheet

### 1. Intangible Assets

	Gross Book Value £	Less Amortised £	Net Book Value £
Balances B/Fwd	265,666	(54,713)	210,953
Expenditure in Year	64,291		64,291
Written off to revenue in year		(53,437)	(53,437)
Balance at 31st March 2006	329,957	(108,150)	221,807

Software licences are held for various systems. New licences cost £64,291 in 2005/06. The cost is being written off over the 5-year life of the licences.

### 2. Movements in Fixed Assets

	Land and Buildings £	Vehicles, Plant and Equipment £	Infrastructure Assets £	Community Assets £	Non Operational Assets £	Total £
<b>Balance B/Fwd</b>						
Gross Book Value	54,437,970	1,511,007	4,020,008	711,389	15,289,380	75,969,754
Less Accumulated Depreciation	(3,655,102)	(684,492)	0	0	(87,240)	(4,426,834)
Net Book Value	50,782,868	826,515	4,020,008	711,389	15,202,140	71,542,920
<b>Transactions</b>						
Revaluations	1,109,267	0			1,359,000	2,468,267
Acquisitions	0	363,034		4		363,038
Enhancements	207,826	224,044	0			431,870
Disposals	(96,500)	(25,511)			(1)	(122,012)
Transfers	850 *	0			(850) *	0
	1,221,443	561,567	0	4	1,358,149	3,141,163
<b>Depreciation</b>						
Current Year	(1,661,491)	(295,033)	0	0	(32,300)	(1,988,824)
Revaluation Adjustment	593,714	0			17,250	610,964
Disposal Adjustment	16,169	25,511				41,680
Transfers	(240) *	0			240 *	0
	169,595	292,045	0	4	1,343,339	1,804,983
<b>Balance C/Fwd</b>						
Gross Book Value	55,659,413	2,072,574	4,020,008	711,393	16,647,529	79,110,917
Less Accumuated Depreciation	(4,706,950)	(954,014)	0	0	(102,050)	(5,763,014)
Net Book Value	50,952,463	1,118,560	4,020,008	711,393	16,545,479	73,347,903

\* Transfer due to reclassification change of Non-Operational Assets to Operational Assets in line with SORP 2004.

### 3. Capital Expenditure and Financing

The table below shows an analysis of capital expenditure during the year and how it was financed:

	£		£
<b>Expenditure</b>		<b>Financing</b>	
Fixed Assets	794,905	Usable Receipts	1,386,223
Intangible Assets	64,291	Earmarked Specific Reserve	59,558
Other Assets	121,757	Government Grants	379,585
Improvement Grants	449,463	Section 106 Agreements	28,866
Other Grants	437,801	Commutated Sums	13,985
	<b>1,868,217</b>		<b>1,868,217</b>

### 4. Information on Assets Held

The following is an analysis of the fixed assets owned by the Council that are included in the Balance Sheet.

	Number as at 31st March 06	Number as at 31st March 05
<b>Land and Buildings</b>		
Car Parks	32	32
Parks and Recreation Grounds ( <i>with sports pitches</i> )	38	38
Housing Properties	2	1
Halls and Community Centres	2	2
Leisure Centres	3	3
Pavilions	24	24
Public Conveniences	24	26
Office Buildings	3	3
Depots and Workshops	1	1
Other Operational Assets *	25	23
<b>Vehicles, Plant and Equipment</b>		
Computer	36	30
Equipment ( <i>items over £10,000</i> )	7	5
<b>Infrastructure Assets</b>		
Drainage Assets	53	53
Highway Land	73	73
Permanent Ways	11	11
<b>Community Assets</b>		
Parks and Open Spaces ( <i>without sports pitches</i> )	252	250
Cemeteries	2	2
Allotment Sites	4	4
Historic Buildings	2	2
Works of Art	18	18
Other Community Assets ( <i>includes Footpaths, Ponds &amp; Woods</i> )	13	12
<b>Non-Operational Assets</b>		
Industrial and Other Estate Sites	7	7
Central Development Area Sites	13	13
Shops	4	4
Day Centres	6	6
Assets under Construction	-	-
Other Non-Operational Assets	45	47

\* Other operational assets consist mainly of areas of land where third parties have been given permission to build assets (pavilions, club houses etc). In these cases Mid Sussex District Council is the freeholder. These assets were previously classed as Non-Operational, the change of category is in accordance with SORP 2004.

### 5. Commitments under Capital Contracts

After taking account of the capital expenditure in 2005/06, the Council has authorised expenditure of £6.8m in future years to 2009/10. Expenditure of £159,038 related to contracts entered into prior to 31st March 2006.

### 6. Assets held under Finance Leases

No new finance lease agreements have been entered into for a number of years. All existing finance leases are now in the secondary rental period, none of which are above the de minimis level of £10,000.

### 7. Government Grant Deferred and Capital Contributions Account

The movements for Government Grant Deferred and capital Section 106 agreements were as follows:

	Gov Grants Deferred £	Gov Grants Deferred £	Capital Contribution S106 * £	Total £
Balance brought forward at 01.04.05 *		545,941	310,825	856,766
Capital Contributions from Developers			371,723	371,723
Capital Expenditure Section 106			(18,684)	(18,684)
Government Grant received and applied in year				
Intangible assets purchased in year	7,301			
Tangible assets purchased in year	142,699	150,000		150,000
Unapplied balance of Grant received in year		0		0
Written down in year				
amortised for intangible fixed assets	(45,302)			
amortised for fixed assets	(121,010)	(166,312)		(166,312)
Balance carried forward at 31.03.06		529,629	663,864	1,193,493

\* Section 106 balances have been reclassified to this Government Grant Deferred Account from balances held in the General Reserve. Section 106 receipts are monies paid to the Council by developers as a result of the grant of planning permission where works are required to be carried out or new facilities provided as a result of that permission (eg playgrounds and equipment). The sums are restricted to being spent only in accordance with the agreement concluded with the developer.

### 8. Deferred Charges

The movements in deferred charges during 2005/06 were as follows:

	£	£
Balance brought forward at 01.04.05	0	0
Expenditure on Improvement Grants	449,463	
Expenditure on Better Mid Sussex		202,841
Less amount funded by Capital Reserve	(221,463)	0
Less amount funded by Grant	(228,000)	0
Less amount funded by Capital Contribution		(202,841)
Balance carried forward at 31.03.06	0	0



**9. Long Term Investments**

	31st March 2006 at Cost £	31st March 2005 at Cost £
Treasury Management Investments	<b>0</b>	1,000,000

This Treasury Management Investment matures in October 2006.

**10. Long Term Debtors**

	<i>Balance at 1st April 2005 £</i>	<i>Advances in year £</i>	<i>Repayments in year £</i>	<i>Balance at 31st March 2006 £</i>
Housing Advances	3,838		(1,168)	<b>2,670</b>
DIYSO	17,784		37	<b>17,821</b>
Council Houses	144,081		(36,307)	<b>107,774</b>
Miscellaneous Loans	257,709		(24,664)	<b>233,045</b>
ADC Loan Agreement	75,000		0	<b>75,000</b>
Personal Loan Scheme	177,558	62,236	(66,535)	<b>173,259</b>
	<u>675,970</u>	<u>62,236</u>	<u>(128,637)</u>	<u><b>609,569</b></u>

**11. Stocks**

	31st March 2006 £	31st March 2005 £
Stationery	<b>0</b>	4,245
Catering - Bar Supplies etc	<b>36,261</b>	41,488
Sports Shop - Goods	<b>5,246</b>	2,929
	<u><b>41,507</b></u>	<u>48,662</u>

**12. Debtors**

	31st March 2006 £	31st March 2005 £
<b>Amounts falling due within one year</b>		
Government Departments	2,676,359	893,642
Other Local Authorities	311,262	189,137
Council Taxpayers (incl.costs)	2,619,804	2,267,203
Non-Domestic Ratepayers (incl.costs)	2,263,277	3,367,928
New Downland Housing Association	53	348
Payments In Advance	142,917	124,894
Sundry Debtors	1,780,634	1,884,058
	<b>9,794,306</b>	8,727,210
<b>Provision for Doubtful Debts</b>	<b>(4,198,348)</b>	(5,290,548)
	<b>5,595,958</b>	3,436,662

**13. Creditors**

	31st March 2006 £	31st March 2005 £
Government Departments	(759,326)	(948,868)
Other Local Authorities	(203,345)	(140,495)
Council Taxpayers	(1,454,327)	(1,090,042)
Non-Domestic Ratepayers *	(1,042,678)	(1,363,899)
Other Receipts In Advance **	(2,774,078)	(1,822,138) **
Sundry Creditors **	(1,891,318)	(1,941,544) **
	<b>(8,125,072)</b>	(7,306,986)

\* The Non Domestic Ratepayers value has been reviewed in 2005/06.

\*\* Section 106 Time Limited Contributions have been included as other receipts in advance, and restated from sundry debtors for 2005.

**14. Investments**

As a consequence of rules introduced by the Local Government and Housing Act 1989 the Council has a formal policy on investment of surplus funds. Short term investments comprise deposits with other Local Authorities, banks and similar institutions. Maturity is within one year.

	31st March 2006 at Cost £	31st March 2005 at Cost £
Treasury Management Investments	<b>8,000,000</b>	8,500,000

### 15. Bank

This comprises the following:

	31st March 2006 £	31st March 2005 £
Bank Balance 31st March as per Bank	<b>584,201</b>	587,286
less unrepresented cheques/BACS	<b>(231,759)</b>	(332,780)
	<b>352,442</b>	254,506
Petty Cash and Change Floats	<b>8,343</b>	7,729
Cash in Transit	<b>594,082</b>	435,454
Bank Balance 31st March as per MSDC	<b>954,867</b>	697,689

### 16. Deferred Credits

Deferred Credits represent capital income still to be received. They consist of the principal outstanding from mortgage loans on sales of Council houses, advances to Housing Associations, Housing Advances and other miscellaneous loans. Also included is the loan agreement with the former Association of District Councils (ADC).

### 17. Provisions

There are no provisions for 2005/06.

### 18. Contingent Liabilities

The Council has guaranteed deposits to private landlords under the Deposit Guarantee Scheme. At 31st March 2006 the amount guaranteed was £15,952 (£17,944 at 31<sup>st</sup> March 2005). It is not usual for deposits to be for longer than one year and the whole of the liability will have expired by 3rd March 2007.

At 31<sup>st</sup> March 2005, the Council was in dispute with an individual over the nature of his occupation of agricultural land. This dispute was resolved in 2005 and a full and final settlement of all matters in respect of this claim was reached. At 31<sup>st</sup> March 2006, there is another dispute with the same person in connection with a claim against the Council in the sum of approximately £11,000 representing the cost of grazing his sheep on Council land. The Council does not believe that the amount claimed is valid and therefore is not recognising any related costs in the accounts for the year.

In addition to the sums shown within the balance sheet, a further tranche of expenditure has accrued to the Better Mid Sussex Town Centre Revitalisation Project. This is comprised of the £440,000 advance for 2005/06 and other costs incurred in visioning and master-planning that have been borne by Thornfield Properties Plc. These are presently accruing interest until repayment is made by deducting these costs from a property transaction and / or capital receipt. This is likely to be partly in the short term (within one year) with the majority repayment deferred until the first town centre is redeveloped. At 31<sup>st</sup> March 2006 the total sum to be offset in this way was £1.531m.

As at 31<sup>st</sup> March 2005 there was a potential outstanding claim against the Council for costs arising from an award by a Planning Inspector in favour of a successful applicant. No sum was accrued in the accounts. At 31<sup>st</sup> March 2006, this matter is still outstanding, and again no accrual has been made.

There are two outstanding appeals under the Licensing Act where the Council has refused licences to traders. If these appeals are successful and costs are found against the Council, these costs are not expected to exceed £2,000 in total.

The Council is in dispute with a contractor involved in the construction of the Triangle Leisure Centre. An estimate of the claim is £250,000.

The claim in respect of the data conversion project undertaken by WSCC has been settled in the year.

### 19. Contingent Assets

There are no contingent assets as at 31 March 2006.

### 20. Fixed Asset Restatement Account

The balance on this account represents the difference between the valuation of the assets under the previous system of capital and the revaluation as at 1st April 1994. The account will be written down by the net book value of assets as they are disposed of and debited or credited with the deficits or surpluses arising on future revaluations.

	Year to 31st March 2006 £	Year to 31st March 2005 £
Balance brought forward at 1st April	<b>51,942,538</b>	50,114,646
Surplus on Revaluation of Fixed Assets	<b>3,080,234</b>	2,140,578
Disposal of Fixed Assets	<b>(80,332)</b>	(312,686)
Balance carried forward at 31st March	<b>54,942,440</b>	51,942,538

### 21. Capital Financing Account

The capital financing account required under the new system of capital accounting contains the amount of capital expenditure financed from revenue and capital receipts, and the amount provided for depreciation.

	Year to 31st March 2006 £	Year to 31st March 2005 £
Balance brought forward at 1st April **	<b>18,938,767</b>	20,729,209
Used to Finance Fixed Assets	<b>59,558</b>	4,548
Capital Contributions	<b>648,054</b>	85,780
Government Grant release for year	<b>166,312</b>	114,785
Improvement Grants	<b>221,463</b>	161,018 *
Less		
- Depreciation Provision	<b>(1,988,824)</b>	(1,910,696)
- Amortisation Intangible Assets	<b>(53,437)</b>	(42,397)
- Impairment	<b>(1,000)</b>	0
- Deferred Charges Amortised	<b>(221,463)</b>	(161,018) *
Balance carried forward at 31st March	<b>17,769,430</b>	18,981,229

\* restated for 2004/05

\*\* The brought forward balance is different by £42,462 as this Section 106 Capital Contribution has been transferred to the Government Grant Deferred and Capital Contributions Account, refer to Balance Sheet Note 7.

## 22. Usable Capital Receipts Reserve

The usable capital receipts reserve represents the capital receipts available to finance capital expenditure.

	Year to 31st March 2006 £	Year to 31st March 2005 £
Balance brought forward at 1st April	<b>1,307,875</b>	176,937
Capital Receipts during Year	<b>749,022</b>	1,034,081
Mortgage Principal Repaid	<b>62,103</b>	96,857
	<b>2,119,000</b>	1,307,875
less applied for capital financing	<b>(1,386,223)</b>	0
Balance carried forward at 31st March	<b>732,777</b>	1,307,875

## 23. Earmarked Specific Reserves and General Fund Balances

	Balance at 1st April * £	Contributions £	Financing £	Balance at 31st March £
Specific Reserve	658,899 *	1,277,017	(1,144,125)	<b>791,791</b>
General Fund Balances	4,516,231 *	2,574,302	(1,424,350)	<b>5,666,183</b>
	<b>5,175,130 *</b>	<b>3,851,319</b>	<b>(2,568,475)</b>	<b>6,457,974</b>

- **Earmarked Specific Reserve** - This reserve comprises amounts for particular purposes and for which Member authorisation has been obtained as to how these may be applied.
- **Special Reserve** – The balance of this reserve, £106,405 has been consolidated within General Fund Balances. It contained amounts directed to a service or a purpose but for which no decision has yet been taken as to how these amounts will be applied.
- **General Fund Balances** - This includes amounts earmarked for the Capital Programme and amounts provided by developers as commuted sums in lieu of future maintenance. It also includes all non-earmarked elements and from 1 April 2005, the Special Reserve balance of £106,405 and the General Fund Balance of £907,000 have been combined within this figure.

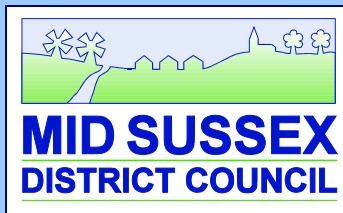
## 24. Pensions Reserve

Following the adoption of FRS17 Retirement Benefits, the Balance Sheet includes a pensions liability balanced by a pensions reserve of the same value. The movements on the reserve were as follows:

	Year to 31st March 2006 £	Year to 31st March 2005 £	Year to 31st March 2004 £	Year to 31st March 2003 £
Current service cost	<b>(1,430,000)</b>	(1,340,000)	(920,000)	(815,000)
Employers contribution	<b>1,470,000</b>	1,662,000	1,240,000	778,000
Past service costs	<b>(130,000)</b>	(30,000)	0	(14,000)
Contributions in respect of unfunded benefits	<b>100,000</b>	107,000	110,000	0
Impact of settlements and curtailments	<b>0</b>	(310,000)	0	(207,000)
Net return on assets	<b>(550,000)</b>	(210,000)	(790,000)	(470,000)
Financing from Pension Reserve	<b>(540,000)</b>	(121,000)	(360,000)	(728,000)
Actuarial gains / (losses)	<b>(1,530,000)</b>	(8,499,000)	4,457,000	(7,888,000)
<b>Total movement on reserve in year</b>	<b>(2,070,000)</b>	(8,620,000)	4,097,000	(8,616,000)
<b>Balance b/forward at 1st April</b>	<b>(21,870,000)</b>	(13,250,000)	(17,347,000)	(8,731,000)
<b>Balance c/forward at 31st March</b>	<b>(23,940,000)</b>	(21,870,000)	(13,250,000)	(17,347,000)

## 25. Post Balance Sheet Events

There are no post balance sheet events.



***Statement Of Total Movements  
In Reserves***

### **Statement of Total Movements in Reserves**

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

	Note	2005/06 £	2005/06 £	2004/05 £
Movements in revenue reserves		1,284,844		83,145
Collection Fund		(972,266)		75,457
<i>Deduct</i> appropriation from pensions reserve		(540,000)		(121,000)
Actuarial gains and losses relating to pensions		(1,530,000)		(8,499,000)
<b>Total increase / (decrease) in revenue resources</b>	<b>1</b>		<b>(1,757,422)</b>	(8,461,398)
Increase / (decrease) in usable capital receipts		(637,201)		1,034,081
Increase / (decrease) in unapplied grants and contributions		0		0
<b>Total increase / (decrease) in realised capital resources</b>	<b>2</b>		<b>(637,201)</b>	(7,427,317)
Gains / (losses) on revaluation of fixed assets		3,080,234		2,140,578
Impairment losses on fixed assets due to general changes in prices		0		0
<b>Total increase / (decrease) in unrealised value of fixed assets</b>	<b>3</b>		<b>3,080,234</b>	(5,286,739)
<b>Value of assets sold, disposed of or decommissioned</b>	<b>4</b>		<b>(80,332)</b>	(312,686)
Capital receipts set aside		1,095,387		205,113
Revenue resources set aside		(2,264,724)		(1,953,093)
Movement on Government Grants Deferred		336,728		235,215
<b>Total increase / (decrease) in amounts set aside to finance capital investment</b>	<b>5</b>		<b>(832,609)</b>	
<b>Total recognised gains and losses</b>			<b>(227,330)</b>	(7,112,190)

\* The opening balances have been restated due to the transfer of Special Reserve to being included as part of the General Fund Balances. Also, the Section 106 contributions have been transferred from General Fund Balances to Government Grant Deferred Account.

\* The 2004/05 movement has not been restated.



## Notes to the Statement of Total Movements in Reserves

### 1. Movements in revenue resources

	Earmarked Specific Reserve £	General Fund Balances £	Pensions Reserve £	Collection Fund £
Surplus / (deficit) from 2005/06		209,198		(972,266)
Appropriations to / (from) revenue	132,892	940,754	(540,000)	
Actuarial gains and losses relating to pensions			(1,530,000)	
	132,892	1,149,952	(2,070,000)	(972,266)
<b>Balance brought forward at 1st April 2005 *</b>	658,899	4,516,231	(21,870,000)	88,321
<b>Balance carried forward at 31st March 2006</b>	791,791	5,666,183	(23,940,000)	(883,945)

\* The opening balances have been restated due to the transfer of Special Reserve to being included as part of the General Fund Balances. Also, the Section 106 contributions have been transferred from General Fund Balances to Government Grant Deferred Account.

The actuarial gains identified as movements on the Pensions Reserve in 2005/06 can be analysed into the following categories, measured as absolute amounts and as a percentage of assets at 31<sup>st</sup> March 2006.

	2005/06		2004/05		2003/04		2002/03	
	£000s	%	£000s	%	£000s	%	£000s	%
Actual return less expected return on pension scheme assets	6,380	13.90	1,538	4.20	4,470	13.90	(8,180)	31.90
Experience gains and losses arising from scheme liabilities	10	0.60	(372)	1.00	(13)	0.00	292	1.10
Difference between actuarial assumptions about liabilities and actual experience	(7,920)	17.29	(9,665)	26.40	0	0.00	0	0.00
<b>Actuarial gain/(loss)</b>	<b>(1,530)</b>		<b>(8,499)</b>		<b>4,457</b>		<b>(7,888)</b>	

**2. *Movements in realised capital resources***

	<i>Usable Capital Receipts</i> £	<i>Deferred Credits</i> £	<i>Total</i> £
Amounts received in 2005/06	749,022		749,022
Mortgage principal repaid	62,103	(62,103)	0
less applied for capital financing	(1,386,223)		(1,386,223)
Total increase / (decrease) in realised capital resources in 2005/06	(575,098)	(62,103)	(637,201)
<b>Balance brought forward at 1st April 2005</b>	<b>1,307,875</b>	<b>496,473</b>	
<b>Balance carried forward at 31st March 2006</b>	<b>732,777</b>	<b>434,370</b>	

**3. *Movements in unrealised value of Fixed Assets***

	<i>Fixed Asset Restatement Account</i> £
Gains / (losses) on revaluation of fixed assets in 2005/06	<b>3,080,234</b>

**4. *Value of assets sold, disposed of or decommissioned***

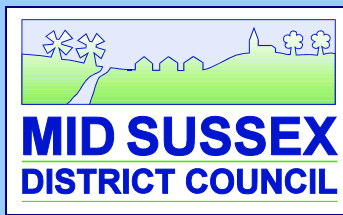
Amounts written off fixed asset balances for disposals in 2005/06	(80,332)
<b>Total movement on reserve in 2005/06</b>	<b>2,999,902</b>
<b>Balance brought forward at 1st April 2005</b>	<b>51,942,538</b>
<b>Balance carried forward at 31st March 2006</b>	<b>54,942,440</b>

**5. Movements in amounts set aside to finance capital investment**

	<i>Capital Financing Account</i>	<i>Government Grants Deferred &amp; Section 106 Contributions</i>	<i>Total</i>
	£	£	£
<b>Capital receipts set aside in 2005/06</b>			
usable receipts applied	1,095,387		1,095,387
Section 106 contributions from developers		371,723	371,723
<b>Total capital receipts set aside in 2005/06</b>	<b>1,095,387</b>	<b>371,723</b>	<b>1,467,110</b>
<b>Revenue resources set aside in 2005/06</b>			
capital expenditure financed from revenue			
deferred charges	(221,463)	0	(221,463)
impairment	(1,000)		(1,000)
depreciation of fixed assets	(1,988,824)	0	(1,988,824)
amortisation intangible assets	(53,437)	0	(53,437)
<b>Total Revenue reserves set aside in 2005/06</b>	<b>(2,264,724)</b>	<b>0</b>	<b>(2,264,724)</b>
<b>Total resources set aside in 2005/06</b>	<b>(1,169,337)</b>	<b>0</b>	<b>(797,614)</b>
Section 106 contributions repaid		(18,684)	
Grants applied to capital investment in 2005/06		150,000	150,000
Credits to asset management revenue account in 2005/06		(166,312)	(166,312)
Unapplied balance			0
<b>Movement on Government Grants Deferred</b>		<b>336,727</b>	<b>(16,312)</b>
<b>Total increase / (decrease) in amounts set aside to finance capital investment</b>			<b>(813,926)</b>
<b>Total movement on reserve in 2005/06</b>	<b>(1,169,337)</b>	<b>336,727</b>	
<b>Balance brought forward at 1st April 2005</b>	<b>18,938,767</b> *	<b>856,766</b> **	
<b>Balance carried forward at 31st March 2006</b>	<b>17,769,430</b>	<b>1,193,493</b>	

\* The opening balance has been restated, refer to Balance Sheet Note 21.

\*\* The opening balance has been restated to include Section 106 capital contributions, refer to Balance Sheet note 7.



***Cash Flow  
Statement***

## Cash Flow Statement

This consolidated statement summarises the inflows and outflows of cash arising from transactions between the Council and external bodies and individuals for both revenue and capital purposes.

		2005/06		2004/05	
	Note	£	£	£	£
<b>Revenue Activities</b>					
<b>Cash Outflows</b>					
Cash Paid to and on Behalf of Employees		14,092,801			14,396,589
Other Operating Cash Payments	5	18,031,439			15,212,199
Housing Benefit Paid Out		16,511,060			15,637,046
NNDR Payments to National Pool		30,011,703			28,245,343
Payments to Preceptors		61,797,509			57,934,533
			<b>140,444,512</b>		<b>131,425,710</b>
<b>Cash Inflows</b>					
Rents (after Rebates)		(1,509,502)			(1,467,001)
Council Tax Receipts		(63,763,781)			(60,442,969)
NNDR Payments from National Pool		(4,219,347)			(4,625,901)
Non-Domestic Rate Receipts		(29,378,446)			(27,196,207)
Revenue Support Grant	3	(1,873,158)			(1,909,229)
DWP Grants for Benefits	3	(18,637,336)			(22,088,668)
Other Government Grants	3	(970,422)			(818,183)
Cash Received for Goods and Services		(17,330,194)			(14,784,154)
Other Operating Receipts		(158,166)			(1,000,438)
			<b>(137,840,352)</b>		<b>(134,332,750)</b>
<b>Net Cash (Inflow)/Outflow - Revenue Activities</b>	<b>1</b>		<b>2,604,160</b>		<b>(2,907,040)</b>
<b>Servicing of Finance</b>					
<b>Cash Outflows/(Inflows)</b>					
Interest Paid		0			4,445
Interest Element of Finance Lease Rental Payments		37,500			2,802
Interest Received		(773,226)			(668,163)
			<b>(735,726)</b>		<b>(660,916)</b>
<b>Capital Activities</b>					
<b>Cash Outflows</b>					
Purchase of Fixed Assets		709,674			1,019,921
Purchase of Long Term Investments		0			0
Capital Grants & Other Capital Payments		228,000			119,519
			<b>937,674</b>		<b>1,139,440</b>
<b>Cash Inflows</b>					
Sale of Fixed Assets		(213,185)			(1,130,918)
Capital Grants Received	3	(378,000)			(578,000)
Other Capital Receipts		(972,101)			(119,116)
			<b>(1,563,286)</b>		<b>(1,828,034)</b>
			<b>(625,612)</b>		<b>(688,594)</b>
<b>Net cash (Inflow)/Outflow before financing</b>		C/Fwd	<b>1,242,822</b>		<b>(4,256,550)</b>

	Note	2005/06 £	2004/05 £
<b>Net Cash (Inflow)/Outflow before Financing</b>	B/Fwd	<b>1,242,822</b>	(4,256,550)
<b>Management of liquid resources</b>			
Net increase / (decrease) in short-term deposits	2	<b>(500,000)</b>	5,000,000
Net increase / (decrease) in other liquid resources		<b>0</b>	0
		<b>(500,000)</b>	5,000,000
		<b>742,822</b>	743,450
<b>Financing</b>			
<b>Cash Outflows</b>			
Net (sale) of long term investments		<b>(1,000,000)</b>	(1,000,000)
Capital element of finance lease rental payments		<b>0</b>	0
<b>(Increase)/decrease in cash and cash equivalents</b>	4	<b>(257,178)</b>	(256,550)

## **Notes to the Cash Flow Statement**

### **1. Reconciliation to Consolidated Revenue Account**

	Net Expenditure 2005/06 £	Net Expenditure 2004/05 £
<b>Consolidated (Surplus) / Deficit</b>	<b>(209,198)</b>	0
Include Movement on Collection Fund Balance	<b>972,266</b>	(75,457)
Include Revenue Movements on:		
Stocks	<b>(7,155)</b>	(6,171)
Debtors	<b>1,747,892</b>	(935,564)
Creditors	<b>(504,970)</b>	(1,932,357)
Provisions	<b>0</b>	(255,000)
Exclude		
Servicing of Finance	<b>768,199</b>	669,706
Net Contribution to/(from) Capital and Reserves	<b>(162,874)</b>	(372,197)
<b>Net Cash Flow on Revenue Activities</b>	<b>2,604,160</b>	(2,907,040)

### **2. Reconciliation of Management of Liquid Resources**

The liquid resources shown in this statement are current asset investments that are readily disposable by the Council without disrupting its business and are either: readily convertible to known amounts of cash, or are traded in an active market.

	2005/06 £	2004/05 £
Opening balance 1st April	<b>8,500,000</b>	3,500,000
New short-term investments	<b>106,350,402</b>	103,652,986
Repayment of short-term investments	<b>(106,850,402)</b>	(98,652,986)
Closing balance 31st March	<b>8,000,000</b>	8,500,000

### 3. Government and Other Grants

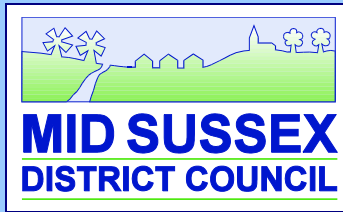
	2005/06 £	2004/05 £
<b>Revenue</b>		
Housing Benefits Administration	<b>769,710</b>	708,277
Other	<b>200,712</b>	109,906
	<b>970,422</b>	818,183
DWP Grants for Benefits	<b>18,637,336</b>	22,088,668
Revenue Support Grant	<b>1,873,158</b>	1,909,229
	<b>21,480,916</b>	24,816,080
<b>Capital</b>		
Improvement Grants	<b>228,000</b>	228,000
Social Housing Grant	<b>0</b>	0
Other Capital Grants	<b>0</b>	0
IEG Grant	<b>150,000</b>	350,000
	<b>378,000</b>	578,000
	<b>21,858,916</b>	25,394,080

### 4. Reconciliation of the Movement in Cash to the Movement in Net Debt

	2005/06 £	2004/05 £
Long Term Investments balance 1st April	<b>1,000,000</b>	2,000,000
Long Term Investments balance 31st March	<b>0</b>	1,000,000
Net movement on Long Term Investments	<b>(1,000,000)</b>	(1,000,000)
Net movement on Short Term Investments	<b>(500,000)</b>	5,000,000
	<b>(1,500,000)</b>	4,000,000
Net cash (inflow)/outflow before financing	<b>1,242,822</b>	(4,256,550)
	<b>(257,178)</b>	(256,550)
<b>Movement in Cash</b>		
Cash and bank balance 1st April	<b>697,689</b>	441,139
Cash and bank balance 31st March	<b>954,867</b>	697,689
<b>Increase/(Decrease) in Cash</b>	<b>257,178</b>	<b>256,550</b>

### 5. Exceptional Items

This includes payment of £85,457, for repair work as detailed in Consolidated Revenue Account Note 2.



***Auditor's Opinion  
And Certificate***



## ***Auditor's Opinion and Certificate***

### ***Independent Auditor's Report to Mid Sussex District Council***

#### **Opinion on the financial statements**

I have audited the financial statements of Mid Sussex District Council for the year ended 31 March 2006 under the Audit Commission Act 1998. These comprise the Consolidated Revenue Account, the Balance Sheet, the Cashflow Statement, the Statement of Total Movement in Reserves and the related notes. These financial statements have been prepared under the accounting policies set out within them.

This report is made solely to Mid Sussex District Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 36 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission.

#### **Respective Responsibilities of the Head of Finance and Auditors**

The Head of Finance's responsibilities for preparing the financial statements in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2005 are set out in the Statement of Accountable Officer's Responsibilities.

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

I report to you my opinion as to whether the financial statements present fairly, in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2005:

- the financial position of the Authority and its income and expenditure for the year.

I review whether the statement on internal control reflects compliance with CIPFA's guidance: The Statement on Internal Control in Local Government: Meeting the requirements of the Accounts and Audit Regulations 2003 (published April 2004). I report if it does not comply with proper practices specified by CIPFA or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the statement on internal control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Council's corporate governance procedures or its risk and control procedures.

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

### **Basis of Audit Opinion**

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

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

### **Opinion**

In my opinion:

- the financial statements present fairly, in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2005, the financial position of Mid Sussex District Council as at 31 March 2006 and its income and expenditure for the year then ended.

Chris Westwood, District Auditor and Relationship Manager  
The Audit Commission, Southern House, Sparrow Grove  
Otterbourne, Winchester, SO21 2RU

**28 September 2006**

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

#### **Authority's Responsibilities**

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

Under the Local Government Act 1999, the authority is required to prepare and publish a best value performance plan summarising the authority's assessment of its performance and position in relation to its statutory duty to make arrangements to ensure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

#### **Auditor's Responsibilities**

I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the authority for securing economy, efficiency and effectiveness in its

use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion in relation to proper arrangements, having regard to relevant criteria specified by the Audit Commission for principal local authorities. I report if significant matters have come to my attention which prevent me from concluding that the authority has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

I am required by section 7 of the Local Government Act 1999 to carry out an audit of the authority's best value performance plan and issue a report:

- certifying that I have done so;
- stating whether I believe that the plan has been prepared and published in accordance with statutory requirements set out in section 6 of the Local Government Act 1999 and statutory guidance; and
- where relevant, making any recommendations under section 7 of the Local Government Act 1999.

### **Conclusion**

I have undertaken my audit in accordance with the Code of Audit Practice and I am satisfied that, having regard to the criteria for principal local authorities specified by the Audit Commission and published in July 2005, in all significant respects, Mid Sussex District Council made proper arrangements to secure economy, efficiency, and effectiveness in its use of resources for the year ending 31 March 2006.

### **Best Value Performance Plan**

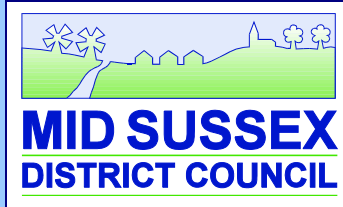
I issued my statutory report on the audit of the authority's best value performance plan for the financial year 2005/06 on 25 October 2005. I did not identify any matters to be reported to the authority and did not make any recommendations on procedures in relation to the plan.

### **Certificate**

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

Chris Westwood, District Auditor and Relationship Manager  
The Audit Commission, Southern House, Sparrow Grove  
Otterbourne, Winchester, SO21 2RU

***28 September 2006***



***Statement on Internal Control***

## **Statement on Internal Control**

### **1. *Scope of responsibility***

The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded and properly accounted for, and used economically and efficiently. 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 also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of the Council's functions and which includes arrangements for the management of risk.

### **2. *The purpose of the system of internal control***

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

The system of internal control has been in place at the Council for the year ended 31<sup>st</sup> March 2006 and up to the date of the approval of the Statement of Accounts.

### **3. *The internal control environment***

The Council was awarded a score of 3 (out of 4) for the Use of Resources assessment in 2005. The scoring demonstrates that the Council is 'consistently above minimum requirements – performing well.'

The key elements of the internal control environment are summarised below:

#### **3.1 *Establishing and monitoring the achievement of the Council's objectives and managing performance***

The 2005/07 Corporate Plan was approved by Council on 9<sup>th</sup> March 2005 which brings together all the activities of the Council into a single document under the three themes: Better Environment, Better Lives and Better Services. This document shows the actions necessary and the expected outcomes required to achieve each objective, identifies the responsible officer, and the timescale. This then informs the job plans of individual officers. A Corporate Plan and Best Value Performance Plan for 2006/07 was published as part of the report to Council on 1<sup>st</sup> March 2006. This Plan was produced within the context of the Community Strategy.

A computerised performance management system was used to report progress against the Corporate Plan, providing a "traffic light" system to enable officers and Members to monitor the progress of the Plan and quickly identify any areas of poorer or declining performance so that remedial action can be taken. Performance was frequently reviewed by the Council's Cabinet and by the Performance and Scrutiny Committee.

Portfolio Holders met regularly with Heads of Service during 2005/06 to discuss key operational issues for the services for which they had responsibility.

### **3.2 Policy and decision making**

The Council operates according to its constitution which sets out how decisions are made, those that are delegated to Cabinet, Committees and Officers and the procedures to be followed to ensure that these are efficient, transparent and accountable to local people. The constitution is kept under review, has been significantly revised in both May 2005 and May 2006, the revision process will be continued in 2006/07.

The Cabinet has responsibility for the day-to-day business of the Council. It is made up of a Leader and four (five from 2006/07) Portfolio Holders appointed by the Council. Reports to be considered are published in the forward plan (public document) in so far as they can be anticipated. Portfolio Holders have delegated responsibility for certain executive functions and decisions made are published in the Members Information Service.

During the year the Performance and Scrutiny Committee, supported the work of the Cabinet and the Council as a whole. Reports and recommendations from this body informed and advised the Cabinet and the Council on its policies, budget and service delivery. The Scrutiny process also monitored the decisions of the Cabinet. The 'call-in' procedure allowed the Performance and Scrutiny Committee to review decisions made by the Cabinet thus presenting challenge and the opportunity for a decision to be reviewed. The Audit Sub-Committee monitored the work of Internal Audit.

### **3.3 Compliance with established policies, procedures, laws and regulations**

The Cabinet and Portfolio Holders must make decisions that are within the Council's policies and budget. If they wish to make a decision that is outside the budget or policy framework, this must be referred to full Council. One of the Corporate Strategic Directors holds the statutory post of monitoring officer and is responsible for ensuring that the Council acts in accordance with the Constitution. The Council is required to make arrangements for the proper administration of its financial affairs and to secure that one of its senior officers has responsibility for the administration of those affairs. The Council has designated the Head of Finance as that officer in accordance with S 151 of the Local Government Act 1972. However, the Chief Executive, the Corporate Strategic Directors and the Heads of Service have the primary responsibility for ensuring decisions are properly made.

At operational level, while compliance is the responsibility of all staff, audit reviews undertaken by Internal Audit provide an independent check on all major systems and services. Internal Audit undertake reviews which have been agreed as part of a three year risk based audit programme and this service is carried out by an external contractor that can provide differing levels of audit expertise as required. Other reviews such as those undertaken by the External Auditor, for example the Use of Resources assessment, statutory inspections and performance reviews also contribute towards ensuring compliance is achieved.

### **3.4 Risk management**

Council has approved a risk management policy and strategy and this was managed during the year through a corporate Risk Management Group of senior officers and members. A Cabinet member has portfolio responsibility for risk management. Corporate risks are assessed on an annual basis, and then prioritised. This is then followed by the development of an action plan to manage these risks which is then allocated to members and officers. The action plan is monitored on a monthly basis. A report to Cabinet has been made on a half-yearly basis on the progress of key corporate risks that had been identified in April 2005. Specialist risk management training was provided for senior management in April 2005 led by the Chief Executive and engaging all Cabinet Members and senior managers and this informed a review of

strategic risks. The strategic risks identified at the beginning of the year were effectively managed and during 2005/06, all reports requiring a decision by the Cabinet included an assessment of the risks to the Council.

### **3.5 Financial management**

A Financial Strategy for a fixed four-year period and a rolling five-year Medium Term Financial Plan (including the current year) provides the framework for the annual budget setting process. This aids the planning of resources for services within the context, of the Corporate Plan. The annual budget was managed through improved reports to Cabinet at four meetings during 2005/06. Management reports include action to be taken by officers to stay within the approved limits.

Financial controls over spending and income are based on a framework of separation of duties; financial procedure rules as contained within the constitution, regular reconciliations of financial systems, trained and experienced staff, the annual budget and reviews undertaken by Internal Audit.

Assurance has been provided by the Heads of Service that the information contained in the Statement of Accounts for the year ended 31<sup>st</sup> March 2006 is complete.

The Council operates an efficient and early final accounts closedown process coupled with an early external audit. This does mean, however, that issues arising may need to be addressed in the following period.

### **3.6 Partnerships**

**Better Mid Sussex** – This is a strategy for improving the three town centres in the District and transforming the Council's property portfolio. The project has an officer steering group and Cabinet, the Chief Executive and Senior Officers review progress.

**Census** – This is a partnership with two other Districts in the area, to improve performance and resilience by the joint investment in major capital systems and amalgamation of staff resources. A Joint Committee and individual project boards govern it.

Failure to develop key partnerships has been identified as one of the highest, out of seven, key risks for 2005/06.

## **4. Review of effectiveness to secure continuous improvement**

The Council has statutory responsibility for conducting, at least annually, a review of the effectiveness of the system of internal control. This is fundamental to the risk management of the Council, and accordingly, these controls are kept under review as situations change. The review is evidenced by the work of Internal Audit and External Audit that includes input from the Chief Executive, Corporate Strategic Directors and Heads of Service within the Authority who have responsibility for the development and maintenance of the internal control environment. Comments made by the other review agencies and inspectorates also aid this process.

Effectiveness is also monitored by the Scrutiny process and during the year the Performance and Scrutiny Committee, continued to examine key aspects in the development of policy and delivery of services.

**5. *Resolution of significant Internal Control Issues identified in 2004/05***

During the previous year significant internal control issues were identified that were to be resolved in 2005/06. These issues and how they have been resolved are explained below:

- a) The performance management reporting system was to be further developed by the introduction of a new computer system that would provide managers and Members enhanced information in measuring performance in their service areas against the objectives set out in the Corporate Plan.

*This is now being implemented as from April 2006. The full benefits will then be available in 2006/07.*

- b) The operational risk register was to be completed during 2005/06.

*This has now been done and is available on the intranet.*

- c) The Budget Management process was to be reviewed to ensure it was effective and best suited to the needs of the Council.

*The Budget Management reports now incorporate a variance analysis on investment income, capital project expenditure and the current position on revenue spending.*

- d) The Internal Audit plan was to be reviewed to ensure that it supports the Council's significant change management programme, as well as continuing to provide assurance that fundamental financial systems remain properly controlled.

*This has been achieved by providing a higher level, strategically focused plan that still covers a review of the fundamental financial systems. In addition, the Audit Sub-Committee now meets a minimum of four times a year and also met four times in 2004/05.*

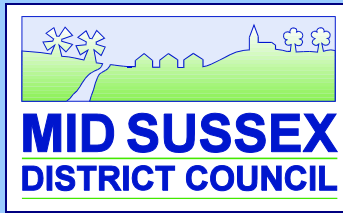
- e) The controls surrounding how the accumulating amounts of council tax and NNDR creditors were to be examined in 2005/06.

*Where appropriate, these amounts have now been transferred to reserves in the year.*

***Cllr Patrick Shanahan  
Leader of Council  
19th June 2006***

***John Jory  
Chief Executive  
19th June 2006***





***Glossary  
of Terms***

## ***Glossary of Terms***

**Accounting Standards** - These are issued by the Consultative Committee of Accountancy Bodies (CCAB) and comprise Financial Reporting Standards (FRSs) developed by the Accounting Standards Board (ASB) and Statements of Standard Accounting Practice (SSAPs) developed by the Accounting Standards Committee (ASC) but now adopted by the ASB. Auditors could expect the guidance to be complied with, and any departure must be disclosed in the published accounts.

**Accruals** - The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

**Actuarial Gains and Losses (Pensions FRS17)**- The changes in actuarial deficits or surpluses that arise because:

- Events have not coincided with actuarial assumptions made for the last revaluation (experience gains or losses) or
- The actuarial assumptions have changed.

These are recognised by appropriation from the pensions reserve and have no impact on the Consolidated Revenue Account.

**Agency Services** - Services which are performed by or for another authority or public body, where the principal reimburses the agent for the cost of the work carried out.

**Amortisation** – An annual charge made in the Council's revenue account to reduce the value of an asset held on the balance sheet over a period of years.

**BACS (Bank Automated Credit System)** - The system of processing transactions to an individual bank account.

**Balances** - In general, the accumulated surplus of income over expenditure, on any account, at the end of the financial year. Balances form part of the Council's reserves, and the authority may use its revenue balances to reduce the requirement from the council tax.

**Band D Equivalent** - The weighted number of properties subject to council tax in a local authority's area, calculated on the basis of prescribed proportions in relation to band D.

**Best Value Accounting Code of Practice (BVACOP)** – This code is issued by CIPFA and provides guidance on financial reporting to stakeholders. The code ensures accounts are consistent and comparable across all local authorities. It is updated annually to reflect the latest correct accounting practice.

**Billing Authority** - The local authority responsible for the billing and collection of the council tax from

all properties in their area. In shire areas the district councils are the billing authorities.

**Capital Accounting** - The recording in local authority balance sheets of the value of all capital assets and the use of these values to charge services with capital charges.

**Capital Charge** - A charge to service revenue accounts to reflect the cost of fixed assets used in the provision of services.

**Capital Expenditure** – On the acquisition or construction of assets which have a long-term value to the authority in the provision of its services (e.g. land; purchasing existing buildings or erecting new ones; purchasing furniture or equipment etc).

**Capital Expenditure Charged to Revenue Account** - The financing of capital expenditure from revenue.

**Capital Programme** - an authority's plan for capital projects and spending over future years. Included in this category are the purchase of land and buildings, the erection of new buildings, design fees and the acquisition of vehicles and major items of equipment.

**Capital Receipts** - Income received from the sale of land or other assets, which is available to finance other items of capital (but not revenue) spending, or to repay outstanding debt on assets originally financed from loan.

**Chargeable Dwelling** – A dwelling which is subject to council tax.

**CIPFA (The Chartered Institute of Public Finance and Accountancy)** - This is the professional body for accountants working in local government and public bodies and is a Member of the Consultative Committee of Accountancy Bodies. The Institute provides financial and statistical information services for local government and advises central government and other bodies on local government and public finance matters. Members of the Institute are entitled to use the letters CPFA after their names, and membership is by examination. CIPFA is an entirely privately funded body.

**Collection Fund** - A fund administered by each billing authority (the District Council in shire areas). The council tax, business rate income and the community charge are paid into the fund whilst the net revenue spending of the county, district and police authority are met from the fund.

**Community Assets** - Assets that the local authority intends to hold in perpetuity, that have no determinable useful life, and that may have restrictions on their disposal. Examples of community assets are parks and historic buildings.

**Contingent Liability and Asset** - A contingent liability or asset is a possible loss or gain which is not recognised in the accounts because it cannot be accurately estimated or because the event giving rise to the possible loss or gain is not considered sufficiently certain. This item is disclosed by way of a note to the accounts.

**Costs Payable to the Pension Fund and any Payments to Pensioners (Pensions FRS17)** - These are appropriated to the Consolidated Revenue Account from the Pensions Reserve, to replace all FRS 17 debits and credits, so that they remain, as previously, the actual amount to be met from government grants and local taxation.

**Council Tax** - The local tax payable on most residential properties in a local authority's area, in the year. Properties are valued within eight valuation bands (A-H), which determines the amount of council tax payable. See band D equivalents.

**Current Assets** - An asset which will be consumed or realised in the next accounting period e.g. debtors, stocks, cash at bank, short-term investments.

**Current Liabilities** - An amount which will be payable or could be called in within the next accounting period e.g. creditors, cash overdrawn, temporary loans.

**Current Service Cost (Pensions FRS17)** This represents the increase in present value of the scheme's liabilities expected to arise from employee service in the current period.

**Depreciation** - The measure of the wearing out, consumption, or other reduction in the useful economic life of a fixed asset, whether arising from use, effluxation of time or obsolescence through technological or other changes.

**DWP** – Department for Work and Pensions (formerly DSS - Department for Social Security)

**Exceptional Items** – These are material items in terms of the authority's overall net expenditure which derive from events or transactions which are not expected to recur frequently or regularly that fall within the ordinary activities of the authority. They are disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

**Expected Rate of Return on Assets (Pensions FRS17)**- The average rate of return, based on actuarial advice, including both income and changes in the fair value, but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

**Extraordinary Items** - Material items which derive from events or transactions that fall outside the ordinary activities of the authority. It would be rare for an item to be classified as extraordinary and would only be likely where ultra vires transactions occur.

**External Audit** - The independent examination of the accounts of local authorities. The Mid Sussex audit is carried by the Audit Commission.

**Finance Lease** - A lease usually of land, or land and buildings, which is treated in the government's capital control system as a credit arrangement as if it was similar to borrowing. Other types of lease are termed "operating leases".

**Fixed Assets** - Tangible assets that yield benefits to the local authority and the services it provides for more than one accounting year, e.g. land buildings, vehicles, plant and equipment.

**FRS** – Financial Reporting Standards. These are accounting standards which are gradually replacing Statements of Standard Accounting Practice (SSAPs) (See Accounting Standards).

**Gains and Losses on Settlements (Pensions FRS17)** - An irrecoverable action that relieves the employer of the primary responsibility for a pension obligation and eliminates significant risks relating to the obligation and the assets used to effect the settlement. This also is charged to Non Distributed Costs.

**General Fund** - The main revenue fund of a billing authority. Day-to-day spending on services is met from the fund.

**Impairment** – Impairment occurs when an asset has been revalued and the valuation is downward. It is caused by a consumption of economic benefits (e.g. physical damage, or deterioration in the quality of service provided by the asset) or a general fall in prices.

**Infrastructure Assets** - Fixed assets that are inalienable, expenditure on which is recoverable only by continued use of the asset created. Examples of infrastructure assets are highways, footpaths and culverts.

**Intangible Assets** – Intangible fixed assets are defined in FRS10 as "non-financial fixed assets that do not have physical substance but are identifiable and are controlled by the entity through custody or legal rights".

**Interest Cost (Pensions FRS17)** The expected increase during the year in the present value of the schemes liabilities because the benefits are one year closer to settlement.

**LASAAC** - Local Authority (Scotland) Accounts Advisory Committee.

**National Non-Domestic Rates (NNDR)** - Nationally set tax charged on the rateable value of non-domestic properties (also known as business rates). The rate is set by the ODPM. The proceeds are pooled nationally and redistributed as a fixed amount per head of resident population.

**Net Current Assets** - Current assets less current liabilities.

**Net Current Replacement Cost** - The cost of replacing or recreating the particular asset in its existing condition and in its existing use, i.e. the cost of replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

**Net Realisable Value** - The open market value of the asset in its existing use (or open market value in the case of non-operational assets), less the expenses to be incurred in realising the asset.

**NNDR** – See National Non Domestic Rates.

**Non-Operational Assets** - Fixed assets held by a local authority but not directly occupied, used or consumed in the delivery of services. Examples of non-operational assets are investment properties, buildings under construction and assets that are surplus to requirements, pending sale or redevelopment.

**ODPM** – Office of the Deputy Prime Minister.

**Operational Assets** - Fixed assets held and occupied, used or consumed by the local authority in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

**Operating Lease** - A type of lease, usually of computer equipment, office equipment, furniture etc., which is similar to renting and which does not come within the government's capital control system. Ownership of the asset must remain with the lessor for a lease to be classed as an operating lease.

**Past Service Costs (Pensions FRS17)** - The increase in the present value of the scheme liabilities related to employee service in prior periods, as a result of the introduction of or improvement to retirement benefits. This is charged within the net cost of services under Non Distributed costs in the Consolidated Revenue Account. Discretionary Pension benefits awarded on early retirement are treated as past service costs.

**Pension Fund** - An employees' pension fund maintained by an authority, or group of authorities, to make pension payments on retirement of participants; it is financed from contributions from the employing authority, the employee and investment income. This Council contributes to the West Sussex Pension Fund.

**Precept** - The levy made by West Sussex County Council and Sussex Police Authority on the Collection Fund, and Parish and Town Councils on the General Fund, for their net expenditure requirements.

**Provisions and Reserves** - Amounts set aside in one year to cover expenditure in the future. Provisions are for liabilities or losses which are likely or certain to be incurred, but the amounts or the dates on which they will arise are uncertain. Reserves are amounts set aside which do not fall within the definition of provisions and include general reserves (or "balances") which every authority must maintain as a matter of prudence. This Council has established the General Reserve, and the Specific Reserve. These are further described in the Statement of Accounts.

**Provision for Bad and Doubtful Debts** - The amount set aside in the Council's accounts to cover debts which may be un-collectable and written off.

**Rateable Value (RV)** - A value of all non-domestic properties subject to rating, to which rate poundages are applied to arrive at a rate payable. The value is based on a notional rent that the property could be expected to yield after deducting the cost of repairs.

**Reserves** - See Provisions and Reserves.

**SORP**- Statement of Recommended Practice.

**SSAP** - Statements of Standard Accounting Practice (See Accounting Standards).

**Transitional Relief** - Scheme whereby the Council Tax is reduced for properties which would otherwise have seen a large increase in the Council Tax bill in comparison with the actual 1992/93 community charge bill for the particular property.