

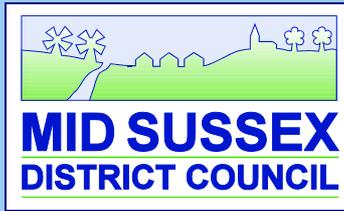


## ***Statement of Accounts for the Year Ended 31st March 2007***

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***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. For 2006/07, the statements represent a substantial change from those produced in earlier years.

The pages that follow are the Council's Accounts for 2006/07 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.
- **Income and Expenditure Account** – This is a summary of the resources generated and consumed by the Council in the year.
- **Statement of Movement on the General Fund Balance** – This is a reconciliation showing how the balance of resources generated and consumed in the year links in with the statutory requirements for raising council tax.
- **Statement of Recognised Gains and Losses** – A demonstration of how the movement in net worth in the Balance Sheet is identified to the Income and Expenditure Account surplus/deficit and to other unrealised gains and losses.
- **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 Balance Sheet as part of Debtors and also the Cash Flow Statement.
- **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.

We will also be publishing audited summary accounts to help 'non-financial' people understand the Council's financial position. 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. Outturn for 2006/07**

#### **Revenue**

The revenue, and capital, outturn for 2006/07 was reported to Cabinet on 4<sup>th</sup> June 2007. The report explained that during 2006/07 Members had received three Budget Management reports to assist in the management of the budget and to minimise the risk of a significant variation.

The final underspend of £5,000 was within the tolerance level that had been set internally, and is the result of good budget management and sound financial control throughout the year. It also evidences that the efficiency savings that were budgeted for the year were made. Overall, budget management has improved and as anticipated, the movement of money between budgets, otherwise known as virement, has significantly reduced in 2006/07 compared to previous years.

The overall outturn figure takes account of a number of items that would not, if they were included, give a true picture of the overall financial situation for 2006/07. Thus, unbudgeted, 'windfall' income, together with exceptional expenditure has been removed. This is consistent with previous practice and standard accounting principles.

### **Capital**

The position on capital spending is similar in that it is underspent. Overall expenditure against budget slipped significantly by £1,757,000, with £2,511,000 expended against a budget of £4,268,000. 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 with greater accuracy those schemes that have been approved. Where appropriate, the funding for these projects has been carried forward into future years, although a review of their timetabling will be carried out imminently.

The capital expenditure in the year was financed by £212,000 from usable capital receipts, £1,182,000 from general fund balances, £792,000 from government grants and capital contributions, and £325,000 from Section 106 agreements. The main areas of expenditure were: corporate systems £644,000, Disabled Facility Grants £489,000 (financed partly by government grant of £228,000), £466,000 on affordable housing, £209,000 on various leisure projects and a total of £244,000 on various outdoor facilities.

This delay in capital expenditure has a knock-on effect with the interest that has been earned. For 2006/07 this totalled £858,000 against an original budget of £542,000. After transferring £2,000 to the specific reserve for employee benefits in accordance with existing practice, and accounting for a prior year adjustment of £64,000, the balance of £792,000 has been transferred to the General Reserve. This is £250,000 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 2006/07 was £3,206,000. Details of all this expenditure is contained within the outturn report to Cabinet on 4<sup>th</sup> June 2007.

### **3. Borrowing**

The council has not had to borrow money to finance any of its capital expenditure and has been 'debt free' since 1991. The borrowing limits as approved by the council are an overall £5 million limitation.

### **4. Local Taxpayers**

During the year, the Council collected £67.606m 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 £7.288m of this was passed on to the other authorities. The collection rate for the year was 97.8% of the total amount due and most of the remainder will be collected in the first few months of 2007/08.

### **5. Pensions**

The pensions liability has reduced to £19,480,000 as at 31<sup>st</sup> March 2007, from £23,940,000 as at 31<sup>st</sup> March 2006. The discount rate for valuing liabilities as at 31<sup>st</sup> March 2007 was 2.1% (31<sup>st</sup> March 2006 1.7%). Changes in assumptions underlying the present value of scheme liabilities have led to an actuarial gain in the year of £4,930,000. This has been partly offset by decreased returns on pension scheme assets of £900,000 as compared with last year's forecast. Full details of the movement in the liability is shown in the Consolidated Notes to the Accounts, Note 41.

### **6. Further Information**

Interested members of the public have a statutory right to inspect the accounts from 25<sup>th</sup> June 2007 to 20<sup>th</sup> July 2007. 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 2006/07***

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 2007 and its income and expenditure for the year then ended.

***P Stuart***  
***Head of Finance***  
***12<sup>th</sup> September 2007***

***Cllr J Joyce-Nelson***  
***Chairman Audit Committee***  
***12<sup>th</sup> September 2007***

## **Statement of Accounting Policies**

### **1. General**

Subject to the exceptions in policies 10 and 12 below, the accounts have been prepared in accordance with the Best Value Accounting Code of Practice, issued in 2006 and the Code of Practice on Local Authority Accounting in Great Britain, issued in 2006 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) 2006 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 2006. 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 2006, were carried out by Mrs Anna Hutchings, MRICS, District Valuer, who is external to the council.

### **5. Depreciation**

The SORP 2006 requires that all fixed assets (except non depreciable land or non-operational assets) 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**

There has been a change in the SORP 2006 which means that capital financing charges are no longer charged to those revenue accounts in which responsibility for managing fixed assets is reflected. Full details are shown in the Prior Period Adjustment Note 4, in the Consolidated Notes to the Accounts.

### **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 2007.

### **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 2006 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 2006 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 2007.

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

In compliance with SORP 2006 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.

The effect on the Income and Expenditure Account as a result of adopting FRS17 is that the net cost of services and net operating expenditure have been increased. The amounts are shown as reconciling amounts in the Statement of Movement on the General Fund Balance and are funded by a contribution from pensions reserve. Full details are shown in the Consolidated Notes to the Accounts, Note 41. The 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 2006/07 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 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 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 and Capital Contributions**

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 Income and Expenditure Account over the useful life of the asset, matching the depreciation charge made for that asset.

### **19. Changes in Accounting Policy**

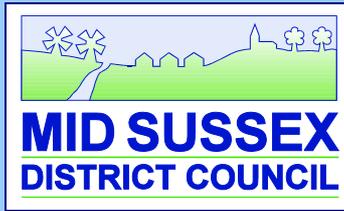
- (a) Removal of the Capital Financing Charge and the replacement of the Consolidated Revenue Account (CRA) with an Income and Expenditure Account and Statement of Movement on the General Fund Balance

Up to the 2005 SORP the local authority statement of performance was the Consolidated Revenue Account. This included a notional transaction, the capital financing charge (or notional interest), and a number of other entries that had their origins in the requirements of statutory or non-statutory proper practices rather than UK GAAP (Generally Accepted Accounting Practices). In the 2006 SORP the requirement for a capital financing charge has been removed and the accounting requirements that have their origin in statute and non-statutory proper practices are disclosed in accordance with UK GAAP as reserve movements. This means that the statement of performance that has replaced the CRA now only includes income and expenditure and has consequently been renamed the Income & Expenditure Account. There is a new statement which immediately follows the Income & Expenditure Account whose purpose is to show the movement on the General Fund Balance in the year. Comparative figures for 2005/06 are restated in line with the requirements of the 2006 SORP.

- (b) Replacement of the Statement of Total Movement on Reserves with a Statement of Recognised Gains and Losses

Not all the gains and losses experienced by the Council are reflected in the Income & Expenditure Account: for example gains on revaluations of fixed assets and pension actuarial gains and losses are excluded as they are treated under UK GAAP as arising from asset and liability revaluation rather than from operating

performance. The 2006 SORP requires that in accordance with FRS 3, Reporting Financial Performance, all gains and losses are include in a new Statement of Total Recognised Gains and Losses (STRGL). This has replaced the previous Statement of Total Movement in Reserves. Comparative figures for 2005/06 are restated in line with the requirements of the 2006 SORP.



***Core Financial Statements***

## Income and Expenditure Account

	2006/07 Gross Expenditure £	2006/07 Gross Income £	2006/07 Net Expenditure £	2005/06 Net Expenditure £
<b>Service Net Expenditure</b>	1			
Central Services to the Public	7,019,217	(6,611,024)	<b>408,193</b>	358,399 *
Culture, Environmental and Planning Services	25,394,124	(12,040,022)	<b>13,354,102</b>	9,594,413 *
Highways, Roads and Transport Services	1,735,162	(2,043,185)	<b>(308,023)</b>	(592,418) *
Housing Services	22,542,185	(20,532,463)	<b>2,009,722</b>	2,060,566 *
Social Services	61,353	0	<b>61,353</b>	59,740
Exceptional Items	3	0	<b>0</b>	85,457
Corporate and Democratic Core	3,203,042	(384,651)	<b>2,818,391</b>	2,158,062 *
Non Distributed Costs	335,292	0	<b>335,292</b>	477,689
<b>Net Cost of Services</b>	60,290,375	(41,611,345)	<b>18,679,030</b>	14,201,908
(Gain)/ loss on disposal of fixed assets			<b>(138,630)</b>	(138,888) *
Parish and Town Council Precepts and Drainage Levies			<b>2,607,887</b>	2,490,089
Amounts payable into Housing Capital Receipts Pool			<b>92,383</b>	88,000 *
Interest and Investment Income			<b>(858,666)</b>	(741,253) *
Pensions interest cost and expected return on pension assets	41		<b>300,000</b>	550,000
<b>Net Operating Expenditure</b>			<b>20,682,004</b>	16,449,856
Income from Collection Fund			<b>(9,885,371)</b>	(9,432,168)
Collection Fund Adjustment			<b>127,920</b>	(12,000)
Non-domestic rates redistribution			<b>(5,144,447)</b>	(3,686,900)
Revenue Support Grant			<b>(1,053,967)</b>	(1,873,158)
Local Authority Business Growth Incentive Scheme Grant			<b>(213,120)</b>	0
<b>(Surplus) / Deficit for the Year</b>			<b>4,513,019</b>	1,445,630

\* Restated opening balances due to the requirements of the SORP 2006. Refer to the Prior Period Adjustment Note 4.

The (surplus)/deficit for the year is shown as part of the Statement of Movement on the General Fund Balance on page 15, and also as a movement in the Statement of Total Recognised Gains and Losses on page 15.

## Statement of Movement on the General Fund Balance

The Income and Expenditure Account shows the council's actual financial performance for the year, measured in terms of the resources consumed and generated over the last twelve months. However, the authority is required to raise council tax on a different accounting basis, the main differences being:

- Capital investment is accounted for as it is financed, rather than when the fixed assets are consumed.
- The payment of a share of housing capital receipts to the Government scores as a loss in the Income and Expenditure Account, but is met from the usable capital receipts balance rather than council tax.
- Retirement benefits are charged as amounts become payable to pension funds and pensioners, rather than as future benefits are earned.

The General Fund Balance compares the council's spending against the council tax that is raised for the year, taking into account the use of reserves built up in the past and contributions to reserves earmarked for future expenditure.

This reconciliation statement summarises the differences between the outturn on the Income and Expenditure Account and the General Fund Balance.

	<b>2006/07</b> £	2005/06 £
(Surplus) / deficit for the year on the Income and Expenditure Account	<b>4,513,019</b>	1,445,630
Net additional amount required by statute and non-statutory proper practices to be debited / (credited) to the General Fund Balance for the year	<b>(2,129,288)</b> *	(2,531,136)
(Increase) / Decrease in General Fund Balance for the year	<b>2,383,731</b>	(1,085,506)
General Fund Balance brought forward (excluding CollectionFund)	<b>(5,601,737)</b>	(4,516,231)
General Fund Balance carried forward	<b>(3,218,006)</b>	(5,601,737)

\*this figure is the total of the reconciling items that are shown in note 2 on page 21.

## Statement of Total Recognised Gains and Losses

This statement brings together all the gains and losses of the council for the year and shows the aggregate increase in its net worth. In addition to the (surplus) / deficit generated on the Income and Expenditure Account, it includes gains and losses relating to the revaluation of fixed assets and re-measurement of the net liability to cover the cost of retirement benefits.

	<b>2006/07</b> £	2005/06 £
(Surplus) / Deficit for the year on the Income and Expenditure Account	<b>4,513,019</b>	1,445,630
Movement on Mid Sussex DC share of Collection Fund Deficit	<b>(99,629)</b>	133,589
Surplus arising on revaluation of fixed assets	<b>(4,746,574)</b>	(3,080,234)
Actuarial (gains) / losses on pension fund assets and liabilities	<b>(4,770,000)</b>	1,530,000
<b>Total recognised (gains) and losses</b>	<b>(5,103,184)</b>	28,985

The total recognised gains and losses is showing the total movement in the Balance Sheet in the year to 31<sup>st</sup> March 2007.

## Balance Sheet

	Note(s)	As at 31st March 2007	As at 31st March 2006
		£	£
<b>Intangible Assets</b>	16	<b>260,264</b>	221,807
<b>Fixed Assets</b>	17		
<b>Operational Assets</b>			
Land and Buildings		52,900,677	50,952,463
Vehicles, Plant and Equipment		1,360,745	1,118,560
Infrastructure Assets		4,020,008	4,020,008
Community Assets		100,074	711,393
<b>Non-Operational Assets</b>			
Investment Properties		18,556,030	16,545,479
		<b>77,197,798</b>	73,569,710
<b>Long Term Investments</b>	25	<b>0</b>	0
<b>Long Term Debtors</b>	26	<b>552,875</b>	609,569
		<b>77,750,673</b>	74,179,279
<b>Current Assets</b>			
Stocks	27	44,532	41,507
Debtors	28	4,290,572	6,294,003 *
Investments	30	10,130,000	8,000,000
Bank	31	609,895	954,867
		<b>15,074,999</b>	
<b>Current Liabilities</b>			
Creditors	29	(6,187,220)	(5,617,390) *
		<b>(6,187,220)</b>	
		<b>86,638,452</b>	83,852,266
<b>Long Term Liabilities</b>			
Government Grants Deferred	19	(551,881)	(529,629) *
Capital Grants & Contributions Unapplied Provision	20	(3,529,454)	(3,408,704) *
Liability related to Defined Benefit Pension Scheme	33	(2,000,000)	0
	41	(19,480,000)	(23,940,000)
		<b>61,077,117</b>	55,973,933
<b>Fixed Asset Restatement Account</b>	37	<b>59,676,968</b>	54,942,440
<b>Capital Financing Account</b>	38	<b>16,640,739</b>	17,769,430
<b>Deferred Credits</b>	32	<b>389,431</b>	434,370
<b>Usable Capital Receipts Reserve</b>	39	<b>386,842</b>	495,619 *
<b>Earmarked Specific Reserve</b>	40	<b>266,956</b>	791,791
<b>Pension Reserve</b>	41	<b>(19,480,000)</b>	(23,940,000)
<b>General Fund Balances</b>	40	<b>3,218,006</b>	5,601,737 **
MSDC Collection Fund (Deficit) / Surplus		(21,825)	(121,454) ***
		<b>61,077,117</b>	55,973,933

\* The opening balance has been restated. Details are shown in the appropriate note to the Core Financial Statements.

\*\* The opening balance has been restated as detailed in the Prior Year adjustments Note 4.

\*\*\* The opening balance has been restated as detailed in the Collection Fund Account Note 5.

## 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.

		2006/07	2005/06
	Note	£	£
<b>Revenue Activities</b>			
<b>Cash Outflows</b>			
Cash Paid to and on Behalf of Employees		15,575,186	14,092,801
Other Operating Cash Payments		17,335,066	18,031,439
Housing Benefit Paid Out		17,935,398	16,511,060
NNDR Payments to National Pool		33,801,922	30,011,703
Payments to Preceptors		63,968,609	61,797,509
Payments to Capital Receipts Pool		109,980	0
		<b>148,726,161</b>	<b>140,444,512</b>
<b>Cash Inflows</b>			
Rents (after Rebates)		(1,556,686)	(1,509,502)
Council Tax Receipts		(66,871,420)	(63,763,781)
NNDR Payments from National Pool		(5,469,971)	(4,219,347)
Non-Domestic Rate Receipts		(33,839,450)	(29,378,446)
Revenue Support Grant	46	(1,053,967)	(1,873,158)
DWP Grants for Benefits	46	(24,682,216)	(18,637,336)
Other Government Grants	46	(1,183,745)	(970,422)
Cash Received for Goods and Services		(15,365,562)	(17,152,391) *
Other Operating Receipts		(910,431)	(158,166)
		<b>(150,933,448)</b>	<b>(137,662,549)</b>
<b>Net Cash (Inflow)/Outflow - Revenue Activities</b>	44	<b>(2,207,287)</b>	<b>2,781,963</b>
<b>Servicing of Finance</b>			
<b>Cash Outflows/(Inflows)</b>			
Interest Paid		0	0
Interest Element of Finance Lease Rental Payments		33,841	37,500
Interest Received		(830,255)	(773,226)
		<b>(796,414)</b>	<b>(735,726)</b>
<b>Capital Activities</b>			
<b>Cash Outflows</b>			
Purchase of Fixed Assets		1,244,564	709,674
Purchase of Long Term Investments		0	0
Other Capital Payments		1,407,366	228,000
		<b>2,651,930</b>	<b>937,674</b>
<b>Cash Inflows</b>			
Sale of Fixed Assets		(150,676)	(213,185)
Capital Grants Received	46	(445,022)	(555,803) *
Other Capital Receipts		(837,559)	(972,101)
		<b>(1,433,257)</b>	<b>(1,741,089)</b>
		<b>1,218,673</b>	<b>(803,415)</b>
<b>Net cash (Inflow)/Outflow before financing</b>	47	<b>(1,785,028)</b>	<b>1,242,822</b>

\* restated for 2005/06

## Section 2

		2006/07	2005/06
	Note	£	£
<b>Net Cash (Inflow)/Outflow before Financing</b>	47	<b>(1,785,028)</b>	1,242,822
<b>Management of liquid resources</b>			
Net increase / (decrease) in short-term deposits	47	<b>2,130,000</b>	(500,000)
Net increase / (decrease) in other liquid resources		<b>0</b>	0
		<b>2,130,000</b>	(500,000)
		<b>344,972</b>	742,822
<b>Financing</b>			
<b>Cash Outflows</b>			
Net (sale) of long term investments		<b>0</b>	(1,000,000)
Capital element of finance lease rental payments		<b>0</b>	0
<b>(Increase)/decrease in cash and cash equivalents</b>	47	<b>344,972</b>	(257,178)



***Consolidated Notes  
to the  
Core Financial Statements***

## Consolidated Notes to the Core Financial Statements

### 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.

	2006/07 Gross Expenditure £	2006/07 Gross Income £	2006/07 Net Expenditure £	2005/06 Net Expenditure £
<b>Head of Service Net Expenditure</b>				
Environment	4,111,427	(2,449,665)	<b>1,661,762</b>	1,404,029 *
Outdoor Business	7,851,513	(3,272,351)	<b>4,579,162</b>	4,147,749 *
Housing	1,444,785	(459,079)	<b>985,706</b>	926,482 *
Community Services	1,519,830	(218,187)	<b>1,301,643</b>	842,231
Planning Policy	941,700	(119,933)	<b>821,767</b>	485,014
Leisure & Well being	10,721,975	(6,956,743)	<b>3,765,232</b>	3,288,646 *
Organisational Development	80,673	(30,785)	<b>49,888</b>	93,917
Finance	615,770	(149,924)	<b>465,846</b>	110,117 *
Corporate Systems	155,982	(187,311)	<b>(31,329)</b>	(92,892) *
Legal & Property	2,733,466	(1,864,068)	<b>869,398</b>	(1,207,481) *
Revenues & Benefits	2,552,928	(1,048,706)	<b>1,504,222</b>	1,410,957 *
Corporate Improvement	1,294,606	(4,019)	<b>1,290,587</b>	1,184,229
Strategic Core	1,751,987	0	<b>1,751,987</b>	1,480,919 *
	<b>35,776,642</b>	<b>(16,760,771)</b>	<b>19,015,871</b>	14,073,917
Benefits	1a 24,513,733	(24,850,574)	<b>(336,841)</b>	42,534
Exceptional Items	3 0	0	<b>0</b>	85,457
	<b>60,290,375</b>	<b>(41,611,345)</b>	<b>18,679,030</b>	14,201,908

\*restated for 2005/06 to remove the Notional Interest Charge of £2,630,921 and Government Grant Deferred credit of £166,312 to show a revised Net Cost of Service. This is detailed in the Prior Year Adjustment Note 4.

#### 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 2006/07 this amount was £(336,841), of which the surplus of £79,841 has been transferred to the Benefits Equalisation Reserve, as detailed in the Outturn Report, (2005/06 £42,534) comprising Council Tax Benefits and Housing Benefits payable, net of government grant and excluding the cost of administration.

**2. Note of reconciling items for the Statement of Movement on the General Fund Balance**

Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the Movement on the General Fund Balance for the year

	2006/07 £	2005/06 £
Amortisation of intangible fixed assets	(71,346)	(53,437)
Depreciation and impairment of fixed assets	(2,132,659)	(1,989,824)
Government Grants Deferred amortisation	1,094,639	774,957
	(1,413,356)	(1,009,021)
Write downs of deferred charges to be financed from capital resources (Amounts treated as revenue expenditure in accordance with SORP but which are classified as capital expenditure by statute)		
Net gain / (loss) on sale of fixed assets *	138,630	138,888
Net charges made for retirement benefits in accordance with FRS 17	(2,290,000)	(2,110,000)
	<u>(4,674,092)</u>	<u>(4,248,437)</u>

Amounts not included in the Income and Expenditure Account but required to be included by statute when determining the Movement on the General Fund Balance for the year

Capital expenditure charged in year to the General Fund Balance	1,182,022	102,409
Transfer from Usable Capital Receipts to meet payments to the Housing Capital Receipts Pool	(92,383)	(88,000)
Employer's contributions payable to the Pension Fund and retirement benefits payable direct to pensioners	1,980,000	1,570,000
	<u>3,069,639</u>	<u>1,584,409</u>

Transfers to or from the General Fund Balance that are required to be taken into account when determining the Movement on the General Fund Balance for the year

Net transfer to/ (from) earmarked reserves	(524,835)	132,892
	<u>(524,835)</u>	<u>132,892</u>

Net additional amount required to be credited to the General Fund balance for the year

	<u><u>(2,129,288)</u></u>	<u><u>(3,584,624)</u></u>
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\*This is made up from the disposal of fixed assets, refer to note 17, and the receipts from mortgages where mortgage debt has been repaid for shared ownership sales of formerly owned Council dwellings, refer to note 38.

**3. 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.

In 2006/07 there were no exceptional items. The £85,457 paid in 2005/06 was for repair works completed on one of the council's properties.

#### 4. Prior Year Adjustments

In the 2006/07 Statement of Accounts, the council has adopted three significant new accounting policies that impact on the comparative figures for 2005/06 in the Income and Expenditure Account:

- Capital financing charges for the use of fixed assets are no longer made to service revenue accounts, support services and trading accounts
- Credits for government grants deferred are now posted to service revenue accounts, support services and trading accounts rather than credited as a corporate income item
- Gains and losses on the disposal of fixed assets are recognised in the Income and Expenditure Account.

These changes have had the following impact on the comparative figures for 2005/06 compared with those published in the 2005/06 Statement of Accounts (only figures that have changed are included in the table);

	<i>Consolidated Revenue Account in 2005/06 Statement of Accounts</i>	<i>Removal of capital financing charges</i>	<i>Relocation of government grants deferred credits</i>	<i>Recognition of gains and losses on disposal of fixed assets</i>	<i>2005/06 comparatives in Income and Expenditure Account</i>
	£	£	£	£	£
Central services to the public	590,064	(231,665)			<b>358,399</b>
Cultural, environmental and planning services	11,936,970	(2,176,657)	(165,900)		<b>9,594,413</b>
Highways, roads and transport services	(382,363)	(210,055)			<b>(592,418)</b>
Housing Services	1,873,110	(12,544)	200,000		<b>2,060,566</b>
Corporate & Democratic Core	3,192,743		(1,034,681)		<b>2,158,062</b>
Other Services not adjusted	622,886				<b>622,886</b>
<b>Impact on Net Cost of Services</b>	<b>17,833,410</b>	<b>(2,630,921)</b>	<b>(1,000,581)</b>	<b>0</b>	<b>14,201,908</b>
Gain on the disposal of fixed assets				(138,888)	<b>(138,888)</b>
Asset management revenue account		2,630,921	166,312		<b>2,797,233</b>
Contribution of housing capital receipts to Government Pool				88,000	<b>88,000</b>
Interest and Investment Income	(805,699)			64,446	<b>(741,253)</b>
Other costs not adjusted	242,856				<b>242,856</b>
<b>Impact on Net Operating Expenditure</b>	<b>17,270,567</b>	<b>0</b>	<b>(834,269)</b>	<b>13,558</b>	<b>16,449,856</b>

### 5. 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.

	2006/07 £	2005/06 £
<b><u>Grants under Section 137 item 3</u></b>		
<b>Culture, Environment and Planning - Grants</b>		
Sussex Downs Conservation Board	12,400	12,000
Action in Rural Sussex	5,135	5,000
Council for Voluntary Services	21,949	17,201
Triple Four (CAB in Burgess Hill & Haywards Heath)	63,469	62,978
Citizens Advice Bureaux, East Grinstead	42,312	41,200
Bluebird Community Partnership	10,000	0
Other Organisations	26,655	32,754
	<b>181,920</b>	171,133
<b>Social Services - Grants</b>		
Age Concern	61,353	59,740
<b><u>Grants outside Section 137 item 3</u></b>		
<b>Culture, Environment and Planning - Grants</b>		
Sports Grants	1,000	500
<b>Total</b>	<b>244,273</b>	<b>231,373</b>

### 6. 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.

	2006/07 £	2005/06 £
Leisure Facilities	124,439	85,073
Council Newspaper	59,264	60,394
Staff Recruitment	94,614	83,590
Development Control	18,916	18,541
Cleansing	13,306	7,460
Other Items	23,297	24,293
	<b>333,836</b>	279,351

## 7. 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 2006/07

	<i>Chargeable</i> 2006/07	<i>Non -</i> <i>Chargeable</i> 2006/07	<i>Total</i> <i>Building</i> <i>Control</i> 2006/07
	£	£	£
<b>Expenditure</b>			
Employee expenses	329,238	141,102	<b>470,340</b>
Transport	21,880	9,377	<b>31,257</b>
Supplies and Services	44,993	0	<b>44,993</b>
Central and Support Service Charges	86,985	37,279	<b>124,264</b>
<b>Total Expenditure</b>	<b>483,096</b>	<b>187,758</b>	<b>670,854</b>
<b>Income</b>			
Building Regulation Charges	(509,963)	(4,163)	<b>(514,126)</b>
<b>Total Income</b>	<b>(509,963)</b>	<b>(4,163)</b>	<b>(514,126)</b>
<b>(Surplus)/Deficit for Year</b>	<b>(26,867)</b>	<b>183,595</b>	<b>156,728</b>
<b>Comparatives for 2005/06</b>			
Expenditure	524,660	202,494	727,154
Income	(519,409)	(4,609)	(524,018)
<b>(Surplus)/Deficit for Year</b>	<b>5,251</b>	<b>197,885</b>	<b>203,136</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: 2006/07 surplus £26,867, 2005/06 deficit £5,251, 2004/05 deficit £46,647.

## 8. Agency Arrangements

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

## 9. 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 £1,947, (£950 in 2005/06).

The Inland Revenue are charged for the heating of their offices and maintenance of shared drives and car parks, which amounted to £924 (£900 in 2005/06).

The Council maintains public conveniences at Ardingly £123, (£710 in 2005/06) and Keymer £1,573 (£2,169 in 2005/06) on the behalf of Parish Councils because they are open to the public.

### 10. 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 2006/07 was £107,048 (2005/06 £99,263).

### 11. 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 2006/07 the Council paid Members' allowances totalling £376,265 (2005/06 £309,441).

### 12. 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	
	2006/07	2005/06
£50,000 - £59,999	5	4
£60,000 - £69,999	1	0
£70,000 - £79,999	2	2
£80,000 - £89,999	1	0
£90,000 - £99,999	0	0
£100,000 - £109,999	1	0
£110,000 - £119,999	0	1

### 13. Related Party Transactions

SORP 2006 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:

	Gross Expenditure £	Gross Income £
<b>Chief Officers</b>		
Personal loans made available under the Council scheme	6,000	7,639

#### 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 2007, the following amounts were due in respect of expenditure in that year:

	£
Mid Sussex liability to Horsham	18,932
Mid Sussex liability to Adur	0
Horsham liability to Mid Sussex	0
Adur liability to Mid Sussex	9,727

**14. Audit Costs**

	2006/07 £	2005/06 £
Fees payable to the appointed auditors with regard to:		
External Audit Services	<b>112,948</b>	94,895
Statutory inspection		
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 (Thornfield)	<b>12,142</b>	0
Legal fees	<b>2,056</b>	612
Issues raised by members of the public	<b>13,440</b>	1,013
Grants	<b>29,805</b>	40,196
Fees payable for trust fund audit	<b>800</b>	800
	<b>171,191</b>	<b>137,516</b>

**15. Capital Expenditure and Financing**

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

	£		£
<b>Expenditure</b>		<b>Financing</b>	
Fixed Assets	<b>987,763</b>	Usable Receipts	<b>212,009</b>
Intangible Assets	<b>109,803</b>	General Fund Balances	<b>1,182,022</b>
Deferred Charges	<b>1,413,356</b>	Government Grants	<b>792,020</b>
		Section 106 Agreements	<b>324,871</b>
	<b>2,510,922</b>		<b>2,510,922</b>

**16. Intangible Assets**

	Gross Book Value £	Less Amortised £	Net Book Value £
Balances B/Fwd	<b>329,957</b>	<b>(108,150)</b>	<b>221,807</b>
Expenditure in Year	<b>109,803</b>		<b>109,803</b>
Written off to revenue in year		<b>(71,346)</b>	<b>(71,346)</b>
Balance at 31st March 2007	<b>439,760</b>	<b>(179,496)</b>	<b>260,264</b>

Software licences are held for various systems. New licences cost £109,803 in 2006/07. The cost is being written off over the 5-year life of the licences.

### 17. Movements in Fixed Assets

The SORP 2006 requires that fixed assets are included in the balance sheet at their current value, except for infrastructure and community assets which are included at historical cost or £1 value.

	<i>Land and Buildings</i>	<i>Vehicles, Plant and Equipment</i>	<i>Infrastructure Assets</i>	<i>Community Assets</i>	<i>Non Operational Assets</i>	<i>Total</i>
	£	£	£	£	£	£
Net Book Value at 31 March 2006	50,952,463	1,118,560	4,020,008	711,393	16,545,479	<b>73,347,903</b>
<b>Transactions</b>						
Additions	365,609	622,153	0	1	0	<b>987,763</b>
Disposals	(13,250)	0	0	0	0	<b>(13,250)</b>
Revaluations	2,619,500	0	0	(611,320) *	1,908,501	<b>3,916,681</b>
Depreciation	(1,023,645)	(379,968)			102,050 **	<b>(1,301,563)</b>
Impairments	0	0	0	0	0	<b>0</b>
	1,948,214	242,185	0	(611,319)	2,010,551	<b>3,589,631</b>
Net Book Value at 31 March 2007	52,900,677	1,360,745	4,020,008	100,074	18,556,030	<b>76,937,534</b>

\* Reduction due to restating each Community Assets to original value of £1, cost of enhancements written down.

\*\* Reversal of accumulated depreciation charged to Non-Operational Assets.

### 18. Deferred Charges

The movements in deferred charges were as follows:

	2006/07 £	2005/06 £
Balance brought forward at 1st April	0	0
<b>Expenditure:</b>		
Improvement Grants	498,834	449,463
Contribution for Affordable Housing	466,515	0
Better Mid Sussex	338,082	202,841
Rural Community Provision & Capital Grants	71,751	234,960
Other Expenditure	38,174	121,757
	<b>1,413,356</b>	1,009,021
<b>Written off to revenue in year</b>	<b>(1,413,356)</b>	(1,009,021)
Balance carried forward at 31st March	0	0

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

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 Income and Expenditure Account over the useful life of the asset, matching the depreciation charge made for that asset.

The movements for Government Grant Deferred and capital contributions were as follows:

	Gov Grants Deferred £	Capital Contributions including S106 £	£	Total £
Balance brought forward at 01.04.06	(529,629)			(529,629)
Capital Contributions applied	(445,022)	(671,869)		(1,116,891)
Capital Contributions credited to Income & Expenditure account				
Deferred Charges	228,000	646,812	874,812	
Amortised for intangible fixed assets	49,632		49,632	
Amortised for fixed assets	145,138	25,057	170,195	1,094,639
Balance carried forward at 31.03.07	(551,881)	0	1,094,639	(551,881)

### 20. Capital Grants and Contributions Unapplied

From 1 April 2006, all unapplied capital grants and contributions are held in this account.

The opening balance has been restated to include balances of £2,507,682 for Section 106s which were included as part of Creditor Receipts in Advance, refer note 29. Also, this opening balance been restated to include £237,158 as the unapplied Better Mid Sussex Contribution, moved from Usable Capital Receipts Reserve, refer to Note 39.

	£
Balance brought forward at 01.04.06	(3,408,704)
Received in year	(1,237,643)
Applied to Government Grant Deferred Account	1,116,891
Balance carried forward at 31.3.07	(3,529,456)

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.

**21. Commitments under Capital Contracts**

After taking account of the capital expenditure in 2006/07, the Council has authorised expenditure of £6.9m in future years to 20010/11. Expenditure of £318,169 related to contracts entered into prior to 31st March 2007.

**22. 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.

**23. Information on Assets Held**

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

Car Parks	32	32
Parks and Recreation Grounds ( <i>with sports pitches</i> )	38	38
Housing Properties	2	2
Halls and Community Centres	2	2
Leisure Centres	3	3
Pavilions	24	24
Public Conveniences	19	20
Office Buildings	3	3
Depots and Workshops	1	1
Other Operational Assets *	26	25
<b>Vehicles, Plant and Equipment</b>		
Computer	39	36
Equipment ( <i>items over £10,000</i> )	7	7
<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> )	253	252
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	13
<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	45

\* 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.

\*\* restated for 2005/06

**24. Valuations of Fixed Assets carried at current value**

The following statement shows the progress of the council's rolling programme for the revaluation of fixed assets. The valuations are carried out by Mrs Anna Hutchings, District Valuer, who is external to the council. Further information is in the Statement of Accounting Policies Note 4. Fixed Assets, on page 8.

	Operational Other Land and Buildings	Vehicles, Plant, Equipment	Non- Operational Investment Properties	Total
	£	£	£	£
Valued at historical cost				0
Valued at current value in:				
<b>2006/07</b>	<b>7,485,000</b>	<b>0</b>	<b>4,476,000</b>	<b>11,961,000</b>
2005/06	4,447,000	0	3,055,000	7,502,000
2004/05	13,674,000	0	85,000	13,759,000
2003/04	25,895,000	0	10,644,000	36,539,000
2002/03	6,452,000	0	499,000	6,951,000
2001/02	12,900,000	0	2,705,000	15,605,000
	<b>70,853,000</b>	<b>0</b>	<b>21,464,000</b>	<b>92,317,000</b>

**25. Long Term Investments**

There are no long term Treasury Management Investments at 31 March 2007.

**26. Long Term Debtors**

	Balance at 1st April 2006 £	Advances in year £	Repayments in year £	Balance at 31st March 2007 £
Housing Advances	2,670		(572)	<b>2,098</b>
DIYSO	17,821		24	<b>17,845</b>
Council Houses	107,774		(18,092)	<b>89,682</b>
Miscellaneous Loans	233,045		(26,300)	<b>206,745</b>
ADC Loan Agreement	75,000			<b>75,000</b>
Personal Loan Scheme	173,259	48,934	(60,688)	<b>161,505</b>
	<b>609,569</b>	<b>48,934</b>	<b>(105,628)</b>	<b>552,875</b>

**27. Stocks**

	31st March 2007 £	31st March 2006 £
Catering - Bar Supplies etc	<b>40,651</b>	36,261
Sports Shop - Goods	<b>3,881</b>	5,246
	<b>44,532</b>	41,507

**28. Debtors**

	31st March 2007 £	31st March 2006 £
<b>Amounts falling due within one year</b>		
Government Departments	<b>609,389</b>	2,731,292 *
Other Local Authorities	<b>329,706</b>	311,262 **
Collection Fund	<b>137,019</b>	762,491 **
Council Taxpayers (incl.costs)	<b>3,168,774</b>	2,619,804
Non-Domestic Ratepayers (incl.costs)	<b>2,780,979</b>	2,208,344 *
Payments In Advance	<b>162,391</b>	142,917
Sundry Debtors	<b>1,938,706</b>	1,716,241 ***
	<b>9,126,964</b>	10,492,351
<b>Provision for Doubtful Debts</b>	<b>(4,836,392)</b>	(4,198,348)
	<b>4,290,572</b>	6,294,003

\* restated for 2005/06.

\*\* restated to include the Collection Fund deficit for West Sussex County Council and Sussex Police Authority as part of Debtors, refer to the Collection Fund Account Note 5.

\*\*\* restated for a prior year adjustment for interest received, detailed in Prior Year Adjustment Note 4.

**29. Creditors**

	31st March 2007 £	31st March 2006 £
Government Departments	<b>(996,221)</b>	(759,326)
Other Local Authorities	<b>(397,473)</b>	(203,345)
Council Taxpayers	<b>(1,281,079)</b>	(1,454,327)
Non-Domestic Ratepayers	<b>(544,175)</b>	(1,042,678)
Other Receipts In Advance	<b>(355,253)</b>	(266,396) *
Sundry Creditors	<b>(2,613,019)</b>	(1,891,318)
	<b>(6,187,220)</b>	(5,617,390)

\* restated for 2005/06 -Time Limited Section106 contributions are now included in the Unapplied Capital Grants and Contributions Account, shown in note 20.

**30. 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.

	<i>31st March 2007 at Cost £</i>	<i>31st March 2006 at Cost £</i>
Treasury Management Investments	<b>10,130,000</b>	<b>8,000,000</b>

**31. Bank**

This comprises the following:

	<i>31st March 2007 £</i>	<i>31st March 2006 £</i>
Bank Balance 31st March as per Bank	<b>282,084</b>	584,201
less unpresented cheques/BACS	<b>(55,706)</b>	(231,759)
	<b>226,378</b>	352,442
Petty Cash and Change Floats	<b>8,203</b>	8,343
Cash in Transit	<b>375,314</b>	594,082
Bank Balance 31st March as per MSDC	<b>609,895</b>	954,867

**32. 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).

**33. Provisions**

A provision has been made for £2,000,000 relating to the expenditure accrued to the Better Mid Sussex Town Centre Revitalisation Project at 31<sup>st</sup> March 2007. This is comprised of the £300,000 advance for 2006/07 and other costs incurred in the 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.

**34. Contingent Liabilities**

The Council has guaranteed deposits to private landlords under the Deposit Guarantee Scheme. At 31st March 2007 the amount guaranteed was £17,906 (£15,952 at 31<sup>st</sup> March 2006). It is not usual for deposits to be for longer than one year and the whole of the liability will have expired by 31st March 2008.

At 31<sup>st</sup> March 2007, there was a dispute with an individual 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 is resisting the claim and is not recognising any related costs in the accounts for the year. The claim is not yet time barred.

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 2007, this matter is still outstanding, and again no accrual has been made.

As at 31<sup>st</sup> March 2006, there were two outstanding appeals under the Licensing Act where the Council has refused licences to traders. Costs against the Council were not pursued in these cases. As at 31st March 2007, three premises were still within their time limit to lodge an appeal at the Magistrates' Court in connection with Licensing Act 2003 matters. In addition, at 31<sup>st</sup> March 2007 there were also two taxi licensing matters which were still within time for an appeal. An estimate of a liability is £10,000 per matter.

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 plus costs. Legal proceedings against the main contractor are likely.

There is, at 31<sup>st</sup> March 2007, a subsidence claim against the Council relating to a property in Burgess Hill resulting from a Tree Preservation Order. The Council has admitted responsibility but disputes the value of the claim. An offer of £8,500 has been made. Another potential liability relates to a planning notice claim (estimate of liability £10,000 maximum).

**35. Contingent Assets**

There are no contingent assets as at 31 March 2007.

**36. Summary of Movements on Reserves**

The Council keeps a number of reserves in the Balance Sheet. Some are required to be held for statutory reasons, some are needed to comply with proper accounting practice, and others have been set up voluntarily to earmark resources for future spending plans.

<b>Reserve</b>	<i>Balance at 1st April</i>	<i>Net Movement in Year</i>	<i>Balance at 31st March</i>	<i>Purpose of Reserve</i>	<i>Further Detail of Movements</i>
<b>Fixed Asset Restatement Account</b>	54,942,440	4,734,528	<b>59,676,968</b>	Represents gains on revaluation of fixed assets	Note 37
<b>Capital Financing Account</b>	17,769,430	(1,128,691)	<b>16,640,739</b>	Represents capital resources set aside to meet past expenditure	Note 38
<b>Deferred Credits</b>	434,370	(44,939)	<b>389,431</b>	Amounts of capital income still to be received	Note 32
<b>Usable Capital Receipts</b>	495,619	(108,777)	<b>386,842</b>	Proceeds of fixed asset sales available to meet future capital investment	Note 39
<b>Earmarked Specific Reserve</b>	791,791	(524,835)	<b>266,956</b>	Amounts for particular purposes and for which Member authorisation has been obtained as to how these may be applied.	Note 40
<b>Pensions Reserve</b>	(23,940,000)	4,460,000	<b>(19,480,000)</b>	Balancing account to allow inclusion of Pensions Liability in the Balance Sheet	Note 41
<b>General Fund</b>	5,601,737	(2,383,731)	<b>3,218,006</b>	Resources available to meet future running costs for services	Statement of Movement on the General Fund Balance, page 15
<b>MSDC Part of Collection Fund Deficit</b>	(121,454)	99,629	<b>(21,825)</b>	Balance due to or from Mid Sussex for (Deficit) / Surplus	Collection Fund Statement, Section 4
<b>Total Reserves and Balances</b>	<b>55,973,933</b>	<b>5,103,184</b>	<b>61,077,117</b>		

**37. 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 2007 £	Year to 31st March 2006 £
Balance brought forward at 1st April	<b>54,942,440</b>	51,942,538
Surplus on Revaluation of Fixed Assets	<b>4,746,574</b>	3,080,234
Disposal of Fixed Assets	<b>(12,046)</b>	(80,332)
Balance carried forward at 31st March	<b>59,676,968</b>	54,942,440

**38. 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 2007 £	Year to 31st March 2006 £
Balance brought forward at 1st April	<b>17,769,430</b>	18,938,767
Revenue Reserves used	<b>1,182,022</b>	102,409 *
Capital Receipts	<b>212,009</b>	1,005,579 *
Government Grant & Capital Contributions used in year	<b>1,094,639</b>	774,957 *
Less		
- Depreciation Provision	<b>(2,132,659)</b>	(1,988,824)
- Amortisation Intangible Assets	<b>(71,346)</b>	(53,437)
- Impairment	<b>0</b>	(1,000)
- Deferred Charges Amortised	<b>(1,413,356)</b>	(1,009,021) *
Balance carried forward at 31st March	<b>16,640,739</b>	17,769,430

\* restated for 2005/06

**39. Usable Capital Receipts Reserve**

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

	<i>Year to 31st March 2007</i>	<i>Year to 31st March 2006</i>
	£	£
Balance brought forward at 1st April	<b>495,619</b> **	1,307,875
Capital Receipts during Year	<b>150,676</b>	219,220 *
Mortgage Principal Repaid	<b>44,939</b>	62,103
	<b>691,234</b>	1,589,198
less payment of Pooling of Housing Capital Receipts	<b>(92,383)</b>	(88,000) *
less applied for capital financing	<b>(212,009)</b>	(1,005,579) *
Balance carried forward at 31st March	<b>386,842</b>	495,619

\* restated for 2005/06

\*\* opening balance restated to transfer Better Mid Sussex balance of £237,158 to Capital Grants and Contributions Unapplied, refer to Note 20.

**40. Earmarked Specific Reserves and General Fund Balances**

	<i>Balance at 1st April</i>	<i>Contributions</i>	<i>Financing</i>	<i>Balance at 31st March</i>
	£	£	£	£
Specific Reserve	791,791	619,444	(1,144,279)	<b>266,956</b>
General Fund Balances	5,601,737 *	1,531,634	(3,915,365)	<b>3,218,006</b>
	<b>6,393,528</b>	<b>2,151,078</b>	<b>(5,059,644)</b>	<b>3,484,962</b>

\* restated for 2005/06 refer to prior year adjustment note 4

- 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 earmarked for the Capital Programme and amounts provided by developers as commuted sums in lieu of future maintenance.

**41. Pensions Reserve**

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.

We recognise the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out in the Statement of Movement in the General Fund Balance. Under Pension Regulations, contributions are required to meet 100% of the overall liabilities of the Fund.

In 2006/07, the Council paid an employer's contribution of £1,311,223 (£1,069,508 in 2005/06) into the West Sussex Pension Fund, representing 15% (12.7% in 2005/06) 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.

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

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 2007, the Council paid a lump sum of £400,000 (4.5% of pensionable pay) relating to 2007/08.

During 2006/07 payments totalling £193,657 (2.2% 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 2006/07 payments to both funds totalled £249,246 (2.85% 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%, 2007/08 17.2%, and 2008/09 21.9%.

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

The effects on the Income and Expenditure Account of incorporating FRS17 are as follows:

**Income and Expenditure Account Costs for the year to 31st March 2007**

Analysis of amount charged :

	2006/07 £'000	2005/06 £'000
Service Cost	<b>1,830</b>	1,430
Past Service Cost	<b>160</b>	130
Curtailement and Settlements	<b>0</b>	0
Total Operating Charge	<b>1,990</b>	1,560
Expected return on assets	<b>(3,130)</b>	(2,610)
Interest on Pension Scheme Liabilities	<b>3,430</b>	3,160
Net Return	<b>300</b>	550
Net Charge to Income and Expenditure Account Cost	<b>2,290</b>	2,110

**Statement of Movement in the General Fund Balance**

Reversal of net charges made for retirement benefits in accordance with FRS 17	<b>(2,290)</b>	(2,110)
Actual amount charged to the General Fund Balance for pensions in the year:		
Employers' contributions payable to the scheme	<b>1,311</b>	1,069

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

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>31.03.07</i>	<i>31.03.06</i>	<i>31.03.05</i>
Rate of increase in salaries	4.7%	4.6%	4.4%
Rate of increase in pensions in payment	3.2%	3.1%	2.9%
Discount rate	5.4%	4.9%	5.4%
Inflation assumption	3.2%	3.1%	2.9%

**History of Experience Gains and Losses**

	<i>2006/07</i>	<i>2005/06</i>	<i>2004/05</i>	<i>2003/04</i>	<i>2002/03</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Difference between the expected and actual return on assets	<b>(900)</b>	6,380	1,538	4,470	(8,180)
Value of assets	<b>48,680</b>	45,810	36,621	32,160	25,665
<b>Percentage of assets</b>	<b>(1.8)</b>	13.9	4.2	13.9	(31.9)
Experience gains/(losses) on liabilities	<b>(10)</b>	10	(372)	(13)	292
Present value of liabilities	<b>68,160</b>	69,750	58,477	45,400	43,012
<b>Percentage of the present value of liabilities</b>	<b>0%</b>	0%	0.6%	0.0%	0.7%
Actuarial gains/(losses) recognised in the Statement of Total Recognised Gains and Losses	<b>4,770</b>	(1,530)	(8,494)	4,457	(7,888)
Present value of liabilities	<b>68,160</b>	69,750	58,477	45,400	43,012
<b>Percentage of present value of liabilities</b>	<b>7%</b>	(2.2%)	14.5%	9.8%	(18.3%)

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:

<b><i>Pensions Reserve</i></b>	<i>31.3.07</i>	<i>31.3.06</i>	<i>31.3.05</i>	<i>31.3.04</i>	<i>31.3.03</i>
	<i>£' 000</i>	<i>£' 000</i>	<i>£' 000</i>	<i>£' 000</i>	<i>£' 000</i>
Current service cost	<b>(1,830)</b>	(1,430)	(1,340)	(920)	(815)
Employers contribution	<b>1,880</b>	1,470	1,662	1,240	778
Past service costs	<b>(160)</b>	(130)	(30)	0	(14)
Contributions in respect of unfunded benefits	<b>100</b>	100	107	110	0
Impact of settlements and curtailments	<b>0</b>	0	(310)	0	(207)
Net return on assets	<b>(300)</b>	(550)	(210)	(790)	(470)
Financing from Pension Reserve	<b>(310)</b>	(540)	(121)	(360)	(728)
Actuarial gains / (losses) as analysed below	<b>4,770</b>	(1,530)	(8,499)	4,457	(7,888)
<b>Total movement on reserve in year</b>	<b>4,460</b>	(2,070)	(8,620)	4,097	(8,616)
<b>Balance b/forward at 1st April</b>	<b>(23,940)</b>	(21,870)	(13,250)	(17,347)	(8,731)
<b>Balance c/forward at 31st March</b>	<b>(19,480)</b>	(23,940)	(21,870)	(13,250)	(17,347)

## 41. Pensions (cont'd)

**Analysis of Amount Recognised in the Statement of Total Recognised Gains and Losses (STRGL)**

The actuarial gains identified as movements on the Pensions Reserve in 2006/07 can be analysed into the following categories, measured as absolute amounts and as a percentage of assets at 31<sup>st</sup> March 2007.

	2006/07		2005/06		2004/05		2003/04		2002/03	
	£'000	%	£'000	%	£'000	%	£'000	%	£'000	%
Actual return less expected return on pension scheme assets	<b>(900)</b>	<b>(1.8)</b>	6,380	13.9	1,538	4.2	4,470	13.9	(8,180)	31.9
Experience gains and losses arising from scheme liabilities	<b>(10)</b>	<b>0</b>	10	0.6	(372)	1.0	(13)	0.0	292	1.1
Changes in assumptions underlying the present value of the scheme liabilities	<b>5,680</b>	<b>11.6</b>	(7,920)	17.3	(9,665)	26.4	0	0.0	0	0.0
<b>Actuarial gain/(loss)</b>	<b>4,770</b>		<b>(1,530)</b>		<b>(8,499)</b>		<b>4,457</b>		<b>(7,888)</b>	
Actuarial gain/(loss) recognised in the Statement of Recognised Gains and Losses	<b>4770</b>		<b>(1,530)</b>		<b>(8,499)</b>		<b>4,457</b>		<b>(7,888)</b>	

The following amounts were measured in accordance with the requirements of FRS 17 "Retirement Benefits" by the actuary, and show the proportion in respect of the Mid Sussex District Council element of the Pension Fund as at 31 March 2007.

	Value at 31.03.07 £'000	Value at 31.03.06 £'000
Equities	<b>37,440</b>	35,420
Bonds	<b>6,510</b>	5,660
Property	<b>3,850</b>	2,990
Cash	<b>880</b>	1,740
Total market value of asset	<b>48,680</b>	45,810
Present value of scheme liabilities	<b>(66,500)</b>	(68,030)
Surplus / (deficit) in the scheme	<b>(17,820)</b>	(22,220)
Present Value of Unfunded Liabilities	<b>(1,660)</b>	(1,720)
Net pension asset / (liability)	<b>(19,480)</b>	(23,940)

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

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 31.03.07</i>	<i>Value at 31.03.07 £'000</i>	<i>Long-term rate of return expected at 31.03.06</i>	<i>Value at 31.03.06 £'000</i>
Equities	<b>7.8%</b>	<b>1,184,200</b>	7.4%	1,080,900
Bonds	<b>4.9%</b>	<b>205,800</b>	4.6%	172,600
Property	<b>5.8%</b>	<b>121,900</b>	5.5%	91,300
Cash	<b>4.9%</b>	<b>27,900</b>	4.6%	53,300
		<b>1,539,800</b>		<b>1,398,100</b>

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.

**42. Post Balance Sheet Events**

There are no post balance sheet events.

**43. 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:

<i>Net Current Assets 31 March 07</i>		<i>2006/07 Gross Expenditure</i>	<i>2006/07 Gross Income Charitable Trading</i>	<i>2006/07 Net Expenditure</i>	<i>2005/06 Net Expenditure</i>
£		£	£	£	£
1,694,332	Beech Hurst	98,069	(90,923)	<b>7,146</b>	(7,450)
353,118	St.Johns Park	24,989	(9,377)	<b>15,612</b>	8,950
46,490	Fairfield Road Recreation Ground	13,653	(4,238)	<b>9,415</b>	3,294
70,336	Richard Worsley Recreation Ground	33,705	(10,109)	<b>23,596</b>	38,466
2	Lucastes Avenue Open Space	331	0	<b>331</b>	343
1	West Common Open Space	1,428	0	<b>1,428</b>	635
150,533	Ashurst Wood Recreation Ground	15,000	(6,975)	<b>8,025</b>	23,711
16,750	King George V Field (Crawley Down)	3,292	0	<b>3,292</b>	3,647
<b>2,331,562</b>		<b>190,467</b>	<b>(121,622)</b>	<b>68,845</b>	<b>71,596</b>

The Trust Fund Assets are not consolidated within the Council Assets.

## Notes relating to the Cash Flow Statement

### 44. Reconciliation to Income and Expenditure Account

	Net Expenditure 2006/07 £	Net Expenditure 2005/06 £
<b>Consolidated (Surplus) / Deficit</b>	<b>0</b>	(209,198)
Include Movement on Collection Fund Balance	<b>(725,101)</b>	972,266
Include Revenue Movements on:		
Stocks	<b>3,025</b>	(7,155)
Debtors	<b>978,574</b>	1,747,892
Creditors	<b>(600,580)</b>	(504,970)
Provisions	<b>0</b>	0
Exclude		
Servicing of Finance	<b>824,825</b>	768,199
Net Contribution to/(from) Capital and Reserves	<b>1,726,544</b>	(162,874)
<b>Net Cash Flow on Revenue Activities</b>	<b>2,207,287</b>	2,604,160

### 45. 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.

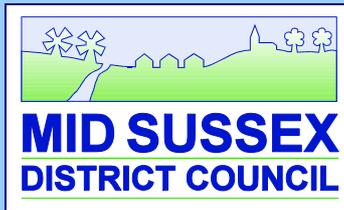
	2006/07 £	2005/06 £
Opening balance 1st April	<b>8,000,000</b>	8,500,000
New short-term investments	<b>124,975,000</b>	106,350,402
Repayment of short-term investments	<b>(122,845,000)</b>	(106,850,402)
Closing balance 31st March	<b>10,130,000</b>	8,000,000

**46. Government and Other Grants**

	2006/07 £	2005/06 £
<b>Revenue</b>		
Housing Benefits Administration	797,137	769,710
Other	386,608	200,712
	<b>1,183,745</b>	970,422
DWP Grants for Benefits	24,682,216	18,637,336
Revenue Support Grant	1,053,967	1,873,158
	<b>26,919,928</b>	21,480,916
<b>Capital</b>		
Improvement Grants	228,000	228,000
Social Housing Grant	0	0
Other Capital Grants	217,022	177,803
IEG Grant	0	150,000
	<b>445,022</b>	555,803
	<b>27,364,950</b>	22,036,719

**47. Reconciliation of the Movement in Cash to the Movement in Net Debt**

	2006/07 £	2005/06 £
Long Term Investments balance 1st April	0	1,000,000
Long Term Investments balance 31st March	0	0
Net movement on Long Term Investments	0	(1,000,000)
Net movement on Short Term Investments	2,130,000	(500,000)
	<b>2,130,000</b>	(1,500,000)
Net cash (inflow)/outflow before financing	<b>(1,785,028)</b>	1,242,822
	<b>344,972</b>	(257,178)
<b>Movement in Cash</b>		
Cash and bank balance 1st April	954,867	697,689
less		
Cash and bank balance 31st March	609,895	954,867
<b>Increase/(Decrease) in Cash</b>	<b>(344,972)</b>	<b>257,178</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	2006/07 £	2005/06 £
<b>Income</b>			
<b>Council Tax</b>			
	1		
Income receivable from Taxpayers		(67,605,596)	(63,846,599)
Transfers to/(from) General Fund			
Council Tax Benefits		(4,334,664)	(4,174,178)
Transitional Relief from previous years		5,791	7,214
<b>Total Council Tax</b>		<b>(71,934,469)</b>	<b>(68,013,563)</b>
<b>National Non-Domestic Rates</b>			
Income collectable from Business Ratepayers	2	(34,417,947)	(29,871,328)
<b>Contributions</b>			
Contribution to/from Previous Year's (Deficit)/Surplus	4	(931,000)	86,000
		<b>(107,283,416)</b>	<b>(97,798,891)</b>
<b>Expenditure</b>			
<b>Demand and Precepts</b>			
West Sussex County Council		55,732,882	53,107,846
Sussex Police Authority		6,441,892	6,136,306
Mid Sussex District Council		9,885,371	9,432,168
<b>National Non-Domestic Rates</b>			
Payment to National Pool	2	34,243,542	29,694,076
Cost of Collection Allowance		174,405	177,252
<b>Bad and Doubtful Debts (Council Tax only)</b>			
Write Offs	3	5,584	84,887
Provisions		74,639	138,622
		<b>106,558,315</b>	<b>98,771,157</b>
<b>Movement on Fund Balance</b>			
		<b>(725,101)</b>	<b>972,266</b>
<b>Collection Fund Balance</b>			
Balance at the Beginning of the Year		883,945	(88,321)
Movement on Fund Balance		(725,101)	972,266
<b>Balance at the End of the Year</b>	5	<b>158,844</b>	<b>883,945</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 2005 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>	1,602.40	237.50	1,364.90	<i>6/9ths</i>	909.9
<b>Band B</b>	5,316.90	849.90	4,467.00	<i>7/9ths</i>	3,474.3
<b>Band C</b>	11,713.61	1,216.00	10,497.61	<i>8/9ths</i>	9,331.2
<b>Band D</b>	14,968.74	1,102.40	13,866.34	<i>9/9ths</i>	13,866.3
<b>Band E</b>	9,734.21	533.85	9,200.36	<i>11/9ths</i>	11,244.9
<b>Band F</b>	7,467.76	297.65	7,170.11	<i>13/9ths</i>	10,356.9
<b>Band G</b>	3,888.36	141.45	3,746.91	<i>15/9ths</i>	6,244.9
<b>Band H</b>	295.15	12.20	282.95	<i>18/9ths</i>	565.9
<b>Total</b>	<u>54,987.13</u>	<u>4,390.95</u>	<u>50,596.18</u>		<u>55,994.3</u>
				Less Allowances for Loss on Collection (0.6%)	(336.0)
				<b>Council Tax Base</b>	<u><u>55,658.3</u></u>

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	55,732,882	÷	55,658.3	=	<b>1,001.34</b>
Sussex Police Authority	6,441,892	÷	55,658.3	=	<b>115.74</b>
Mid Sussex District Council	9,885,371	÷	55,658.3	=	<b>177.61</b> (average)
					<u><u><b>1,294.69</b></u></u>

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 £1,253.68 to £1,334.73.

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

Non-domestic rates are organised on a national basis. The Government specifies an amount for the year (43.3p in 2006/07 and 42.2p in 2005/06) 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 £95.004m (£94.464m in 2005/06). 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 2007. A total of £1,754,867, has been provided against debts of £2,895,098 outstanding as at 31st March 2007.

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

In accordance with legislation, the estimated balance as at 31<sup>st</sup> March 2006 on the Collection Fund (excluding items relating to community charge) was £931,000 deficit and this was notified to both the County Council and Police Authority. This deficit has been deducted from the contribution to each of these principal authorities in proportion to their Council Tax for the year 2005/06, as follows:

<i>Authority</i>	Estimated Deficit 31.3.06	
	£	%
West Sussex County Council	<b>719,942</b>	<b>77.33</b>
Sussex Police Authority	<b>83,138</b>	<b>8.93</b>
Mid Sussex District Council	<b>127,920</b>	<b>13.74</b>
Estimated Deficit at year end	<b>931,000</b>	<b>100</b>

## 5. Year End Surplus / Deficit

At 31<sup>st</sup> March 2007, the fund has a deficit of £158,844. This deficit will be recouped by contributions from the principal authorities as follows:

<i>Authority</i>	Actual Deficit 31.3.06	Actual Deficit 31.3.07	%
	£	£	
West Sussex County Council	<b>683,555</b>	<b>122,834</b>	77.33
Sussex Police Authority	<b>78,936</b>	<b>14,185</b>	8.93
Mid Sussex District Council	<b>121,454</b>	<b>21,825</b>	13.74
Actual Deficit at year end	<b>883,945</b>	<b>158,844</b>	100

There are presentational changes that are required with the introduction of SORP 2006. These are detailed below:

The contributions required from West Sussex County Council and Sussex Police Authority are included as part of Debtors shown on the Balance Sheet, refer to Consolidated Notes to the Core Financial Statements Note 28.

The Mid Sussex District Council contribution is shown as part of General Fund Balances on the Balance Sheet, page 16.

The MSDC share of the movement for the year ended 31<sup>st</sup> March 2007 is £99,629. This is shown as part of the Statement of Recognised Gains and Losses, on page 15.



***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 2007 and up to the date of the approval of the Statement of Accounts.

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

The Council maintained its score of 3 (out of 4) for the Use of Resources assessment in 2006. Several areas of the assessment showed improved performance over that in 2005. The scoring demonstrates that the Council is 'consistently above minimum requirements – performing well.' The Annual Governance Report prepared by the Audit Commission and presented at Council on 27<sup>th</sup> September 2006 covering the audit of the Council for the year ended 31<sup>st</sup> March 2006, stated that the audit identified no material weaknesses in systems of accounting and financial control which should be reported.

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 2006/07 Corporate Plan and Best Value Performance Plan was approved by Council on 1st March 2006 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 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 regularly met with Heads of Service during 2006/07 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 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 and the revision process was continued in 2006/07.

The Cabinet has responsibility for the day-to-day business of the Council. In 2006/07 it was made up of a Leader and five Portfolio Holders appointed by the Council, this has now been reduced by one portfolio holder for 2007/08. 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. This responsibility passed to the Solicitor to the Council at the end of June 2007. 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.

The Council published updated policies for Anti-fraud and Corruption and a Code of Conduct for Local Government Employees in September 2006. Cases of prosecution for benefit fraud are published in the local press together with a statement that the Council works closely with other Government departments to share information and uses other methods to detect fraud in the benefit system.

### **3.4 Risk management**

Risk management is now embedded into the corporate management of the organisation and Management Team receive an update report on the position with key strategic risks on a monthly basis. Cabinet have received regular reports on the management of the Council's strategic risks and adopted an updated Strategic Risk Policy to better reflect the best practice approach the Council takes to strategic risk management.

At the start of the year twelve key risks were identified, and by the end of the year four of these were no longer considered strategic risks and others had been assessed as a lower risk status. Strategic risks for 2007/08 were assessed on 6<sup>th</sup> March 2007 and adopted by Cabinet on 2<sup>nd</sup> April.

### **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 during the year. The final report to Cabinet in June 2007 showed an under-spend of £5,000 for 2006/07. This demonstrates the good management of budgets and sound financial control throughout the year.

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.

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. The Audit Commission have reviewed the partnership arrangement with Thornfield properties plc and the most recent report (June 2007) stated that the partnership has been successful in enabling fast progress to be made on master planning for each of the three town centres. The report noted the strong relationship between the Council and its partner and enthusiasm for the project.

**Central Sussex Partnership** – 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. The governance framework for this partnership includes a Joint Committee and individual project boards covering ICT, Council Tax and Housing Benefit Services.

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

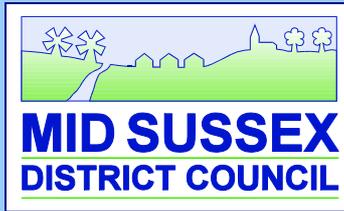
The Council has statutory responsibility for conducting, at least annually, a review of the effectiveness of the system of internal control. This is fundamental to the risk management of the Council, and accordingly, these controls are kept under review as situations change. The review is evidenced by 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.

***Cllr Gordon Marples***  
***Leader of Council***  
***2nd July 2007***

***John Jory***  
***Chief Executive***  
***2nd July 2007***





***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 2007 under the Audit Commission Act 1998, which comprise the Explanatory Foreword, Income and Expenditure Account, Statement of the Movement on the General Fund Balance, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cashflow Statement, the Collection Fund 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 2006 are set out in the Statement of 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 the financial position of the Authority in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006.

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' issued in 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 content of the Summary Accounts. 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 2006, the financial position of Mid Sussex District Council as at 31 March 2007 and its income and expenditure for the year then ended.

Helen Thompson  
44-45 West Street  
Chichester  
West Sussex  
PO19 1RP

*September 2007*

**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 having regard to the criteria for principal local authorities specified by the Audit Commission and published in December 2006, I am satisfied that, in all significant respects, Mid Sussex District Council made proper arrangements to secure economy, efficiency, and effectiveness in its use of resources for the year ending 31 March 2007.

### **Best Value Performance Plan**

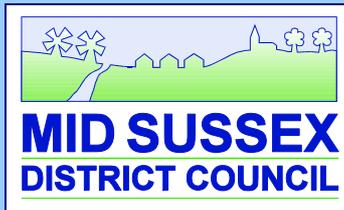
I issued my statutory report on the audit of the authority's best value performance plan for the financial year 2007 in December 2006. I did not identify any matters to be reported to the authority and did not make any recommendations on procedures in relation to the plan.

### **Certificate**

The audit cannot be formally closed and an audit certificate issued until consideration of issues raised by a local elector has been completed. I am satisfied that this will not have a material effect on the statement of accounts.

Helen Thompson  
44-45 West Street  
Chichester  
West Sussex  
PO19 1RP

***September 2007***



***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.