



**STATEMENT OF ACCOUNTS
FOR 1998/99**

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EXPLANATORY FOREWORD

1. Introduction

This foreword provides a brief explanation of the Council's accounts for 1998/99 which are set out on pages 10 to 30 of this document and supported by the Statement of Responsibilities (page 6) and the Statement of Accounting Policies (pages 7 to 9).

2. Consolidated Revenue Account

This account covers operating income and expenditure on General Fund services, the Housing Revenue Account and the Direct Service Organisations. It shows how the net cost of all the Council's revenue activities has been financed from government grants and income from local taxpayers.

This account, together with accompanying notes, is set out on pages 10 to 13.

Further details of the cost of services provided by the Council and the income collected to pay for the services are shown graphically on pages 4 and 5.

3. Housing Revenue Account

The Council is required to maintain a separate account for income and expenditure on council houses. The Council transferred its stock of council houses to Hart Housing Association in 1994, but retained one property for strategic reasons. This property was sold in 1997/98, so the Council was in a position to apply to the appropriate Government Department to close the HRA. Permission was granted on the 17th March 1999 and the Council closed the HRA on 31st March 1999. The balance on the HRA at that time was £1,046,000 and this was transferred into the General Fund balance on the 31st March 1999.

Further details of the residual transactions in the HRA can be found on page 14.

4. Direct Service Organisations

This statement, which summarises the financial results for the contracts operated by Hart Direct Services can be found on page 15.

5. Collection Fund

This account records all council tax and business rate income collected on behalf of the District Council, local town and parish councils, Hampshire County Council, Hampshire Police Authority, and Central Government. Details can be found on pages 16 and 17.

6. Consolidated Balance Sheet

This statement sets out the overall financial position of the Council as at 31st March 1999 and incorporates the value of all assets and liabilities at the year end.

This statement is set out on page 18 and is supported by notes on pages 19 to 22 and the Statements of Movements in Capital and Revenue Reserves on pages 23 - 25.

7. Cash Flow Statement

All revenue and capital activities are included in this statement which shows cash flows between the Council and third parties. Details can be found on pages 26 and 27.

8. Capital Expenditure

The Council has an approved capital programme with projected spending of £23m over the six year period 1998/99 to 2003/04. Included in the programme are a variety of projects and schemes, such as the construction and improvement of leisure facilities, grants to parish councils and voluntary organisations, social housing schemes, home improvement grants, recycling initiatives, drainage schemes and economic development projects.

Details of spending on capital projects in 1998/99 can be found on pages 28 to 30.

9. Accounting Policies

The accounting policies which support the accounts are set out on pages 7 to 9. There have been no material changes to accounting policies in 1998/99.

10. Financial Performance

There are five main areas to report on -

General Fund - the operating costs and income on General Fund services are set out in the Consolidated Revenue Account on page 10 and a graphical presentation is shown on pages 4 and 5. The General Fund summary shows a deficit for the year of £432,000 compared to the deficit of £553,000 forecast in the budget (1998/99 probable estimate). The underspend of £121,000 referred to above is the result of a large number of variances between revised budget and outturn, the most significant of which are highlighted below.

There was one heading with a significant overspend -

a) Council Tax/Housing Benefits - overspend of £67,000, due to lower grant reimbursement than had been provided for in the budget.

However, there were a large number of headings where underspends or savings occurred, the most significant of which were as follows -

- a) Hart Leisure Centre - underspend of £84,000. Mainly savings from employees and underspends on premises and supplies and services.
- b) Open spaces and verges - underspend £36,000, largely due to increase in contribution from Open Spaces Maintenance Fund.
- c) IT Support - underspend £44,000, largely due savings on maintenance of equipment, use of consultants and software charges.

After taking into account the deficit in 1998/99, the balance on the General Fund as at 31st March 1999 was £1,820,000.

Housing Revenue Account - the transactions on this account are set out on page 14. The HRA was closed on the 31st March 1999. The balance on the HRA at that time was £1,046,000 and this amount was transferred into the General Fund.

Direct Service Organisations - Hart Direct Services, which undertakes the contracts for refuse, cleansing and sewerage and drainage functions, achieved an overall surplus of £160,000 in 1998/99. A transfer of £100,000 was made from the DSO reserves to the General Fund at the year end, leaving a balance in the DSO reserves as at the 31st March 1999 of £237,000.

Council Tax collection - the collection rate of council tax in 1998/99 was 98.4% against 96% for the previous year. The improved collection rate enabled the Fund to achieve a net surplus of £461,000 for the year.

Capital expenditure - details of how much the Council spent on capital projects and how it was financed are set out on pages 28 to 30. The capital programme (excluding DSO capital expenditure) originally included provision for spending £7.4m during the year. However, during the summer of 1998 the Council reviewed its capital programme in order to ensure that the level of capital spending in the medium term was capable of being matched by resources. As a result, new cash limits were set which resulted in the provision made in the capital programme for 1998/99 being reduced to £5.1m. Actual spending in the year was £5.1 million.

11. Funding of future capital expenditure

The Council had funds and reserves of £8.2m at the 31st March 1999 to finance capital expenditure, made up mainly of useable capital receipts (£5.5m) and surplus provision for credit liabilities (£2.2m) created following the redemption of external debt. Further details of these reserves can be found in the Statement of Movements in Capital Reserves on pages 23 - 24.

Future capital resources will be generated from right to buy proceeds from the sale of ex-council houses by Hart Housing Association, housing association grant from social housing schemes, developers' contributions, miscellaneous capital receipts from the sale of assets and grants and contributions from the government and central agencies. In the short term, borrowing approvals and revenue contributions are unlikely.

Projected future capital resources, together with the capital resources that the Council has in its possession at the 31st March 1999, will enable the Council to finance its current approved capital programme.

12. Planned future developments in service delivery

The Council's approved six year capital programme has many planned developments for the future. Significant projects include the following -

Social housing schemes	Grants to voluntary organisations
Frogmore Daycare Centre	Environmental enhancement schemes
Hart Leisure Centre-car parking/roof renovation	Economic development
Cycleways	Adoption of Private Sewers
Renovation Grants	

With regard to revenue plans, the Council's main priorities are to maintain existing standards of service. Future plans will be restricted by the Government's Standard Spending Assessment for the District and pressure to keep council tax levels down. Developments that exist are in areas such as leisure (e.g. countryside recreation, arts, promotion of the Harlington Centre), town centre security, recycling and environmental issues and planning guidance and control (e.g. Local Plan).

13. Borrowing

The Council achieved debt free status when it repaid all its outstanding external debt in 1994/95.

14. Disclosure of Year 2000 costs

A preliminary audit of all IT and non-IT systems was carried out during 1998/99 and a number of key issues identified. However, other than staff time involved on the audit, no direct costs were incurred.

Subsequent to the year-end, a full risk analysis of all the Council's activities was carried out on a cost centre basis and a contingency plan prepared. Other than costs to be incurred on systems that in the normal course of events would have been replaced, the estimated cost of making the Council's remaining systems Year 2000 ready is £7,500. The cost of implementing the contingency plan, should that prove necessary, is estimated at up to £23,000.

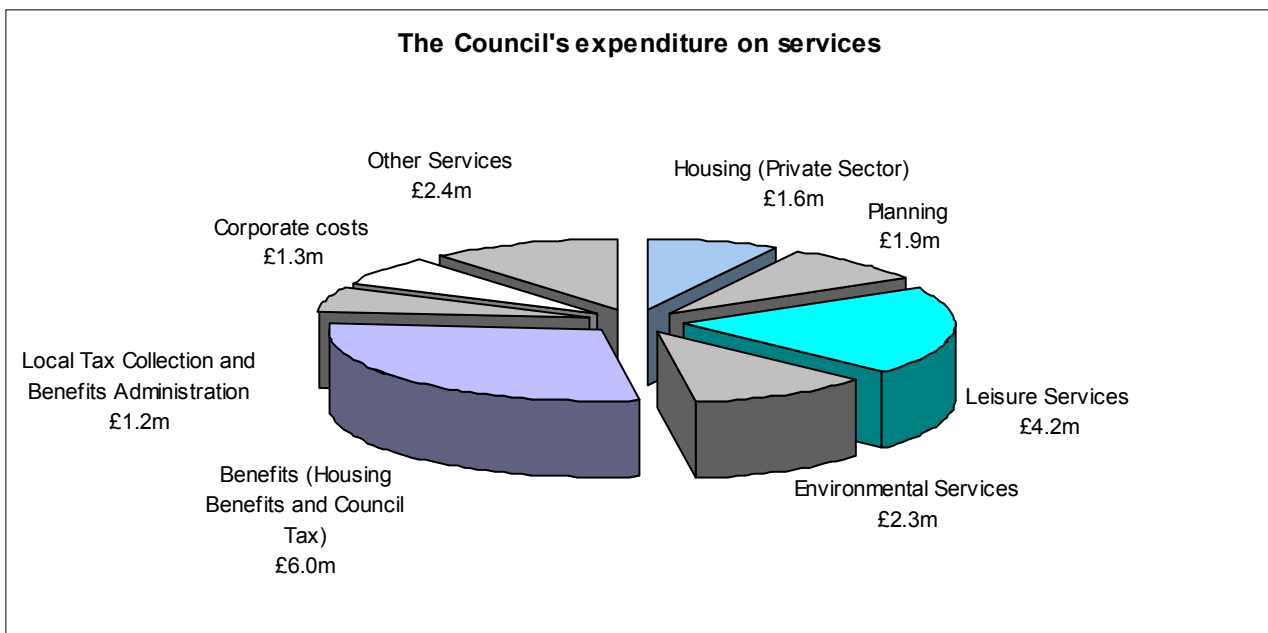
15. Issues related to the Euro

The Council is continuing to monitor the introduction of the common European currency which may have an impact on commercial arrangements and financial systems. No costs, other than a minimal amount of staff time, have been incurred to date.

16. The Council's Expenditure on Services

In 1998/99 the Council spent £17.7m providing services to the residents and business organisations living or operating within the District. A brief explanation of the main services provided together with a more detailed analysis of expenditure (and income) can be found in the Consolidated Revenue Account on pages 10 to 14. A broad analysis of the £17.7m is shown below -

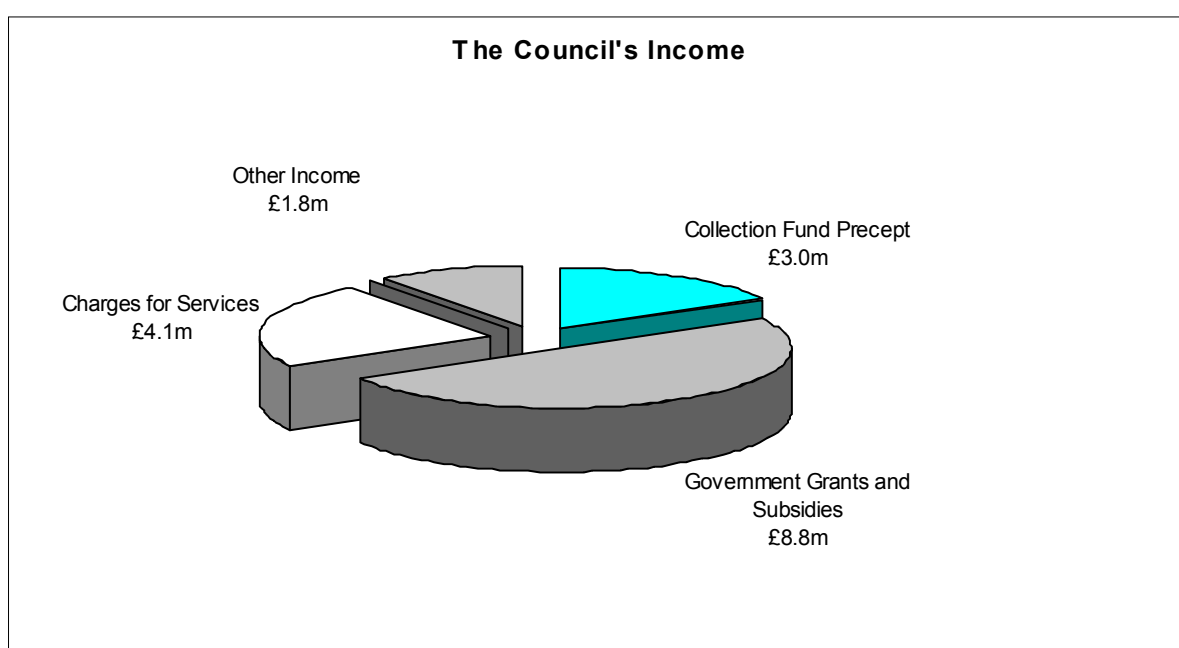
	£m
Housing (Private sector)	1.6
Planning	1.9
Leisure services	4.2
Environmental services	2.3
Benefits (housing benefits and council tax)	6.0
Local tax collection and benefits administration	1.2
Corporate costs	1.3
Other services	2.4
	<hr/>
	20.9
Less accounting for capital	3.2
	<hr/>
	17.7



17. The Council's Income

The money to pay for these services came from the following sources -

	£m
Collection Fund precept	3.0
Government grants and subsidies	8.8
Charges for services	4.1
Other income (including transfers and contributions from other funds and reserves)	1.8
	<hr/>
	17.7
	<hr/>



18. Further Information

Further information about the accounts can be obtained from the Head of Finance, Civic Offices, Harlington Way, Fleet, Hants.

David Skelton
Head of Finance
6th April 2000

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 the safeguarding of its assets.

The Head of Finance's Responsibilities

The Head of Finance is responsible for the preparation of the Authority's statement of accounts which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain, is required to present fairly the financial position of the Authority at the accounting date and its income and expenditure for the year ended 31st March 1999.

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 on Local Authority Accounting

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.

David Skelton
Head of Finance
Date : 6th April 2000

STATEMENT OF ACCOUNTING POLICIES

1. General

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting and the guidance notes issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) on the application of those Statements of Standard Accounting Practice (SSAPs) and Financial Reporting Standards (FRSs) relevant to local authorities. Any significant non compliance is disclosed below.

2. Fixed Assets

All expenditure on the acquisition, creation or enhancement of fixed assets is capitalised on an accruals basis in the accounts. Expenditure on fixed assets is capitalised 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 which is charged direct to service revenue accounts.

Fixed assets are valued on the basis recommended by CIPFA and in accordance with the Statement of Asset Valuation Principles and Guidance Notes issued by the Royal Institution of Chartered Surveyors. Fixed assets are classified into the groupings required by the Code of Practice. Assets are valued on the following bases:

Land, operational properties and other operational assets are included in the balance sheet at the lower of net current replacement cost and net realisable value.

Non-operational assets, including assets that are surplus to requirements, are included in the balance sheet at the lower of net current replacement cost and net realisable value.

Infrastructure assets have been valued, using as a base, the amount of debt brought forward on the 1st April 1994 that related to those assets.

Community assets are included in the balance sheet at a nominal value of £1 per asset to allow an entry to be made in the register of assets and to enhance control.

The surplus that arose on the initial revaluation of fixed assets was credited to the Fixed Asset Restatement Reserve. Subsequent revaluations are planned on a rolling basis to ensure all assets are revalued within a five year period, although material changes to asset valuations will be adjusted as they occur.

3. Depreciation

The policy for depreciating fixed assets is as follows -

Buildings - Frogmore Leisure Centre, Harlington and the Council Offices in Fleet are not depreciated on the grounds that the Council's repair and maintenance policy will result in the useful lives of these properties being extended sufficiently for any depreciation not to be material. All other buildings are depreciated on a straight line basis over their estimated lifespan.

Other Assets - where depreciation is charged it is calculated using a straight line method, with equal instalments of depreciation being charged to revenue for each year of the assets lives. Although depreciation is charged on the estimated life of the specific individual assets concerned, approximation of average depreciation periods are as follows -

Vehicles: 3 years

IT equipment : 3 years

Furniture : 15 years

CCTV: 7 years

Newly acquired assets are depreciated with effect from the 1st April of the following financial year.

4. Charges to Revenue for Fixed Assets

General fund service revenue accounts, central support services and statutory trading accounts and DSOs are charged with capital charges for the fixed assets used in the provision of services. The total charge covers the annual provision for depreciation plus a capital financing charge determined by applying a specified notional rate of interest to net asset values. The aggregate charge is determined on the basis of capital employed in each service. The charge made to the housing revenue account is equivalent to the statutory capital financing charges.

Provision for depreciation is charged to the Asset Management Revenue Account which is credited with the capital charges charged to services. The surplus on the account is transferred to the Consolidated Revenue Account at the year end to ensure that capital charges have a neutral impact on the amounts required from local taxation.

5. Deferred Charges

Deferred charges are payments of a capital nature where no fixed assets are created that directly benefit the Authority, but which may be properly capitalised. An example is the awarding of grants to private house-holders where properties lack basic amenities. In line with the advice of CIPFA's Capital Accounting Working Group, most deferred charges are written out to revenue accounts in the year the expenditure is incurred.

6. Leasing

The Council acquires the use of a variety of vehicles, plant and equipment by means of operating leases. These assets do not appear in the Balance Sheet as the Council does not own them. The revenue accounts are charged with the annual rentals as and when they become due.

The Council has not acquired assets by means of finance leases for some years. Those assets that the Council still has in its possession are now in secondary leasing periods. As a result their residual value is minimal, so their valuation has been excluded from fixed assets.

7. Government grants and contributions

Government grants and other contributions are accounted for on an accruals basis (see para 10 below) and recognised in the accounting statements when the conditions for their receipt have been complied with and there is reasonable assurance that the grant or contribution will be received.

8. Capital Receipts

Income from the disposal of fixed assets is accounted for on an accruals basis (see para 10 below). In accordance with Government regulations, capital receipts from the disposal of land, buildings and vehicles are apportioned between usable capital receipts and those which are set aside for the repayment of debt forming part of the capital financing reserve. As a debt free authority, the only receipts which the Council has to set aside is the grant received from the Housing Corporation to fund advances to housing associations.

All capital receipts, whether usable or set aside, are invested until such time as they are needed to finance new capital expenditure.

9. Stocks and Stores

Stocks are valued in the accounts on the lower of historic cost and net realisable value.

10. Debtors and Creditors

All the accounts (revenue and capital) of the Council are maintained on an accruals basis in accordance with the Code of Accounting Practice and SSAP2. This means that sums due to or from the Council during the financial year are included whether or not the cash has actually been received or paid in the year.

There are some exceptions to this principle -

- (a) weekly paid and four weekly paid employees are charged relative to the tax year in which payment is made.
- (b) quarterly payments for electricity, gas and telephone accounts are charged at the date of meter reading rather than being apportioned between financial years.
- (c) income for pre-booked courses at leisure centres tends to be credited to the year of receipt, rather than the year in which the course took place.

The above exceptions are consistently applied each year and therefore do not have a material effect on the year's revenue accounts.

11. Support Services and Corporate Costs

Support services were fully allocated to services in 1998/99. Corporate and democratic core costs were not allocated to services in 1998/99 in accordance with the guidance of CIPFA.

12. Reserves

The Council maintains reserves to meet general rather than specific future expenditure. The reserves the Council maintains are analysed in detail in the Statements of Movements in Capital and Revenue Reserves which can be found on pages 23 - 25.

13. Investments

Investments are shown in the balance sheet at cost with the exception of investments held by fund managers which are shown at cost plus accrued income. The investment values included in the Consolidated Balance Sheet are shown on page 18.

14. Investment Interest

Investment income is calculated on the following basis - for funds managed directly by the Council, income is the interest accrued to the Authority in that year; for funds managed by fund managers, income is the interest accrued in that year plus the difference between cost and market value of investments held at 31st March 1999.

15. Pensions

To provide for their future pensions and benefits, employees pay a percentage of their pay into the County Council's Superannuation Fund (salaried staff 6% and manual workers 5%).

In addition, the Council made contributions equivalent to 160% of the employee contributions into the Fund in 1998/99.

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

These costs have been determined on the basis of contribution rates that are set to meet less than 100% of the liabilities of the Superannuation Fund. As a result the Council does not comply with the accounting requirements of SSAP 24 (Accounting for Pension Costs) and the liabilities included in the balance sheet are understated in respect of pension costs. The Fund's actuary has advised that the additional pension costs that it would have been necessary to provide for in the year to comply with SSAP 24 are £495,700, representing 14% of pensionable pay.

CONSOLIDATED REVENUE ACCOUNT

1997/98 Net Expenditure £000		1998/99 Gross Expenditure £000	1998/99 Income £000	1998/99 Net Expenditure £000
1,039	Housing Services	1,520	264	1,256
1,307	Planning Services	1,877	537	1,340
2,183	Leisure Services	4,230	2,026	2,204
2,479	Environmental Services	2,321	442	1,879
322	Infrastructure	922	463	459
457	Community Services	632	136	496
273	Benefits (rent allowances & council tax)	6,047	5,730	317
849	Tax Collection & Benefits Administration	1,161	340	821
895	Corporate Costs	1,294	8	1,286
232	Other Expenditure/Income	820	470	350
<u>10,036</u>	Net Cost of General Fund Services	<u>20,824</u>	<u>10,416</u>	<u>10,408</u>
(684)	Housing Revenue Account	36	746	(710)
<u>9,352</u>	Net Cost of Services	<u>20,860</u>	<u>11,162</u>	<u>9,698</u>
(111)	Net surplus on statutory DSOs			(160)
772	Parish Precepts			804
(1,816)	Transfer from Asset Management Revenue A/c			(1,417)
(259)	Interest and Investment Income			(141)
(6)	Increase/(Decrease) in Provision for Bad Debts			20
30	Provision for General Rates Refund			0
<u>7,962</u>	Net Operating Expenditure			<u>8,804</u>
	APPROPRIATIONS			
(30)	HRA surplus from balances			0
	Contributions (from)/to Reserves			
(88)	- Open Spaces Maintenance			(107)
111	- DSO Reserves			60
(11)	- Agency Reserves			0
16	Contribution to Capital Financing Reserve			45
0	Contribution to Carry Forward Reserve			30
(567)	Transfer of Surplus Minimum Revenue Provision			(710)
(836)	Deferred Charges written off			(1,062)
<u>6,557</u>	Amount met from Government Grants and Local Taxpayers			<u>7,060</u>
(3,276)	Collection Fund Precept			(3,755)
93	Contribution to Collection Fund (Community Charge)			30
(244)	Contribution from Collection Fund (Council Tax)			(4)
(382)	Revenue Support Grant			(147)
(2,669)	Distribution from Non Domestic Rate Pool			(2,752)
<u>79</u>	(Surplus)\deficit for the Year			<u>432</u>
(1,995)	General Fund Balance at 1st April			(1,916)
0	Transfer of HRA reserve into General Fund Reserve			(336)
<u>79</u>	(Surplus)\Deficit for the Year			<u>432</u>
<u>(1,916)</u>	General Fund Balance at 31st March			<u>(1,820)</u>

NOTES TO CONSOLIDATED REVENUE ACCOUNT

1. Description of Services

Housing Services

The Council delivers a strategic housing service which incorporates the provision of a housing advice, homelessness and housing register service, the funding of new affordable housing by housing associations, liaison with other statutory and voluntary agencies and the promotion of the Council's overall housing objectives.

The maintenance and adaptation of private sector housing through the provision of home improvement and disabled facilities grants, is also included within this heading.

Planning Services

This heading comprises development control, building control, enforcement action, local plan implementation and tree advice.

Leisure Services

The Council provides a mixture of leisure facilities for the community, e.g. Leisure Centres, Community Centres, parks, commons, recreation grounds, playing fields, tourism, playschemes.

Environmental Services

This heading comprises statutory environmental health functions, refuse collection, street cleaning, public conveniences, recycling, cemeteries, dog wardens, pest control.

Infrastructure

The Council provides car parks, a land drainage service, environmental improvement schemes, town centre security (CCTV) and has agency responsibilities for highways with the County Council.

Community Services

The Council participates in the County wide concessionary travel scheme and operates a meals service and a lifelines system for the elderly. The Council encourages local voluntary organisations to provide services for the community by giving grants towards the cost of their projects and towards running expenses.

Benefits

The Council is responsible for administering council tax benefits, rent allowances and private sector rent rebates. Expenditure on council tax benefits and rent allowances is charged to the General Fund. The majority of benefit expenditure is reimbursed by central government.

Cost of Council Tax Collection & Benefits Administration

The cost to the Council of administering the benefits system and collecting and accounting for local taxes (i.e. residual community charge, council tax and business rates) is shown under this heading.

Corporate Costs

Corporate costs comprise expenditure as defined by CIPFA such as the cost of Council and policy making meetings, Members' and Chairmen's expenses, elections, Chief Executive and support, estimating and accounting for precepts, council tax, revenue support grant and standard spending assessments, preparing and publishing Statements of Accounts, corporate budgets and Annual Reports.

2. Asset Management Revenue Account

This account is central to the implementation of the capital accounting requirements of the Accounting Code of Practice.

Consolidated revenue account gross expenditure includes capital charges which reflect the effective cost to the Council of acquiring, retaining and using its present assets in the delivery of services. This normally exceeds the real cost to the authority of depreciation on those assets. As the Council has paid off its external debt it does not have any external interest cost for its assets. The Asset Management Revenue Account surplus represents the difference between the full economic cost and the real cost of depreciation of assets.

The surplus on the account is transferred to the Consolidated Revenue Account so that the inclusion of capital charges in gross expenditure does not impact on the financing requirement from local taxation.

The Asset Management Revenue Account is maintained separately within the Council's accounting system and the transactions in the account for 1998/99 have been shown below in summarised form -

Capital charges included in cost of services	£'000
- General Fund	(2,058)
- Direct Service Organisations	(24)
Release of deferred grant	(45)
	<hr/>
	(2,127)
Provision for depreciation	710
Surplus transferred to Consolidated Revenue Account	<hr/>
	(1,417)

3. Minimum Revenue Provision

Minimum revenue provision (MRP) payments are annual amounts required by Department of the Environment regulations to be set aside from revenue as provision for the repayment of external debt. As this Council is debt free it does not need to make MRP payments.

4. Agency Services

The Council has agency responsibilities for some highway matters with Hampshire County Council. Expenditure in 1998/99 was £47,000 which is reimbursed by the County Council.

5. Section 137 Expenditure

Section 137 of the Local Government Act 1972 as amended by Section 36 of the Local Government and Housing Act 1989 enables the Council to spend up to £1.90 per head of resident population (£165,000 in 1998/99) for the benefit of people in the area on activities or projects not specifically authorised by other powers. The amount actually spent on grants and loans to other organisations within Hart was £142,000. This was mainly the payment of grants to voluntary organisations serving the community in Hart.

6. Operating Leases

On 11 December 1998, Hart District Council entered into a commitment of £173,000 payable in annual installments of £24,700 between 1998/99 and 2004/5. This was in respect of the operating lease on a refuse vehicle. There is also an outstanding commitment of £657,000 payable in annual instalments of £131,000 between 1999/2000 and 2003/4. This is in respect of operating leases on 5 refuse vehicles and a mechanical sweeper.

7. Local Authority (Goods and Services) Act 1970

The Authority is required to disclose the income and expenditure arising from arrangements entered into under Section 1 of the above Act. This Authority did not enter into any such arrangements during 1998/99.

8. Publicity

The Council spent £103,000 on advertising and publicity in 1998/99. This is included within the service expenditure shown on page 10 and was spent in the following ways:

	£000
Recruitment advertising	33
Other advertising & promotions	70
	<hr/> 103 <hr/>

9. Pensions

In 1998/99 the Council paid an employer's contribution of £339,200 into Hampshire County Council's Pension Fund, representing 9.6% of pensionable pay. The contribution rate is determined by the Fund's Actuary based on triennial actuarial valuations. The employer's rate in 1998/99 was 160% of employees contributions and was set following the 1995 actuarial valuation, when rates were projected to increase on an annual basis which in 2000/01 would fully reflect a funding target of 100% of the liabilities of the Fund.

The actuarial valuation as at 31 March 1998 showed that a higher rate of 195% of employees contributions would be payable with effect from 1st April 1999. This higher rate reflects in part the abolition of dividend tax credits to pension funds announced in the 1997 budget, but also means that the 100% funding target will be fully reflected a year earlier than previously planned.

The Council is also responsible for all pension payments relating to added years benefits it has awarded. In 1998/99 these amounted to £114,700 representing 3.3% of pensionable pay.

The Fund's actuary has advised that the pension costs that it would have been necessary to provide for in the year in accordance with SSAP 24 (Accounting for Pension Costs) are £495,700 representing 14% of pensionable pay.

Further information can be found in the actuary's valuation report and the County Council's Pension Fund Annual Report, which are available from the County Treasurer, The Castle, Winchester, Hants, S023 8UB.

10. Remuneration

The Council is required to disclose the number of employees whose remuneration in 1998/99 fell in each bracket of a scale in multiples of £10,000, starting with £40,000:

	<u>Number</u>
£40,000 - £50,000	6
£50,000 - £60,000	0
£60,000 - £70,000	0
£70,000 - £80,000	1

11. Members Allowances

The Council is required to disclose the total value of members' allowances paid in 1998/99.

Special responsibility allowances	£ 4,329
Attendance allowances	£ 29,465
Basic allowances	£ 2,800
Chairmans' allowance	£ 1,610
Vice-Chairman's allowance	£ 600
	<hr/> £ 38,804 <hr/>

12. Related Party Transactions

The purpose of this note is to ensure that the financial statements contain the disclosures necessary to draw attention to the possibility that the financial position and results may have been affected by the existence of related parties and by material transactions with them. The disclosure is intended to let users of the accounts judge the extent of any effect. No material related party transactions involving officers or Members occurred in 1998/99.

HOUSING REVENUE ACCOUNT

1997/98 £000		1998/99 £000
	Income	
3	Dwellings Rents (gross)	0
36	Subsidy	36
	Interest	
56	- Mortgages	51
612	- Cash Balances	651
14	Other Income	8
<u>721</u>	Total Income	<u>746</u>
	Expenditure	
33	Supervision and Management	36
4	Capital Financing Costs	0
<u>37</u>	Total Expenditure	<u>36</u>
<u>(684)</u>	Surplus for the Year	<u>(710)</u>
(366)	HRA Balance at 1st April	(336)
(684)	Surplus for the Year	(710)
714	Transfer to the General Fund	1,046
<u>(336)</u>	HRA Balance at 31st March	<u>0</u>

Note

- (1) The Council transferred the ownership of its housing stock to the Hart Housing Association on the 9th March 1994, with the exception of one three bed roomed house which was retained in Council ownership until it was sold in December 1997. Following the disposal of the last property the Council was able to close the HRA on the 31st March 1999 and transfer the balance on the HRA reserve to the General Fund Reserves.

DSO REVENUE ACCOUNTS

Expenditure	<u>Refuse Collection</u> £000	<u>Cleansing</u> £000	<u>Building Cleaning</u> £000	<u>Skip Service</u> £000	<u>Sewer & Drainage</u> £000	<u>Total</u> £000
Employees						
- Management	50	24	0	2	12	88
- Operatives	299	182	0	1	91	573
- Agency Staff	26	16	0	0	0	42
Supplies & Services	23	9	0	5	61	98
Transport and Plant						0
- vehicle operating leases	200	11	0	0	0	211
- vehicle refit fund	8	0	0	0	0	8
- operating costs	227	78	0	3	7	315
Rent and Use of Depot	38	15	0	1	8	62
Support Services	32	12	0	1	9	54
Capital Financing Charges	14	5	0	0	4	23
	917	352	0	13	192	1,474
Income						
Charges to Clients	1,028	317	0	6	283	1,634
Surplus/(Deficit) for the Year	111	(35)	0	(7)	91	160

DSO Reserve Account

	£000
Balance b/fwd 1st April 1998	177
Overall Surplus/(Deficit) for the year	160
Transfer to General Fund	(100)
Balance c/fwd 31st March 1999	<u>237</u>

Notes

- (1) The Local Government, Planning and Land Act 1980 and the Local Government Act 1988 require local authorities to make a positive rate of return on capital employed by its DSO's. This is calculated on a current cost accounting basis.
- (2) CIPFA guidelines on capital accounting introduced in 1994/95 incorporate the various elements of the rate of return calculation directly into the DSO revenue accounts. An operating surplus for the year indicates achievement of a satisfactory rate of return.
- (3) The Sewerage and Drainage DSOs achieved the financial objective stated in (1) above by making an operating surplus.
- (4) The Skip Service DSO made a loss of £7,000 and ceased operating in May 1998.
- (5) The Refuse Collection DSO and the Cleansing DSO, which operate under a combined contract, made a surplus of £111,000 and a loss of £35,000 respectively (£76,000 surplus combined).
- (6) The DSO annual report, which contains further information about the DSOs, can be obtained from the Head of Finance at the Civic Offices, Fleet.

COLLECTION FUND

1997/98 £000		1998/99 £000
	<u>Income</u>	
21,238	Income from council tax	23,891
1,074	Council tax benefits	1,043
13,934	Income collectable from business ratepayers (note 2)	14,925
(17)	Community charge deficit for the year	(2)
36,229		39,857
	<u>Expenditure</u>	
	Precepts and demands	
17,029	- Hampshire County Council	18,902
1,749	- Hampshire Police Authority	1,700
3,277	- Hart District Council, Parishes and Town Councils	3,755
	Business rate	
13,728	- payment to national pool	14,714
46	- interest on refunds	97
86	- costs of collection	85
74	- movement on bad and doubtful debts	29
	Council Tax Bad and doubtful debts	
70	- provisions	0
0	- write offs	114
36,059		39,396
(170)	Surplus for the year	(461)
	Fund Movements	
(1,737)	Balance b/fwd 1st April	(460)
	Community Charge	
(93)	- previous years deficits	(30)
	Distribution of previous years surplus	
935	- Hampshire County Council	(22)
119	- Hampshire Police Authority	1
127	- Southampton City Council	16
115	- Portsmouth City Council	14
244	- Hart District Council	4
(290)	Balance remaining after distribution of previous years surplus	(477)
(170)	Surplus for the year	(461)
(460)	Balance carried forward 31st March (note 4)	(938)

NOTES TO COLLECTION FUND

1. The Collection Fund

This account reflects the statutory requirement for billing authorities to maintain a separate Collection Fund, which shows the transactions of the billing authority in relation to non - domestic rates and the council tax and illustrates the way in which these have been distributed to preceptors and the General Fund. The Collection Fund is consolidated with other accounts of the billing authority.

2. Non - Domestic Rates

NNDR is organised on a national basis. The Government specifies a national non - domestic multiplier for the year (0.474 in 1998/99) and local business rates are then calculated by reference to the multiplier and their rateable value. For businesses with a rateable value of less than £10,000, the multiplier was 0.458. The Council is responsible for collecting rates due from its business ratepayers, but pays the collected revenue into the NNDR pool administered by the Government. The funds are then redistributed back to local authorities on the basis of a fixed amount per head of population. The NNDR income at the year end after reliefs and provisions was based on a total rateable value of £37,529,452.

3. Council Tax Base

The residential properties in the District have been classified into 8 valuation bands. The number of chargeable dwellings in each valuation band are converted into an equivalent number of band D dwellings by multiplying by specified proportions. The illustration below demonstrates how the council tax base for 1998/99 was calculated -

	No. of Net <u>Dwellings</u>	Specified <u>Proportion</u>	Equivalent <u>Band D</u>
Band A	481.50	6/9	321.00
Band B	1,227.50	7/9	954.72
Band C	6,583.25	8/9	5,851.78
Band D	6,962.25	9/9	6,962.25
Band E	6,157.00	11/9	7,525.22
Band F	5,374.75	13/9	7,763.53
Band G	2,800.00	15/9	4,666.67
Band H	192.00	18/9	384.00
			<hr/> 34,429.17
Collection rate			0.985
Tax base (equivalent Band D)			33,912.73

4. Surplus for the Year and Collection Fund Balance

The Collection Fund made a net surplus of £461,000 in 1998/99 (council tax surplus of £463,000 ; residual community charge deficit of £2,000). The balance on the fund at the year end was £938,000, of which approximately 86% will be distributed in due course to the major precepting authorities, i.e. Hampshire County Council and Hampshire Police Authority.

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH

1998 £000			£000	1999 £000
	Fixed Assets			
	Operational			
1,073	- Council Dwellings			1,031
18,301	- Other Land and Buildings			18,270
1,283	- Vehicles, Plant, Furniture and Equipment			1,244
0	- Infrastructure Assets			0
104	- Community Assets			119
373	Non Operational			848
<u>21,134</u>		Notes 1 - 5		<u>21,512</u>
28	Deferred Charges	Note 6		46
8,610	Long Term Investments	Note 7		9,132
744	Long Term Debtors	Note 8		658
<u>30,516</u>	Total Long Term Assets			<u>31,348</u>
	Current Assets			
29	- Stocks and Work in Progress		52	
4,370	- Debtors	Note 9	4,144	
1,200	- Investments	Note 10	1,061	
565	- Cash in Hand		<u>2</u>	5,259
<u>36,680</u>	Total Assets			<u>36,607</u>
	Current Liabilities			
(3,040)	- Creditors	Note 11	(2,952)	
0	- Cash Overdrawn		<u>(226)</u>	(3,178)
<u>33,640</u>	Total Assets less Current Liabilities			<u>33,429</u>
(442)	Deferred Government Grants	Note 12		(397)
(704)	Deferred Capital Receipts	Note 13		-(606)
<u>32,494</u>	Total Assets less liabilities			<u>32,426</u>
1,958	Fixed Asset Restatement Reserve	Note 14		1,154
17,664	Capital Financing Reserve	Note 14		18,858
2,575	Surplus Provision for Credit Liabilities	Note 14		2,191
5,731	Usable Capital Receipts Reserve	Note 14		5,510
521	Earmarked Capital Reserves	Note 14		438
4,045	Revenue Fund Balances and Reserves	Note 14		4,275
<u>32,494</u>	Total Equity			<u>32,426</u>

David Skelton
Head of Finance
6th April 2000

NOTES TO CONSOLIDATED BALANCE SHEET

1. Fixed Assets

The construction, improvement and purchase of assets are regarded as capital transactions, the expenditure and financing of which are recorded separately in the balance sheet.

The movements in fixed assets during the year were as follows -

	<u>Council Dwellings</u> £000	<u>Other Land & Buildings</u> £000	<u>Vehicles Plant & Equip.</u> £000	<u>Comm unity Assets</u> £000	<u>Non Oper ational</u> £000	<u>Total</u> £000
Net book value as at 31.3.98	1,073	18,301	1,283	104	373	21,134
Revaluation and restatements	0	154	0	0	37	191
Value as at 1.4.98	1,073	18,455	1,283	104	410	21,325
Additions and enhancements	0	132	294	21	450	897
Disposals	0	0	0	0	0	0
Revaluations	0	0	0	0	0	0
Gross value as at 31.3.99	1,073	18,587	1,577	125	860	22,222
Depreciation for the year	(42)	(317)	(333)	(6)	(12)	(710)
Net book value as at 31.3.99	1,031	18,270	1,244	119	848	21,512

2. Fixed Asset Valuation

The freehold and leasehold properties, which comprise the Authority's property portfolio, were first valued in 1994/95 by an external independent valuer - Lambert, Smith and Hampton - on the undermentioned bases in accordance with the Statements of Asset Valuation Practice and Guidance Notes of the Royal Institution of Chartered Surveyors.

The Council has a five year rolling programme of revaluations to ensure that the values of all its fixed assets are maintained up to date. Most assets have been revalued since 1994. In 1998/99 the following assets were revalued - Velmead Sportsground and Community Centre; Oakley Sportsground and Pavilion; Basingbourne Sportsground and Pavilion; Calthorpe Sportsground and Pavilion; Peter Driver Sportsground, Pavilion and Bungalow; garages at Fleet Cemetery.

Plant and machinery is included in the valuation of the buildings.

Properties regarded by the Authority as operational were valued on the basis of open market value for the existing use or, where this could not be assessed because there was no market for the subject asset, the depreciated replacement cost.

Properties regarded by the Authority as non-operational have been valued on the basis of open market value.

3. Finance Leases

All the assets that the Council has acquired through finance leases in the past are now in secondary leasing periods. As a result their residual value is minimal, so valuations of these assets have been excluded from the fixed assets figure in the Consolidated Balance Sheet. The capital value of items acquired through finance leases in previous years, which the Council still has in its possession, was £29,402. Rental payments for these leases in 1998/1999 amounted to £153. There were no outstanding obligations as at 31st March 1999.

4. Capital Commitments

At 31st March 1999, the Council had major contractual commitments on the following -

	£000
Social Housing schemes	738

5. Information on Assets Held

Fixed assets owned by the Council -	No.at <u>31.3.98</u>	No.at <u>31.3.99</u>
Council Dwellings	3	3
Operational Dwellings		
Civic Offices	1	1
Harlington Centre	1	1
Community Centres	1	1
Leisure Centres	2	2
Outdoor Sports Facilities	7	6
Car Parks	12	12
Public Conveniences	5	5
Depots	1	1
Cemeteries	1	1
Operational Equipment		
Vehicles	16	15
Infrastructure		
Assets		
Amenity Footpaths	22	32
Street Nameplates	3,090	3,185
Community Assets		
Common Land and Open Spaces (hectares)	307	313
Fleet Pond (hectares)	54	54
Childrens Play Areas	17	16
Non - Operational Assets		
Yateley CAB Building	1	1

6. Deferred Charges

A definition of deferred charges appears on page 8. The movements in deferred charges during the year were as follows -

	£000	£000
Balance as at 1.4.98		28
Expenditure in the year - improvement grants	483	
- other	<u>597</u>	1,080
Amounts written off to Consolidated Revenue Account		(1,062)
Balance as at 31.3.99		<u>46</u>

7. Long Term Investments

This amount represents the sum invested with appointed fund managers. The amount shown at 31st March 1999 represents the cost price plus accrued income.

8. Long Term Debtors

The Council had the following long term debtors -	31.3.98	31.3.99
	£000	£000
Mortgages (mainly from the sale of council houses)	725	638
Car Loans (repayable over more than 1 year)	19	20
	<u>744</u>	<u>658</u>

9. Current Assets (Debtors)

Debtors are analysed below -	31.3.98	31.3.99
	£000	£000
Community Charge Arrears	278	2
NNDR Arrears	1,473	1,892
Council Tax Arrears	1,188	1,301
Government Departments	861	330
Hampshire County Council	28	85
Rents from Council owned properties	155	163
Car Loans (repayable in less than 1 year)	14	12
Sundry Debtors	1,263	997
Payments in Advance	330	336
	<u>5,590</u>	<u>5,118</u>
Less provision for bad and doubtful debts		
- Community Charge	273	2
- NNDR	315	285
- Council Tax	300	300
- General Rates	30	30
- Sundry Debtors	190	209
- Rents from temporary accommodation	112	148
	<u>1,220</u>	<u>974</u>
Net Debtors	<u>4,370</u>	<u>4,144</u>

10. Current Assets (Investments)

The Council invests surplus funds temporarily. The amounts invested at the 31st March 1998 and 1999 are shown below -

	31.3.98	31.3.99
	£000	£000
Banks	0	61
Other Local Authorities	1,200	1,000
	<u>1,200</u>	<u>1,061</u>

11. Current Liabilities (Creditors)

Creditors are analysed below -	31.3.98	31.3.99
	£000	£000
NNDR Payments in Advance	506	643
Council Tax Payments in Advance	368	382
Government Departments	429	595
Sundry Creditors	1,737	1,332
	<u>3,040</u>	<u>2,952</u>

12. Government Grants - Deferred

Grants received by the Council towards the cost of fixed assets are shown in this account and released to the relevant account over the useful life of the asset to partly offset the depreciation related to the asset. An analysis of the 1998/99 transactions is shown below -

	£000
Balance as at 1st April 1998	442
Release of Sports Council grant re Southwood pavilion	(10)
Release of CCTV grant to offset depreciation	(35)
Balance as at 31st March 1999	<u>397</u>

13. Deferred Capital Receipts

Deferred capital receipts are amounts derived from the sale of assets which will be received in instalments over agreed periods of time. They arise mainly from mortgages on the sale of council houses prior to the transfer of housing stock to Hart Housing Association.

14. Balances and Reserves

Details of all balances and reserves are analysed in the Statements of Movement in Capital and Revenue Reserves on pages 23-25.

15. Analysis of Net Assets Employed

The Council is required under the Code of Practice to disclose the net assets employed by the General Fund, Housing Revenue Account and the Direct Service Organisations. An analysis of net assets employed is shown below -

	31.3.98	31.3.99
	£000	£000
General Fund	32,071	32,369
Housing Revenue Account	357	0
Direct Service Organisations	66	57
	<u>32,494</u>	<u>32,426</u>

Net assets employed represent the aggregate of reserves attributable to the Council and equal the taxpayers equity shown in the Balance Sheet.

STATEMENT OF MOVEMENTS IN CAPITAL RESERVES

	---- ACCOUNTING ----		----- USABLE-----		
	Fixed Asset Restatement <u>Reserve</u> £000	Capital Financing <u>Reserve</u> £000	Surplus Provision for Credit <u>Liabilities</u> £000	Usable Receipts <u>Reserve</u> £000	Earmarked Capital <u>Reserves</u> £000
Balances as at 1st April 1998	1,958	17,664	2,575	5,731	521
Net surplus/deficit for the year		787			
Value of assets disposed of	(840)				
Unrealised gains\losses on revaluation of fixed assets	36				
Set aside of Housing Corporation Grant			2,165		
Proceeds of disposals of fixed assets.				1,845	
Other capital receipts			16	99	26
Financing of capital expenditure		407	(2,565)	(2,165)	(109)
Balances as at 31st march 1999	<u>1,154</u>	<u>18,858</u>	<u>2,191</u>	<u>5,510</u>	<u>438</u>

Notes

1. Fixed Asset Restatement Reserve

Prior to 1994/95, a local authority's assets were recorded in the balance sheet only to the extent that debt was outstanding against them. The Accounting Code of Practice requires all fixed assets to be stated at current cost.

The opening balance on the Fixed Asset Restatement Reserve was created when assets were restated in the 1994/95 Balance Sheet at current value. After this initial revaluation, the Reserve is credited annually with any increase in the value of fixed assets when they are revalued and debited with any reductions in value. When assets are disposed of, the Reserve is reduced by the net book value of those assets. The Reserve, therefore, reflects the true value of assets at the end of the financial year as compared to the beginning of the year. The Reserve is purely of an accounting nature and does not represent real cash resources that are available to fund future capital expenditure.

2. Capital Financing Reserve

The Capital Financing Reserve is an accounting reserve integral to the system of capital accounting. Again, as an accounting reserve it does not represent resources available to fund future expenditure. The Reserve records the following -

- (1) the amounts required by statute to be set aside from capital receipts for the repayment of debt.
- (2) the difference between amounts provided for depreciation and that required to be charged to revenue to repay the principal element of external debt.
- (3) the financing of capital expenditure from revenue and from capital receipts.
- (4) the amounts required to write down deferred charges.

3. Surplus Provision for Credit Liabilities

All local authorities are required to provide for the repayment of external debt (termed in legislation as providing for credit liabilities). This provision normally forms part of the Capital Financing Reserve described in 2 above. There are regulations which state the contributions that have to be made into the provision (e.g. contributions from revenue and setting aside proportions of capital receipts from the sale of assets). The legislation dictates that the provision cannot be spent on any purpose other than debt repayment, until such time as the local authority concerned repays all its debt and becomes debt free.

The Council transferred its housing stock to Hart Housing Association in March 1994 and in consideration received a capital receipt of £23m (gross). The Council had to set aside a specified proportion (approx, 75%) of this sum for debt repayment and as a result the total amount of provision that had been made greatly exceeded the actual debt outstanding. It was, therefore, in the Council's interest to repay its debt, because the surplus left after repayment would be available to help finance the capital programme.

The Council decided to repay all of its remaining external debt in 1994/95 and thereby achieved debt free status. Following this, there was just over £7m surplus provision. Even though the Council is now debt free, regulations still require the Council to set aside certain receipts into this Reserve, namely 100% of the payment of Social Housing Grant by the Housing Corporation.

£2.5m was used from this Reserve in 1998/99 to finance capital expenditure and the balance on the Reserve at the 31st March 1999 was £2.2m.

4. Usable Capital Receipts Reserve

This Reserve comprises proceeds from the sale of assets, repayments of loans and mortgages and the Council's share of Right to Buy proceeds from houses sold by Hart Housing Association. Because the Council is debt free, all capital receipts are placed in this Reserve (apart from Housing Association Grant - see 3 above).

The Reserve can be used to finance capital expenditure of any nature. The Council used this Reserve to finance £2.2m of social housing schemes in 1998/99 and obtained 100% reimbursement from the Housing Corporation in the form of Housing Association Grant.

The balance on the Reserve at the 31st March 1999 was £5.5m.

5. Earmarked Capital Reserves

As at the 31st March 1999, the Council also had the following reserves which are earmarked for specific capital schemes and purposes -

	£000
Developers Contributions	406
Car Park Reserve	32
	<hr/>
	438
	<hr/>

Developers contributions are received under Section 106 agreements for specific projects to enhance development sites (e.g community buildings, childrens playgrounds).

The Car Park Reserve is used to provide additional parking spaces and to fund improvements to car parks.

STATEMENT OF MOVEMENTS IN REVENUE RESERVES

	General Fund £000	Housing Revenue Account £000	Open Spaces Maint. £000	Collection Fund £000	DSO's £000	Other £000	Total £000
Balances as at 1st April 1998	1,916	336	1,148	460	177	8	4,045
Net Surplus/(Deficit) in the year	(432)	710		461	160		899
Interest			84				84
Developers' contributions			108				108
Transfers/redistributions	336	(1,046)	(107)	17	(100)	39	(861)
Balances as at 31st March 1999	<u>1,820</u>	<u>0</u>	<u>1,233</u>	<u>938</u>	<u>237</u>	<u>47</u>	<u>4,275</u>

Notes

1. General Fund Working Balance

This Reserve is the cumulative surplus of General Fund revenue income over revenue expenditure which has not been set aside in a specific reserve. The Reserve is used to support future years revenue expenditure and to protect the Council against unexpected events. Further details of the General Fund Revenue Account can be found on page 10.

2. Housing Revenue Account Working Balance

This Reserve is similar to the General Fund described in Note 1, but is for Housing Revenue Account services (i.e. the provision of council housing). Further details of the Housing Revenue Account can be found on page 14. Note that following the closure of the HRA on 31st March 1999 the balance on this reserve has been transferred into the General Fund Working Balance.

3. Open Spaces Maintenance Fund

This Fund is used to finance the cost of maintaining open spaces on or around development sites. The Fund is credited with financial contributions from developers and interest thereon and an annual contribution is made to the General Fund to offset grounds maintenance expenditure.

4. Collection Fund

Further details as to why the Council maintains this Fund can be found on pages 16 - 17. The balance on the Fund as at 31st March 1999 was £938,000. Approximately 86% of this (£807,000) was due to Hampshire County Council and Hampshire Police Authority, leaving £131,000 available for this Council to reduce council tax bills in the future.

5. Direct Service Organisations Working Balance

This Reserve is an accumulation of surpluses built up in previous years by the Council's Direct Service Organisations. The Reserve is used to support future years expenditure and to protect the DSO's against unforeseen events. Further details can be found on page 15.

CASH FLOW STATEMENT

1997/98 £000		1998/99 £000
	Revenue Activities	
	Cash Outflows	
5,766	- cash paid to and on behalf of employees	5,859
5,195	- other operating cash payments	6,039
6,332	- housing and Council Tax benefit paid out	6,067
15,242	- NNDR payments to the National Pool	14,110
20,846	- precepts paid	21,437
53,381		53,512
	Cash Inflows	
(382)	- Revenue Support Grant	(147)
(6,195)	- DSS grants for benefits	(5,720)
(36)	- other government grants	(36)
(2,669)	- NNDR receipts from the National Pool	(2,752)
(190)	- rents	(191)
(21,477)	- council tax receipts	(23,791)
(14,904)	- non domestic rate receipts	(14,644)
(3,173)	- cash received for goods and services	(3,371)
(1,729)	- other operating cash receipts	(1,763)
(50,755)		(52,415)
2,626	Revenue Activities Net Cash Flow	1,097
	Returns on Investments and Servicing of Finance	
	Cash Outflows	
46	- interest paid	97
	Cash Inflows	
(919)	- interest received	(1,041)
	Capital Activities	
	Cash Outflows	
4,797	- purchase of fixed assets	1,926
609	- purchase of long term investments	631
2,835	- other capital cash payments	3,026
	Cash Inflows	
(3,544)	- sale of fixed assets	(2,087)
(2,167)	- capital grants received	(2,471)
(500)	- sale of long term investments	(109)
(233)	- other capital cash receipts	(141)
3,550	Net cash outflow/(inflow) before financing	928
	Management of Liquid Resources	
(3,400)	Decrease in Short Term Deposits	(139)
150	(Increase)/decrease in cash	789

NOTES TO THE CASH FLOW STATEMENT

1997/98 £000		1998/99 £000
	1. Reconciliation of revenue cash flow	
7,962	Net Operating Expenditure	8,804
	Add back/(deduct)	
(170)	- Collection Fund surplus	(461)
(3,276)	- Hart DC precept on Collection Fund	(3,755)
927	- interest included in income	843
16	- deferred grant released	45
(46)	- interest included in expenditure	(97)
(567)	- capital charges (depreciation)	(710)
(835)	- deferred charges written off	(1,062)
19	- increase in stock	23
262	- decrease in debtors	67
991	- decrease in current liabilities	352
(382)	- Revenue Support Grant	(147)
(2,669)	- distribution from NNDR pool	(2,752)
394	- contributions to/from Provisions and Reserves	(53)
2,626	Revenue Activities Net Cash Flow	1,097
	2. Movement in Cash during the year	
£000		£000
(150)	Cash in hand and at Bank	(563)
0	Cash overdrawn	(226)
(150)	Decrease in Cash	(789)
	3. Analysis of Other Government Grants	
£000		£000
36	Housing Defects Grant	36

CAPITAL EXPENDITURE for the year ended 31st March 1999

1. Expenditure in the year

The spending on capital projects and schemes in 1998/99 is shown in the statement below-

<u>Fixed Assets</u>	£000
Environmental Health and Housing Committee	
- Recycling	28
- Environmental Health monitoring equipment	21
- Community alarms	10
- Frogmore Daycare/Scope Centre	26
- Social Housing	840
Leisure Services Committee	
- Hart Leisure Centre improvements	5
- Frogmore Leisure Centre improvements	1
- Leisure Centre electrical works	29
- Harlington Centre improvements	13
- Play areas	21
- Fleet Pond	2
- Southwood changing facilities	1
Planning and Infrastructure	
- Car Parks	8
- Town Centre Security	19
Policy and Resources	
- Vehicles & equipment	47
- Economic Development	423
- Civic Office Alterations	141
- IT systems	206
- Yateley CAB	1
DSO	
- Vehicles and Plant	49
Total Fixed Assets	<hr/> 1,891 <hr/>

Deferred Charges

Environmental Health and Housing Committee	
- Social housing schemes (SHG)	2,165
- Home Improvement Grants	483
- Adoption of private sewers	23
- Land drainage	43
- Private Sector Housing Surveys	13
- Payment of levy on Right to Buy proceeds	177

Leisure Services Committee	
- Basingstoke Canal improvements	8
- Management Plans & open spaces	2
- Frogmore/Darby Green Social Hall	23
- Yateley C.C. Pavilion	53
- Rotherwick PC Pavilion	6
- Hook Play areas	10
- Heckfield Memorial Village hall	7
- North Warnborough Memorial Hall	42
- Other grants to voluntary organisations	3
Planning and Infrastructure	
- Environmental Improvements	40
- Fleet Road Lights	13
- Hartley Wintney Country Towns Initiative	85
Policy and Resources	
- Support Services	32
- Access for disabled	7
- Village Shop Development Scheme	10
Total Deferred Charges	<u>3,245</u>
GRAND TOTAL OF ALL CAPITAL EXPENDITURE	<u><u>5,136</u></u>

2. Financing

The Council finances this expenditure from its capital resources as follows:

	£000
Usable capital receipts	2,165
HRA reserve	21
Application of Provision for Credit Liabilities	2,504
Car Park Reserve	8
Repairs and Renewals Fund	83
Grants and contributions	355
	<u>5,136</u>

The capital programme (excluding DSO capital expenditure) originally included provision for spending £7.4m during the year. However, during the summer of 1998 the Council reviewed its capital programme in order to ensure that the level of capital spending in the medium term future was capable of being matched by resources. As a result, new cash limits were set which resulted in the provision made in the capital programme for 1998/99 being reduced to £5.1m. Actual spending in the year was £5.1m.

3. Accounting Treatment

In line with CIPFA guidance, capital expenditure on fixed assets has been added to the value of fixed assets where that expenditure represents the acquisition of an asset or the enhancement of the value of assets. When assets have been revalued, giving 31/3/99 values, the change in value indicated by the valuation and not the expenditure on that asset is added to the asset value.

Expenditure on deferred charges (i.e. payments of a capital nature where no fixed assets are created which provide benefits directly to the authority) is not included in the Balance Sheet as an asset, but is written off to revenue accounts in line with guidance in the Code of Practice.

4. Reconciliation to Balance Sheet

	£000
Additions and enhancements as per balance sheet note 1 on page 19	897
Plus expenditure on fixed assets acquired for housing associations	840
Plus deferred charges (see above)	3,245
Other capital expenditure not resulting in enhancement of asset value	154
Total capital expenditure in 1998/99	<u>5,136</u>

AUDITORS REPORT TO HART DISTRICT COUNCIL

We have audited the Statement of Accounts on pages 10 to 30 which has been prepared in accordance with the accounting policies applicable to local authorities as set out on pages 7 to 9.

Respective Responsibilities of Head of Finance and Auditors

As described on page 6, the Head of Finance is responsible for the preparation of the Statement of Accounts. Our responsibilities as independent auditors are established by statute, the Code of Audit Practice issued by the Audit Commission and our profession's ethical guidance.

We report to you our opinion as to whether the Statement of Accounts presents fairly the financial position and results of operations of the Council.

Basis of opinion

We carried out our audit in accordance with the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission, which requires compliance with relevant auditing standards.

Our audit included examination, on a test basis, of evidence relevant to the amounts and disclosures in the Statement of Accounts. It also included an assessment of the significant estimates and judgements made by the Authority in the preparation of the Statement of Accounts and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we consider necessary in order to provide us with sufficient evidence to give reasonable assurance that the Statement of Accounts is free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the Statement of Accounts.

Opinion

In our opinion the Statement of Accounts presents fairly the financial position of Hart District Council at 31st March 1999 and its income and expenditure for the year then ended.

Certificate

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

HB Kidsons
Spectrum House,
20 - 26, Cursitor Street,
London,
EC4A
1HY
Date 11th April 2000