



Statement of Accounts

2005/06

TABLE OF CONTENTS

Explanatory Foreword	2
Audit Report and Opinion	7
Statement of Responsibilities	11
Statement of Internal Control	12
Accounting Policies	17
Consolidated Revenue Account	22
Balance Sheet	28
Statement of Total Movement on Reserves	39
Cash Flow Statement	42
Collection Fund Account	45
Glossary of Terms	47

EXPLANATORY FOREWORD

Introduction

1. Introduction

This foreword provides a brief explanation of the Council's Statement of Accounts for 2005/06, which are set out on pages 22 to 46 of this document and supported by the Statement of Responsibilities (page 11), the Statement on Internal Control (pages 12 to 16) and the Statement of Accounting Policies (pages 17 to 21).

2. Consolidated Revenue Account

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

The Consolidated Revenue Account, together with accompanying notes, is set out on pages 22 to 27.

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

3. 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, Hampshire Fire Authority and Central Government.

Details can be found on pages 45 to 46.

4. Consolidated Balance Sheet

This statement sets out the overall financial position of the Council as at 31 March 2006 and incorporates the value of all assets and liabilities at the year-end.

The Consolidated Balance Sheet is set out on page 28 and is supported by notes on pages 29 to 38.

5. 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 42 to 44.

6. Capital Expenditure

The Council approved a capital programme with projected spending of £8.363m in 2005/06. 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.

EXPLANATORY FOREWORD

7. Accounting Policies

The accounting policies, which support the accounts, are set out on pages 17 to 21.

8. Financial Performance

There are three 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 22 and a graphical presentation is shown on page 5. The General Fund summary also shows the overall outturn position for 2005/06.

The net surplus for the year was £143k, however this surplus is only as a result of a £260k transfer from Revenue Reserves, so a more representative figure of spending on Council services is a deficit of £117K. This outturn position is the total of a vast number of variances between original budget and outturn. The more significant variations are reported to Cabinet in the annual outturn report.

Council Tax collection - the collection rate for Council Tax in 2005/06 was 98.4%, against 97.8% for the previous year. The Collection Fund achieved a net surplus of £196k in 2005/06.

Capital expenditure - details of how much the Council spent on capital projects and how it was financed are set out on page 30. The capital programme provided for expenditure of approximately £8.363m in 2005/06, but actual spending in the year was significantly lower at £2.609m. The main reasons for this large difference are slippage on some large schemes (examples include depot refurbishment and Hitches Lane sports pitches), and an underspend on Social Housing initiatives.

9. Funding of future capital expenditure

The Council has funds and reserves of £9.8m as at the 31 March 2006 to finance capital expenditure, made up of useable capital receipts of £7.1m and developers contributions of £2.7m. In addition, a further £1.2m surplus PCL (Provision for Credit Liabilities) is available to finance Capital spending. Further details of these reserves can be found in the Reserves note to the Consolidated Balance Sheet on page 35. A further £1.2m surplus PCL is not available to use under the Capital accounting rules. Officers are examining ways to release these funds.

Due to changes in Government funding arrangements future capital resources will be limited to developers' contributions, capital receipts from the sale of assets and specific Government grants. In the short term, although revenue contributions are unlikely, some consideration is being given to making use of borrowing to fund future capital spending.

However, projected future capital resources, together with the capital resources that the Council has in its possession at 31 March 2006, will enable the Council to finance its current approved Capital Programme.

EXPLANATORY FOREWORD

10. Planned future developments in service delivery

In 2004/05 the Council adopted a Capital Programme for the 6-year period 2004/05 to 2009/10.

With regard to revenue plans, the Council's main priorities are to maintain existing standards of service wherever possible as set out in the Council's Corporate Plan. Services, however, will remain under pressure as envisaged in the Council's Medium Term Financial Strategy 2007/10. Cabinet in September 2006 resolved that Council Tax increases will be assessed at the time of setting the budget, balancing the need to ensure any increase is affordable to tax payers and the impact on Council services.

The Council's Capital Programme and Corporate Plan can be viewed on the Council's website (www.hart.gov.uk).

11. Borrowing

The Council achieved debt free status when it repaid all its outstanding external debt in 1994/95. In 2005/06, it maintained the policy to remain a debt free authority following approval of the new 6-year Capital Programme referred to above. This policy may be subject to change in the light of additional pressures on balances.

12. Issues related to the Euro

The Council is continuing to monitor the possible 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.

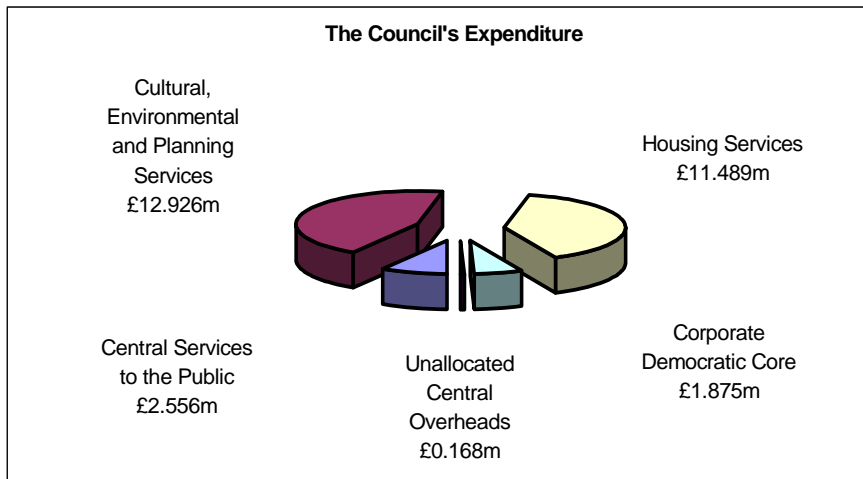
13. The Council's Expenditure on Services

In 2005/06 the Council spent £26.86m 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) is shown in the Consolidated Revenue Account on pages 22 to 27.

A broad analysis of the £26.86m is shown below –

	£m
Central Services to the Public	2.556
Cultural, Environmental and Planning Services	12.926
Housing Services	11.489
Corporate and Democratic Core	1.875
Non Distributed Costs	0.168
Less accounting for capital	(2.154)
	<hr/> 26.860 <hr/>

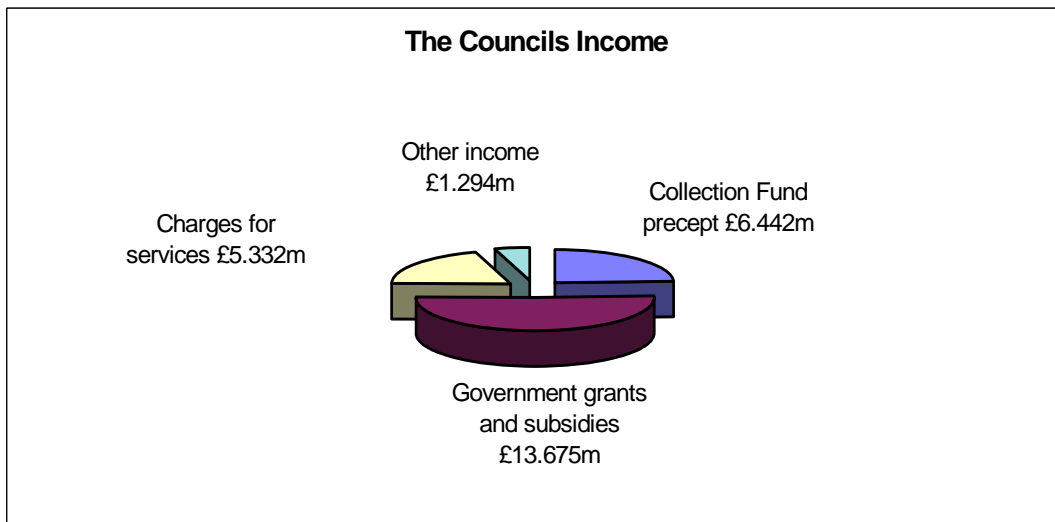
EXPLANATORY FOREWORD



14. The Council's Income

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

	£m
Collection Fund precept	6.442
Government grants and subsidies	13.675
Charges for services	5.332
Other income	1.294
	26.743



EXPLANATORY FOREWORD

15. Pension Costs

The Council participates in Hampshire County Council's Pension Fund. The Council's share of the Pension Fund deficit decreased from £18.67 million to £18.32 million at 31 March 2006. This represents some 40% of the Council's total equity. These figures include the Council's Unfunded Pensions Liability of £2.5m as determined in accordance with LAAP (Local Authority Accounting Panel) Bulletin 51.

In order to meet the Council's liabilities in full, increased contributions have been agreed for future years. The Council's contribution in 2005/06 was 250% of employees' contributions. In accordance with the triennial valuation on the 31 March 2004 this increased to 275% in 2006/07. It has been calculated that, arising from this valuation, the Council's contribution will increase further in 2007/08 to 295% in order to secure a fully funded position.

Further information on pension costs is contained in Note 5 on page 24 and Note 13 on page 36.

16. Further Information

Further information about the Statement of Accounts can be obtained from Mike Dwyer, Interim Head of Finance, at Civic Offices, Harlington Way, Fleet, Hampshire, GU51 4AE (tel. 01252 622122 or email: Mike.Dwyer@Hart.gov.uk).

Mike Dwyer, Interim Head of Finance

Independent auditor's report to Hart District Council

Opinion on the financial statements

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

This report is made solely to Hart 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 CHIEF FINANCE OFFICER AND AUDITORS

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

I review whether the statement on internal control reflects compliance with CIPFA's guidance 'The Statement on Internal Control in Local Government: Meeting the Requirements of the Accounts and Audit Regulations 2003' published on 2 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 Authority's corporate governance procedures or its risk and control procedures.

AUDIT REPORT AND OPINION

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 Explanatory Foreword. 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 Authority in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Authority'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 information in the financial statements.

OPINION

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

District Auditor: Martin Robinson

Address: Audit Commission 2nd Floor, 50 South St, Dorchester, DT1 1 DQ

Date

AUDIT REPORT AND OPINION

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

Authority's Responsibilities

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

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

Auditor's Responsibilities

I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the authority for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion in relation to proper arrangements, having regard to relevant criteria specified by the Audit Commission for principal local authorities. I report if significant matters have come to my attention which prevent me from concluding that the authority has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

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

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

Conclusion

I have undertaken my audit in accordance with the Code of Audit Practice and I am not satisfied that, having regard to the criteria for principal local authorities specified by the Audit Commission and published in July 2005, in all significant respects, Hart District Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2006, in that it failed to put in place:

- arrangements for setting, reviewing and implementing its strategic and operational objectives;
- channels of communication with service users and other stakeholders including partners, and monitoring arrangements to ensure that key messages about services are taken into account;

AUDIT REPORT AND OPINION

- arrangements for monitoring and scrutiny of performance, to identify potential variances against strategic objectives, standards and targets, for taking action where necessary, and reporting to members;
- arrangements to manage and improve value for money;
- a medium-term financial strategy, budgets and a capital programme that are soundly based and designed to deliver its strategic priorities;
- arrangements to ensure that its spending matches its available resources;
- arrangements for managing performance against budgets; and
- arrangements for the management of its asset base.

Best Value Performance Plan

I issued my statutory report on the audit of the authority's best value performance plan for the financial year 2005/06 on 12 October 2005. I did not identify any matters to be reported to the authority and did not make any recommendations on procedures in relation to the plan.

Certificate

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

District Auditor: Martin Robinson

Address: Audit Commission 2nd Floor, 50 South St, Dorchester, DT1 1 DQ

Date:

STATEMENT OF RESPONSIBILITIES

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
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets
- approve the statement of accounts.

Approval of the accounts

I hereby confirm that these accounts were approved by the Staff and General Purposes Committee on behalf of Hart District Council on the 26th September 2006.

Chair of the Staff and General Purposes Committee
27th September 2006

THE HEAD OF FINANCE'S RESPONSIBILITIES

The Head of Finance is responsible for the preparation of the authority's statement of accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code of Practice').

In preparing this statement of accounts, the Head of Finance has:

- selected suitable accounting policies and applied them consistently
- made judgments 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.

Certification of the accounts

I hereby certify that the accounts present fairly the financial position of Hart District as at 31 March 2006 and its income and expenditure for the year then ended.

M DWYER M.Soc.Sc., FCCA, CPFA, IRRV.
Interim Head of Finance
27th September 2006

STATEMENT OF INTERNAL CONTROL

Scope and Responsibility

Hart District Council has a responsibility to ensure that its business is conducted in accordance with the law and proper standards and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. In discharging this overall responsibility, the council is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of its functions and which includes arrangements for the management of risk.

Purpose of the System of Internal Control

The system of internal control is designed to manage risk to an acceptable level rather than eliminate all risk of failure to achieve policies, aims and objectives. It can therefore provide reasonable not absolute assurance that the Council's aims and objectives are achieved. 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. It will also 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 Hart District Council from April 2005 up to the approval of accounts.

The Internal Control Environment

The system of internal control can only work effectively if there are robust arrangements in place for:

- ◆ Establishing and monitoring the achievement of objectives
- ◆ Facilitating policy and decision making
- ◆ Ensuring compliance with established policies, procedures laws and regulations
- ◆ Ensuring the effective, efficient and economical use of resources, and for securing continuous improvement in the way in which its functions are exercised.
- ◆ Ensuring sound financial management.
- ◆ Ensuring performance is managed and reported.
- ◆ The use of strategic and operational risk registers to manage identified risks.
- ◆ Heads of Service are responsible for managing risk for services. Risks are also highlighted in service plans.
- ◆ Risk is a key element of the decision making process.
- ◆ Risk Management training to officers.

Where internal controls are not considered to be adequate the council is exposed to the risk of service disruption or failure. There are also the risks of financial loss and loss of reputation. To improve the system of internal control and to mitigate a number of risks various actions are required, these are identified in the Action Plan, which forms part of this statement.

Establishing and monitoring the achievement of objectives.

- ◆ The objectives of the council are outlined within the Corporate Plan,

STATEMENT OF INTERNAL CONTROL

which was adopted in December 2005.

- ◆ Service Plans are in place for all services provided by the council. These are based on corporate objectives and are scrutinised by members.
- ◆ Operational targets are monitored by Heads of Service on a regular basis the results being formally reported to Scrutiny quarterly.

Facilitating policy and decision making

The Constitution sets out the roles, responsibilities and relationships between Full Council, the Executive (Cabinet), Scrutiny, Standards and The Staff and General Purposes Committees. The Constitution ensures that there is a clear and properly defined process for decision making and it clearly states where the responsibility for decision making lies. A fundamental review of the Constitution is due to take place during 2006/07, this will ensure it is up to date and will fit the current structure of the council.

Ensuring compliance with established policies, procedures laws and regulations

Policies and procedures in place govern the way the council conducts its business. A number of policies need a formal review to ensure they are up to date and reflect changes in both legislation and operational requirements. Arrangements that are in place include:

- ◆ We have monitoring and compliance roles embedded within the responsibilities of the Section 151 Officer and Monitoring Officer.
- ◆ Codes of Conduct are in place for both officers and members.
- ◆ Internal and External Audit opinions on the legality of

transactions and governance arrangements are received.

- ◆ That Professionally qualified staff are employed in key posts.

Ensuring the Economical, Effective and Efficient use of Resources Including, processes in Place for Securing Continuous Improvement

An Action Plan has been established to respond to our Use of Resources Assessment and other external inspections that were carried out during 2005/06.

Financial Management and Reporting of Financial Management

The council operates a system of devolved financial management with nominated officers being accountable to the Head of Finance for all financial transactions. Key elements of the system being:

- ◆ Reports are available to allow Heads of Service to monitor budgets for both income and expenditure.
- ◆ Summary reports on budgets are provided to both Senior Management and Members.

Performance Management

The council has adopted a performance management framework based on the golden thread principle, that includes:

- ◆ Corporate Plan that is linked to Service Plans.
- ◆ Service Plans that contain targets that are specific, measurable, achievable, realistic and time bound.
- ◆ Use of national and local performance indicators to compare performance against others.

STATEMENT OF INTERNAL CONTROL

- ◆ An Action Plan has been established to the performance management framework which includes working with the Audit Commission.
- ◆ The reporting of performance management to Scrutiny Committee.
- ◆ Responding to challenges from scrutiny regarding poor performing services.

Review of Effectiveness of Internal Control.

The council has a responsibility to at least annually conduct a review of the effectiveness of the system of internal control. The review is informed by the work of Internal Audit, External Audit and other inspection bodies. Senior Managers within the council have responsibility for the development of the internal control environment. The Staff and General Purposes Committee are advised of the results of the review and recommendations are made to address weaknesses and ensure the continuous improvement of the system.

The process that has been applied in maintaining the effectiveness of the system of internal control includes:

- ◆ The Monitoring Officer will ensure all decisions made by the council are legal and that the council does not act ultra vires.
- ◆ The Audit and Performance Manager will review the Local Code of Corporate Governance on an annual basis including arrangements to comply with dimension 4 that relates to risk management and internal control.
- ◆ The Audit and Performance Manager will provide an annual report on the major issues arising from Internal Audit.
- ◆ The council has a Scrutiny Committee that manages the call in process, The call in process enables a decision made by the Cabinet, to be considered to determine whether the decision was appropriate.
- ◆ The Staff and General Purposes Committee has the responsibility to function as the audit committee.
- ◆ The Staff and General Purposes Committee receives all external inspection reports.
- ◆ Internal Audit reports include a management action plan detailing weaknesses in internal control and recommendations for improvement which are agreed or rejected by Heads of Service.
- ◆ Copies of internal audit reports are made available to senior management and the Chief Executive.
- ◆ The Internal Audit function is subject to an annual review by External Audit who currently are able to place reliance on the work carried out by the service.
- ◆ The Strategic Risk Register is reviewed six monthly.

STATEMENT OF INTERNAL CONTROL

During 2005/06 the significant internal control issues identified are set out below.

SIGNIFICANT INTERNAL CONTROL ISSUES

- ◆ Lack of up to date and usable financial regulations and procedures
- ◆ No Scheme of Delegation that fits with the structure of the organisation.
- ◆ No up to date Constitution
- ◆ Weaknesses in financial controls and processes
- ◆ Lack of evidence to demonstrate that the council offers value for money in the services provided.
- ◆ Lack of resources in key services such as Revenues.
- ◆ The need to continue to enhance the performance management framework
- ◆ The need to establish a robust Business Continuity Plan
- ◆ The need to continue to embed risk management arrangements
- ◆ The need to implement high risk Internal and External Audit recommendations in a timely manner.
- ◆ Unreliable equipment within the Refuse Service resulting in poor performance.
- ◆ Health and Safety arrangements were not considered to be adequate
- ◆ Standing Orders are not up to date and do not reflect the current structure.
- ◆ The Payroll System is not operating on a robust and stable platform

STATEMENT OF INTERNAL CONTROL

ACTION PLAN TO ADDRESS INTERNAL CONTROL WEAKNESSES

Action	Target Date	Responsible Officer
Adopt a set of financial regulations and procedures.	July 06	Head of Finance
Adopt a Scheme of Delegation that fits with the current structure.	Sept 06	Monitoring Officer
Review and update the Constitution	March 07	Monitoring Officer
Improve financial controls and processes	Dec 06	Head of Finance
Provide financial awareness training to officers and members,	Dec 06	Head of Finance
Implementation of a new Financial Management System.	March 07	Head of Finance
Establish guidance and provide a framework to demonstrate VFM.	Oct 06	Chief Executive
Ensure an adequate structure is in place for the Revenues Service.	Sept 06	Head of Revenues and Benefits
Implement a Performance Management Framework and Undertake further work with IDea and the Audit Commission.	Jan 07	Head of Performance and Democracy
Establish a robust Business Continuity Plan.	Jan 07	Chief Executive
Ensure there are effective links between Operational and Strategic Risks.	March 07	Head of Performance and Democracy
Procurement of a new fleet of refuse vehicles	Oct 06	Head of Public Spaces
Improve Health and Safety arrangements by re-establishing the Health and Safety Committee.	Dec 06	Chief Executive
Review and update Standing Orders	Dec 06	Head of Finance
Review options available to improve stability and disaster recovery arrangements for the Payroll System,	Dec 06	Head of Finance

I/we have been advised on the implications of the result of the review of the effectiveness of the system of internal control. The Staff and General Purposes Committee have been informed of the improvement plan to address the weaknesses in the system of internal control.

..... Viv Evans
Interim Chief Executive

Date

..... David Neighbour
Leader of The Council

Date.....

STATEMENT OF ACCOUNTING POLICIES

Statement of Accounting Policies

GENERAL PRINCIPLES

The Statement of Accounts has been prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom 2005: A Statement of Recommended Practice (SORP)* published by the Chartered Institute of Public Finance and Accountancy (CIPFA). It incorporates all Statements of Standard Accounting Practice (SSAP) and Financial Reporting Statements (FRS) applicable to local authorities, as approved by the UK's Accounting Standards Board.

ACOP is recognised as constituting proper accounting practice and any significant variation from its requirements has to be disclosed. For 2005/06 there are no significant variations to be disclosed.

The accounts have been prepared on an historic cost basis (i.e. prices paid) modified by the revaluation of land, buildings, vehicles and plant.

ACCRUALS

All income and expenditure in the accounts has been accounted for on an accruals basis. This requires the non-cash effects of transactions to be reflected in the financial statements for the accounting period in which those effects are experienced and not in the period in which any cash is received or paid.

The only exception to this is the cashflow statement, which, in accordance with requirements, is prepared on a receipts and payments basis.

CONTINGENT ASSETS

Contingent assets are not recognised in the accounting statements. Instead they are disclosed by way of notes if the inflow of a receipt or economic benefit is probable.

CONTINGENT LIABILITIES

Contingent liabilities are not recognised in the accounting statements. Instead they are disclosed by way of notes if there is a possible obligation, which may require a payment or transfer of economic benefits. Where a liability is considered likely to arise, a provision is made for it in the accounts.

DEFERRED CHARGES

As the SORP has now removed Deferred Charges as a heading from the balance sheet, all deferred charges are written off in the year in which they are incurred.

GROUP ACCOUNTS

The 2003 SORP required the preparation of a group revenue account and group balance sheet where local authorities have interests in subsidiaries, associated companies and joint ventures that are material in aggregate.

STATEMENT OF ACCOUNTING POLICIES

The 2004 SORP modified this requirement to include other local authorities and similar bodies and to prepare a full set of group financial statements where they have a material interest. The Council does not have a material interest in any subsidiaries, associated companies or joint ventures.

FIXED ASSETS

Recognition

The expenditure on the acquisition, creation or enhancement of fixed assets is capitalised on an accruals basis in the accounts. Expenditure on the acquisition of a tangible asset, or expenditure which adds to, and not merely maintains, the value of an existing asset, is capitalised and classified as a fixed asset, provided that the fixed asset yields benefits to the authority and the service it provides for a period of more than one year. Expenditure on routine repairs and maintenance of fixed assets is charged direct to service revenue accounts.

Measurement

Fixed assets are classified into the groupings required by ACOP and are initially valued at cost.

Revaluations of fixed assets are carried out by a firm of property valuers (Lambert Smith Hampton) on a 5 year rolling programme.

Operational land and properties and other operational assets, with the exception of Community assets are included in the balance sheet at the lower of net current replacement cost or net realisable value in existing use.

Community assets are included in the balance sheet at historical cost.

Non-operational land and properties and other non-operational assets, including investment properties and assets that are surplus to requirements are included in the balance sheet either at cost, or at current value in the case of assets that have been revalued.

The surplus or loss arising from the revaluation of fixed assets is credited or debited to the fixed asset restatement account.

Impairment

The value at which each category of assets is included in the balance sheet is reviewed at the end of each reporting period and where there is reason to believe that its value has changed materially in the period the valuation is adjusted accordingly in line with the prescribed treatment in ACOP.

Disposals

Income from the sale of assets is accounted for as required by regulations issued under the Local Government Act 2003.

STATEMENT OF ACCOUNTING POLICIES

Income from the disposal of fixed assets is credited to the usable capital receipts reserve and accounted for on an accruals basis. Upon disposal, the net book value of the asset disposed of is written off against the fixed asset restatement account.

The Local Government Act 2003 requires Local Authorities to 'pool' a proportion of capital receipts received from Housing sources and for this to be paid over to the Government. Details are provided in note 2 to the Consolidated Revenue Account.

Depreciation

Depreciation is provided for on all fixed assets with a finite useful life and has been calculated using the straight-line method.

Charges to Revenue

General Fund service revenue accounts and central support services are charged with a capital charge for all fixed assets used in the provision of the service.

The total charge covers the annual provision for depreciation plus a capital financing charge determined by applying a specified notional rate of interest to the net amount at which the asset is included in the balance sheet.

External interest payable and provisions for depreciation are charged to the asset management revenue account, which is credited with the total of capital charges charged to services. Capital charges therefore have a neutral impact on the amounts required to be raised from local taxation.

INTANGIBLE ASSETS

Intangible Assets represent expenditure which may properly be capitalised but which does not result in a tangible asset owned by the Authority. The purchase of computer software is the most common example of an intangible asset.

Intangible assets are recorded at historical cost and will be amortised to revenue over 5 years on a straight-line basis beginning in the year following acquisition.

GRANTS

Grants receivable are treated in the following ways:

(i) Improvement Grant Subsidy (Capital) - Used to reduce the deferred charge shown in the balance sheet.

(ii) Specific Revenue Grants - These are included as income in the appropriate service revenue account.

(iii) Revenue Support Grant is credited to the General Fund Consolidated Revenue Account.

(iv) Capital Grants and contributions to finance the acquisition or enhancement of a fixed asset is initially credited to the Government Grants Deferred Account and released to the Asset Management Revenue account over the useful life of the asset to match the depreciation charge on the asset to which it relates.

STATEMENT OF ACCOUNTING POLICIES

INVESTMENTS

Investments are shown in the accounts at cost less any provision for loss in value. Investments are made in accordance with the Council's Treasury Management strategy and CIPFA's Code of Practice on Treasury Management.

LEASES – FINANCE

The Authority does not have any finance leases. However if it did it would account for them in line with ACOP.

LEASES – OPERATING

Rental payments are charged to revenue on the basis of payments due, as this is approximately equivalent to charging on a straight-line basis over the term of the lease.

OVERHEADS

All support service costs have been recharged on an appropriate basis to the services provided by the Council or shown as Corporate Costs in accordance with the CIPFA Best Value Accounting Code of Practice.

PENSION COSTS

Pension costs have been provided for in accordance with relevant Government regulations under FRS17 and are included in the notes to the accounts. This is in accordance with ACOP.

FRS17 is based on the principle that an organisation should account for retirement benefits when it is committed to give them, even if the actual giving of benefits will be many years into the future. It is a reflection of the economic reality of the relationship between an employer and the pension fund.

The full adoption of FRS17 represents a change in accounting policy to those applied before 2003-04. Previous policy was to recognise liabilities in relation to retirement benefits only when employers contributions became payable to the pension fund or payments fell due to the pensioners for which we were directly responsible. The new policies better reflect the commitment in the long term to increase contributions to make any shortfall in attributable net assets in the pension fund.

The impact that FRS17 has had on the results for the 2005/06 financial year is as follows:

- The overall amount to be met from Government Grants and local taxes has remained unchanged, but the costs disclosed for individual services are 21.6% lower after the replacement of employer's contributions by current service costs. Net Operating Expenditure is 5.5% higher than it would otherwise have been, due to the adjustment in respect of pensions interest cost, the expected return on pensions assets and the current service cost adjustment above.
- The requirement to recognise the net pensions liability in the balance sheet has reduced the reported net worth of the Council by 35%.

STATEMENT OF ACCOUNTING POLICIES

PROVISIONS – BAD AND DOUBTFUL DEBTS

The figure shown in the accounts for debtors is adjusted for doubtful debts, by including a provision. This provision is recalculated annually by applying an estimate of the proportion of debt in each category that is unlikely to be collectable based on past experience.

Known uncollectable debts are written off.

PROVISIONS – OTHER

Provisions are made for any liabilities of uncertain timing or amount that have been incurred.

RESERVES – CAPITAL

Capital reserves are not available for revenue purposes and certain of them can only be used for specific statutory purposes. The fixed asset restatement account, usable capital receipts reserve and capital financing account are examples of such reserves.

RESERVES – REVENUE

Revenue reserves are set aside for purposes falling outside the definition of provisions, or else represent accumulated surpluses.

Expenditure is not charged direct to any revenue reserve and transfers to and from reserves are shown below net operating expenditure in the consolidated revenue account.

STOCKS

Stocks are included in the balance sheet at the lower of cost and net realisable value.

CONSOLIDATED REVENUE ACCOUNT

2004/05 Net Expenditure £'000		Gross Expenditure £'000	2005/06 Gross Income £'000	Net Expenditure £'000
	Central Services to the Public			
1,162	Local Tax Collection	2,077	733	1,344
31	Other Central Services	479	463	16
	Cultural, Environmental and Planning Services			
1,951	Refuse and Cleansing Services	2,273	175	2,098
870	Environmental Health	982	62	920
2,455	Leisure Services	5,008	2,711	2,297
2,406	Planning Services	3,809	1,164	2,645
(349)	Car Parking	674	985	(311)
167	Concessionary Travel	180	21	159
	Housing Services			
122	Housing/Council Tax Benefits	9,435	9,480	(45)
858	Other Housing Services	2,054	382	1,672
1,946	Corporate and Democratic Core	1,875	43	1,832
249	Non Distributed Costs	168	0	168
488	Exceptional Item			-
12,356	Net Cost of Services	29,014	16,219	12,795
	1,136 Parish Council Precepts			1,187
	(959) Asset Management Revenue Account (note 1)			(1,040)
	- Contribution to Housing Pooled Capital Receipts (note 2)			31
	(11) Increase/(Decrease) in Provision for Bad Debts			95
	(60) Provision for VAT partial exemption penalties			-
	(152) Rates Rebate			-
	(86) S38 Transfer			-
	(11) VAT Refunds			-
	(735) Interest and Investment Income			(798)
	2,050 Pensions Interest Cost			2,150
	(1,540) Expected Return on Pensions Assets			(1,660)
11,988	Net Operating Expenditure			12,760
	(99) Appropriations to / (from) Reserves (note 3)			(194)
	(1,287) Reversal of Depreciation charges (note 4)			(1,124)
	(497) Reversal of Deferred Charges (note 4)			(1,030)
	30 Government Grants Deferred (note 4)			11
	(740) Movement on Pensions Reserve (note 5)			(670)
	- Contribution to Housing Pooled Capital Receipts (note 2)			(31)
9,395	Amount to be met from Government Grants and Local Taxpayers			9,722
	(6,071) Collection Fund Precept			(6,442)
	(997) Revenue Support Grant			(948)
	(2,294) NNDR from National Pool			(2,475)
33	(Surplus)/Deficit for Year			(143)
1,932	Balance at 1 April			1,899
(33)	Surplus/(Deficit) for Year (See Explanatory Foreword note 8 page 3)			143
1,899	Balance at 31 March			2,042

NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

1. Asset Management Revenue Account

This account offsets the impact of capital charges on the accounts of the Authority to arrive at the total level of expenditure to be financed from Government grants and local taxpayers.

Asset Management Revenue Account		
	31 Mar 2005 £'000	31 Mar 2006 £'000
Income - Capital Charges		
Depreciation	(1,287)	(1,124)
Notional Interest	(928)	(1,029)
Release of Deferred Grant	(31)	(11)
Expenditure		
Depreciation	1,287	1,124
	<u>(959)</u>	<u>(1,040)</u>

2. Housing Pooled Capital Receipts

Following the introduction of the Finance Act 2003, a proportion of capital receipts generated from Housing is required to be paid over to the Government for income received on or after 1 April 2004. During 2005/06 this amounted to £30,541.

3. Appropriations

Appropriations are analysed as follows.

Appropriations		
	31 Mar 2005 £'000	31 Mar 2006 £'000
To / (From) :		
Carry Forward Reserve	(12)	-
Open Spaces Maintenance	(101)	-
Transfer to Interest Reserve	-	65
Building Control	75	1
Transfer from Revenue Reserves	-	(260)
Outdoor Sports Maintenance	(61)	-
	<u>(99)</u>	<u>(194)</u>

4. Reversal of Depreciation and Deferred Charges

This note shows the reversal of the effect of charging Depreciation and Deferred charges within the net cost of services so as to have no effect on the amount to be met from Government Grants and Local Taxpayers. There is no MRP required as the Council is debt free.

Reversal of Depreciation and Deferred Charges		
	31 Mar 2005 £'000	31 Mar 2006 £'000
Deferred Charges (note 2 to balance sheet)	(497)	(1,030)
Depreciation	(1,287)	(1,124)
Release of Deferred Grant	30	11
	<u>(1,754)</u>	<u>(2,143)</u>

NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

5. Local Government Pension Scheme

The Authority pays contributions to the Hampshire County Council Pension Fund, which provides members with defined benefits related to pay and service. The contributions are based on rates determined by the Fund's professionally qualified actuaries based on triennial valuations, the most recent of which was at 31 March 2004.

The Authority recognises the cost of retirement benefits in the Net Cost of Services when employees earn them, rather than when the benefits are eventually paid as pensions. However, the charge that is required to be made against Council Tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the Consolidated Revenue Account (CRA) after Net Operating Expenditure. The following transactions have been made in the CRA during the year:

	31 Mar 2005 £'000	31 Mar 2006 £'000
Net Cost of Services		
Current Service Cost	(810)	(860)
Past Service Cost (See note below)	(60)	(380)
Net Operating Expenditure		
Interest Cost	(2,050)	(2,150)
Expected Return on Pension Assets	1,540	1,660
Appropriations		
Movements on Pensions Reserve	740	670
Amount to be met from Government Grants and Local Taxation:		
Employers Contributions Payable to scheme	640	1,060

The above table cross references to note 13 of the Balance Sheet and the notes to the Statement of Total Movement in Reserves.

Unfunded Pension Liability

The level of liability for past service costs relating to early retirements granted in previous years has been assessed in accordance with FRS17 as £2,536,457 at 31st March 2006 (£2,490,469 in 2004/05). This is added to the pension liability in the Consolidated Balance Sheet.

The actual payments made in respect of unfunded pension liabilities in 2005/06 were as follows:

	£000's
Early retirements in 2005/06 (2004/05 £377,754) (The £377,754 above is included in the 2004/05 accounts although in the Actuaries figures in the table above it is included within 2005/06 due to timing issues)	Nil
Payments relating to early retirements in previous years for which payments are still being made (2004/05 £138,359)	141

NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

6. Lease Payments

There are no finance leases held by the Council. Operating leases relate to annual costs for vehicles of £110,000, photocopiers of £10,600, and vending/water machines of £4,000.

Operational Leases		£'000
Amounts due:		
Within one year		100
2 - 5 years		59
Over 5 years		-

7. Publicity Account

Section 5 of the Local Government Act 1986 as applied by the Local Authorities (Publicity Account) (Exemption) Order 1987 requires local authorities to keep a separate account of its expenditure on publicity. There are a large number of exemptions contained within the Order and the Publicity Account summarised below only relates to those items that are not exempt. The Publicity Account is a

memorandum item compiled from details within the Council's Revenue Accounts.

Publicity Expenditure	31 Mar 2005 £'000	31 Mar 2006 £'000
Staff advertisements	51	44
Publicity Expenses	150	153
	<u>201</u>	<u>197</u>

8. Building Control Accounts

The Local Authority Building Control 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 Section 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.

Under the Building (Local Authority Charges) Regulations 1998, the Council must ensure income from charges fully recovers the cost of carrying out its building control functions over a rolling 3 year period.

	Chargeable £'000	Non Chargeable £'000	Total £'000
Expenditure			
Employee Expenses	167	87	254
Supplies and Services	84	6	90
Support Services	106	32	138
	<u>357</u>	<u>125</u>	<u>482</u>
Income			
Building Regulations	(358)	-	(358)
Other Income	-	(4)	(4)
	<u>(358)</u>	<u>(4)</u>	<u>(362)</u>
(Surplus) / Deficit	<u>(1)</u>	<u>121</u>	<u>120</u>
Comparatives for 2004/05			
Expenditure	275	106	381
Income	(351)	(3)	(354)
	<u>(76)</u>	<u>103</u>	<u>27</u>

9. Agency Services

The District Council provides a number of services on behalf of Hampshire County Council. In 2005/06 Hart DC received £251,800 for providing these services (2004/05 £208,600).

NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

10. Local Authority (Goods & Services) Act 1970

The Council is empowered by this Act to provide goods and services to other public bodies. However the Council did not have any schemes which fell within the scope of this Act in 2005/06. (2004/05 = Nil)

11. Members' Allowances

The total value of Members' Allowances paid in 2005/06 was £145,878 (2004/05 £145,415).

12. Officers' Emoluments

The number of employees whose remuneration, excluding pension contributions, was £50,000 or more in bands of £10,000 were as follows.

	2004/05	2005/06
£80,000 - £89,999	1	-
£70,000 - £79,999	1	3
£60,000 - £69,999	1	-
£50,000 - £59,999	1	2

13. Audit Costs

The 2005/06 planned fees for External Audit costs are shown in the table together with the actual payments made. Actual fees depend on the length of time taken to execute these functions.

Audit Costs	Planned		Actual	
	31 Mar 2005 £'000	31 Mar 2006 £'000	31 Mar 2005 £'000	31 Mar 2006 £'000
Fees payable to the Audit Commission with regard to external audit services	88	87	142	125
Fees payable to the Audit Commission in respect of statutory inspection	13	11	13	14
Fees payable to the Audit Commission for the certification of grant claims and returns	25	23	32	52
	<u>126</u>	<u>121</u>	<u>187</u>	<u>191</u>

14. Related Party Transactions

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

Central Government has effective control over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many

NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

of the transactions that the Council has with other parties (eg housing benefits). Details of transactions with Government departments are set out in a note to the Cash Flow Statement on page 44.

Members of the Council have direct control over the Council's financial and operational policies. However any contracts entered into are in full compliance with the Council's constitution and any decisions are made with proper consideration of declarations of interest. Details of any material interests are recorded in the Register of Members' Interests, which is open to public inspection. From the replies provided there are no material transactions to be declared.

Senior Officers of the Council have control over the day to day management of the Council. The Corporate Director and Interim Chief Executive have declared that they are not personally involved in any related party transactions.

Companies and joint ventures. The Council does not have any interests in companies outside of its normal contractual arrangements.

15. Section 137

There was no expenditure in 2005/06 under S.137. (2004/05 = Nil)

BALANCE SHEET

2004/05 £'000	£'000	2005/06 £'000	Notes
0 Intangible Fixed Assets		156	(1)
Tangible Fixed Assets			
Operational Assets			
375 Council Dwellings	360		
24,318 Land and Buildings	26,562		
1,991 Vehicles and Plant	1,770		
84 Community Assets	157		
Infrastructure Assets			
475 Non Operational Assets	332		
		<u>29,181</u>	
27,243 Total Fixed Assets		29,337	(1)
- Deferred Charges		-	(2)
1 Investments		-	
162 Long Term Debtors		<u>107</u>	(3)
27,406 Total Long Term Assets		29,444	
Current Assets			
42 Stock	38		(4)
14,841 Debtors	8,902		(5)
(1,352) Less Bad Debt Provision	(1,711)		(5)
8,650 Investments	15,130		
9 Cash in Hand	<u>2</u>		
22,190		22,361	
Current Liabilities			
(4,908) Creditors	(5,604)		(6)
(557) Cash Overdrawn	(360)		
		(5,964)	
(135) Deferred Capital Receipts		(87)	(7)
(138) Deferred Government Grants		(127)	(8)
(18,670) Net Pension Liability		<u>(18,316)</u>	(13)
25,188 Net Assets		<u>27,311</u>	
Fixed Asset Restatement Account			
5,547 Fixed Asset Restatement Account		7,189	(9)
23,482 Capital Financing Account		23,195	(10)
(18,670) Pensions Reserve		(18,316)	(13)
6,390 Usable Capital Receipts Reserve		7,167	(11)
2,825 Earmarked Capital Reserves		2,652	(12)
3,679 Balances - General Fund		3,891	(12)
1,935 Balances - Collection Fund		1,533	(12)
		<u>27,311</u>	
25,188 Total Equity		<u>27,311</u>	

M DWYER CPFA
Interim Head of Finance

NOTES TO THE BALANCE SHEET

1a. Movement of Fixed Assets

The movement in fixed assets during 2005/06 is summarised below.

	Intangible Fixed Assets	Council Dwellings	Other Land and Buildings	Vehicles, Plant and Equipment	Community Assets	Non Operational Assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Gross Book Value 1 April 05	-	381	25,681	3,170	129	516	29,877
Acquisitions	156	-	883	459	79	-	1,577
Enhancements	-	-	-	-	-	-	0
Impairments	-	-	-	-	-	-	0
Revaluations & Sales	-	-	778	-	-	-	778
	-	-	-	-	-	(136)	(136)
Gross Book Value 31 March 06	156	381	27,342	3,629	208	380	32,096
Depreciation 1 April 05	-	(6)	(1,363)	(1,179)	(45)	(41)	(2,634)
Depreciation for Year	-	(15)	(411)	(680)	(6)	(12)	(1,124)
Revaluations & Restatements	-	-	994	-	-	-	994
Sales	-	-	-	-	-	5	5
Total Depreciation 31 March	0	(21)	(780)	(1,859)	(51)	(48)	(2,759)
Net Book Value 31 March 06	156	360	26,562	1,770	157	332	29,337
Net Book Value 31 March 05	0	375	24,318	1,991	84	475	27,243

Note: Intangible Fixed Assets are a new classification for 2004/05 - see note 1h

1b. Valuations of Fixed Assets Carried at Current Value

The following table shows the progress of the Council's rolling programme for the revaluation of fixed assets, which happens over a 5 year cycle

	2001/02 £'000	2002/03 £'000	2003/04 £'000	2004/05 £'000	2005/06 £'000	Total £'000
Land and Buildings						
Car Parks	32	170	1,701	53	-	1,956
Public Conveniences	392	-	-	-	-	392
Leisure Assets	830	668	2,800	5,165	4,250	13,713
Depots	-	-	-	-	780	780
Civic Offices	-	-	-	-	7,800	7,800
Other Assets	900	623	130	6	-	1,659
Dwellings	-	-	-	375	-	375
Non-Operational	320	136	-	10	-	466
	2,474	1,597	4,631	5,609	12,830	27,141
Non Operational Assets						
Sales	-	-136	-	-	-	-136
	0	-136	0	0	0	-136
Total	2,474	1,461	4,631	5,609	12,830	27,005

All asset valuations are carried out by Lambert Smith Hampton, Property Valuers. Assets are valued on either an Existing Use or Depreciated Replacement Costs basis.

NOTES TO THE BALANCE SHEET

1c. Capital Commitments

The Council has authorised and contractually entered into an obligation to purchase £134,000 worth of support towards the implementation of the Customer Relationship Management programme as at 31st March 2006. There are no other Capital Commitments as at 31st March 2006.

1d. Capital Financing Requirement

The Authority spent £1.577m on the acquisition and enhancement of long-term assets and £1.030m on deferred charges in 2005/06, as shown in the following table.

Capital Financing Requirement		
	31 Mar 2005	31 Mar 2006
Balance b/fwd	20,371	20,034
Capital investment		
Operational Assets	125	1,577
Non-Operational Assets		
Deferred Charges		1,030
	20,496	22,641
Sources of Finance		
Capital receipts	(462)	
Government Grants		(692)
Developers Contributions		(1,212)
	(462)	(1,904)
Closing Balance	20,034	20,737

1e. Statement of Physical Assets

The adjacent table identifies the number of each type of asset owned by service.

Statement of Physical Assets		
	31 Mar 2005	31 Mar 2006
Council Dwellings	2	2
Operational Buildings		
Civic Offices	1	1
Harlington Centre	1	1
Community Centres	4	4
Leisure Centres	2	2
Outdoor Sports Facilities	7	7
Car Parks	11	11
Public Conveniences	5	5
Depots	1	1
Cemeteries	1	1
Operational Equipment		
Vehicles	11	11
Plant & Equipment	6	6
Non-Operational Assets		
Yateley CAB Building	1	1
Peter Driver Bungalow	1	-
Land occupied by Hook Bowling Club	1	1

NOTES TO THE BALANCE SHEET

1f. Depreciation

The total amount of depreciation charged in 2005/06 was £1,124,095 (2004/05 = £1,286,570).

Depreciation	Useful Lives (for depreciation purposes) Years
Car Parks	Nil
Public Conveniences	10-15
Depots and Stores	10
Sports Centres	60
Administrative Buildings	35
Cemeteries	15

1g. Intangible Assets

The 2004/05 Accounting Code of Practice introduced a new category of fixed asset called Intangible Fixed Assets. This relates to items where although the cost incurred can be of a capital nature, there is no tangible asset to show for the expenditure. The Council's intangible assets relate to the acquisition of software licences. These licences will be amortised over five years, commencing from the year after acquisition.

Intangible Assets	Purchased Software Licences £'000
Original Cost	0
Amortisations to 1 April 05	0
Balance at 1 April 05	0
Expenditure in Year	156
Amortised in Year	0
Balance at 31 March 06	156

2. Deferred Charges

Deferred charges relate to transferred assets, grants for house improvements and capital expenditure, which does not result in a tangible asset, Other Long Term Outlay (OLTO).

Changes to the SORP mean that deferred charges can no longer be carried on the Balance Sheet. Hence, all deferred charges have been written off to revenue.

Deferred Charges	31 Mar 2005 £'000	Expend' in Year £'000	Expend' Financed £'000	31 Mar 2006 £'000
Social Housing	0	595	(595)	0
DFG's	0	366	(366)	0
Other	0	70	(70)	0
	0	1,031	(1,031)	0

NOTES TO THE BALANCE SHEET

3. Long Term Debtors

These are amounts due to the Council that are not expected to be repaid within 12 months.

Long Term Debtors	31 Mar 2005 £'000	31 Mar 2006 £'000
Mortgages	198	136
Car Loans - over 1 year	27	26
Additions		
Mortgages	0	0
Car Loans - over 1 year	15	16
Repayments		
Mortgages	(62)	(48)
Car Loans - over 1 year	(16)	(23)
Closing Balances		
Mortgages	136	88
Car Loans - over 1 year	26	19
Total	162	107

4. Stocks

Items held as stock items are Diesel, Gas Oil, Travel Tokens, Postages held on Franking Machines and Parking Warrants.

Stocks	31 Mar 2005 £'000	31 Mar 2006 £'000
Balance b/fwd	24	42
Additions	428	526
Issues	(410)	(530)
Balance c/fwd	42	38

5. Debtors

Included in this category are debts due to be repaid within the next financial year plus payments in advance, less any provision charged to revenue for bad and doubtful debts.

Debtors	31 Mar 2005 £'000	31 Mar 2006 £'000
NNDR Arrears	2,445	1,603
Council Tax Arrears	2,428	2,333
Government Departments	8,400	2,976
Hampshire County Council	26	12
Rents from Council Properties	85	101
Car Loans - less than 1 year	10	11
Sundry Debtors	1,032	1,746
Payments in Advance	415	120
	14,841	8,902
Less:		
Provision for Bad Debts		
- Council Tax	(680)	(809)
- NNDR	(328)	(463)
- Other	(344)	(439)
Net Sundry Debtors	13,489	7,191

NOTES TO THE BALANCE SHEET

6. Creditors

These are payments that are due to be made in the forthcoming financial year plus receipts obtained in one financial year that relate to the forthcoming financial year.

Creditors	31 Mar 2005 £'000	31 Mar 2006 £'000
NNDR Payments in advance	887	1,223
Council Tax Payments in advance	535	677
Government departments	455	915
Hampshire County Council	23	0
Grants for Government incentives	940	
Sundry Creditors	2,068	2,789
	<u>4,908</u>	<u>5,604</u>

7. Deferred Capital Receipts

Deferred capital receipts represent the capital income that is still to be received from mortgagors and from long term debt repayments. The balance is reduced on receipt of principal repayment on loans.

Deferred Capital Receipts	31 Mar 2005 £'000	31 Mar 2006 £'000
Mortgages	134	86
Loans to outside organisations	1	1
	<u>135</u>	<u>87</u>

8. Deferred Government Grants

This account records the written down value of government grants awarded to assist with capital financing. These are written down over the assets expected useful life.

Deferred Government Grants	31 Mar 2005 £'000	31 Mar 2006 £'000
Balance as at 1 April	169	138
Release of Sports Council Grant re Southwood pavilion	(11)	(11)
Release of CCTV grant to offset depreciation	(20)	0
Balance as at 31 March	<u>138</u>	<u>127</u>

9. Fixed Asset Restatement Account

This account records the surplus or deficit arising from the revaluation of assets and is written down by the net book value of assets as they are disposed of.

Fixed Asset Restatement Account	31 Mar 2005 £'000	31 Mar 2006 £'000
Balance as at 1 April	4,156	5,547
Revaluation of Fixed Assets	1,391	779
Written back depreciation		994
Disposal of Fixed Assets		(136)
Written down depreciation		5
Balance as at 31 March	<u>5,547</u>	<u>7,189</u>

NOTES TO THE BALANCE SHEET

10. Capital Financing Account

This reserve includes amounts set aside from revenue or capital receipts, financing transactions relating to expenditure on fixed assets, and certain other capital transactions.

Capital Financing Account	31 Mar 2005 £'000	31 Mar 2006 £'000
Balance as at 1 April	23,819	23,482
Capital financing - use of:		
Useable Capital Receipts	160	
Capital Grants		692
Developers contributions		1,212
Government Grants		
Deferred		(11)
Prior Year adjs		(26)
Less:		
Deferred charges written off	(497)	(1,030)
Depreciation		(1,124)
Balance as at 31 March	<u>23,482</u>	<u>23,195</u>

11. Useable Capital Receipts

This reserve holds the proceeds from the sale of fixed assets, pending their use to finance capital expenditure.

Useable Capital Receipts	31 Mar 2005 £'000	31 Mar 2006 £'000
Balance as at 1 April	5,431	6,390
Capital Receipts:	1,174	
Mortgages		48
Disposal of Fixed Assets		760
Housing Pooling		(31)
Receipts used in year	(215)	
Balance as at 31 March	<u>6,390</u>	<u>7,167</u>

NOTES TO THE BALANCE SHEET

12. Reserves

The following table lists the Authority's reserves and details the purpose of these reserves.

	1 Apr 2005	Amounts Received	Amounts Applied	31 Mar 2006	Purpose
	£'000	£'000	£'000	£'000	
Capital Reserves - cash backed and useable					
Useable Capital Receipts	6,390	808	(31)	7,167	Accumulated surpluses in previous years, which have not yet been earmarked.
Earmarked Capital Reserves	2,825	1,039	(1,212)	2,652	S106 contributions towards future capital projects
	<u>9,215</u>	<u>1,847</u>	<u>(1,243)</u>	<u>9,819</u>	
Fixed Asset Restatement Account	5,547	1,773	(131)	7,189	Non cashed-backed capital reserve required under current capital finance requirements
Capital Financing Account	23,482	1,867	(2,154)	23,195	Non cashed-backed capital reserve required under current capital finance requirements
	<u>29,029</u>	<u>3,640</u>	<u>(2,285)</u>	<u>30,384</u>	
Total Capital Reserves	<u>38,244</u>	<u>5,487</u>	<u>(3,528)</u>	<u>40,203</u>	
Revenue Reserves - cash backed and useable					
General Fund	1,899	260	(117)	2,042	Unearmarked revenue reserves (balances)
Building Control Surplus	105	1		106	From ring fencing the building control trading account.
Open Spaces Maint' Fund	1,399	485	(206)	1,678	To fund expenditure covered from commuted sums paid by developers
Interest Reserve	0	65	0	65	Reserve created for interest that may be added to Developers contributions to protect against inflation
Specified Revenue Projects	276		(276)	0	Revenue reserve no longer in use
	<u>3,679</u>	<u>811</u>	<u>(599)</u>	<u>3,891</u>	
Collection Fund	1,935		(402)	1,533	The balance held on a ring-fenced account for Council Tax and Business Rate purposes
Pensions Reserve	(18,670)	400	(46)	(18,316)	A reserve used to indicate the surplus/(deficit) on the Council's pension liability
	<u>(16,735)</u>	<u>400</u>	<u>(448)</u>	<u>(16,783)</u>	
Total Revenue Reserves	<u>(13,056)</u>	<u>1,211</u>	<u>(1,047)</u>	<u>(12,892)</u>	
Total Reserves	<u>25,188</u>	<u>6,698</u>	<u>(4,575)</u>	<u>27,311</u>	

NOTES TO THE BALANCE SHEET

13. Local Government Pension Scheme (Disclosures under FRS17)

In accordance with Financial Reporting standard No 17 – Retirement Benefits (FRS17) Hart District Council is required to disclose certain information concerning assets, liabilities, income and expenditure related to pension scheme employees.

As part of the terms and conditions of employment, Hart District Council offers retirement benefits. Employees of the Council are entitled to join the Local Government Pension Scheme (LGPS), which is administered by Hampshire County Council under the Regulations governing the LGPS, a defined benefit scheme based on final pensionable salary. This is a funded pension scheme, which means that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

The most recent valuation was carried out at 31 March 2004, and has been updated by independent actuaries to the Hampshire County Council Pension Fund (“the Fund”) to take account of the requirements of FRS17 in order to assess the liabilities of the fund as at 31 March 2006. Liabilities are valued on an actuarial basis using the projected unit method which assesses the future liabilities discounted to their present value.

The employer’s contributions certified by the actuary to the Fund in respect of the period 1 April 2004 to 31 March 2007 are as follows:

2004/05	13.50% of pensionable pay
2005/06	15.00% of pensionable pay
2006/07	16.50% of pensionable pay.

The main assumptions used for the purposes of FRS17 are as follows:

Assumptions used for FRS17	31 Mar	31 Mar
	2005	2006
Discount Rate	5.3% pa	4.9% pa
Discount Rate for Pensions costs	5.3% pa	4.9% pa
Rate of increase in Salaries	4.4% pa	4.5% pa
Rate of increase in Pension Payments	2.9% pa	3.0% pa
Rate of increase to Deferred Pensions	2.9% pa	3.0% pa
Rate of inflation	2.9% pa	3.0% pa
Long Term Expected Rates of return		
Equities	7.7% pa	7.3% pa
Government Bonds	4.7% pa	4.3% pa
Property	6.7% pa	6.3% pa
Other Assets	4.8% pa	4.6% pa
Corporate Bonds	5.3% pa	4.9% pa
Average Long Term expected Rate of Return	6.9% pa	6.5% pa

NOTES TO THE BALANCE SHEET

At 31 March 2006, it is estimated that the Authority had the following overall share of assets and liabilities, and these are included in the balance sheet.

Overall Share of Scheme Assets and Liabilities		
	31 Mar 2005	31 Mar 2006
	£'000	£'000
Estimated Liabilities in Scheme	(39,980)	(46,090)
Unfunded Pensions Liability	(2,490)	(2,536)
Estimated Assets in Scheme	23,800	30,310
Net Liability (deficit)	<u>(18,670)</u>	<u>(18,316)</u>

Assets are valued at fair value, principally market value for investments. The proportion of total assets held in each type by the fund as a whole at 31 March 2006 are as follows:

Proportion of Assets held by investment type in %		
	31 Mar 2005	31 Mar 2006
Equities	69.0%	70.3%
Bonds	22.2%	20.6%
Property	4.0%	4.0%
Other Assets	4.8%	5.1%
Value of Assets held by investment type		
	31 Mar 2005	31 Mar 2006
	£m	£m
Equities	1,463	1,875
Bonds	471	549
Property	85	106
Other Assets	102	138
	<u>2,121</u>	<u>2,668</u>

Note, there is no provision under the LGPS to split the total assets of the Fund to each participating body. Therefore, for the basis of this disclosure, the above assets as a whole are allocated to participating bodies on a consistent and reasonable basis.

The movement in the net pension liability for the year to 31 March 2006 is as follows: The current deficiency in the pension fund represents the estimated position at the end of the financial year. The deficit as assessed by the Actuary has decreased in year from £16.180m to £15.780m, mainly as the result of better returns on investments partially offset by changes in assumed real discount rates. It should also be noted that pension rates have been set to cover the full estimated long-term cost of the Pension Scheme based on an actuarial valuation as at 31 March 2004.

In Year Movements on Pension Reserve		
	31 Mar 2005	31 Mar 2006
	£'000	£'000
Net pension liability as at 1 April	(9,490)	(18,670)
Movements in Year:		
Employer's contribution	640	1,060
Current Service Cost	(810)	(860)
Past Service Cost	(60)	(380)
Expected Return on Pension Fund Assets	1,540	1,660
Interest on Pension Scheme Liabilities	(2,050)	(2,150)
(Increase)/Decrease in Unfunded Pension Liability	(2,490)	(46)
Actuarial Gain/Loss in Year	(5,950)	1,070
Net Pension Liability as at 31 March	<u>(18,670)</u>	<u>(18,316)</u>

NOTES TO THE BALANCE SHEET

An assessment of the Council's Unfunded Pension Liability as at 31st March 2006 in accordance with LAAP Bulletin 51 indicates a further liability of £2.536m (£2.490 in 2004/05)

Changes to the Local Government Pension Scheme permit employees retiring on or after 6 April 2006 to take an increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension. On the advice of our actuaries we have assumed that 50% of employees retiring after 6 April 2006 will take advantage of this change to the pension scheme. Our actuaries have advised that this will reduce the value of the Council's pension liabilities by about 3%. We have accounted for this as a gain resulting from a change in assumptions and as a result the impact of this item is shown in the Statement of total movement on Reserves.

14. Exceptional Item

The NNDR3 (Return of Business Rates payable by the Council to the Government) for 2004-05 was the subject of an audit qualification on several issues. As a result, the Council has had to make a further payment to the Government (in 2006/07) of £915,378. This amount has been included as a creditor in the Collection Fund accounts in 2005/06.

15. Euro Costs

The Authority has no expenditure plans in respect of Euro preparation.

16. Post Balance Sheet events

There are no post balance sheet events.

17. Contingent Liabilities

There are no contingent liabilities that the Council is aware of.

STATEMENT OF TOTAL MOVEMENT ON RESERVES

2004/05 £'000	£'000	2005/06 £'000	Notes
580 Surplus/Deficit on General/Collection Fund	(259)		
24 Add net movement on Earmarked Reserves	69		
(740) Deduct Appropriation from pensions reserve	(670)		
(5,950) Actuarial gains and losses relating to pensions	1,070		
- (Increase)/Decrease in Unfunded Pension Liability	(46)		
(6,086) Total Increase in Revenue Resources		164	(1)
2,308 Capital Resources received in year	1,847		
(1,473) Decrease in Usable Capital Receipts	-		
- Contribution to Housing Pooling	(31)		
(148) Decrease in Developers Contributions	(1,212)		
Total Increase / (Decrease) in Realised Capital 687 Resources		604	(2)
Disposal of Fixed Assets	(131)		
1,391 Gains/(Losses) on Revaluation of Fixed Assets	1,773		
Total Increase / (Decrease) in Unrealised Value of 1,391 Fixed Assets		1,642	(3)
Amounts applied to Capital spending	1,867		
125 Earmarked Capital Reserves	-		
Revenue Resources Set Aside (Deferred Charges and (462) Depreciation)	(2,154)		
Total Increase in Amounts set Aside to Finance (337) Capital Investment		(287)	(4)
(4,345) Total Recognised Gains and Losses		2,123	

NOTES TO THE STATEMENT OF TOTAL MOVEMENT ON RESERVES

1. Movements in Revenue Resources

	General Fund Balances £'000	Earmarked Revenue Reserves £'000	Pensions Reserve £'000
Balance Brought Forward	3,834	1,780	(18,670)
Surplus/(Deficit) for 2005/06	(259)		
(Increase)/Decrease in level of Unfunded Pension Liability in year			(46)
Appropriations to/from revenue		(482)	(670)
Actuarial Gains and Losses relating to pensions			1,070
Amounts received in Year		551	
Balance Carried Forward	3,575	1,849	(18,316)

The Pensions Reserve represents an estimate of the current liability of Hart's share of the Hampshire County Council pension fund.

2. Movement in Realised Capital Resources

This note shows the movement in the level of resources available to finance future capital spending

Useable Capital Receipts	31 Mar 2006 £'000
Amounts receivable in year	1,847
Housing Pooling paid over	(31)
Amounts applied to Finance new Capital Investment	(1,212)
Movement in Capital Resources	604

3. Movement in Unrealised Value of Fixed Assets

This note shows the Increase or Decrease in the value of Fixed Assets held

Fixed Asset Restatement Account	31 Mar 2006 £'000
Gains/Losses on Revaluation of Fixed Assets	1,773
Disposals	(131)
Total Movement in Unrealised Value of Fixed Assets	1,642

4. Movements in Amounts Set Aside to Finance Capital Investment

This note shows the movements in amounts used to fund capital spending:

Capital Financing Account	31 Mar 2006 £'000
Capital Resources applied to Capital spending	
Capital Grants	692
Developers Contributions	1,212
	1,904
Revenue Resources Set Aside	
Deferred Charge Write Off	(1,030)
Depreciation	(1,124)
Government Grants & Other	(37)
	(2,191)
Total Increase in Amounts set aside to Finance Capital Investment	(287)

NOTES TO THE STATEMENT OF TOTAL MOVEMENT ON RESERVES

5. Movements in the Pensions Reserve

The actuarial loss identified as movements on the Pensions Reserve in 2005/06 (see Balance Sheet note 13) can be analysed into the following categories, measured as absolute amounts and as a percentage of assets or liabilities as at 31 March 2006.

Pensions Reserve - Actuarial Gains		
	31 Mar 2005 £'000	31 Mar 2006 £'000
Actual Return less expected return on assets	650	4,010 25.4% of scheme liabilities
Experience Gains and Losses on Pension Liabilities	610	20 0.1% of scheme liabilities
Changes in Assumptions underlying the present value of pensions liabilities	(7,210)	(2,960) 18.8% of scheme liabilities
Actuarial Gain/Loss in the year	<u>(5,950)</u>	<u>1,070</u> 6.8% of scheme liabilities

CASH FLOW STATEMENT

2004/05 £'000	£'000	2005/06 £'000	Notes
Revenue Activities			
Cash Outflows			
7,888		8,992	
3,165		3,935	
8,661		9,458	
24,902		16,700	
42,064		44,363	
		31	
Cash Inflows			
(40,619)		(43,201)	
(997)		(948)	(3)
(2,294)		(2,475)	(3)
(18,828)		(23,837)	
(85)		(142)	
(8,855)		(9,345)	(3)
(737)		(1,325)	(3)
(5,501)		(5,865)	
(976)		(2,293)	
7,788	Net Cash Flow from Revenue Activities	(5,952)	
Servicing of Finance			
Cash Outflows			
485	Interest Paid	9	
Cash Inflows			
(896)	Interest Received	(805)	
(411)		(796)	
Capital Activities			
Cash Outflows			
1,535	Purchase of Fixed Assets	1,604	
555	Purchase of Long Term Investments		
522	Other Capital Cash Payments	1,030	
Cash Inflows			
(638)	Sale of Fixed Assets / Mortgage Receipts	(316)	
(560)	Capital Grants Received	(989)	(3)
(13,230)	Long Term Investments		
(1,145)	Other Capital Cash Receipts	(1,251)	
(12,961)		78	
(5,584)	Net Cashflow before Financing	(6,670)	
Management of Liquid Resources			
6,180	Net Increase (Decrease) in Short Term Deposits	6,480	(2)
596	Net (Increase) / Decrease in Cash	(190)	

NOTES TO THE CASH FLOW STATEMENT

1. Reconciliation of Net (Surplus) / Deficit on the Consolidated Revenue Account to the movement in cash

Reconciliation of Net (Surplus) / Deficit on the CRA in cash		
	31 Mar 2005 £'000	31 Mar 2006 £'000
(Surplus) / Deficit for Year		
Revenue Account	33	(143)
Collection Fund	(1,001)	(196)
Interest included in income and expenditure	(250)	(789)
Non Cash Transactions		
Movement in Provisions	(67)	95
Contributions		(60)
Net Movement in Specific Reserves	179	291
Revenue Accruals		
(Decrease) / Increase in Stock	17	(4)
Decrease / (Increase) in Revenue Creditors	(1,747)	(360)
(Decrease) / Increase in Revenue Debtors	10,214	(6,306)
Capital Activities	(12,962)	802
Management of Liquid Resources	6,180	6,480
Net Movement in Cash	596	(190)

2. Reconciliation of items shown under the Management of Liquid Resources

Management of Liquid Resources			
	31 Mar 2005 £'000	31 Mar 2006 £'000	Movement £'000
Cash In hand and at Bank	9	2	7
Liquid Resources	8,650	15,130	(6,480)

NOTES TO THE CASH FLOW STATEMENT

3. Government Grants

	2005 £'000	2006 £'000
Revenue Grants		
Non Domestic Rate Grant	2,294	2,475
Revenue Support Grant	997	948
Housing Benefit - Subsidy	8,855	9,345
Housing Benefit - Admin	100	97
Housing Benefit - Other	198	312
Housing Defects	36	31
Homelessness	53	47
Community and Environmental Schemes	6	
Refuse and Street Cleansing	10	53
Fraud Prevention	109	43
NNDR Discretionary Relief	42	35
Planning ODPM Grant	59	586
Supporting People		120
	12,759	14,092
Capital Grants	560	450
Total	13,319	14,542

COLLECTION FUND ACCOUNT

Hart District Council is the authority responsible for the billing, collection and recovery of council tax, community charges and national non-domestic rates. The Council is required to maintain a separate income and expenditure account to reflect the transactions relating to the Collection Fund.

Collection Fund Entries	31 Mar 2005 £'000	31 Mar 2006 £'000
Income		
Council Tax	(40,906)	(42,964)
NNDR Income	(17,403)	(23,153)
Council Tax Benefits	(1,818)	(1,980)
	<u>(60,127)</u>	<u>(68,097)</u>
Expenditure		
Precepts		
Hampshire County Council	29,975	31,434
Hampshire Police Authority	3,866	4,113
Hampshire Fire Authority	1,830	1,884
Hart District Council plus Parishes	6,014	6,334
NNDR Payment to National Pool	16,691	22,801
NNDR payment due in respect of 2004/05		915
Interest on Refunds	485	9
Collection Costs Allowance	100	95
Discretionary Relief		35
Provision for Bad Debts	58	264
Bad Debts written off	107	17
	<u>59,126</u>	<u>67,901</u>
(Surplus) / Deficit for Year	<u>(1,001)</u>	<u>(196)</u>
Balance b/fwd	(1,322)	(1,934)
Distribution of Surplus		
Hampshire County Council	298	412
Hampshire Police Authority	34	53
Hampshire Fire Authority	0	25
Hart District Council plus Parishes	57	107
(Surplus) / Deficit for Year	<u>(1,001)</u>	<u>(196)</u>
Balance c/fwd	<u>(1,934)</u>	<u>(1,533)</u>

Any balances held on the Collection Fund are apportioned between the County Council, the Police and Fire Authorities and the District Council pro-rata to their precepts. This is then used wholly to reduce the County Council, the Hampshire Police and Fire Authorities and the District Council rates of Council Tax.

Surpluses or deficits in future years will be treated in the same way and give rise to reductions or increases in future levels of the Council Tax.

NNDR Rateable Values as at	1 April 2005	£63,195,316
	31 March 2006	£64,365,888
NNDR Multiplier 2005/06	42.2p	(45.6p in 2004/05)
Small Business Multiplier	41.5p	

COLLECTION FUND ACCOUNT

1. Precepts and Demands

Precepts and Demands

Hampshire County Council	£31,434,374
Hart DC	£ 6,334,202
Hampshire Police	£ 4,113,152
Hampshire Fire Authority	£ 1,884,110

2. Council Tax Base Calculation

	A/AR	B	C	D	Band E	F	G	H	Total
Net number of properties	500	1,347	6,315	7,053	6,750	5,917	3,385	204	31,471
Band Multiplier	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
Band D Equivalents	333	1,048	5,613	7,053	8,250	8,547	5,642	408	36,894
Class O Exempt Properties									
Sub Total									<u>36,894</u>
Assumed Losses on Collection (2%)									738
Tax Base (equivalent Band D)									<u>36,156</u>

GLOSSARY OF TERMS

ACCRUALS

An important accounting principle is that income and expenditure should be accounted for in the period to which it relates, irrespective of the date of settlement.

An accrual is a sum included in the accounts to cover income or expenditure attributable to goods or services received within the accounting period but for which payment has not been received/made.

AGENCY

The provision of services by one organisation on behalf of another organisation. The organisation directly providing the services is reimbursed by the responsible organisation.

ASSET

Something of value which is measurable in monetary terms. The true value of the Council's assets is not always reflected in the accounts.

BALANCE SHEET

A statement of the assets and liabilities at the end of the accounting period.

CAPITAL FINANCING ACCOUNT

A reserve includes amounts set aside from revenue or capital receipts, financing transactions relating to expenditure on fixed assets, and certain other capital transactions.

CAPITAL RECEIPTS

Proceeds from the sale of assets e.g. land or a building.

The Government specifies a proportion to be used to repay debt; the remainder can be used to finance new capital expenditure.

CENTRAL ADMINISTRATION CHARGES

An allocation of the net cost of the administrative and professional departments that support all of an authority's services, e.g. finance, personnel.

COLLECTION FUND

A fund maintained by collecting authorities into which is paid council taxes, NNDR, and community charges. The fund then meets the requirements of the County, District and Parish Councils and, the Thames Valley Police Authority, as well as paying NNDR to the national pool.

CREDIT APPROVALS

An authorisation given by the Government to use credit to finance capital expenditure. It permits the use of borrowing or other credit arrangements, such as leasing or deferred purchase, by which extended credit may be obtained.

CREDIT CEILINGS

A measure of the difference between the authority's total liabilities in respect of capital expenditure financed by credit and the provision that has been made to meet those liabilities.

CREDITOR

An amount owed by the organisation for work done, goods received or services rendered to the organisation within the accounting period but for which payment has not yet been made.

CURRENT ASSET

An asset where the value changes on a day-to-day basis e.g. stores, cash, debtors (as distinct from a Fixed Asset such as Land and Buildings).

GLOSSARY OF TERMS

CURRENT LIABILITY

An amount which will become payable or for which payment could be requested within the next accounting period, e.g. creditors, bank overdrafts, short term loans.

DEBTOR

An amount due to the organisation within the accounting period not received by the balance sheet date.

DEFERRED CHARGE

A deferred charge arises where

(i) expenditure is charged to capital but there is no tangible asset e.g. improvement grants, compensatory payments. These charges are written down over a maximum of five years.

(ii) Assets are transferred to another organisation and the associated transferred debt is being repaid over time. These charges are written-down by the loan repayments so that the total equates to the relevant loan debt outstanding.

DEFINED BENEFIT PENSION SCHEME

A pension or other retirement benefit scheme where the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme.

FIXED ASSET

An asset which continues to have value and benefit for a period longer than one financial year.

FIXED ASSET RESTATEMENT ACCOUNT

A reserve representing the difference between the current valuation of assets with the previous balance sheet value. The reserve is also written down by the value of assets disposed of.

FINANCIAL REPORTING STANDARD (FRS)

Accounting practice recommended by the ASB (Accounting Standards Board) for adoption in the preparation of accounts by applicable bodies (see also SSAP).

GENERAL FUND

The main revenue account of an authority, which summarises the cost of all services provided by the Council which are paid for from amounts collected from Council Tax payers, Government Grants and other income.

HOUSING REVENUE ACCOUNT (HRA)

An account which includes the expenditure and income relating to the direct provision of housing accommodation.

LIABILITY

An amount incurred by the organisation that is due to be paid at some time in the future.

NATIONAL NON DOMESTIC RATES (NNDR)

NNDR is a tax charged on commercial properties. It is calculated by multiplying a property's 'rateable value' by a nationally set amount (known as the 'NNDR multiplier'). The Council acts as a collecting agency for Central Government and passes all income onto the Office of the Deputy Prime Minister (ODPM). The ODPM then redistributes the money it receives back to local authorities based on resident population.

GLOSSARY OF TERMS

PROVISION FOR CREDIT LIABILITIES (PCL)

A memorandum account required by the Local Government and Housing Act 1989 to which is credited set-aside capital receipts and minimum revenue provisions.

REVENUE SUPPORT GRANT (RSG)

This main non-specific grant paid by central government to local authorities to help fund the services that they provide. The allocation to each authority is determined by a complex formula.

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 (£162,817 in 2004/05). This must be used for the benefit of people in the area on activities or projects not specifically authorised by other powers.