

Contents of the 2003-04 Statement of Accounts

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Explanatory Foreword

This Statement of Accounts is produced by the County Treasurer and contains the County Council's accounts for the financial year ended 31 March 2004. Publication of these accounts is required under the Accounts and Audit Regulations 2003 and the Code of Practice on Local Authority Accounting, which also specify the format and content of the accounts. The requirements of CIPFA's Best Value Accounting Code of Practice 2000 (BV ACOP 2000) apply to the 2003-04 Statement of Accounts. The BV ACOP complements the Code of Practice on Local Authority Accounting and provides an authoritative guide to financial accounting for local authorities within the best value environment.

Summary of the 2003-04 Financial Year

The County Council's budget for 2003-04 was set at £363.000 million, an increase of 14.4% on the previous year. The budget also provided for a contribution from balances of £1.432 million.

The table below summarises the outturn position compared to the original budget, with an overall underspending compared to the original budget of £0.678 million. The main reasons for the underspending are the planned underspending on E-government and IT budgets to meet expenditure phased in subsequent years, a delay in the Minerals Local Plan Inquiry which will now be held in 2003-04, and a number of smaller underspendings in Education Services. These were offset by an overspending on social care for children of nearly £1 million mainly due to demand for placements.

Revenue Account Summary

The following table summarises the expenditure and income for the year: -

	2003-04 Budget £000	2003-04 Actual £000	2003-04 Difference £000	2002-03 Actual £000
Service Expenditure during the year	365,919	365,241	678	315,162
Income from government grant and local taxpayers	<u>363,000</u>	<u>362,998</u>	<u>2</u>	<u>317,312</u>
Additions to/Withdrawals from balances	-2,919	-2,243	-676	2,150
County Fund balance at beginning of year	5,819	7,475	-1,656	5,325
County Fund balance at end of year	<u><u>2,900</u></u>	<u><u>5,233</u></u>	<u><u>-2,332</u></u>	<u><u>7,475</u></u>

The County Fund balance at 31 March 2004 is £5.233 million and includes all under spending identified at the year-end. In July 2004 the Cabinet agreed that £0.751 million of the under spending from 2003-04 should be available to fund services in 2004-05. In addition to this £1.600 million has been released from capital financing reserves, of which £0.600 million will be used to assist the Children & Families Recovery plan. The net effect is an increase in the available County Fund to £5.482 million in 2004-05.

Capital Expenditure Summary

Capital expenditure in the year was £58.239 million, £3.537 million less than the approved capital budget. Of this under spending, £3.471 million represents delays in cash payments on schemes in progress, which will now be spent in 2004-05. The program was financed from borrowing, capital receipts, grants and developer contributions.

Increasingly more of the capital programme is funded from earmarked resources. Expenditure in 2003-04 includes £11 million on the improvement of schools through New Deals for Schools grants and over £28 million was spent on improving the highways network, such as Semington bypass and Salisbury Transport Plan, as part of the Local Transport Plan which has been agreed with the Government.

The Capital Expenditure contributes towards the creation and maintenance of new assets for Wiltshire County Council. Expenditure during the year from discretionary resources included: -

West Wiltshire Secondary School Expansion:	£1 million to provide significant extensions at existing secondary schools.
King's Lodge School:	£0.6 million on a six class extension to enable the replacement of temporary accommodation.
Additional Accommodation:	£0.7 million on providing additional school places for increasing pupil numbers.
Highways Structural Maintenance:	£1 million on the repair and maintenance of non-principal roads within the County.

Long term debt outstanding increased during the year by £1.945 million, largely due to the repayment of temporary investments to fund the requirements of the capital programme. New loans to the value of £8 million were taken out from the Public Works Loan Board (PWLb). £6.054 million of maturing PWLB loans were repaid during the year.

Wiltshire County Council Pension Fund

For the first time, the 2003-04 accounts include the impact of the full implementation of FRS 17, the accounting standard on pensions. The effect is to include the authority's pension deficit of £115 million (at 31/03/04) on the balance sheet, so reducing the net assets of the organisation.

Wiltshire County Council is a member of the Wiltshire Pension Fund. Every three years the fund is valued by the scheme's actuary and employer contributions are set. A valuation is currently underway (of liabilities A109at 31/03/04) which will set employer rates aimed at recovering the deficit over the medium to long term.

Mike Prince
County Treasurer

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 County Treasurer.
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- approve the Statement of Accounts.

The County Treasurer's Responsibilities

The County Treasurer is responsible for the preparation of the authority's Statement of Accounts in accordance with proper practice as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom ("the Code of Practice").

In preparing this Statement of Accounts, the County Treasurer has:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code of Practice or, disclosed any non-compliance.

The County Treasurer has also:

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

I certify that the statement of accounts on pages 12 to 48 present fairly the financial position of the authority at the accounting date and its income and expenditure for the year ended 31 March 2004.

Mike Prince
County Treasurer
July 2004

These accounts were approved, subject to audit, at the meeting of the Final Accounts Committee of the County Council on 26 July 2004.

Mrs Jane Scott
Leader of Wiltshire County Council
Date

Statement on the System of Internal Financial Control

This statement is given in respect of the Statement of Accounts for Wiltshire County Council for the year ended 31 March 2004. It acknowledges my responsibility for ensuring that the County Council maintains and operates an effective system of internal financial control.

Any internal financial control system can only provide a reasonable and not an absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

Our internal financial control systems are based on a framework of financial regulations, contract regulations, financial procedure rules, administrative procedures (including segregation of duties), management supervision, regular management information and a system of delegation and accountability. The day to day maintenance of the systems is a responsibility for all managers within the Council.

In particular, our systems include:

- comprehensive and clearly defined revenue budget and capital expenditure guidelines
- financial reports which measure financial and other targets'

The Council is required by law to maintain an adequate and effective system of internal audit, which is provided by the Internal Audit Section of the Finance and IT Department. The main features are as follows:

- internal audit operates in accordance with current professional standards specified by CIPFA
- audit work is planned on the basis of a three-year overall strategy, linked to a risk assessment which prioritises the various services and activities to be audited over that period
- the Chief Auditor prepares an annual report on the performance and findings of internal audit, for the County Treasurer and the Standards Committee. This includes an independent opinion on the system of internal financial control.

My review of the effectiveness of the system of internal financial control is informed by:

- the work of managers within the Council
- the work of the internal auditors as described above
- the external auditors in their annual audit letter and other reports

Based on the information available to me from the various sources referred to above, in my opinion, our internal financial control systems are effective and no significant weaknesses have been identified in the systems of internal financial control for the period covered by this Statement.

Mike Prince
County Treasurer
August 2004

Independent Auditor's Report to Wiltshire County Council

I have audited the statement of accounts on pages 8 to 39 and 41 to 48 which have been prepared in accordance with the accounting policies applicable to local authorities as set out on pages 8 to 11 and the Pension Fund accounts, on pages 41 to 48, which have been prepared in accordance with the accounting policies applicable to pension funds set out on pages 43 to 44.

This report is made solely to Wiltshire County Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 54 of the Statement of Responsibilities of Auditors and of Audited Bodies, prepared by the Audit Commission.

Respective Responsibilities of the County Treasurer and the Auditors

As described on page 4 the County Treasurer is responsible for the preparation of the statement of accounts in accordance with the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2003 [and ensuring that contributions are made to the Wiltshire Pension Fund in accordance with the rates and adjustment certificate]. My responsibilities, as independent auditor, are established by statute, the Code of Audit Practice issued by the Audit Commission and my profession's ethical guidance.

I report to you my opinion as to whether the statement of accounts present fairly:

- the financial position of the Council and its income and expenditure for the year,
- the financial transactions of the Wiltshire Pension Fund during the year and the amount and disposition of the Fund's assets and liabilities, other than liabilities to pay pensions and benefits after the end of the scheme year.

I review whether the statement on internal control on page 5 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/our 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. My review was not performed for any purpose connected with any specific transaction and should not be relied upon for any such purpose.

I read the other information published with the statement of accounts and consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the statement of accounts.

Basis of audit opinion

I conducted my 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 issued by the Auditing Practices Board.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the council in the preparation of the financial statements, and of whether the accounting policies are appropriate to the council's circumstances, consistently applied and adequately disclosed. The work that I carried out also included examination, on a test basis, of evidence relevant to the amounts of contributions payable to the scheme and timing of those payments.

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 statement of accounts are free from material misstatement, whether caused by fraud or other irregularity or error and that contributions have been paid in accordance with the rates and adjustments certificate dated January 2002 prepared in accordance with the scheme rules and recommendations of the actuary. In forming my opinion, I evaluated the overall adequacy of the presentation of the information in the financial statements.

Opinion

In my opinion the statement of accounts present fairly the financial position of Wiltshire County Council as at 31 March 2004 and its income and expenditure for the year then ended.

Opinion on the pension fund accounts

In my opinion the financial statements present fairly the financial transactions of Wiltshire Pension Fund during the year ended 31 March 2004, and the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the scheme year. In my opinion the contributions under the scheme during the year ended 31 March 2004 have been paid in accordance with the rates and adjustments certificate dated January 2002 prepared under the Local Government Pension Scheme Regulations 1997.

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.

Signature:

Date:

J Steady
Audit Manager
Audit Commission
Westward House
Lime Kiln Close
Stoke Gifford
Bristol
BS34 8SU

Statement of Accounting Policies

The general principles adopted in compiling the accounts of the County Council are in accordance with the recommendations of The Chartered Institute of Public Finance and Accountancy (CIPFA). They accord with CIPFA's Code of Practice on Local Authority Accounting 2000, and also with the guidance notes issued on the application of the Statements of Standard Accounting Practice (SSAPs), Financial Reporting Standards (FRSs), and Urgent Issues Task Force (UITF) abstracts as far as they are applicable. All are maintained on an historic cost basis. Any significant non-compliance is disclosed in the notes that follow.

Fixed Assets

These are valued as follows: -

<u>Type of Asset</u>	<u>Basis of Valuation</u>
Infrastructure assets	Should be shown at historic cost, less depreciation. In the absence of such information, the valuation at 1 April 1994 was based on the loans pool debt outstanding at that date. Expenditure incurred since is shown at historic cost, less depreciation. The assumed useful life of infrastructure assets is deemed to be 60 years.
Operational assets	Shown at either net current replacement cost or net realisable value based on existing use, depending on the type of asset. The assumed useful life for permanent buildings is deemed to be 60 years, portable buildings are deemed to have useful life of 20 - 30 years. Plant and equipment are valued based on the deemed useful life and is usually between 5 and 10 years.
Non-operational assets and surplus assets	Shown at either net current replacement cost or net realisable value, depending on the type of asset.

Fixed assets were originally valued on 1 April 1994 and since then have been re-valued on a four year rolling programme, with each district being re-valued once in each 4 year period. The valuation this year was carried out by the council's own valuers from the Environmental services department under the authorisation of the Urban Estates Manager, who is a Chartered Surveyor.

Treatment of Leases

The Council no longer has finance leases in respect of equipment. Property lease rentals are charged directly to service revenue accounts.

Deferred Charges

These arise from expenditure which may properly be deferred, but which does not result in, or remain matched with, tangible assets. An example is capital expenditure on aided schools.

Basis of Charging for Capital

Service revenue accounts and trading accounts are charged annually with a capital charge for all fixed assets used. The Code of Practice requires that these capital charges include a provision for depreciation of the assets during the year and an interest charge comparable with the interest that could be earned on an investment of equivalent value to the assets. In order to comply with The Code of Practice 2002, depreciation is charged on buildings and equipment. Assets are written down to their deemed residual value over their useful economic life, on a straight-line basis. Useful economic life, in the case of buildings is determined by the valuers at revaluation, or in the case of equipment it is determined at the point of acquisition, in accordance with guidance issued in The Code of Practice 2002.

Internal Interest

Surplus monies arising from capital and revenue transactions may be utilised in lieu of borrowing from external sources. Memorandum interest on the average level of this internal borrowing is calculated by using the Local Authority 7-Day Notice Rate to enable an overall average borrowing rate to be calculated for the year.

Capital Receipts

Capital receipts from the disposal of assets, that have not been set aside for the redemption of debt or used to finance new capital expenditure, are held in the usable capital receipts reserve. In recent years the practice has been for 50% of usable capital receipts to be applied and for the reserve to have a nil balance. The policy from 1 April 2001 to 31 March 2004 is for all receipts that are not used to finance capital expenditure to be used to offset the funding shortfall in the Wiltshire Pension Fund, as agreed with the former Department of Transport, Local Government and the Regions (DTLR).

Debtors and Creditors

The accounts of the County Council are maintained on an accruals basis. Where actual amounts due are not known at the end of April, estimated amounts have been included. The only exceptions to this policy are schools, as described below. This policy is consistently applied each year and therefore does not have a material effect on this year's accounts.

For the first year since local management of schools, these accounts include schools' accounts on an accrual basis rather than the cash basis used in previous years.

Discontinued and Acquired Operations

Any operations discontinued or acquired during the year are shown separately on the consolidated revenue account.

Contingent Assets and Contingent Liabilities

No provision is made in the accounts for contingent assets or contingent liabilities where it is not practicable to estimate the amount involved or if there is considerable uncertainty over the possible outcome. However, where the amounts are likely to be material, the nature of the contingency is disclosed in a note to the accounts.

Exceptional Items, Extraordinary Items and Prior Year Adjustments

Exceptional items are included in the cost of the service to which they relate unless they are so material that fairer representation of the accounts is given by separate disclosure. Extraordinary items are included on the face of the consolidated revenue account. Prior year adjustments are accounted for in the year that they are identified and will be included in the cost of the service to which they relate unless they are so material that fairer representation of the accounts is given by separate disclosure. These items are also disclosed in a note to the consolidated revenue account.

Stocks and Work in Progress

Stocks are generally valued at the lower of actual cost or net realisable value, which accords with the requirements of the Code of Practice and SSAP 9. An average or standard cost is applied to calculate the cost. Work in progress on any uncompleted jobs, where the actual or estimated valuation of the job exceeds £5,000, is taken into the accounts at cost. Adjustments are made for attributable profits less any foreseeable losses and any payments received or receivable.

Government Grants

Grants in respect of revenue expenditure are included in the accounts in the year in which the related expenditure was charged. SSAP 4 requires that grants in respect of capital expenditure be credited to the revenue account over the useful life of the assets financed by those grants. Grants used to finance depreciable tangible assets since 1 April 1994 have been treated in accordance with SSAP 4. Prior to this, the Council did not comply with the standard to the extent that capital grants were used to reduce the cost of the assets; the resultant reduced annual charges to revenue were based on a period of approximately 25 years rather than the useful life of the assets.

Research and Development Expenditure

Research and development expenditure is written off in the year that it is incurred.

Cost of Support Services

All costs of a management and administrative nature have been fully recharged to all services in order to reflect the true cost of administering these services. The Corporate and Democratic Core is identified as a separate service, in accordance with CIPFA recommendations. This relates to costs that arise from the operation of the Council as a multifunction authority, which are not directly attributable to any one service. The basis of allocation used in 2003-04 was as follows: -

<u>Cost</u>	<u>Basis of Allocation</u>
Democratic Representation	Number of attendance's for each committee
Administrative Buildings	An accommodation charge based on floor area occupied, including depreciation on buildings. There is an additional postage charge based on actual recorded usage.
Professional Services	The Environmental Services Department charges professional fees to the capital and building maintenance programmes in accordance with national rates in use in the building industry.
Other Support Services	Charges are subject to service level agreements between the support services and the client departments.

Provisions

Provisions relate to liabilities, or losses, that are likely to be incurred but there is uncertainty as to the size and timing of those liabilities. Their purpose should be specific and should be charged to the revenue account of the service for which the expenditure would be incurred. The Provision for Credit Liabilities is slightly different and is explained below.

Provision for Credit Liabilities

Part IV of the Local Government and Housing Act 1989, which deals with the control of local authority capital expenditure and finance, requires local authorities to provide for credit liabilities arising from capital commitments, including the redemption of loan debt. A minimum annual provision has to be made from the revenue account, but the provision from capital receipts formerly required under the Act ceased from 1 September 1998. These transactions are part of the Capital Financing Reserve, but the provision for credit liabilities still needs to be disclosed as a memorandum account.

Provision for Bad and Doubtful Debts

Provisions in the balance sheet are at the Chief Officers' discretion, but where present are included at the CIPFA recommended levels unless otherwise stated.

Reserves

The County Council holds several earmarked reserves, in addition to the general County Fund balance. Generally, a reserve is a sum set aside from revenue which does not relate to a specific liability, but which may be earmarked for future expenditure.

VAT

Only irrecoverable VAT is included in revenue or capital expenditure.

County Fund

This is the main Fund of the County Council into which the precept, government grants, and other income are paid and from which the cost of providing services is met. The balance on the Fund is the surplus of the County Council's revenue income over its revenue expenditure.

Local Government Pension Fund for Wiltshire

This is administered by the County Council. A complete set of accounts and details of its nature, investment performance and actuarial position are reported separately in the Wiltshire Pension Fund Annual Report 2003-04, although a summary is given on pages 41 to 48.

Pensions

The pension costs that are charged to the accounts in respect of the Authority's 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 100% of the liabilities of the Pension Fund, in accordance with relevant Government regulations. The County Council complies with the accounting requirements of UKGAAP in accounting for pension costs as laid down in FRS 17, and the liabilities included within the balance sheet are in accordance with the guidance given by the Wiltshire Pension Fund Actuary.

Endowment and Trust Funds

The County Council administers 15 such funds. They mostly consist of small sums received from private individuals, which have been invested by the County Council in order to provide an annual income. Two of the funds are of significant size and three others exceed £100,000. They do not form part of the County Council's accounts, but are shown on page 40.

Investments

The investments are shown in the Consolidated Balance Sheet at their historic cost.

Deferred Liabilities

The outstanding value of property leases is shown in the balance sheet as a deferred liability. The figure at 31 March 2004 is based on the actual value of lease payments outstanding.

Foreign Currency Transactions

Foreign currency transactions are accounted for on the basis of the equivalent sterling value of the underlying transaction, by applying the relevant exchange rate ruling at the time. Where overseas securities are acquired with currency either previously purchased directly or accruing from the sale of securities, the sterling book cost of the new security will be based on the exchange rate ruling at the time of purchase of that security. Any profit or loss arising on currency transactions will be reflected in the balance sheet, either as a realised or unrealised profit.

Post Balance Sheet Events

Events which occur after the balance sheet date and concern conditions which did not exist at that time are disclosed in a note to the accounts if their effect is likely to be material.

PFI

Contract payments in respect of PFI contracts are charged to the revenue account in the year in which they are due. Reimbursements in respect of these contracts, such as government grants, are credited to the revenue account in which they are receivable.

The Consolidated Revenue Account

	Gross Spending 2003-04 £000	Gross Income 2003-04 £000	Net Spending 2003-04 £000	Net Spending 2002-03 £000
Expenditure on Services				
<i>Continuing Operations</i>				
Central Services to the Public	1,791	842	949	840
Other Operating Income and Expenditure	28,340	13,683	14,657	11,246
Cultural, Environment and Planning Services	25,763	3,385	22,378	21,500
Education Services	250,064	38,939	211,125	186,224
Highways, Roads and Transport Services	30,197	3,331	26,866	25,275
Housing Services	496	217	279	251
Social Services	123,531	40,672	82,859	70,968
Corporate and Democratic Core	5,495	1,263	4,232	5,225
Non Distributed Costs	<u>700</u>	<u>0</u>	<u>700</u>	<u>500</u>
Net cost of services	466,377	102,332	364,045	322,029
Contribution to council tax benefit costs arising from subsidy limitation			0	0
Net expenditure on asset management revenue account			-11,343	-17,224
Interest and investment income			-496	-189
Pension interest cost and expected return on pensions assets			<u>6,600</u>	<u>2,300</u>
Net Operating Expenditure			358,806	306,916
Contributions to/from(-) insurance reserve			-121	116
Contributions to/from(-) pensions reserve			-1,172	2,910
Contribution to/from(-) other earmarked reserves			3,827	2,972
Financing of Capital Expenditure			2,819	1,440
Reconciling amount for provisions for loan repayment			<u>1,081</u>	<u>808</u>
Amount to be met from Government grant and local taxation			365,240	315,162
Council precepts			-140,437	-125,535
General government grants			-106,443	-77,480
Non-domestic rates redistribution			-116,192	-114,739
Transfers (from) / to the Collection fund in respect of surpluses/deficits			73	442
Total Deficit/Surplus (-) for the Year			<u><u>2,242</u></u>	<u><u>-2,150</u></u>
Change in County Fund Balance				
Balance at 1 April			7,475	5,325
Deficit (-)/Surplus for the Year			-2,242	2,150
Balance at 31 March			<u><u>5,233</u></u>	<u><u>7,475</u></u>

Notes to the Consolidated Revenue Account**1. CIPFA Best Value Accounting Code of Practice - Service Expenditure Analysis**

The Accounting Code of Practice requires expenditure to be reported according to the CIPFA Best Value Accounting Code of Practice service expenditure analysis. This is given in detail below: -

	Gross Expenditure	Gross Income Excluding Grants	Grant Income	Net Spending	Net Spending
	2003-04 £000	2003-04 £000	2003-04 £000	2003-04 £000	2002-03 £000
Central services to the Public					
Registration Births, Deaths & Marriages	797	411	0	385	343
Elections	0	0	0	0	0
Emergency Planning	245	0	195	50	0
Local Land Charges	236	236	0	0	0
General Grants, Bequests & Donations	513	0	0	513	497
Other Operating Income & Expenditure					
Precepts & Levies	14,900	214	0	14,686	13,125
Trading account surpluses & deficits	13,440	13,470	0	-29	-1,879
Asset Management Revenue Account	10,446	21,789	0	-11,343	-17,224
Interest and Investment Income	520	1,016	0	-495	-189
Extraordinary Item & Prior Year Adjustment	0	0	0	0	0
Cultural and Related Services					
Culture & Heritage	963	0	0	963	902
Recreation & Sport	606	0	0	606	1,473
Open Spaces	113	5	0	108	74
Library service	5,565	18	0	5,548	5,243
Environmental Services					
Flood Defence and Land drainage	2,209	0	0	2,209	2,075
Agricultural Services	911	685	0	226	568
Consumer Protection	1,368	40	90	1,238	1,137
Waste disposal	11,033	708	1,128	9,198	8,044
Planning and Development Services					
Development control	381	15	0	367	263
Planning policy	1,090	58	0	1,033	1,054
Environmental initiatives	145	0	0	145	0
Economic development	1,378	0	640	739	667
Individual School Funds					
Delegated Primary School budgets	74,662	0	0	74,662	68,457
Delegated Secondary School budgets	81,898	0	13,761	68,137	58,265
Delegated Special School budgets	5,402	0	206	5,197	4,735
Grants devolved to primary schools	13,325	50	12,047	1,228	2,015
Grants devolved to secondary schools	8,058	50	6,996	1,012	1,247
Grants devolved to special schools	614	10	586	18	42
LEA Central School Funds					
Schools strategic management	13,722	215	0	13,507	15,310
Non-delegated school grants	0	0	0	0	0
Facilitating school improvement	7,025	0	2,039	4,985	2,950
Supporting SEN	15,727	116	1,350	14,260	11,973
Assuring access to schools	12,721	108	0	12,613	12,257

1. CIPFA Best Value Accounting Code of Practice - Service Expenditure Analysis

Continued

	Gross Expenditure	Gross Income Excluding Grants	Grant Income	Net Spending	Net Spending
	2003-04 £000	2003-04 £000	2003-04 £000	2003-04 £000	2002-03 £000
Schools Exp. Outside the Local Schools Budget					
Inter-authority recoupment	1,443	0	0	1,443	946
Non-School Funding					
Strategic management of non-school services	3,231	117	0	3,114	2,680
Pre-School Education	6,313	0	11	6,302	2,455
Adult Education	1,174	0	813	361	322
Community Education	0	0	0	0	111
Support for students	0	0	0	0	-23
Home to college transport	1,558	301	14	1,243	0
Youth Service	3,193	3	147	3,043	2,482
Highways, Roads & Transport Services					
Transport planning, policy and strategy	2,802	593	87	2,121	1,556
Highways/roads (structural)	3,518	0	13	3,505	3,092
Construction	7,510	57	0	7,453	7,330
Highways/roads (routine)	6,436	189	0	6,246	6,247
Street Lighting	1,460	0	0	1,460	1,300
Winter Maintenance	2,171	197	0	1,974	2,275
Traffic management and road safety	1,506	47	0	1,460	1,201
Public Transport	4,793	421	1,726	2,646	2,274
Housing Services					
General Fund (Other Council Property)	496	217	0	279	251
Adult and Community Services					
Service Strategy	302	0	0	302	174
C&F - Commissioning	7,229	1,329	0	5,900	5,366
C&F - Children Looked After	8,856	0	0	8,856	6,711
C&F - Family Support Services	1,330	125	0	1,205	1,236
C&F - Youth Justice	372	0	0	372	404
C&F - Other Services	1,519	1,752	0	-233	971
Older People (Age 65+)	47,678	9,601	4,570	33,507	29,621
Adult Care - Physical or Sensory Disability	8,114	557	629	6,928	5,523
Adult Care - Learning Disability	33,107	9,519	2,164	21,424	17,434
Adult Care - Mental Health Needs	4,599	408	663	3,528	2,620
Asylum Seekers	222	188	34	0	0
Other Adult Care Services	828	79	150	599	634
Supported People	8,793	0	8,795	-2	0
Supported Employment	583	109	0	474	275
Corporate and Democratic Core					
Democratic Representation & Management	2,641	1,263	0	1,378	1,662
Corporate Management	2,854	0	0	2,854	3,563
Non Distributed Cost	700	0	0	700	500
TOTAL EXPENDITURE	477,343	66,284	58,853	352,206	304,616

In preparing these accounts we have taken into account the requirements of FRS 17 Accounting for Pensions. This has required us to restate the comparative figures for 2002-03 to reflect the actual costs incurred during the year, any surplus or deficit attributable to these changes is shown as a movement to / from pensions reserves.

The analysis of expenditure by County Council Committee is as follows:

	Gross Spending	Gross Income Excluding Grants	Grant Income	Net Spending	Net Spending
	2003-04 £000	2003-04 £000	2003-04 £000	2003-04 £000	2002-03 £000
Children, Education and Libraries	269,688	4,217	37,955	227,516	186,555
Environmental Services	57,193	3,640	3,893	49,660	46,108
Corporate and Central Services	46,280	38,154	0	8,126	1,085
Adult and Community Services	104,182	20,273	17,005	66,904	70,868
	<u>477,343</u>	<u>66,284</u>	<u>58,853</u>	<u>352,206</u>	<u>304,616</u>
Pension interest cost and expected return on pensions assets				6,600	2,300
Net Operating Expenditure				<u>358,806</u>	<u>306,916</u>

2. The Asset Management Revenue Account

The net expenditure on this account represents the difference between the interest charged to service revenue accounts through the capital charges and the interest actually paid by the Council.

	2003-04 £000	2002-03 £000
Analysis of net expenditure		
Depreciation	4,162	3,396
Amortisation of Deferred Charges	609	450
Capital Charges to revenue accounts	-19,632	-24,073
Interest Paid	5,675	5,176
Contributions from external organisations	-1,603	-1,822
Amortisation of capital grants & developer contributions	-554	-351
	<u>-11,343</u>	<u>-17,224</u>

3. Finance and Operating Leases

The Council holds various capital assets under finance leases or leases that otherwise rank as credit arrangements under Government capital finance controls. Rentals paid in the year in respect of these were £0.307 million, all of which related to property leases.

The Council also has the use of assets under the terms of operating leases. The amount paid under these leases in 2003-04 was £0.500 million (£0.500 million in 2002-03) and the amounts required in future years are as follows: -

	£000
2004-05	717
2005-06	599

4 Audit Fees

The audit of the Statement of Accounts is carried out by the Audit Commission and the following fees were payable during 2003-2004 in accordance with the Audit Commission Act 1998

	2003-04 £000	2002-03 £000
External Audit Services	229	223
Statutory Inspection	63	61
Certification of grant claims and returns	80	77
	<u>372</u>	<u>361</u>

5. Expenditure on Publicity

The table below shows the expenditure by the Council on certain categories of publicity and is published in accordance with Section 5(1) of the Local Government Act 1986. These categories are:

- Staff advertising
- Costs of staff wholly or mainly engaged on publicity
- Other publicity, including press notices and newspapers or periodicals published by or on behalf of the Council.

	2003-04 £000	2002-03 £000
Environmental Services	502	482
Children, Education and Libraries	574	516
Corporate and Central Services	671	452
Adult and Community Services	317	465
	<u>2,064</u>	<u>1,915</u>

6 Income from Bodies Under the Local Authority (Goods and Services) Act 1971

This Act provides for public bodies to provide goods and services to one another on a trading basis. In 2003-04 the County Council's income from the activities covered by the Act was as follows: -

	Income 2003-04 £000	Associated Expenditure 2003-04 £000	Income 2002-03 £000
Other Local Authorities	2,384	846	926
Police Authority	276	45	299
Other Public Bodies (including Parish Councils)	222	31	205
	<u>2,882</u>	<u>922</u>	<u>1,430</u>

7 Teachers' Pensions

In 2003-04 the County Council paid £14.045 million to the Department for Education and Employment in respect of teachers' pension costs, which represents 13.5% of teachers' pensionable pay. In addition, the County Council is responsible for all pension payments relating to added years it has awarded, together with the related increases. In 2003-04 these amounted to £1.690 million.

8 Pensions for Other Employees

As part of the terms and conditions of employment of its officers and other employees, the Authority offers retirement benefits. Although these will not actually be payable until employees retire, the Authority has a commitment to make the payments and this needs to be disclosed at the time that employees earn their future entitlement.

The Authority participates in 2 pension schemes:

- The Local Government Pension Scheme for civilian employees, administered by Wiltshire County Council – this is a funded scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level estimated to balance the pensions liabilities with investment assets.
- The Teacher's Pension Scheme for teachers – this is an unfunded scheme, meaning that there are no investments assets built up to meet the provisions liabilities, and cash has to be generated to meet actual pension's payments as they eventually fall due. The liability for this scheme falls upon central government.

In 2003-04, pension costs have been charged to the consolidated revenue account on the basis required by FRS 17, contributions payable to the Wiltshire County Council pension scheme are based on an actuarial valuation at 31 March 2004. The last full actuarial valuation was on 31 March 2001, the actuaries are at present conducting a full formal valuation, the results of which will be presented to the pension fund committee in October 2004.

In 2003-04 the County Council paid an ongoing employer's contribution of £15.027 million into the Pension Fund, representing 20.7% of pensionable pay. The contribution rate is determined by the Fund's actuary based on triennial valuations, the last review being at 31 March 2001. Under Pension Fund Regulations contributions rates are set to meet 100% of the overall liabilities of the Fund.

Additional contributions of £7.663 million were paid into the Pension Fund from Set-aside Capital Receipts in accordance with the Government's dispensation.

The County Council's pension cost contribution in 2003-04 was the same as the necessary level advised by the Fund's actuary, to be in accordance with SSAP 24 "Accounting for Pension Costs".

In addition, the County Council is responsible for all pension payments relating to the added years benefits it has awarded, together with the related increases. In 2003-04 these amounted to £0.292 million (1.3% of contributions).

There were no capital costs of discretionary increases in pensions payments (for example, discretionary added years) agreed by the County Council and made in 2003-04. However, the capital cost of those discretionary increases in earlier years for which payments are still being made amounted to £1.651 million (7.3% of contributions).

The County Council has already paid capital sums in respect of augmented added years of £0.200 million in 2003-04 and £2.090 million in previous years.

Further information can be found in the Wiltshire Pension Fund Annual Report 2003-04, which is available on request.

9 Minimum Revenue Provision for the Repayment of External Loans

The Local Government and Housing Act 1989 requires local authorities to charge to the revenue account an amount equal to 4% of the credit ceiling, as a minimum provision for the repayment of external debt. In 2003-04 the amount charged by the County Council was £5.298 million.

10 Members' Allowances

The total amount of members' allowances paid in 2003-04 in respect of basic allowance, special responsibility and attendance allowance was £0.402 million.

11 Officers' Emoluments

The Accounts and Audit Regulations require disclosure of the numbers of officers whose remuneration in 2003-04 exceeded £50,000, analysed into bands of £10,000. In some cases the remuneration of an officer may exceed £50,000 or fall into a higher band than it would otherwise as a result of redundancy payments. The figures include staff at Wiltshire schools for the first time.

Remuneration	Number of Officers (including redundancy payments) 2003-04	Number of Officers (excluding redundancy payments) 2003-04	Number of Officers (including redundancy payments) 2002-03	Number of Officers (excluding redundancy payments) 2002-03
£100,000 - £109,999	1	1	0	0
£90,000 - £99,999	1	1	1	1
£80,000 - £89,999	5	5	2	2
£70,000 - £79,999	7	7	6	6
£60,000 - £69,999	11	11	6	6
£50,000 - £59,999	38	36	31	30
	<u>63</u>	<u>61</u>	<u>46</u>	<u>45</u>

12 Related Party Transactions

Related Parties of a Local Authority include Central Government, Other Local Authorities and Precepting Bodies, Subsidiary and Associated Companies, Joint Ventures, Pension Funds, Members and Chief Officers: -

Central Government

Details of transactions with Central Government are given throughout the Statement of Accounts.

Other Local Authorities and Bodies

During 2003-04 various members of the County Council were also members of district, parish or town councils. Wiltshire County Council made the following payments during the year.

	£000
West Wiltshire District Council	393
North Wiltshire District Council	582
Kennet District Council	894
Salisbury District Council	727
Bradford on Avon Town Council	16
Devizes Town Council	36
Sherston Parish Council	42
Trowbridge Town Council	37

The Council also had transactions with the following authorities:- Aldbourne Parish Council, Box Parish Council, Chippenham Town Council, Corsham Town Council, Marlborough Town Council, Melksham Town Council, Mere Parish Council, Warminster Town Council, Westbury Town Council.

Wiltshire and Swindon Fire Authority

Wiltshire County Council paid a precept of £13.058 million in 2003-04.

Wiltshire Magistrates Courts

A levy of £0.674 million was paid during 2003-04

Wiltshire and Swindon Police Authority

Several members of the County Council were members of the authority during 2003-04. A chief officer is treasurer to the authority. During the year Wiltshire County Council made payments of £1.381 million.

Other Bodies

During 2003-04 the following payments were made:-

£0.770 million to C Bodman and Sons Coaches, an employee of the firm is a County Councillor.
£0.049 million to Carer Support North Wilts, of which a County Councillor is treasurer.
£0.043 million to Salisbury Museum, two Members are involved with the Museum.
£0.081 million to Salisbury Playhouse, of which an employee is a Councillor and another Councillor is on the board.
One Councillor is a member of the Tidworth Development Trust to which £0.072 million was paid.
£0.050 million to the University of Bath, where a Councillor and a Chief Officer are both lecturers/professors.
A Councillor is involved with Westlea Housing Association, £672 million was paid to the Association.
£0.142 million to National Children's Homes, a close relative of a chief officer is a manager.

Wiltshire County Council has also had transactions with the Kennet and Avon Canal Trust, the Wiltshire Rural Music School and the Wiltshire Youth Service Council during the year. One or more County Councillors are involved with each of these organisations.

13 Exceptional Items

On 27 July 2000, the Court of Appeal upheld a decision of the High Court that local authorities could not lawfully charge for services provided under Section 117 of the Mental Health Act 1983. An appeal against this decision was made to the House of Lords by four local authorities, but was dismissed in July 2002. A provision of £0.665 million was made in the 2001-02 Statement of Accounts for the potential liability arising for the refund of fees with interest. Repayments to clients began in the last quarter of 2002-03, to date £0.346 million has been repaid and the remaining provision is now £0.319 million.

14 Implementation of the Euro

There has been no expenditure on the implementation of the Euro in 2003-04.

15. Joint Arrangement

2003-04 is the last year of a five year partnership between Wiltshire County Council and Great Western Enterprise (GWE), (previously Great Western Commerce and Enterprise) providing economic development to the people of Wiltshire. Wiltshire County Council's annual revenue contribution in 2003-04 was £0.262 million, which is accounted for in the consolidated revenue account. GWE hold balances to fund economic development projects, which are partly met from both WCC and other partners' contributions. The total income and expenditure on these project accounts for 2003-04 is £0.034 million and £0.235 million respectively. Their value at the financial year-end is £0.045 million.

A joint arrangement has been entered into with Connexions.WS Ltd., in order to provide a range of services to all young people aged 14-19. There is no revenue contribution from Wiltshire County Council. Expenditure, which totalled £0.467m in 2003-04, is covered by a grant from Connexions.WS Ltd. However there is a considerable 'in-kind' cost arising from the joint arrangement. The majority of this cost relates to staff and premises of statutory service teams within the Department for Children, Education and Libraries that has been directed towards or contributes in some way to this new service.

An arrangement exists between Wiltshire County Council and both the Church of England and the Roman Catholic Church. The Church provides the school building for use by Wiltshire County Council and the Council meets the teaching and running costs of the school.

16. Long Term Contracts**Waste Contract**

The Council is committed to making contract payments to Hills Minerals & Waste Ltd estimated at £6.959 million for the financial year 2004-05 for the provision of waste services including recycling. The contract expires in 2016 and the actual level of payments per annum under the contract depends on the quantities of waste disposed of during the year.

Grounds Maintenance, Cleaning and Catering Contract

The Council is committed to making contract payments to Sodexho Ltd estimated at £3.1 million for the financial year 2004/05 for the provision of grounds maintenance, cleaning and catering services including school meals. The contract expires in 2008 and the actual level of payments per annum under the contract depends on the quantities of school meals actually taken and the agreed level of inflation allowed for each year.

Highways Maintenance Contract

The Council is committed to making contract payments to Ringway Parkman Ltd estimated at £4.6 million for the financial year 2004/05 for the provision of highways maintenance services. The contract expires in 2006 and the actual level of payments per annum under the contract depends on actual works completed and the agreed level of inflation allowed for each year.

Property Maintenance and Capital Works Contract

The Council is committed to making contract payments to Mouchel Parkman Ltd estimated at £1.0 million for the financial year 2004/05 for the provision of property maintenance, capital works and minor capital works services. The contract expires in 2006 and the actual level of payments per annum under the contract depends on the type and cost of works ordered and carried out.

Residential Homes

The Council has a contract with the Order of St John Trust for the block purchase of a specified number of residential and respite placements. In 2004-05 the total commitment is estimated to be £4.496 million. The same contract also commits to the purchase of day care places at a net cost to the Council of approximately £1.161 million.

Private Finance Initiative (PFI)

The Council is committed to making average annual payments estimated at £5.3 million (range £4.3 million to £6.3 million p.a.) for a period of 30 years, from March 2002, under a PFI contract with the White Horse Education Partnership for the provision and services to three new secondary schools at Chippenham, Wootton Bassett and Malmesbury.

17 Pooled Budgets Established under Mental Health Act 1999

An agreement between the Wiltshire Health Authority and Wiltshire County Council established a pooled fund in 2001-02. The objectives of this fund are set out in the Section 31 Mental Health Act 1999. They are to: -

- Improve commissioning arrangements for the benefit of users, carers, and providers
- Manage the total resources for Mental Health services within one arrangement
- Increase the quality and quantity of service in Swindon and Wiltshire
- Meet the requirements of the National Service Framework for Mental Health services and the National Service Framework for Older People, the National Plan for the NHS and any Government policies in a coherent and comprehensive way.
- To meet the requirements for Best Value of the County Council and any other value for money responsibilities of either party.

The following extract summarises the pooled budget activities in 2003-04: -

	Gross Expenditure £ million	Gross Income £ million	Net Expenditure £ million
2003-04	47.032	47.291	-0.259
2002-03	40.896	40.925	-0.029

Wiltshire County Council made a contribution of £9.832 million towards the pooled budget in 2003-04. The net under spend of £0.259 million is held in the balance sheet as an earmarked reserve and will be used in 2004-05.

Pooled Budget PCT Integrated Management & Intermediate Care

New arrangements with the Primary Care Trusts, started in January to March 2004 for the South Wiltshire and West Wiltshire Districts, with North District starting from April 2004.
The pooled budget is administered by the relevant PCT.

Contribution by Wiltshire County Council

	Gross Expenditure £ million	Gross Income £ million	Net Expenditure £ million
Intermediate Care	0.312		0.312
Integrated Management	<u>0.214</u>		<u>0.214</u>
	<u>0.526</u>		<u>0.526</u>

The 'Consolidated Balance Sheet as at 31 March 2004

	Note	2003-04 £000	2003-04 £000	2002-03 £000
Fixed Assets	1		422,795	350,519
Deferred Charges	2		16,055	9,516
Long Term Debtors	3		14,440	15,328
Asset related to defined benefit pension schemes	16		<u>221,400</u>	<u>169,900</u>
Total Long Term Assets			674,690	545,263
Current Assets				
Stocks and Work in Progress	4	209		410
Debtors	5	47,744		41,898
Short Term Investments	6	12,900		34,600
Cash in Hand	7	<u>17,157</u>	<u>78,010</u>	<u>17,010</u>
Total Assets			752,700	639,181
Current Liabilities				
Creditors	8	52,057		48,708
Deposits	9	2,660		1,982
Temporary Loans	10	5,206		8,036
Cash Overdrawn	11	<u>22,282</u>	<u>82,205</u>	<u>23,654</u>
Total Assets less Current Liabilities			670,495	556,801
Long Term Borrowing	10	110,414		105,469
Deferred Liability - Finance Leases	12	4,081		4,519
Government Grants Deferred		17,928		12,221
Liability related to defined benefit pension schemes	16	<u>336,400</u>	<u>468,823</u>	<u>312,800</u>
Total Assets less Liabilities			<u>201,672</u>	<u>121,792</u>
Fixed Asset Restatement Reserve	13		123,617	97,805
Capital Financing Reserve	14		136,224	114,388
Usable Capital Receipts Reserve	15		8,137	7,296
Pensions Reserve	16		-115,000	-142,900
Earmarked Reserves	17		29,210	22,684
Deferred Credit-Swindon Debt Outstanding	18		14,252	15,044
County Fund Balance			5,233	7,475
Total Equity			<u>201,672</u>	<u>121,792</u>

1.1 Movement in Fixed Assets

	Land and buildings £000	Operational assets Vehicles and Equipment £000	Infrastructure assets £000	Non operational assets £000	Total £000
Gross Book Value 1 April 2003	244,077	4,806	88,714	26,785	364,382
Expenditure in year	1,797	2,474	27,739	21	32,031
Disposals in year	-96	-264	0	-100	-460
Revaluations	45,845	0	0	-2,100	43,746
Gross Book Value 31 March 2004	<u>291,623</u>	<u>7,016</u>	<u>116,453</u>	<u>24,606</u>	<u>439,698</u>
Depreciation to 1 April 2003	2,370	2,734	8,759	0	13,863
Depreciation for year	1,072	660	2,431	0	4,162
Depreciation written off	-865	-257	0	0	-1,122
Depreciation to 31 March 2004	<u>2,576</u>	<u>3,137</u>	<u>11,190</u>	<u>0</u>	<u>16,903</u>
Net Book Value 31 March 2004	<u>289,046</u>	<u>3,879</u>	<u>105,263</u>	<u>24,606</u>	<u>422,795</u>
Net Book Value 31 March 2003	<u>241,707</u>	<u>2,072</u>	<u>79,954</u>	<u>26,785</u>	<u>350,518</u>

1.2 Capital Expenditure

	Land and buildings 2003-04 £000	Vehicles and Equipment 2003-04 £000	Grants and Advances 2003-04 £000	Total 2003-04 £000	Total 2002-03 £000
Environmental Services					
- County Farms	205	0	0	205	0
- Gypsy Sites	342	0	0	342	209
- Highways	29,109	947	0	30,056	24,413
- Refuse Disposal	0	0	0	0	0
- Other	940	38	0	978	703
Children, Education and Libraries	16,680	382	0	17,062	14,938
Corporate and Central Services					
- Administration of Justice	418	43	0	461	497
- Other	0	0	8,516	8,516	3,548
Adult and Community Services	<u>563</u>	<u>0</u>	<u>30</u>	<u>593</u>	<u>334</u>
	<u>48,257</u>	<u>1,410</u>	<u>8,546</u>	<u>58,213</u>	<u>44,642</u>

1.3 Financing of Capital Expenditure

	2003-04 £000	2002-03 £000
Covered by Credit Approvals		
- loan	26,569	23,946
- credit arrangements	0	0
- provision for credit liabilities	5,298	4,303
Usable Capital Receipts	9,649	7,933
Capital Grants and developer contributions	16,941	9,334
Capital Reserve	0	0
Unfinanced expenditure brought forward	-4,273	-5,147
Unfinanced expenditure carried forward	4,029	4,273
	<u>58,213</u>	<u>44,642</u>

1.4 Capital Disposals

	Land and buildings Sold 2003-04 £000	Vehicles and Equipment Sold 2003-04 £000	Non operational Sold 2003-04 £000	Total Disposals 2003-04 £000	Land and buildings Sold 2002-03 £000
Environmental Services					
- County Farms	1,635	0	0	1,635	3,348
- Transport and Highways	197	0	0	197	46
Children, Education and Libraries	8,787	0	0	8,787	4,650
Corporate and Central Services	50	0	0	50	682
Adult and Community Services	70	0	0	70	25
	<u>10,739</u>	<u>0</u>	<u>0</u>	<u>10,739</u>	<u>8,751</u>

The table above shows the value of cash received in respect of those assets disposed of during the year, costs of sale amounted to £0.187 million, giving net receipts of £10.552 million.

1.5 Significant Commitments under Capital Contracts

The value of significant commitments under capital contracts, in which amounts of greater than £100,000 are contracted to be paid after 31 March 2004, was £11.239 million. Included in this amount are the following major items:-

	£ million
Provision of Bus Shelters	4.781
Surfacing Contract	1.500
South Wilts Grammar School - New Block	1.041

1.6 Statement of Physical Assets

This Statement indicates the broad categories of fixed assets owned by the County Council. The Code only requires that a broad summary of assets should be shown.

	2003-04	2002-03
Land (hectares)	3,221	3,221
Buildings (numbers)		
- Primary Schools	96 *	96
- Secondary Schools	16 *	16
- Special Schools	6	7
- Adult Education Centre	1	1
- Youth and Community	18	17
- Sports and Leisure	6	6
- Administrative and Magistrates Courts	24	23
- Adult and Community Services	46	45
- Libraries	16	16
- Gypsy Sites	5	5
- Highways and WDS Depots	12	12
- County Farms	60	60

* All Voluntary Aided and Voluntary Controlled Schools have been included where the County Council owns either the playing fields, some mobiles, or both.

Buildings included above are those valued at £50,000 or more and owned by the County Council.

	2003-04	2002-03
Roads (km)		
- Principal County Roads	550	550
- Other County Roads	3,797	3,818

The maintenance of the Motorways and Trunk Roads transferred to WS Atkins from 1 April 1999.

	2003-04	2002-03
Vehicles, Plant and Equipment (numbers)		
- Vans	8	8
- Lorries	14	13
- Tractors	0	0
- Land Rovers	5	5
- Mobile Libraries	4	3
- Mini Buses	52	50
- Gritters	49	47

The figures above show only assets valued at more than the "de minimus" value of £10,000.

1.7 Assets Held Under Capital Leases

The County Council's fixed assets include a number of items held under finance leases. These may be summarised as follows:

	Gross Book Value £000	Accumulated Depreciation £000	Net Book Value £000
Property	6,666	49	6,616
	<u>6,666</u>	<u>49</u>	<u>6,616</u>

Outstanding finance lease obligations, including relevant property leases, at 31 March 2004 amounted to £4.081 million.

1.8 Valuation of Fixed Assets

Fixed assets are included in the Consolidated Balance Sheet at their current value, as described in the Statement of Accounting Policies. An analysis is given below. A rolling programme of revaluation ensures that each property is revalued at least every 5 years. Valuations are carried out by the County Council's own valuers, who are RICS qualified.

	2003-04 £000	2002-03 £000
Operational Assets	292,926	243,780
Infrastructure Assets	105,263	79,954
Non-operational Assets	24,606	26,785
	<u>422,795</u>	<u>350,519</u>

Valuations have been included for the value of all playing fields and mobile classrooms owned by the County Council at Voluntary Aided and Voluntary Controlled Schools.

The County Council has provided three secondary schools under the terms of a PFI Contract (see note to Revenue Account no. 16). Under the requirements of FRS 5, these properties are excluded from the balance sheet for the County Council, and so are not included in the Valuation of Fixed Assets shown here.

2. Deferred Charges

The Deferred Charges represent capital expenditure on school buildings (Voluntary Aided, Voluntary Controlled and Foundation schools) which the County Council does not own and hence they do not appear in its Fixed Assets.

	Balance #REF! £000	Expenditure in year £000	Charged to Revenue in year £000	Balance #REF! £000
Total 2003-04	<u>9,516</u>	<u>7,148</u>	<u>-609</u>	<u>16,055</u>
Total 2002-03	<u>9,663</u>	<u>303</u>	<u>-450</u>	<u>9,516</u>

3 Long Term Debtors

	2003-04 £000	2002-03 £000
Car loans to staff	6	22
Deferred consideration for C.P.D. Ltd	106	177
Long term advances of pay to staff	1	1
Footway lighting	0	2
Adaptation Loans	75	82
Swindon share of debt outstanding (see Note 18)	14,252	15,044
	<u>14,440</u>	<u>15,328</u>

4 Stocks and Work in Progress

	2003-04 £000	2002-03 £000
Environmental Services	163	368
Children, Education and Libraries	41	32
Corporate and Central Services	4	10
Adult and Community Services	1	0
	<u>209</u>	<u>410</u>

5 Debtors

These represent sums owed to the County Council for supplies and services provided before 31 March 2004, but not received at that date.

5.1 Analysis of Debtors by Category

	2003-04 £000	2002-03 £000
Government Departments	3,832	3,652
General Debtors	15,534	12,102
Payments in Advance	29,214	26,573
Provision for Bad Debts	-836	-429
	<u>47,744</u>	<u>41,898</u>

5.2 Analysis of Debtors by Service

	2003-04 £000	2002-03 £000
Environmental Services	1,300	2,178
Children, Education and Libraries	27,982	23,910
Corporate and Central Services	11,965	11,009
Adult and Community Services	5,958	4,433
Mental Health Pooled Budgets	539	368
	<u>47,744</u>	<u>41,898</u>

6 Investments

These are shown at Book Value, less any provision for losses in value of marketable securities, as follows:

	2003-04 £000	2002-03 £000
Short Term Investments	12,900	34,600
	<u>12,900</u>	<u>34,600</u>

7. Cash in Hand

This is made up of the value of imprest accounts used by County Council establishments for small purchases and the bank accounts of locally managed schools.

	2003-04 £000	2002-03 £000
County Council imprest accounts	109	103
County Fund Balance	0	0
Schools' bank accounts	17,048	16,907
	<u>17,157</u>	<u>17,010</u>

8 Creditors

These represent sums owed by the County Council for supplies and services received before 31 March 2004 but not paid for at that date, or provisions created in accordance with the accounting policies. The total also includes items whose accounting treatment has not yet been determined and which are held in suspense accounts.

8.1 Analysis of Creditors by Category

	2003-04 £000	2002-03 £000
Government Departments	8,715	4,476
General Creditors	32,947	39,580
Suspense Accounts	2,211	149
Payments Received in Advance	7,238	2,881
Provisions	946	1,622
	<u>52,057</u>	<u>48,708</u>

8.2 Analysis of Creditors by Service

	2003-04 £000	2002-03 £000
Environmental Services	9,286	8,349
Children, Education and Libraries	15,897	11,569
Corporate and Central Services	17,427	22,006
Adult and Community Services	8,266	5,889
Mental Health Pooled Budgets	1,180	895
	<u>52,057</u>	<u>48,708</u>

8.3 Movement in Provisions

A provision of £0.573 million relates to interest payments due to landowners where the County Council gained land entry more than one year ago. Payments will be made when the County Council valuers and the landowners have agreed the final valuation.

	Balance at #REF! £'000	Movements in year £'000	Balance at #REF! £'000
Highways Land Compensation Claims	573	-185	388
Redundancy Costs	105	-1	104
	<u>678</u>	<u>-186</u>	<u>492</u>

9. Deposits

Deposits consist mainly of cash received from developers in lieu of bonds or as contributions to road improvements. They are repayable with interest, and the figure shown includes accrued interest.

10. Borrowing

10.1 Analysis of Loans by Maturity

	2003-04 £000	2002-03 £000
Less than 1 year		
Short Term Borrowing	2,152	1,982
Long Term Borrowing	3,054	6,054
Total Less Than One Year	<u>5,206</u>	<u>8,036</u>
More than 1 year		
Between 1 and 2 years	3,054	3,054
Between 2 and 5 years	12,412	7,113
Between 5 and 10 years	18,011	18,365
Between 10 and 15 years	4,583	3,584
More than 15 years	72,354	73,353
Total More Than One Year	<u>110,414</u>	<u>105,469</u>
Total Borrowing	<u><u>115,620</u></u>	<u><u>113,505</u></u>

10.2 Analysis of Loans by Type

	Balance #REF! £000	Raised £000	Repaid £000	Balance #REF! £000
Short Term Borrowing				
Pension Fund	1,982	35,356	35,186	2,152
Other	0	0	0	0
	<u>1,982</u>	<u>35,356</u>	<u>35,186</u>	<u>2,152</u>
Long Term Borrowing				
Public Works Loan Board	99,523	8,000	6,054	101,469
Banks & Building Societies	12,000	0	0	12,000
	<u>111,523</u>	<u>8,000</u>	<u>6,054</u>	<u>113,469</u>
Total Borrowing	<u><u>113,505</u></u>	<u><u>43,356</u></u>	<u><u>41,240</u></u>	<u><u>115,621</u></u>

10.3 Provision for Credit Liabilities (Memorandum Account)

Government regulations introduced on Local Authority capital expenditure and financing, with effect from 1 April 1990, under part IV of the Local Government and Housing Act 1989, include the requirement to provide for the future redemption of credit liabilities, primarily debt. The regulations require an annual Minimum Revenue Provision of 4% of the authority's long term borrowing limit or "credit ceiling". The Council no longer sets aside 50% of its capital receipts, this element is instead paid into the Pension Fund to reduce its deficit, under a special dispensation obtained from the former DTLR.

	2003-04 £000	2002-03 £000
Balance at 1 April	0	0
Minimum revenue provision	5,298	4,303
Provision from capital receipts	62	0
	<hr/> 5,360	<hr/> 4,303
Less financing of new expenditure	5,360	4,303
Less net repayment of external debt	0	0
Balance at 31 March	<hr/> <hr/> 0	<hr/> <hr/> 0

The provision has been debited with net loan repayments and capital expenditure justified by credit approvals.

11. Cash Overdrawn

The County Council's accounts show an overdrawn cash position of £22.282 million. However, the actual net balance on the corporate bank accounts was a debit of £0.025 million which, is included in the Cash in Hand figure. This difference is due to un-presented cheques and BACS payments.

12. Deferred Liability - Finance Leases

This represents the value of future years' liabilities for finance and property lease rentals.

	Discounted Value £000	Actual Value £000
Outstanding finance lease rentals at 31 March 2004	1,776	4,081
Outstanding finance lease rentals at 31 March 2003	2,002	4,519

13. Fixed Asset Restatement Reserve

	2003-04 £000	2002-03 £000
Balance at 1 April	97,805	97,767
Asset and deferred charges disposals	-203	-2,298
Capital expenditure not added to assets	-19,034	-17,987
Revaluation adjustments	44,611	20,304
Deferred liability adjustment	438	19
Movement in value of Probation Service assets	0	0
Balance at 31 March	<hr/> <hr/> 123,617	<hr/> <hr/> 97,805

14. Capital Financing Reserve

The Capital Financing Reserve is credited with all sources of finance for capital expenditure, other than loans. It also incorporates the amounts formerly included in the Provision for Credit Liabilities.

	2003-04 £000	2002-03 £000
Balance at 1 April	114,388	97,666
Capital expenditure financed from the Capital Reserve	0	0
Capital expenditure financed from capital receipts	9,649	7,249
Reserved capital receipts	62	0
Release of deferred capital grants & developer contributions	608	351
Provision from revenue*	1,136	906
Amortisation of deferred charges	-609	-450
Adjustment for capital grant on non-asset expenditure	10,990	8,626
Other adjustments	0	40
Balance at 31 March	<u>136,224</u>	<u>114,388</u>

*This is the amount by which the Minimum Revenue Provision exceeds the depreciation charges.

15. Usable Capital Receipts Reserve

Capital receipts are funds received by the County Council from the sale of capital assets and repayments of grants and advances. Until 1 September 1998, the Local Government and Housing Act 1989 provisions required that, where sale proceeds were £6,000 or higher, 75% of capital receipts relating to Home Office Services, and 50% of other Capital Receipts, were set aside or "reserved" as a provision for credit liabilities, this primarily being for the redemption of debt. However, the County Council has decided to retain this policy on a voluntary basis. Since, 2001-02, the amounts set aside at the year-end have been held in this reserve instead of being used for the redemption of debt. As agreed by the former DTLR, this balance will be used during the following year to fund part of the shortfall in the Wiltshire Pension Fund.

	Balance #REF! £000	Receipts £000	Reserved £000	Applied £000	Balance #REF! £000
Environmental Services	2,416	1,832	0	1,832	2,416
Children, Education and Libraries	3,887	8,787	62	7,884	4,728
Corporate and Central Services	978	50	0	50	978
Adult and Community Services	15	70	0	70	15
	<u>7,296</u>	<u>10,739</u>	<u>62</u>	<u>9,836</u>	<u>8,137</u>

16. Wiltshire County Council Pension Fund assets and liabilities

This is the first year that a full FRS 17 disclosure for pension assets and liabilities has been required. Last year we provided a memorandum note that disclosed the FRS 17 information but made no amendments to the balance sheet or revenue account. The details of assets and liabilities of the Wiltshire County Council pension fund are detailed below:

	Local Government Pension Scheme	
	2003-04	2002-03
	£000	£000
Estimated Liabilities in Scheme	336,400	312,800
Estimated Assets in Scheme	221,400	169,900
Net Asset / Liability (-)	<u>-115,000</u>	<u>-142,900</u>

The movement in surplus / deficit in the pension fund is summarised below: -

	Year to 31 March 2004	Year to 31 March 2003
	£000	£000
Deficit at the beginning of the year	-142,900	-53,600
Current service cost	-8,900	-7,900
Employer contributions	22,800	13,610
Contributions in respect of unfunded benefits	2,600	
Past service costs	-500	-200
Impact of settlements and curtailments	-200	-300
Expected return on employer assets	12,500	14,400
Interest on pension scheme liabilities	-19,100	-16,700
Actual return less expected return on pension scheme assets	23,200	-56,900
Experience gains and losses arising on the scheme liabilities	-4,500	-35,310
Deficit at end of year	<u>-115,000</u>	<u>-142,900</u>

	Year to 31 March 2004	Year to 31 March 2003
	£000	£000

Actual return less expected return on pension scheme assets	23,200	10.5% of assets	-56,900	33.5% of assets
Experience losses arising on the scheme liabilities	-4,500	1.3% of liabilities	-35,310	11.3% of liabilities
Actuarial losses recognised above	<u>18,700</u>	5.6% of liabilities	<u>-92,210</u>	29.5% of liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependant on assumptions about mortality rates, salary levels, etc. The County Council Fund liabilities have been assessed by Hymans Robertson, an independent firm of actuaries. The main assumptions used in their calculations are:

	Local Government Pension Scheme	
	2003-04	2002-03
Rate of Inflation	2.9%	2.8%
Rate of Increase in salaries	4.4%	4.3%
Rate of increase in pensions	2.9%	2.8%
Rate for discounting scheme liabilities	6.5%	6.4%

Assets in the County Council Pension Fund are valued at fair value, principally market value for investments, and consist of the following categories, by proportion:

	2003-04	2002-03
	%	%
Equity Investments	70.3%	66.9%
Bonds	18.0%	22.9%
Property	7.3%	7.8%
Cash	4.4%	2.4%
	<u>100.0%</u>	<u>100.0%</u>

The expected assets, annual return and long-term return for the fund is shown below: -

Assets	Long Term Return % per Annum	Fund Value at 31 March 2004 £000	Expected Annual Return £000	Fund Value at 31 March 2003 £000
Equities	7.7%	501,300	38,600	363,800
Bonds	5.1%	128,200	6,538	124,500
Property	6.5%	52,300	3,400	42,400
Cash	4.0%	31,600	1,264	13,300
	<u>7.0%</u>	<u>713,400</u>	<u>49,802</u>	<u>544,000</u>

The asset value shown here (£713.4 million) is an extract from Hymans Robertson's FRS 17 report. To meet the required timetable, Hymans were sent provisional data on a cash basis. The Net Assets Statement on page 45 (£711.2 million) is based on final data on an accruals basis (i.e. including debtors and creditors) so the figures are slightly different. In addition to this, the percentage split between assets has changed slightly between the two, due to a change in the accounting treatment of Foreign Exchange transactions associated with overseas bonds.

17 Earmarked Reserves

17.1 Movement in Reserve Account Balances

	Balance #REF! £000	Transfer to / from Revenue £000	Balance #REF! £000
Capital Reserve (see below)	2,609	2,819	5,428
Insurance Reserve (see below)	3,632	-121	3,511
Locally Managed Schools' Balances	12,049	1,662	13,711
Printing and Copying Accrued Surplus	26	19	45
Corporate Services Department	117	60	177
Finance Department	331	113	444
Environmental Services Department	224	40	264
Home Office Services Underspending	8	0	8
Chief Executive	13	0	13
PFI Reserve	2,792	1,386	4,178
Invest to Save Fund	235	157	392
Gypsy Recovery	4	-4	0
Wiltshire Direct Services Residual Costs	24	0	24
Free School Meals	174	54	228
Sickness Insurance Scheme	417	111	528
	<u>22,655</u>	<u>6,295</u>	<u>28,951</u>
Pooled Budget established under Mental Health Act 1999	29	230	259
	<u>22,684</u>	<u>6,525</u>	<u>29,210</u>

17.2 Capital Reserve

The Capital Reserve has been established to finance future capital expenditure of the County Council, contributions being paid into the reserve from revenue.

	Balance #REF! £000	Income £000	Applied £000	Balance #REF! £000
Reserve balance 1 April	1,169	0	0	1,169
Contribution from Revenue	1,440	2,819	0	4,259
Capital Financing	0	0	0	0
	<u>2,609</u>	<u>2,819</u>	<u>0</u>	<u>5,428</u>

17.3 Insurance Reserve and Self Insurance Account

The County Council has established a Self-Insurance Account, effective from 1 April 1994, in which premiums and expenses are paid and income and reimbursements collected. Liability for claims is shared between the Council and outside insurers, with the Council's annual liability being capped. The surplus or deficit on this account is transferred to the Insurance Reserve.

	2003-04 £000	2002-03 £000
Premiums charged to Services	1,369	1,223
Other contribution from Revenue Account	131	134
	<u>1,500</u>	<u>1,357</u>
Less		
Premiums paid to Insurers	921	588
Claims During Year		
- Employer's / Public Liability	488	463
- Fire and All Risks	60	38
- Risk Management	5	23
- Other	0	24
- Other expenses	147	105
Surplus / deficit (-) for year	<u>-121</u>	<u>116</u>

The movements in the year on the Insurance Reserve were as follows:

	2003-04 £000	2002-03 £000
Balance on Insurance Reserve at 1 April	3,632	3,516
Transfer from Self Insurance Account	-121	116
Transfer to Revenue Account	0	0
Balance at 31 March	<u>3,511</u>	<u>3,632</u>

18 Deferred Credit - Swindon Share of Outstanding Debt

Under the terms of the Local Government Reorganisation, no outstanding debt was transferred to Swindon Borough Council. However, Swindon is required to service its share of the outstanding debt at 31 March 1997. The annual contribution from Swindon is based on its share of the credit ceiling at this date. In effect, the County Council has a long-term debtor for this amount and the equity is correspondingly increased by this deferred credit. The debtor and the deferred credit will be written down each year as the contributions are paid.

19 Analysis of Net Assets Employed

The net assets, as shown below, represent the local taxpayers' "equity" in the County Council.

	Balance #REF! £000	County Fund £000	Balance #REF! £000
Fixed Asset Restatement Reserve	97,805	25,812	123,617
Capital Financing Reserve	115,072	21,836	136,908
Usable Capital Receipts	6,612	841	7,453
Pensions Reserve	-142,900	27,900	-115,000
Earmarked Reserves	22,684	6,526	29,210
Deferred Credit	15,044	-792	14,252
County Fund Balance	7,475	-2,242	5,233
	<u>121,792</u>	<u>79,880</u>	<u>201,672</u>

20 Foundation Schools

The School Standards and Framework Act 1998 changed the status of Grant Maintained schools to Foundation Schools maintained by the Local Education Authority. The change for funding purposes took effect from 1 April 1999. Fixed Assets and Long Term Liabilities remain vested in the Governing Bodies of individual Foundation schools and therefore values and amounts have not been consolidated in this Balance Sheet. In this authority's area there are 23 Foundation schools.

The Statement of Total Movements in Reserves

Capital Reserves

	Fixed Asset Restatement Reserve £000	Capital Financing Reserve £000	Usable Capital Receipts £000	Deferred Credit £000
Balance at 1 April 03	97,805	114,388	7,296	15,044
Net Surplus/Deficit(-)	0	12,187	0	-792
Unrealised gain/loss on asset revaluations	26,015	0	0	0
Impairment losses on fixed assets arising from revaluation	0	0	0	0
Disposals of Fixed Assets Value of Assets Disposed of	-203	0	0	0
Proceeds of Disposals		0	10,490	0
Financing of Fixed Assets	0	9,649	-9,649	0
Balance at 31 March 04	<u>123,617</u>	<u>136,224</u>	<u>8,137</u>	<u>14,252</u>

Revenue Reserves

	Pensions Reserve £000	County Fund £000	Earmarked Reserves £000	Total Equity £000
Balance at 1 April 03	-142,900	7,475	22,684	121,792
Net Surplus/Deficit(-)	27,900	-2,242	6,526	43,578
Unrealised gain/loss on asset revaluations	0	0	0	26,015
Impairment losses on fixed assets arising from revaluation	0	0	0	0
Disposals of Fixed Assets Value of Assets Disposed of	0	0	0	-203
Proceeds of Disposals		0	0	10,490
Financing of Fixed Assets	0	0	0	0
Balance at 31 March 04	<u>-115,000</u>	<u>5,233</u>	<u>29,210</u>	<u>201,672</u>

The Cash Flow Statement for 2003-04

	2003-04 £000	2002-03 £000
Revenue Activities		
Cash Outflows		
Cash paid to and on behalf of employees	-343,207	-214,421
Other operating costs	-105,416	-188,584
	<u>-448,622</u>	<u>-403,005</u>
Cash Inflows		
Disbursements from the Collection Fund	140,364	125,093
Non-domestic rate income	116,192	114,739
Revenue Support Grant	106,443	77,480
Other government grants	73,095	36,370
Cash received for goods and services	23,486	70,645
	<u>10,959</u>	<u>21,322</u>
Returns on Investments and Servicing of Finance		
Cash Outflows		
Interest paid	-5,675	-5,176
Cash Inflows		
Interest received	496	189
Contributions from other authorities	1,603	1,822
	<u>-3,576</u>	<u>-3,165</u>
Capital Activities		
Cash Outflows		
Purchase of fixed assets	-58,213	-44,641
Cash Inflows		
Sale of fixed assets	10,489	8,650
Capital grants	17,367	9,618
	<u>-30,356</u>	<u>-26,373</u>
Net transfer of cash to(-)/from other authorities	0	0
Net cash outflow before financing	-22,974	-8,216
Management of Liquid Resources		
Net Increase/Decrease (-) in Short-term Deposits	678	-774
	<u>678</u>	<u>-774</u>
Financing		
Cash Outflows		
Repayment of amounts borrowed	-41,240	-22,405
Cash Inflows		
New loans raised	8,000	45,000
New short term loans	35,356	9,267
	<u>2,116</u>	<u>31,862</u>
Increase/Decrease(-) in cash	<u>-20,180</u>	<u>22,872</u>

Notes to the Cash flow Statement**1. Introduction**

The Accounts and Audit regulations require local authorities to produce a statement of source and application of funds. The Cash Flow Statement satisfies this requirement. The statement includes all the County Council's operations, revenue and capital, excluding internal transactions. It thus shows total income and total expenditure, and how the difference between the two was financed.

2. Movement in Cash and Cash Equivalents

	Movement 2002-03 £000	Balance #REF! £000	Movement 2003-04 £000	Balance #REF! £000
Cash in Hand	4,852	17,010	147	17,157
Cash Overdrawn	-80	-23,654	1,372	-22,282
Investments	18,100	34,600	-21,700	12,900
	<u>22,872</u>	<u>27,956</u>	<u>-20,180</u>	<u>7,775</u>

3 Reconciliation of Revenue Cash Movements to the Consolidated Revenue Account

	2003-04 £000	2002-03 £000
Surplus/Deficit (-) on Revenue Account	-2,242	2,150
Non-Cash Transactions Reversed Out		
Contributions from reserves	6,525	4,929
Capital expenditure financed from revenue	0	0
Minimum revenue provision for credit liabilities	5,244	4,204
Movements in Balance Sheet Items (See Below)		
Movement in long term debtors	96	111
Movement in debtors	-5,846	-1,989
Movement in stocks	201	90
Movement in creditors	3,348	8,965
Movement in other balances	56	0
Movement in provisions and other balances	0	-303
Items Shown Under Servicing of Finance		
Interest	5,179	4,987
Contributions from other authorities	-1,602	-1,822
Net Cash Inflow from Revenue Activities	<u>10,959</u>	<u>21,322</u>

4. Analysis of Balance Sheet Movements

	Long Term Debtors £000	Debtors £000	Stock £000	Creditors £000
Movement in Balance Sheet	888	-5,846	201	3,348
Less movements not affecting revenue :-				
Deferred Credit / Capital Creditors	-792			56
Effect on Revenue	<u>96</u>	<u>-5,846</u>	<u>201</u>	<u>3,404</u>

5. Analysis of Government Grants

	2003-04 £000	2002-03 £000
Children, Education and Libraries		
- Standards Fund (DFEE)	11,042	13,743
- Schools Standards Grant	7,506	13,743
- Learning & Skills Council	14,713	13,743
- Teachers Pay Threshold	5,777	13,743
- Other Education	1,510	2,711
Environmental Services		
- Rural Transport Grant	0	1,714
- Civil Defence	195	1,714
- Rural Bus	1,173	
- Rural Bus Challenge	1,681	
- Economic Development	640	
- Other Environmental Services	204	
Corporate and Central Services		
- Magistrates' Courts	3,799	3,491
Adult and Community Services		
- Partnership (DoH)	0	0
- Promoting Independence	0	1,048
- Mental Health	782	782
- Quality Protects (Mainstream)	1,075	2,230
- Early Years	1,362	1,136
- Residential Care Allowance	1,819	4,051
- Preserved Rights	4,167	4,051
- Supported People	9,067	4,051
- Building Capacity (Cash for Change)	0	1,575
- Other Social Services	6,582	3,500
	<u>73,095</u>	<u>87,026</u>

Trust Funds

The County Council directly administers 14 endowment and trust funds, mostly consisting of relatively small sums of money received from private individuals in order to benefit, for example, the blind. The total Fund balances at 31 March 2004, which are not included in the Balance Sheet, amounted to £5,085,037. These are summarised below:

	Balance #REF! £000	Income £000	Gain/(loss) on Expenditure £000	Balance revaluation £000	#REF! £000
Charity of William Llewellyn Palmer (to support education in Bradford on Avon)	925	44	-45	157	1,081
Withy Trust (support for scholars, "rich in merit poor in pocket")	154	7	-8	26	179
Edwin Young Collection (to maintain a picture gallery in Salisbury)	262	13	-10	34	299
John Creasey Museum (to perpetuate the name of this famous local author)	128	6	-5	9	138
William 'Doc' Couch (to support the under privileged, including the disabled)	2,670	109	-103	578	3,254
Other Miscellaneous Funds	209	6	-93	12	134
	<u>4,348</u>	<u>185</u>	<u>-264</u>	<u>816</u>	<u>5,085</u>

The balances as at 1 April 2003 have been restated for Edwin Young and William Llewellyn Palmer. This is to include assets that were held but which were not previously valued within the accounts. These assets have now been valued and these values reflected as at 31 March 2003 and 31 March 2004.

Most of the endowment and trust funds are accounted for on a cash basis in accordance with standard accounting policies recommended by the Charity Commission. The only trust fund accounted for on an accruals basis is the William "Doc" Couch trust fund. This is in accordance with Charity Commission requirements for funds of that size.

All trust funds with gross income of more than £10,000 are subject to an independent examination by a firm of Chartered Accountants (at the time of publishing these accounts the audits were still in progress).

Trust Fund Assets

	Market Value #REF! £000	Market Value #REF! £000
Government Fixed Interest	1	1
Equities - direct	0	79
Managed Funds - Bonds	741	763
Managed Funds - Equities	3,382	2,851
Property	150	0
Cash	320	614
Hedge Funds	449	0
Other	42	40
	<u>5,085</u>	<u>4,348</u>

The Wiltshire Pension Fund Management Policies**Responsibility for the report****Wiltshire County Council**

The County Council has to arrange for the proper administration of the Wiltshire Pension Fund. In particular, it needs to ensure an economic, efficient and effective use of resources in carrying out this administration, and that the Fund's investments are safeguarded.

The County Council has delegated this responsibility to the Wiltshire Pension Fund Committee. It also, however, has to ensure that one of its officers has responsibility for the financial aspects of that administration, this being the County Treasurer.

Wiltshire Pension Fund Committee

There are eight elected members of the Committee, comprising five County Councillors, two Swindon Borough Council members, and one member representing the four District Councils within Wiltshire. In addition, there are two observers representing staff interests. Details of the membership of the Committee in 2002-03 are shown in Appendix (d) of the Wiltshire Pension Fund Annual Report.

Included amongst the powers delegated by the County Council to the Committee are requirements to:

- arrange and keep under review the investment of the Fund through one or more properly authorised investment managers, and to
- appoint investment managers and external advisers as necessary to support the work of the Committee.

County Treasurer

The County Treasurer is responsible for preparing the financial statements of the Wiltshire Pension Fund, which must show the financial position of the Fund at the accounting date and its income and expenditure for the year.

In preparing the statements, suitable accounting policies must be selected and applied consistently, and judgements and estimates made where necessary that are reasonable and prudent, and comply with the appropriate accounting Code of Practice.

Proper accounting records must be maintained and kept up to date, and all reasonable steps must be taken to prevent and detect fraud and other irregularities. An anti-fraud and corruption and whistle blowing policy was published for the Fund during the year.

District Auditor

The District Auditor is responsible for reporting to the County Council that an audit of the Financial Statements of the Wiltshire Pension Fund has been completed, of which the pension fund forms a part.

Investment Management Policy

Overall responsibility for investment policy lies with the County Council's Wiltshire Pension Fund Committee, which reports directly to the County Council.

Up to September 2002, the Fund was invested through balanced mandates with three different managers; Schroder Investment Management Ltd, Baillie Gifford and Capital International. However, on 26 March 2002, the Committee had agreed a revised investment strategy, stemming from the 2001 actuarial valuation results. The new arrangements aim to increase the scope for higher investment returns without increasing the Fund's overall exposure to risk, and to more accurately reflect the liability profile of the Fund in the way that it is invested. Details of the strategy are provided in the Fund's Statement of Investment Principles in Appendix (e) of the Wiltshire Pension Fund Annual Report.

Implementation of the revised investment strategy involved the commencement of new mandates with five specialist investment managers. Two existing managers (Baillie Gifford and Capital International) were retained and three new ones were appointed. These appointments followed a rigorous tendering exercise, including presentations by the short-listed bidders to the Committee. The full list is as follows:

<u>Company</u>	<u>Mandate</u>	<u>Share of Fund</u>
Baillie Gifford	Global Equity	25%
Capital International	Global Equity	25%
Northern Trust Global	Global Equity "Manager of Managers"	20%
Western Asset Management	Bonds	20%
ING Real Estate	Property	10%

During the year, the managers transacted purchases of £236.2 million and sales of £164.2 million. The value of assets under management at 31 March 2004 was £711.1 million, broken down by manager as follows:

Baillie Gifford	£179.5 million
Capital International	£182.3 million
ING Real Estate	£69.9 million
Northern Trust Global	£141.4 million
Western Asset Management	£138.0 million
Total	<u>£711.1 million</u>

Safe custody of all investments are the responsibility of The Northern Trust Company and as such, are registered in the name of, and are held by, its nominee companies or, alternatively, by overseas agents. The exception at 31 March 2004 was a temporary cash deposit of £2.2 million that was placed with Wiltshire County Council.

The County Council participates in a securities lending programme administered by Northern Trust. Securities in the beneficial ownership of the Council to a value of £76.4 million (11% of the total) were on loan at 31 March 2004. Collateral for these securities is held in a pooled form, the Wiltshire Pension Fund's share (2.21%) representing a value of £82.5 million (107.97%). Income earned from this programme amounted to £0.095 million in the year.

The Wiltshire Pension Fund Accounting Policies**Compliance with Recommended Practice**

The general principles adopted in compiling the accounts of the Wiltshire Pension Fund are in accordance with the recommendations of the Chartered Institute of Public Finance and Accountancy (CIPFA). They accord with the Code of Practice on Local Authority Accounting, issued in 2000 by CIPFA, and also with the guidance notes issued on the application of the Statements of Standard Accounting Practice (SSAPs) and Financial Reporting Standards (FRSs). Significant points or variations from compliance are detailed below.

Basis of Preparation

The accounts have been prepared on an accruals basis, income and expenditure being accounted for as it is earned or incurred, rather than as it is received and paid. The benefits payable and refunds of contributions, however, have been brought into account on the basis of all valid claims approved during the year. No account is taken of liabilities to pay pensions and other benefits after the year-end. Transfer values, which are those sums paid to, or received from, other pension schemes relating to previous periods of employment, have been brought into account on a cash basis.

Investments

These are shown in the accounts at market value.

Administration Expenses

A proportion of the relevant officers' salaries, salary on-costs and general overheads, have been charged to the Fund on the basis of time spent on fund administration.

Taxation

The Fund is an exempt approved fund under the Finance Act 1970, and as such, is not liable for UK income tax on investment income, nor capital gains tax. As Wiltshire County Council is the administering authority, VAT input tax is recoverable on all expenditure. Income earned from investments in stocks and securities in the USA is exempt from US tax, and is not subject to withholding tax. Most tax deducted from income on European investments is also recoverable.

Foreign Currency Transactions

Foreign currency transactions are accounted for on the basis of the equivalent sterling value of the underlying transactions, by applying the relevant exchange rate ruling at the time. Where overseas securities are acquired with currency either previously purchased directly or accruing from the sale of securities, the sterling book cost of the new security will be based on the exchange rate ruling at the time of the purchase of that security. Any profit or loss arising on currency transactions either realised or unrealised, will be reflected in the balance sheet.

Contributions from employer bodies

For a three-year period commencing 1 April 2001, it is possible for local authority employer bodies to capitalise contributions to pension funds. This is allowable by the Government if such contributions are met from accrued capital receipts, and if ongoing contributions required to be made as a result of the 31 March 1998 actuarial valuation were above certain levels as a result of the deficit position of individual employer sub funds.

Four employer bodies within the Fund took advantage of this dispensation, a total of £15.4 million additional contributions being paid during the year.

Additional Voluntary Contributions

The accounts of the Fund do not include transactions in respect of additional voluntary contributions (AVCs). These are money purchase arrangements made by individual Scheme members under the umbrella of the Local Government Pension Scheme, to enhance pension benefits. Scheme members over the age of fifty may elect to buy service with their AVC funds, such transactions being included within transfers into the Fund.

Related Party Transactions

Related parties to the Wiltshire Pension Fund include all the Admitted Bodies within the Fund (see Schedule of Employer bodies on page 48), members of the Wiltshire Pension Fund Committee and the County Treasurer. There have been no financial transactions between any of these parties and the Fund apart from the routine contributions and benefits payable that are defined by statutory regulation and are therefore not within the direct control of any party. All these transactions are included within the accounting statements given in the following pages.

The Wiltshire Pension Fund**Fund Account**

	2003-04 £000	2002-03 £000
CONTRIBUTIONS AND BENEFITS		
Contributions receivable		
- from employees	12,961	11,687
- from employers	56,226	43,874
Transfers in	7,863	8,503
Total income	<u>77,050</u>	<u>64,064</u>
Benefits payable		
- Pensions	28,713	27,570
- Retirement grants	3,970	4,064
- Death benefits	613	863
Payments to and on account of leavers		
- Transfers out	5,182	7,404
- Contribution refunds	713	313
Administration expenses	573	555
Other Expenses	0	0
Total expenditure	<u>39,764</u>	<u>40,769</u>
Net additions from dealings with members	<u>37,286</u>	<u>23,295</u>
RETURN ON INVESTMENTS		
Investment income	17,025	16,961
Change in market value of Investments	112,153	-158,024
Investment expenses	-1,771	-1,529
Net returns on investments	<u>127,407</u>	<u>-142,592</u>
NET INCREASE IN FUND DURING YEAR	<u>164,693</u>	<u>-119,297</u>
Opening net assets of the Scheme	546,505	665,802
Closing net assets of the Scheme	711,198	546,505

Net Asset Statement

	#REF! £000	#REF! £000
INVESTMENT ASSETS		
Quoted securities		
- UK fixed interest Government bonds	20,438	52,193
- UK fixed interest Corporate bonds	63,060	11,940
- Overseas fixed interest Government bonds	18,369	18,491
- Overseas fixed interest Corporate bonds	0	4,375
- UK index linked Government bonds	21,634	20,020
- UK index linked Corporate bonds	1,468	1,360
- Overseas index linked Government bonds	3,104	4,678
- UK equities	205,080	153,365
- Overseas equities	122,626	90,016
Managed funds		
- UK companies	80,800	58,021
- Overseas companies	84,883	62,413
- UK companies fixed interest bonds	0	0
- Overseas companies fixed interest bonds	0	0
- UK property	67,239	42,605
Cash held on deposit		
- Banks and financial institutions	20,329	23,565
- Wiltshire County Council	4,271	3,832
Total of investments held	<u>713,301</u>	<u>546,874</u>
NET CURRENT ASSETS		
Sundry debtors	3,858	4,340
Cash in hand	0	0
Less Sundry creditors	<u>-5,961</u>	<u>-4,709</u>
Total net current assets	<u>-2,103</u>	<u>-369</u>
Total net assets	<u><u>711,198</u></u>	<u><u>546,505</u></u>

Analysis of Contributions Receivable and Benefits Payable

	#REF! £000	#REF! £000
CONTRIBUTIONS RECEIVABLE		
Contributions from employees		
Wiltshire County Council	4,188	3,693
Other scheduled bodies	7,566	6,855
Admitted bodies	1,207	1,139
	<u>12,961</u>	<u>11,687</u>
Contributions from employers		
Wiltshire County Council	22,691	16,894
Other scheduled bodies	30,399	23,636
Admitted bodies	3,136	3,344
	<u>56,226</u>	<u>43,874</u>
Total contributions receivable	<u>69,187</u>	<u>55,561</u>
BENEFITS PAYABLE		
Pensions payable		
Wiltshire County Council	12,470	11,958
Other scheduled bodies	15,115	14,878
Admitted bodies	1,128	734
	<u>28,713</u>	<u>27,570</u>
Retirements and death grants payable		
Wiltshire County Council	1,783	1,741
Other scheduled bodies	2,560	2,689
Admitted bodies	240	497
	<u>4,583</u>	<u>4,927</u>
Total benefits payable	<u>33,296</u>	<u>32,497</u>

Schedule of Employer Bodies**Scheduled Bodies**

Wiltshire County Council
Swindon Borough Council
Kennet District Council
North Wiltshire District Council
Salisbury District Council
West Wiltshire District Council
Wiltshire Police Authority
Wiltshire & Swindon Fire Authority
Wiltshire Magistrates Courts Service
Wiltshire Probation Service
Thamesdown Passenger Transport
Amesbury Parish Council
Blunsden St Andrew Parish Council
Bradford on Avon Town Council
Calne Town Council
Chippenham Town Council
Corsham Parish Council
Cricklade Town Council
Devizes Town Council
Haydon Wick Parish Council
Highworth Town Council
Malmesbury Town Council
Marlborough Town Council
Melksham Without Parish Council
Mere Parish Council
Purton Parish Council
Stratton St Margaret Parish Council
Trowbridge Town Council
Warminster Town Council
Westbury Town Council
Wilton Town Council
Wootton Bassett Town Council
Wroughton Parish Council
New College
Salisbury College
Swindon College
Wiltshire College

Admitted Bodies

Action for Blind People
CIPFA
Cleanaway Ltd
Community First
Connexions
National Schizophrenic Fellowship
North Wiltshire Leisure Limited
Salisbury and South Wilts Museum
Sarsen Housing Association
The Order of St John Care Trust
United Response
West Wiltshire Housing Society
Westlea Housing Association
Wiltshire Archaeological Society
Wiltshire Community Foundation

<p>These accounts form a summary a summary extract from the Wiltshire Pension Fund Annual Report and Financial Statements publication. This provides information on its activities and a full detailed statement of its accounts. Requests for this report, or any other queries arising from the Wiltshire Pension Fund accounts, should be addressed to the County Treasurer, County Hall, Bythesea Road, Trowbridge, BA14 8JJ.</p>
