

The Cabinet

8th June 2005

REPORT

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Councillor Culver : Cabinet Member for Resources

FINAL ACCOUNTS 2004/2005

1. PURPOSE OF REPORT

- 1.1 The purpose of the report is to present the 2004/2005 Statement of Accounts for Cabinet's consideration and approval.

2. POLICY CONSIDERATIONS

- 2.1 The Council is required to prepare accounts and arrange for them to be audited and reported in accordance with the Accounts and Audit Regulations, 1996 and the 1999 Code of Practice on Local Authority Accounting in Great Britain, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). This meets all requirements of proper accounting practice for local authorities.

3. BACKGROUND AND INTRODUCTION

- 3.1 The Audit Commission Act 1998, the Code of Audit Practice (issued by the Audit Commission) and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain set out requirements for the production and publication of the annual Statement of Accounts.
- 3.2 The Regulations require that an appropriate body should approve the Statement of Accounts, after they have been certified by the Chief Financial Officer and for 2004/2005 within four months of the financial year end i.e. by 31st July 2005.
- 3.3 Members will note that, as in last year, the accounts are presented for adoption much earlier than the current statutory requirement of 31st July. The Council has now implemented early closure of accounts and already meets the future requirement to approve the statement of accounts by of 30th June each year by 2006.
- 3.4 The 2004/2005 Statement of Accounts is still subject to external audit by the Audit Commission, which will not have been completed by the date of this Cabinet meeting. This procedure is common practice and does not indicate any problem with the audit. Subsequent changes, if significant, will be reported at a later date. The draft Statement of Accounts is attached at **Appendix I**.

4. RECOMMENDATION

4.1 That the Statement of Accounts for the financial year ended 31st March, 2005 be approved.

5. IMPLICATIONS

Financial:	As contained within the Report
Legal:	None identified
Human Rights:	The human rights relating to this issue have been considered and any potential interference is considered proportionate to the legitimate end to be achieved.
Personnel:	None
Environmental Implications:	None
Council's Core Values:	The year end accounts are a financial expression of the Council's aims and objectives, underpinned by the Council's core values.
Wards Affected:	All

Explanatory Foreword

By Alan Osborne, Head of Financial Services and Matthew Tiller, Chief Accountant

We hope that this foreword will give a guide to the Council's accounts and the key items in them. The Statement of Accounts is by necessity in the very formal manner required by regulation, but in this foreword we can introduce the authority's finances in plainer terms.

The Accounts

The accounts for the year are on pages 11 to 39. They are:

- The Consolidated Revenue Account. This shows at a glance how much had to be spent providing you with services. It brings together income and expenditure for all the Council's day to day activities into one account;
- The Consolidated Balance Sheet. This is a snapshot picture as at 31st March 2005 that shows what the authority owns and owes;
- The Statement of Total Movements in Reserves. This shows the movements in the authority's balances in the year;
- The Cashflow Statement. This shows where money came from and where it went;
- The Housing Revenue Account (HRA). This covers the authority's expenditure on social housing. The Government requires that this be shown separately;
- The Collection Fund. This shows the rates and taxes the Council has to collect, not only for itself, but also for the Government, Wiltshire County Council, Wiltshire Police Authority, Wiltshire & Swindon Fire Authority and Parish Councils.

Sundry attached notes will tell you more about the above accounts, but they can really only be clear if the way we handle things is understood. The Statement of Accounting Policies that comes after this foreword goes into more detail.

1 Changes

The Council follows recommended accounting practices. Full explanations of any changes required for 2004/2005 are in the Statement of Accounting Policies and the various notes to the accounts.

2 Revenue

In respect of net revenue expenditure, the Council's 2004/2005 revised budget and actual spending figures were as follows:

Portfolio	Original Budget £	Revised Budget £	Actual £	Difference £
Resources including central contingency	1,197,520	(163,351)	130,780	294,131
Community & Housing	3,279,130	4,060,640	4,088,075	27,435
Planning & Economic Development	3,008,120	2,885,920	2,762,669	(123,251)
Environment & Transport	3,818,090	4,399,651	4,246,939	(152,712)
Portfolio Totals	11,302,860	11,182,860	11,228,463	45,603
Funded by:				
Revenue Support Grant	(3,254,229)	(3,254,229)	(3,254,229)	0
National Non-Domestic Rates	(3,134,090)	(3,134,090)	(3,134,090)	0
Collection Fund (Surplus)/ Deficit	77,098	77,098	77,098	0
Collection Fund Transfer	(4,704,197)	(4,704,197)	(4,704,197)	0
Pension?				
(Surplus)/ Deficit for Year per Consolidated Revenue Account	287,442	167,442	213,045	45,603

This outturn variation of £45,603 is 0.4% above the revised net budget for 2004/2005. More about the Council's revenue spending on services is given, with notes, in the Consolidated Revenue Account on pages 11 to 18.

3 Capital

When buying something that will last more than a year, it often makes sense to spread its cost over its expected useful life. For the authority this is called capital expenditure, as opposed to revenue expenditure which is day to day outgoings such as heating, lighting, wages etc. The Council treated £7.491m of its expenditure in 2004/2005 as capital.

4 Capital Financing and Debt-Free Status

In most local authorities Central Government directly controls the amount that can be borrowed for funding capital projects. A system of credit approvals is used to do this. However, this Authority went "debt-free" on 15th June 1998 by repaying all long-term borrowing. From this date, restrictions placed on the amount of income from selling assets that can be used to finance capital expenditure have significantly changed. In 2004/2005, the Council funded its capital expenditure by capital receipts (37.2%), reserves (0.8%), revenue (0%) and other sources (62%).

5 Best Value Accounting Code of Practice (BVACOP)

The 2004/2005 Statement of Accounts has been prepared in accordance with the requirements of the 2004 Best Value Accounting Code of Practice (BVACOP).

6 Pensions

Until the publication of FRS17 "Retirement Benefits", Local Authorities had not been required to follow UK Generally Accepted Accounting Practice (GAAP) in accounting for pension costs. Authorities generally made charges to revenue based on employer's pension contributions payable and payments to pensioners during the year rather than benefits entitlements earned by employees.

FRS 17 requires that an organisation should account for retirement benefits when it is committed to give them, even if the actual giving will be many years in the future. The adoption of this standard has taken place over a planned staged basis, as per the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom 2003.

Full adoption of the standard took place during the financial year 2003/2004. This requires the recognition of the net asset/liability and a pensions reserve in the balance sheet and entries in the Consolidated Revenue Account for movements in the assets and liabilities of the scheme (with reconciling entries back to contributions payable for Council Tax purposes).

Further details of the impact of this change in accounting policies can be found in the Statement of Accounting Policies, and in the notes to the Consolidated Revenue Account, the Consolidated Balance Sheet and Statement of Total Movement in Reserves.

7 Further Information

Requests for further information about these accounts may be made to:

Financial Services
The Council House,
Bourne Hill,
Salisbury,
Wiltshire SP1 3UZ

Statement of Accounting Policies

1 General

This Statement of Accounts has been prepared according to the Code of Practice on Local Authority Accounting in the United Kingdom 2003: A Statement of Recommended Practice, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). This meets all requirements of proper accounting practice for local authorities. There are no major changes to previous publications required by the Code of Practice.

2 Fixed Assets

Where the authority will benefit for more than one year, the purchase or improvement of fixed assets is capitalised in the accounts and accrued. By definition, this excludes routine repairs and maintenance which are charged directly to service revenue accounts.

Valuation of land and buildings accords with the statement of asset valuation principles and guidance notes issued by the Royal Institute of Chartered Surveyors (RICS), as recommended by CIPFA. In accordance with this guidance, it was not considered necessary to inspect all properties for valuation purposes. These valuations are undertaken on a rolling programme over a 5 year period. The effect of revaluations is contained in the "Fixed Asset Restatement Reserve".

Operational properties are at either open market value, for existing use, or at the depreciated replacement cost where no market for the asset exists. Council houses in the balance sheet are at a discounted value to reflect that they are social housing.

Non-operational assets are priced on an open market basis. Valuations do not include equipment and infrastructure, which are included at historic cost. Asset rentals for 2004/2005 are 3.5% of the current value. (3.5% in 2003/2004).

3 Depreciation

Depreciation has been applied in these accounts on the following basis:

Council Dwellings. Council Dwellings are depreciated on a straight line basis over the useful life of the asset (30 years) in the Housing Revenue Account.

Other Land and Buildings. Buildings are depreciated on a straight line basis over the useful life of the asset (50 years). Land is not depreciated.

Vehicles, Plant etc. These are depreciated on a straight line basis over 5 years.

Community Assets and Non Operational Assets. These are not depreciated.

4 Deferred Charges

Deferred charges are payments of a capital nature where no fixed asset is acquired. These are required to be shown separately by the Code of Practice.

5 Capital Receipts

Income received from disposal of a fixed asset is called a capital receipt. It is held in the capital receipts unapplied account until either used to buy new assets or repay debt. The General Fund or the Housing Revenue Account, as appropriate, receives interest on the balance. Legislation requires a percentage of capital receipts to be set aside against outstanding debt unless the Council is debt-free. This appears in the balance sheet within the Capital Financing Reserve.

The Code of Practice prevents the authority crediting capital receipts directly to the General Fund or the Housing Revenue Account. Thus the Council cannot comply with FRS3 which requires profit or losses arising from the disposal of capital assets to be included in a revenue account.

6 Treatment of Leases

Operating lease rentals are charged direct to service revenue accounts.

7 Charges to Revenue

General Fund service revenue accounts, central support services, trading accounts and the Housing Revenue Account (HRA) are charged asset rentals for all the fixed assets they use. These rentals cover the annual provision for depreciation and a notional interest charge of 3.5% based on the asset's value in the balance sheet. This represents an interest charge comparable with the interest that could be earned on an investment of equivalent value to the assets.

The Asset Management Revenue Account receives both the asset rentals and the HRA capital charges. In turn, this account meets external interest due on the money borrowed by the Council and the provision for depreciation.

Other charges include sums transferred to reserves (see note 12 below) and contributions to the cost of capital expenditure.

8 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 Bank of England Average Base Rate to enable average borrowing to be calculated for the year. The average rate of interest charged to the revenue accounts in 2004/2005 was 4.59177% (2003/2004 3.70715%) plus debt management expenses of 0.2% (2003/2004 0.2%).

9 Redemption of Debt

Statute requires revenue accounts to be charged with a minimum provision of 4% for General Fund and 2% for the Housing Revenue Account towards the redemption cost of external loans, where the credit ceiling for that Fund in the previous financial year was positive. This is known as the Minimum Revenue Provision (MRP). The charges are credited to the Capital Financing Reserve. However, if the credit ceiling is negative then no MRP need be made. The Authority may elect to make an MRP greater than that required if it so chooses. It is one of the conditions of debt-free status that the overall credit ceiling must be negative.

10 Investments

Investments are shown in the balance sheet at the lower of cost and market value. At 31st March 2005, the Council had £18.697 invested, £5 million of which was invested by the in-house team and the remainder with Invesco (External Fund Managers appointed by the Council during 1999/2000). The total interest earned in 2004/2005 was £1.129m, which was credited to various funds of the Council. Investments are made in accordance with the Treasury Management Policy, which is approved annually by the Council.

11 Non-Compliance with Code of Practice

For operational reasons, the accounts do not fully comply with the Code of Practice on minor points. The main non-compliance is in relation to debtors and creditors. Whilst the accounts are maintained on an accruals basis i.e. all sums due to or from the Council are included whether or not the cash has actually been received or paid in the year, exceptions are made for quarterly utilities payments based on meter reading dates. Salaries and wages appear on a cash basis. Since these policies are applied consistently year on year, they have no material effect on any one year's accounts.

12 Reserves and Provisions

The authority holds two types of balances – reserves and provisions. Money prudently held as a general sum against future needs is classed as a reserve and payments to it do not count as service expenditure. Money held in reserve is transferred back to revenue to meet needs as they arise. The net effect of revenue sums set aside appears as an adjustment in the Consolidated Revenue Account. The movements in Reserves are shown on page 26. Where a risk of loss or liability is recognised but size and timing are uncertain, a provision is raised. Payment to a provision is service revenue expenditure.

The provision for bad debts at 31st March 2005 is made up as follows:

	2004/2005 £000	2003/2004 £000
General Fund debtors	469	453
Housing Rent arrears	618	603
Council Tax arrears	363	356
Community Charge arrears	371	367
NNDR arrears	126	123
TOTAL	1,947	1,902

13 Stocks and Work in Progress

Stocks and stores are in the accounts at the latest price paid and consequently issued on a current price basis. Work in progress on uncompleted jobs is valued at cost, including overhead allocations.

This is a departure from the requirements of the Code and SSAP 9, which requires stock to be valued at the lower of cost or net realisable value. The effect of this treatment is not material.

14 Pensions

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

This accounting policy represent a change to those applied in prior years, as required by FRS17. The previous policy was to recognise liabilities in relation to retirement benefits only when employer's contributions became payable to the pension fund or payments fell due to the pensioners for which we were directly responsible. The new policy better reflects the Council's commitment in the long-term to increase contributions to make up any shortfall in attributable net assets in the pension fund.

15 Support Service Allocations

In accordance with the Best Value Accounting Code of Practice, Support Services Allocations are made to the individual Support Service on the most appropriate basis. This is regularly reviewed in light of best practice.

16 Grants

All revenue grants have been credited to the accounts for the period to which they relate in accordance with SSAP4.

17 Excess Charge Payments

Amounts owed on car parking excess charges are not part of the main accounting system. They are not consolidated into the accounts.

18 VAT

Only irrecoverable VAT is included in revenue or capital expenditure.

The Statement of Responsibilities for the Statement of Accounts

The Authority's Responsibilities

The Authority is required to:

- Arrange for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the management of those affairs. In this Authority, that officer is the Head of Financial Services;
- Secure economic, efficient and effective use of its resources and to safeguard its assets;
- Approve the Statement of Accounts.

The Head of Financial Services' Responsibilities

The Head of Financial Services is responsible for the preparation of the authority's Statement of Accounts. This has, under the CIPFA/LASAAC (Local Authority (Scotland) Accounts Advisory Committee) Code of Practice on Local Authority Accounting in Great Britain (the Code of Practice), to present fairly the financial position of the authority at the accounting date and its income and expenditure for the year to 31st March 2005.

In preparing this Statement of Accounts, the Head of Financial Services has:

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

The Head of Financial Services has also:

- kept proper, up to date accounting records;
- taken reasonable steps to prevent and detect fraud and other irregularities.

The Statement of the Head of Financial Services

The required financial statements appear on pages 11 to 39 have been prepared in accordance with the accounting policies set out at pages 4 to 7.

I certify that the Statement of Accounts presents fairly the financial position of Salisbury District Council at 31st March 2005 and the income and expenditure for the year ended on that date.

Alan Osborne
Head of Financial Services

8th June 2005

STATEMENT ON THE SYSTEM OF INTERNAL CONTROL

This will be submitted directly to Full Council and will be inserted once it has been approved.

Independent Auditor's Report to Salisbury District Council

I have audited the statement of accounts on pages 1 to 8 and 11 to 39 which have been prepared in accordance with the accounting policies applicable to local authorities as set out on pages 4 to 7.

This report is made solely to Salisbury District 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 Audited Bodies, prepared by the Audit Commission.

Respective responsibilities of the Chief Financial Officer and Auditor

As described on page 8 the Head of Financial Services 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. 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 presents fairly the financial position of the Authority and its income and expenditure for the year.

I review whether the statement on internal control on page 9 reflects compliance with CIPFA's guidance 'The Statement on Internal Control in Local Government: Meeting the Requirements of the Accounts and Audit Regulations 2003' published on 2 April 2004. I report if it does not comply with proper practices specified by CIPFA or if the statement is misleading or inconsistent with other information I am aware of from my audit of 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 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 the 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 Authority in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the statement of accounts are free from material misstatement, whether caused by fraud or other irregularity or error. 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 presents fairly the financial position of Salisbury District Council as at 31 March 2005 and its income and expenditure for the year then ended.

Certificate

This will be inserted once the audit has been completed.

District Auditor
Audit Commission

Westwood House
Lime Kiln Close
Stoke Gifford
Bristol
BS34 8SU

Consolidated Revenue Account

This account shows expenditure on and income from the Council's day to day activities. Expenditure includes salaries, wages, service and asset charges. It gives the cost of the main services provided by the Authority.

General Fund Services	NOTES	2004/2005		2003/2004	
		Expenditure £000	Income £000	Net Expenditure £000	Net Expenditure £000
Central Services to the Public	1a	2,219	(1,752)	467	454
Cultural, Environment & Planning	1b	16,303	(5,671)	10,632	9,178
Highways, Roads & Transport Services	1c	3,106	(3,853)	(747)	(728)
Housing Services General Fund	1d	27,740	(25,546)	2,194	2,871
Housing Services HRA	1e	38,179	(19,116)	19,063	10,273
Corporate & Democratic Core	1f	3,430	(463)	2,967	2,861
Non-distributed Costs	1g	6,278	(4,903)	1,375	965
Net Cost of Service		97,255	(61,304)	35,951	25,874
Pension Interest Costs and Expected Return on Assets				(170)	840
City Special Levy				522	522
Parish Precepts				710	703
Amortised Premiums & Discounts				136	146
Revenue Contribution to Capital Expenditure				0	500
Transfer to/from Major Repairs Reserves				(8,496)	(4,444)
Asset Management Revenue Account	7			(14,125)	(9,004)
Interest Receivable	11			(1,118)	(736)
Net Operating Expenditure				13,410	14,401
Contribution from Pension Reserve				1	446
HRA contribution (from)/to balances				1,566	1,067
financing reserves for:					
Deferred charges				(1,091)	(2,100)
Minimum rev.provision adjustment	6			0	61
Depreciation				(1,426)	(966)
Amount to be met from Government Grant & Local Taxation				12,460	12,909
Demand on Collection Fund				(5,859)	(5,603)
Contribution from National Non-Domestic Rate Pool				(3,134)	(4,001)
Revenue Support Grant				(3,254)	(2,889)
(Surplus)/Deficit for Year				213	416

Notes to Consolidated Revenue Account

Note 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 the detail below. Prior year balances have been restated in order to be consistent and to allow meaningful comparisons

		2004/2005		2003/2004
	NOTES	Expenditure £000	Income £000	Net Expenditure £000
Central Services to the Public				
Local Tax Collection		1,941	(1,435)	506
Elections		106	(5)	101
Emergency Planning		4	0	4
Local Land Charges		168	(312)	(144)
Total Central Services to the Public	1a	2,219	(1,752)	467
Cultural, Environment & Planning				
Cultural & Related				
Cultural & Heritage		1,726	(755)	971
Recreation & Sport	15	3,337	(1,584)	1,753
Open Spaces		714	(96)	618
Tourism		713	(222)	491
Environmental Services				
Cemetery, Cremation and Mortuary		383	(546)	(163)
Environmental Health		1,432	(164)	1,268
Community Safety (Crime Reduction)		391	0	391
Flood Defence & Land Drainage		43	0	43
Street Cleansing		898	0	898
Waste Collection		2,863	(672)	2,191
Planning & Development Services				
Building Control		524	(454)	70
Development Control		1,485	(558)	927
Planning Policy		561	(49)	512
Environmental Initiatives		55	(5)	50
Economic Development		626	(484)	142
Community Development		552	(82)	470
Total Cultural, Environment & Planning	1b	16,303	(5,671)	10,632
Highways, Roads & Transport Services				
Transport Planning, Policy & Strategy		0	0	0
Street Lighting		0	0	0
Parking Services		2,511	(3,847)	(1,336)
Public Transport		595	(6)	589
Total Highways, Roads & Transport Services	1c	3,106	(3,853)	(747)

		2004/2005		2003/2004
NOTES	Expenditure £000	Income £000	Net Expenditure £000	Net Expenditure £000
Housing Services General Fund				
Housing Strategy	1,818	(973)	845	464
Housing Advances	0	0	0	0
Private Sectors Housing Renewal	347	0	347	324
Homelessness	548	(209)	339	561
Housing Benefit Payments	22,290	(22,874)	(584)	313
Housing Benefits Administration	972	(141)	831	892
Other Council Property	1,392	(1,104)	288	167
Welfare Services	373	(245)	128	150
Total Housing Services General Fund	1d	27,740	(25,546)	2,871
Housing HRA				
Dwellings Rents(Gross)	0	(17,757)	(17,757)	(17,479)
Non-dwellings Rents(Gross)	0	(228)	(228)	(245)
Other Charges for Services and Facilities	0	(610)	(610)	(603)
Contributions towards Expenditure	15	0	15	0
HRA Subsidy Receivable	5,785	(80)	5,705	(2,742)
Repairs and Maintenance	4,216	(135)	4,081	3,929
Supervision and Management	2,755	(227)	2,528	2,641
Special Services	1,079	(79)	1,000	798
Rents, Rates, Taxes and other charges	98	0	98	83
Rent Rebates	484	0	484	8,835
Increased Provision for Bad or Doubtful Debts	15	0	15	39
Cost of Capital Charge	12,184	0	12,184	7,568
Depreciation and Impairments of Fixed Assets	11,548	0	11,548	7,449
Total Housing Service HRA	1e	38,179	(19,116)	10,273
Corporate & Democratic Core				
Democratic Representation & Management	1,610	(420)	1,190	1,113
Corporate Management	1,820	(43)	1,777	1,748
Total Corporate & Democratic Core	1f	3,430	(463)	2,861
Total Non-distributed Costs	1g	6,279	(4,903)	965
NET COST OF SERVICE		97,256	(61,304)	25,874

Note 2 Special Levy Account

Under Section 34 of the Local Government Finance Act 1992, the Council raises a special levy on the former City area to cover the cost of the provision of allotments, cemeteries and recreation grounds.

	2004/2005 £000	2003/2004 £000
Balance b/f 1st April	320	116
Precept income	522	522
Other income	10	65
	<u>852</u>	<u>703</u>
Less expenditure	(425)	(383)
Balance c/f 31st March	<u>427</u>	<u>320</u>

Note 3 Leasing

Leasing rentals paid to lessors during 2004/2005 totalled £1,048,848. Outstanding undischarged obligations at the end of the year totalled £4,442,350.

Note 4 Local Government Act 1972 – Section 137

Various laws cover the activities of local authorities and councils have to spend in line with specific legal permission. The only flexibility granted is in the Local Government Act 1972, Section 137. This authorises spending not covered by other Acts of Parliament up to a limit of £1.90 per resident (at a given date). Service expenditure in the Consolidated Revenue Account includes Section 137 spending as is detailed below:

	2004/2005 £000	2003/2004 £000
Grants to local individuals and groups	155	154
Village Enhancement Schemes	0	13
	<u>155</u>	<u>167</u>
Spending Limit	<u>220</u>	<u>218</u>

Note 5 Expenditure on Publicity

Section 5 of the Local Government Act, 1986 requires the Council to keep a separate account of expenditure on publicity.

	2004/2005 £000	2003/2004 £000
Public Relations improvement	92	14
Staff advertising	134	155
Promotion of Tourism	28	31
Other advertising	90	98
Other Marketing and Promotion	94	51
	<u>438</u>	<u>349</u>

Note 6 Minimum Revenue Provision

Since the 1 April 2004, the Government no longer requires the authority to set money aside each year for the repayment of loans originally taken out to finance capital expenditure in respect of the housing revenue account. This is called the Minimum Revenue Provision (MRP). Therefore the Authority has not made a Minimum Revenue Provision in 2004/2005.

Note 7 Asset Management Revenue Account

This account brings together depreciation and interest charged to the authority with asset rentals/capital charges to service accounts. The account and its transactions are needed for services to show their true operating cost, including their use of assets. As the overall surplus is netted off to the General Fund, there is no effect upon Council Tax.

	2004/2005 £000	2003/2004 £000
Income		
General Fund	(3,516)	(2,492)
Housing Revenue Account	(23,725)	(15,043)
	<u>(27,241)</u>	<u>(17,535)</u>
Expenditure		
External Interest	4	3
Depreciation	12,968	8,415
Item 8 Debit	144	113
Surplus transferred to Consolidated Revenue Account	<u>(14,125)</u>	<u>(9,004)</u>

Note 8 Senior Staff Remuneration

The number of staff who received taxable remuneration from Salisbury District Council in excess of £50,000 for the year was:

	2004/2005	2003/2004
£50,000 to £59,999	1	0
£60,000 to £69,999	3	3
£70,000 to £79,999	0	1
£80,000 to £89,999	1	0
£90,000 and over	0	0
	<u>5</u>	<u>4</u>

Note 9 Related Party Transactions

Related parties of a Local Authority include Central Government, Other Local Authorities and Precepting Boards, Subsidiaries 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: Details of income from and expenditure, including precepts, paid to other Local Authorities and bodies are given throughout the Statement of Accounts.

Pension Funds: Details of transactions with the Pension Funds are given in note 10 of the Consolidated Revenue Account.

Members and Chief Officers: The Council maintains Registers of Interest for Members and Register of Hospitality for Officers. These Registers were reviewed for related party transactions and no material transactions were discovered.

Note 10 Pension Fund

In 2004/2005 the Council paid employer's contribution of £1,695,138 representing 15.50% of pensionable pay, into the Wiltshire County Council Pension Fund. This is a defined scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance liabilities with investment assets. The contribution rate is determined by the Fund's Actuary based on triennial actuarial valuations, the last review being at 31 March 2004. Under Pension Regulations, contribution rates are set to meet 100% of the overall liabilities to the Fund.

The Net Pension Fund Liability for Salisbury District Council as at 31 March 2005 was £9.71 million. The Estimated Employer Assets are £47.30 million, and the Present Value of Scheme liabilities are £57.01 million. The estimated liability will not reflect any differences in demographic experience from that assumed in the formal funding valuation (e.g. early retirements) and the impact of differences between aggregate changes in salary and pension increases and changes for specific individuals. Full details of the assumptions are set out in the Actuarial Report at 31 March 2001 published in November 2002. The Scheme has been assessed by Hymans Robertson, an independent firm of actuaries.

Further information can be found in the Annual Report and Financial Statements of the Wiltshire Pension Fund for 2004/2005.

At 31 March 2005, the Wiltshire Pension Fund had a market value of £810.9 million. For purposes of the actuarial valuation of the Fund, the following long term assumptions were made:

Amount Charged to Operating Profit	Year to	Year to	Year to	Year to
	31 March 2005	31 March 2005	31 March 2004	31 March 2004
	£000	% of Payroll	£000	% of Payroll
Service Costs	1,890	16.8%	1,450	12.9%
Curtailments and Settlements	50	0.4%		
Past Service Costs	0	0.0%	20	0.2%
Total Operating Charge (A)	1,940	17.2%	1,470	13.1%
Amount Credited to Other Finance Income	Year to	Year to	Year to	Year to
	31 March 2005	31 March 2005	31 March 2004	31 March 2004
	£000	% of Payroll	£000	% of Payroll
Expected return on Employer Assets	3,300	29.5%	2,430	21.6%
Interest on Pension Scheme Liabilities	(3,130)	(27.9%)	(3,270)	(29.1%)
Net Return (B)	170	1.6%	(840)	(7.5%)
Net Revenue Account Cost (A)-(B)	1,770	15.6%	2,310	20.6%

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

	Year to 31 March 2005 £000	Year to 31 March 2004 £000
Actual less expected return on pension scheme assets	2,250	9,610
Experience gains and losses on the scheme liabilities	(1,060)	(250)
Changes in Financial Assumptions underlying the Present Value	(10,930)	
Actuarial gain/(loss) in pension plan	(9,740)	9,360
Actuarial gain/(loss) recognised in STRGL	(9,740)	9,360
	Year to 31 March 2005 £000	Year to 31 March 2004 £000
Movement in Surplus/Deficit During the Year		
Surplus/(deficit) at beginning of the year	(9,710)	(19,860)
Current service cost	(1,890)	(1,450)
Employer contributions	1,790	2,910
Contributions in respect of Unfunded Benefits	200	190
Past Service Costs	0	(20)
Impact of Settlements & Curtailments	(50)	
Net return on assets	170	(840)
Actuarial gains/(losses)	(9,740)	9,360
Surplus/(deficit) at end of year	(19,230)	(9,710)

History of Experience Gains and Losses

	Year to 31 March 2005 £000	Year to 31 March 2004 £000
Difference Between the Expected and Actual Return on Assets		
Value of Assets	2,250	9,610
Value of Assets	52,410	47,300
Percentage of Assets	4.3%	20.3%
Experience Gains/(Losses) on Liabilities	(1,060)	(250)
Total Present Value of Liabilities	71,640	57,010
Percentage of Total Present Value of Liabilities	(1.5%)	(0.4%)
Actuarial Gains/Losses Recognised in STRGL	(9,740)	9,360
Total Present Value of Liabilities	71,640	57,010
Percentage of Total Present Value of Liabilities	(13.6%)	16.4%

Note 11 Interest Receivable

The Interest Receivable figure stated in the Consolidated Revenue Account includes interest allocated to the General Fund, the HRA and other services. Excluded from this figure is interest allocated to other relevant reserves. The total interest receivable by the Council in this year was £1.270m.

Note 12 Members' Allowances

The total of Members' Allowances paid in the year was £400,991.

Note 13 Building Control

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

Building Regulations Charging Account

	2004/2005		Total	2003/2004
	Chargeable £000	Non Chargeable £000	Building Control £000	£000
Expenditure				
Employee Expenses	301	75	376	369
Premises		2	2	4
Transport	21	5	26	24
Supplies and Services	20	9	29	26
Agency and Contracted Services	19	0	19	20
Central and Support Service Recharges	58	14	72	64
TOTAL EXPENDITURE	419	105	524	507
Income				
Building Regulations Charges	(454)	0	(454)	(388)
TOTAL INCOME	(454)	0	(454)	(388)
(Surplus)/ Deficit for Year	(35)	105	70	119

Note 14**Audit Fees**

The audit of the Statement of Accounts is carried out by the Audit Commission. The following fees were payable during 2004/2005 relating to external audit and inspection.

	2004/2005 £000	2003/2004 £000
External Audit Services	89	62
Statutory Inspection	11	16
Certification of Grant Claims and Returns	32	25
	132	103

Note 15**Acquired Operations**

On the 1 April 2004 the Council took over management control of the Five Rivers leisure centre, which was previously run by a private sector operator. As the Council had previously contributed a management charge to the operator, which was shown in the consolidated revenue account, this has not been treated as an acquired operation.

Consolidated Balance Sheet

This statement summarises the Council's assets and liabilities at 31st March for the years 2005 and 2004

	NOTES	31st March 2005		31st March 2004	
		£000	£000	£000	£000
Fixed Assets					
Operational assets					
- Council dwellings		363,313		348,118	
- Other land and buildings		43,614		43,661	
- Vehicles, plant, furniture and equipment		3,522		2,888	
- Infrastructure		1,519		1,376	
- Community Assets		42	412,010	42	396,085
Non-operational assets			7,629		11,544
	1 & 2		419,639		407,629
Deferred Charges	3		119		0
Long term debtors	4		2,530		2,510
Total Long Term Assets			422,288		410,139
Current Assets					
Stocks and work in progress	8	140		114	
Temporary investments		19,222		18,062	
Debtors	9	6,726		3,701	
Payments in advance		491		366	
Cash and Bank		6		374	
		26,585		22,617	
Current Liabilities					
Creditors	10	(3,674)		(4,283)	
Cash Overdrawn		(914)			
Receipts in Advance		(989)		(1,503)	
		(5,577)		(5,786)	
Net Current Assets			21,008		16,831
Long Term Liabilities					
Trust Funds	13	(45)			(39)
Pension Fund Liability	16	(19,230)			(9,710)
Planning Deposits		(2,966)			(3,202)
			(22,241)		
Deferred Credits					
Deferred capital receipts	14	(2,360)		(2,360)	
Other Deposits		(84)		(84)	
Deferred Liability		(30)	(2,474)	(34)	(2,478)
Total Assets less Liabilities			418,581		411,541
Financed by					
Useable capital receipts			10,895		5,146
Fixed asset restatement reserve			350,647		332,070
Capital financing reserve			68,728		77,266
Reserved capital receipts available			0		0
Major Repairs Reserve			886		2,686
Specific reserves			1,276		776
Balances - General Fund			1,444		1,657
- Collection Fund	15		264		(529)
- Housing Revenue Account			3,671		2,179
Pension Reserve	16		(19,230)		(9,710)
Total Equity			418,581		411,541

Notes to Consolidated Balance Sheet

1 Movement of Fixed Assets 2004/2005

	Council Dwellings	Other Land & Buildings	Vehicles, Plant etc.	Infrastructure	Community Assets	Non-Operational Assets	Total
	£000	£000	£000	£000	£000	£000	£000
Book Value at 1st April 2004	348,118	43,661	2,888	1,376	42	11,544	407,629
2004/2005 Expenditure	4,096	783	1,378	143	0	0	6,400
Revaluations	25,559	0	0	0	0	0	25,559
Depreciation	(11,541)	(683)	(744)	0	0	0	(12,968)
Disposals	(2,919)	(147)	0	0	0	(3,915)	(6,981)
Book Value at 31st March 2005	363,313	43,614	3,522	1,519	42	7,629	419,639

2 Financing of Capital Expenditure

Below is the financing of the year's capital expenditure on fixed assets and deferred charges:

	£000	£000
Capital receipts	3,160	
Grants	428	
Reserves	65	
Major Repairs Reserve	4,845	
		8,498
Less 2003/2004 expenditure financed in 2004/2005		(1,007)
		<u>7,491</u>
Categorised as follows:		
Fixed Assets		6,400
Deferred Charges		1,091
		<u>7,491</u>

3 Deferred Charges

Deferred charges are payments of a capital nature where no fixed asset is acquired. An example is an improvement grant made to a private householder. As recommended in the Code of Practice, deferred charges are written off in the year of account to the Capital Financing Reserve.

	2003/2004 £000	Expenditure £000	Discharged £000	2004/2005 £000
Housing Grants	0	15	(15)	0
Other General Fund Items	0	1,076	(1,076)	0
Deferred Early Retirement Payments	0	119	0	119
Deferred Charges in Year	0	1,210	(1,091)	119

4 Long Term Debtors

This comprises loans to other organisations and to individuals.

	2003/2004 Balance 1 April £000	Expenditure During Year £000	Income During Year £000	2004/2005 Balance 31 March £000
Mortgages				
- Public Sector	2,412	352	(297)	2,467
- Private Sector	19	0	(7)	12
	<u>2,431</u>	<u>352</u>	<u>(304)</u>	<u>2,479</u>
Car Loans to Employees due over 1 year	79			51
Total Long Term Debtors	<u>2,510</u>			<u>2,530</u>

5 Capital Commitments

At 31st March 2005, the Council was contractually committed to expenditure amounting to approximately £155,000.

	£000
Resources	23
Community & Housing	21
Planning & Economic Development	0
Environment & Transportation	1
City	0
Housing Revenue Account	110
	<u>155</u>

6 Fixed Asset Valuation

The following statement shows the progress of the Council's rolling programme for the revaluation of fixed assets. The valuations are carried out by Richard Austen FRICS. The basis for the valuations is set out in the Statement of Accounting Policies.

For all assets not revalued as of 31st March 2005, the Authority is not aware of any material change in value and therefore the valuations have not been updated.

	Council Dwellings	Other Land & Buildings	Vehicles, Plant etc.	Infrastructure	Community Assets	Non-Operational Assets	Total
	£000	£000	£000	£000	£000	£000	£000
Valued at historical cost		3,991	2,144	1,376	42		7,553
Valued at current cost in:							
2004/2005	363,313	483	1,378	143			365,317
2003/2004		20,240				7,629	27,869
2002/2003		18,870					18,870
2001/2002							0
2000/2001							0
1999/2000		30					30
1998/1999							
Book Value at 31st March 2005	363,313	43,614	3,522	1,519	42	7,629	419,639

7 Provision for Credit Liabilities

Statute requires the Council to set aside provision to repay external loans and other credit transactions. Debt-free authorities, such as Salisbury, do not have to apply the whole of the balance shown below within the Capital Financing Reserve. A memorandum account is shown here for information and the balance, equivalent to the total of reserved capital receipts, is included in the Capital Financing Reserve set out on page 29.

	2004/2005 £000	2003/2004 £000
Balance brought forward	32,187	32,126
Minimum Revenue Provision: Housing Revenue Account	0	61
Transfer cash backed PCL to Useable Capital receipts	(2,978)	0
	<u>29,209</u>	<u>32,187</u>
Credit Approvals exercised		
Balance carried forward	<u><u>29,209</u></u>	<u><u>32,187</u></u>

8 Stocks

	2004/2005 £000	2003/2004 £000
Stocks		
- Salisbury Commercial Services	40	23
- Others	100	91
	140	114

9 Debtors

	2004/2005 £000	2003/2004 £000
Other local authorities	104	46
Government departments	4,431	1,456
Ratepayers and taxpayers	2,031	2,304
Tenants	663	598
Mortgagees	0	48
Sundry debtors	1,298	995
Car loans to employees	40	48
Accrued interest	35	38
Other public bodies	71	70
	8,673	5,603
Less: provision for bad debts	(1,947)	(1,902)
	6,726	3,701

Creditors

	2004/2005 £000	2003/2004 £000
Other local authorities	283	339
Government departments	454	1,204
Other public bodies	35	1
Utilities	94	0
Capital schemes	685	1,030
Sundry creditors	2,123	1,709
	3,674	4,283

A review of the debtors and creditors has resulted in a reclassification of some of the balances this year. Prior year figures have also been restated to ensure consistency.

11 Net Assets Employed

The net assets employed by the Council are analysed below:

	2004/2005 £000	2003/2004 £000
General Fund	(49,280)	(66,071)
Housing Revenue Account	(369,301)	(345,470)
	(418,581)	(411,541)

12 Euro Costs

There has been no significant expenditure in this area.

13 Trust Funds

The Council administers a Trust Fund related to specific services. The majority of the funds are invested externally and the balance is invested with the Authority. This represents a long term liability for the Council and is shown as such within the Consolidated Balance Sheet.

	Income	Expenditure	Internal Investments
	£000s	£000s	£000s
Bemerton Playing Field Fund - established in 1932 to maintain and enhance Lower Bemerton recreation ground	51	6	45
Trust Funds held on the Balance Sheet			<u>45</u>

The Assets of the Bemerton Playing Field Fund were valued at 31/3/2005 and the external investments were:

	£
2.5% Consolidated Stock	209
9% Treasury Stock 2008	34,110
M&G Securities Ltd Charifund Inc	155,950
	<u>190,269</u>

14 Deferred Capital Receipts

Deferred capital receipts are derived from the sale of assets which will be received over an agreed period of time i.e. the sale of council houses by the way of mortgages.

15 Collection Fund Balance

The Council has to record transactions for Council Tax, Business Rates and residual Community Charge in the Collection Fund Account. The balance, as usable income, will be paid to the Council and its major preceptors in future years.

	2004/2005 £000	2003/2004 £000
Salisbury District Council	60	(37)
Wiltshire County Council	170	(439)
Wiltshire Police Authority	24	(53)
Wiltshire & Swindon Fire Authority	10	0
	<u>264</u>	<u>(529)</u>

16 Pension Fund

The underlying assets and liabilities for the retirement benefits attributable to the Authority as at 31st March 2005 are as follows:

Local Government Pension Scheme	31 March 2005	31 March 2004	31 March 2003
	£000	£000	£000
Estimated Employer Assets (A)	52,410	47,300	33,950
Present Value of Scheme Liabilities	68,620	54,560	51,570
Present Value of Unfunded Liabilities	3,020	2,450	2,240
Total Value of Liabilities (B)	71,640	57,010	53,810
Net Pension Asset (A)-(B)	(19,230)	(9,710)	(19,860)

The Liabilities show the underlying commitments that the Authority has in the long run to pay retirement benefits. Statutory arrangements for the funding of the deficit mean that the financial position of the authority remains healthy. The deficit on the scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

Liabilities have been assessed by Hyman Robertson, an independent firm of actuaries, on an actuarial basis using the projected unit method. This estimates the pensions that will be payable in future years dependant on assumptions. The main assumptions used in the calculations are:

Assumptions as at	31 March 2005	31 March 2004	31 March 2003
	% per annum	% per annum	% per annum
Price Increases	2.9%	2.9%	2.5%
Salary Increases	4.4%	4.4%	4.0%
Pension Increases	2.9%	2.9%	2.5%
Discount Rate	5.4%	6.5%	6.1%

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

Assets (Employers)	Long Term	Fund Value at	Long Term	Fund Value at
	Return	31 March 2005	Return	31 March 2004
	% per annum	£000	% per annum	£000
Equities	7.7%	36,370	7.7%	33,240
Bonds	4.8%	10,160	5.1%	8,500
Property	5.7%	4,450	6.5%	3,470
Cash	4.8%	1,420	4.0%	2,090
Total	6.9%	52,400	7.0%	47,300

Statement of Total Movement in Reserves

This statement brings together all the recognised gains and losses of the authority during 2004/2005 and shows those which have not otherwise been identified in the Consolidated Revenue Account. The statement separates revenue and capital.

Note	Capital Reserves					Revenue Reserves			Total Reserves
	Fixed Asset Restatement Account	Capital Financing Account	Usable Capital Receipts	Reserved Capital Receipts Available	Major Repairs Reserve	General Fund	Specific Reserves & Other Balances	Housing Revenue Account	
	£000	£000	£000	£000	£000	£000	£000	£000	£000
	1	2	4	3	5		6		
Balance at 1st April 2004	(332,070)	(77,266)	(5,146)	0	(2,686)	(1,657)	(776)	(2,179)	(421,780)
Net (surplus)/deficit for year						213	(500)	(1,492)	(1,779)
Unrealised (gain)/loss from asset revaluation	(25,559)	12,967			(11,541)				(24,133)
Effects of disposals of fixed assets	6,982								6,982
Cost or value of assets disposed of									0
Receipts from asset disposal			(5,932)						(5,932)
Net (surplus)/deficit on disposals	(18,577)	12,967	(5,932)	0	(11,541)				(23,083)
Other receipts and loan repayments									0
Financing of expenditure		(7,407)	3,161		4,845				599
Transfers between deferred grant and contributions									0
Other adjustments		2,978	(2,978)		8,496				8,496
Balance at 31st March 2005	(350,647)	(68,728)	(10,895)	0	(886)	(1,444)	(1,276)	(3,671)	(437,547)

Collection Fund Surplus (264)
Pension Fund Reserve 19,230

Total Equity shown on Consolidated Balance Sheet **(418,581)**

Details of the movement on the Pension Fund can be found in note 16 to the Consolidated Balance Sheet

Notes to Statement of Total Movement in Reserves

1 Fixed Asset Restatement Account

The balance of this account is the difference between the cost of fixed assets and their latest valuation. The reserve is constantly updated for disposals, new valuations and that expenditure which, although capitalised under current legislation, does not affect fixed asset values.

	2004/2005 £000	2003/2004 £000
Brought forward at 1st April	(332,070)	(191,431)
Unrealised (gain)/loss on asset revaluation	(25,559)	(143,422)
Disposals	6,982	2,783
Carried forward at 31st March	<u>(350,647)</u>	<u>(332,070)</u>

2 Capital Financing Account

Statute requires amounts of capital receipts to be set aside for the repayment of external loans. This account includes these amounts and the capital expenditure financed from revenue, other reserves and capital receipts.

	2004/2005 £000		2003/2004 £000
Balance at 1st April		(77,266)	(79,802)
Transfer of PCL		2,978	0
Capital financing			
- capital receipts	(3,161)		(5,290)
- Major Repairs Reserve	(4,845)		(1,505)
- revenue and reserves	(64)		(574)
- grants	(428)	(8,498)	(611)
Depreciation		12,967	8,416
Deferred Charges written off in year		1,091	2,100
Balance at 31st March		<u>(68,728)</u>	<u>(77,266)</u>

3 Reserved Capital Receipts Available

The achievement of debt-free status means that the Council has considerably greater freedom to apply capital receipts generated in order to fund future capital expenditure. That element of the Provision for Credit Liabilities (see note 7 to the Balance Sheet) which would otherwise be transferred to the Capital Financing Reserve is shown here as being available for new capital investment.

	2004/2005		2003/2004
	£000	£000	£000
Balance at 1st April		0	0
Receipts set aside		0	0
Advances			0
MRP adjustment		0	(61)
Use of Reserved Capital Receipts			
General Fund	0		61
Housing		0	
		<u>0</u>	<u>0</u>
Balance at 31st March		<u>0</u>	<u>0</u>

4 Usable Capital Receipts Reserve

These are capital receipts, including gifts and bequests, which have not been spent or set aside to repay debt. They are therefore available to fund capital expenditure.

	2004/2005		2003/2004
	£000	£000	£000
Balance at 1st April		(5,146)	(3,944)
Receipts during the year			
- disposal of land and buildings	(5,932)		
- transfer of PCL	(2,978)	(8,910)	(6,492)
		<u>3,161</u>	
Less			
- receipts set aside	3,161		
- spent/applied to deferred grant	0		5,290
		<u>3,161</u>	
Balance at 31st March		<u>(10,895)</u>	<u>(5,146)</u>

5 Major Repairs Reserve

The Accounts and Audit Regulations require housing authorities to set up a Major Repairs Reserve and to transfer into it a sum not less than the Major Repairs Allowance. These funds are then available to authorities for capital expenditure on Housing Revenue Account assets. The Major Repairs Allowance is an element of the HRA subsidy.

	2004/2005 £000	2003/2004 £000
Brought forward at 1st April	(2,686)	(1,185)
Transfer to Capital	4,845	1,505
HRA Depreciation	(11,541)	(7,449)
Transfer to HRA	8,496	4,443
Carried forward at 31st March	<u>(886)</u>	<u>(2,686)</u>

6 Specific Reserves and Other Balances

Apart from the Housing Revenue Account, which is solely for housing, the Local Government Act 1988 allows the Council only one revenue account, its General Fund. For good financial management however, it is desirable to earmark specific reserves within the fund.

	Balance 1/4/2004 £000	To Reserves £000	From Reserves £000	Balance 31/3/2005 £000
The movements in revenue reserves in the year were:				
City Committee Special Reserve	(320)	(532)	425	(427)
Transportation Reserve	(386)	(407)		(793)
City Cemetery Reserve	(42)		14	(28)
Running Track Reserve	(28)			(28)
	<u>(776)</u>	<u>(939)</u>	<u>439</u>	<u>(1,276)</u>

Cashflow Statement

This consolidated statement summarises the movement of cash between the Authority and third parties for both capital and revenue purposes. Following a review of the debtors and creditors on the balance sheet, there has been a reclassification of some items on the Cash Flow Statement. Prior year figures have also been restated to ensure consistency.

	NOTES	2004/2005		2003/2004	
		£000	£000	£000	£000
Revenue Activities					
Cash outflows					
Cash paid to and on behalf of employees		14,774		14,650	
Other operating cash payments		33,369		22,829	
Housing Benefits paid out		23,746		21,596	
Non-Domestic Rate payments to national pool		24,329		27,275	
Precept paid		45,831	142,049	43,021	129,371
Cash inflows					
Council Tax Receipts		(51,526)		(47,616)	
Non-Domestic Rate receipts		(26,901)		(31,997)	
Revenue Support Grant		(3,254)		(2,889)	
Rents (after rebates)		(18,015)		(17,773)	
DSS grants for rebates		(23,015)		(11,557)	
Other Government grants	4	2,870		(2,619)	
Cash received for goods and services	1	(19,173)	(139,014)	(17,205)	(131,656)
			3,035		(2,285)
Servicing of Finance					
Cash inflows					
Interest received		(1,328)	(1,328)	(810)	(810)
Capital Activities					
Cash outflows					
Purchase of fixed assets		7,836		8,009	
		7,836		8,009	
Cash inflows					
Sale of fixed assets		(5,932)		6,452	
Deferred charges and other capital cash receipts		(1,091)		2,100	
Long-term debtors		48		40	
		(6,975)	861	8,592	16,601
Net cash outflow/(inflow) before financing			2,568		13,506
Financing					
Cash outflows					
Financing of expenditure			(2,446)		2,091
Decrease/(increase) in cash	3		122		15,597

Notes to Cashflow Statement

1 Revenue Reconciliation

	2004/2005		2003/2004	
	£000	£000	£000	£000
(Surplus)/deficit for year:				
- General Fund	213		416	
- Housing Revenue Account	(1,492)		1,067	
	<u>(1,279)</u>		<u>1,483</u>	
- Collection Fund	(793)	(2,072)	(115)	1,368
Minimum Revenue Provision	0		(61)	
Movement in capital and reserves	2,136		(1,212)	
		<u>2,136</u>		<u>(1,273)</u>
Interest received	(1,328)	(1,328)	(810)	(810)
Changes to:				
- creditors	609		(1,026)	
- stocks and work in progress	26		(25)	
- debtors	3,025		(101)	
- payments in advance	125		242	
- receipts in advance	514	4,299	(660)	(1,570)
		<u>3,035</u>		<u>(2,285)</u>

2 Movements in Other Current Assets

	Balance Sheet 31/3/2005 £000	2004/2005 Movement £000	Balance Sheet 31/3/2004 £000
Debtors	6,726	3,025	3,701
Creditors	(3,674)	609	(4,283)
Stocks and work in progress	140	26	114
Payments in Advance	491	125	366
Receipts in Advance	(989)	514	(1,503)
	<u>2,694</u>	<u>4,299</u>	<u>(1,605)</u>

3 Movements in Cash and Cash Equivalents

	Balance Sheet 31/3/2005 £000	2004/2005 Movement £000	Balance Sheet 31/3/2004 £000
Cash balances	(908)	1,282	374
Temporary investments	19,222	(1,160)	18,062
	18,314	122	18,436

4 Other Government Grants

	2004/2005 £000	2003/2004 £000
The main Government grants received are as follows:		
Housing	(239)	3,093
Social Housing Grant	0	0
Other	3,109	(474)
	2,870	2,619

5 Capital Expenditure and Income

Capital expenditure appears higher in the Cashflow Statement than in the notes to the balance sheet as gross expenditure on and grants to long term debtors are shown separately here whereas in the balance sheet notes they are netted off.

Housing Revenue Account

This account records the transactions relating to the Council's housing stock. The Local Government and Housing Act 1989, requires its separation, to give a clear picture of the cost of providing homes for council tenants. Housing Revenue Account income and expenditure does not affect the amount of Council Tax levied.

	NOTE	2004/2005		2003/2004	
		£000	£000	£000	£000
Income					
Rents (gross):					
- dwellings		17,679		17,479	
- garages		169		163	
- other		62	17,910	82	17,724
Charges for services and facilities			689		602
HRA subsidy receivable (Including MRA)	6		(5,705)		2,742
Reduced provision for bad debts			0		0
Contributions towards expenditure			0		0
Total Income			12,894		21,068
Expenditure					
Repairs and Maintenance			4,080		3,929
Supervision and Management:					
- general		2,599		2,707	
- special services		1,079	3,678	798	3,505
Rent rebates			484		8,834
Increased provision for bad debts			15		39
Cost of Capital Charge	7		12,184		7,560
Depreciation Of Fixed Assets					
- On dwellings	5	11,431		7,340	
- On other Assets		110	11,541	109	7,449
Total Expenditure			31,982		31,316
Net Cost Of Services			19,088		10,248
Adjusting Transfer from AMRA			(12,040)		(7,448)
Amortised Premiums and Discounts			136		146
Interest:					
- on mortgages		(133)		(127)	
- on balances		(74)	(207)	(21)	(148)
Net Operating Expenditure/(Income)			6,977		2,798
Appropriations					
Transfer to/from Pension Reserve			26		17
Revenue Contributions to Capital Expenditure			0		500
HRA Set-aside (contributions to MRP)			0		61
Transfer to/From Major Repairs Reserve	5		(8,495)		(4,443)
Net Cost of Service For Year			(1,492)		(1,067)

Balances

	2004/2005 £000	2003/2004 £000
Balance at the beginning of the year	2,179	1,112
Surplus/(deficit) for the year	1,492	1,067
Balance at end of year	<u>3,671</u>	<u>2,179</u>

Represented by:

	2004/2005 £000	2003/2004 £000
Housing Revenue Account	3,671	2,179
Housing Repairs Account	0	0
	<u>3,671</u>	<u>2,179</u>

Housing Revenue Account Notes**1 Housing Stock**

	31st March 2005	31st March 2004
Houses and Bungalows		
- 1 bedroom	281	281
- 2 bedrooms	1,434	1,439
- 3 bedrooms	1,889	1,911
- 4+ bedrooms	145	149
Flats		
- 1 bedroom	913	920
- 2 bedrooms	697	710
- 3+ bedrooms	78	78
Total dwellings as at 31st March	<u>5,437</u>	<u>5,488</u>

2 Arrears

The year end position regarding arrears owed to the HRA was:

	31st March 2005 £000	31st March 2004 £000
Rent arrears	812	853
less rent payments in advance	(155)	(177)
less bad debt provision	(618)	(603)
Net arrears position	<u>39</u>	<u>73</u>

3 Movement of Housing Revenue Account Assets

	Council Dwellings	Other Property	Total
	£000	£000	£000
Book Value at 1st April 2004	342,929	5,189	348,118
2004/2005 Expenditure	4,096		4,096
Revaluations	25,559		25,559
Depreciation	(11,431)	(110)	(11,541)
Disposals	(2,919)		(2,919)
Book Value at 31st March 2005	358,234	5,079	363,313

The Balance Sheet value of Council Dwellings at 31 March 2005 was £363,312,650.

The Vacant Possession value of the properties at 31 March 2005 was £651,333,400.

The difference between the Vacant Possession value and the Balance Sheet value of dwellings within the HRA shows the Economic Cost of providing Council Housing at less than open market rents. The Economic Cost of the properties at 31 March 2005 was £280,577,874.

The last full revaluation of Council Dwelling was in 2000/2001. The increase in valuation of the Council's housing stocks reflects the movement in the housing market.

4 Financing of HRA capital expenditure

	£000	£000
Capital receipts	0	
Revenue and Reserves	0	
Other receipts (MRR)	4,845	
	<hr/>	4,845
Less 2002/2003 expenditure financed in 2003/2004		(686)
Add 2003/2004 expenditure financed in 2004/2005		<hr/>
		4,159
Categorised as follows:		
Council Dwellings		4,097
Plant & Equipment		47
Deferred Charges		15
		<hr/> 4,159 <hr/>

5 Major Repairs Reserve

	2004/2005 £000	2003/2004 £000
Brought forward at 1st April	(2,686)	(1,185)
Transfer to Capital	4,845	1,505
HRA Depreciation	(11,541)	(7,449)
Transfer to HRA	8,496	4,443
Carried forward at 31st March	<u>(886)</u>	<u>(2,686)</u>

6 Breakdown of HRA Subsidy

	2004/2005 £000
Management Allowance	1,842
Maintenance Allowance	3,648
Major Repairs Allowance	3,045
ASB Allowance	1
Charges for Capital	301
Rent	(14,526)
Interest on Receipts	(120)
Housing Element	(5,809)
Rent Rebates	0
HRA Subsidy Due 2004/05	(5,809)
Adjustment in respect of 2003/04	(60)
Adjustment in respect of 2001/02	84
HRA Subsidy Due	(5,785)
Defects Subsidy	80
HRA Subsidy receivable (including MRA)	<u>(5,705)</u>

7 Cost of Capital Charge

The cost of capital charge is calculated as 3.5% of the value of HRA operational assets as at 1 April 2004. It represents the cost to the authority of public sector capital tied up in council housing and other HRA assets.

The Collection Fund

The Collection Fund is a statutory fund. It covers Council Tax and Non-Domestic Rate collection and the precepts of Wiltshire County Council, Wiltshire Police Authority, Wiltshire & Swindon Fire Authority and Parish Councils as well as the Council. The cost of collecting the rates and tax are accounted for in the Council's General Fund.

Income and Disbursement Account

	NOTE	2004/2005		2003/2004	
		£000	£000	£000	£000
Income					
Council Tax	1		51,422		47,628
Collectable Business Rates	2		24,329		27,275
Adjustments - Community Charge	3		0		0
			<u>75,751</u>		<u>74,903</u>
Disbursement					
Precepts					
- Salisbury District Council	6	5,226		4,940	
- Wiltshire County Council		37,714		37,245	
- Wiltshire Police Authority		5,339		4,833	
- Wiltshire & Swindon Fire Authority		2,121			
- Parish Councils	5	710	51,110	704	47,722
Share of surplus/(deficit) on Collection Fund					
- Salisbury District Council	4	(77)		(40)	
- Wiltshire County Council		(509)		(253)	
- Wiltshire Police Authority		(66)			
- Wiltshire & Swindon Fire Authority		0	(652)	(30)	(323)
NNDR					
- payment to national pool	2	24,163		27,109	
- cost of collection allowance	2	166	24,329	166	27,275
Bad and Doubtful Debts - Write Offs					
- Provisions			163		142
			8		(28)
Fund surplus/(deficit) for the year					
			793		115
			<u>75,751</u>		<u>74,903</u>
Fund balance b/f					
			(529)		(644)
Surplus/(deficit) for year					
			793		115
Fund balance c/f					
			<u>264</u>		<u>(529)</u>

Notes to the Collection Fund

1 Council Tax

Council Tax is charged according to the Government's valuation of residential properties as at 1st April 1991. Valuations are stratified into eight bands for charging purposes. Individual charges are calculated by estimating the total amount of income required by the Collection Fund's preceptors and dividing this by the Council Tax base. The tax base is the total number of chargeable properties in all valuation bands converted to an equivalent number of band D dwellings, with an allowance made for discounts and exemptions. The average amount of Council Tax required from a property in any tax band is the band D charge £1,154.83 for 2004/2005 (£1,083.03 for 2003/2004) multiplied by the ratio specified for that band. Ratios specified for the bands A to H are as follows:

Band	Ratio
A	6/9
B	7/9
C	8/9
D	9/9
E	11/9
F	13/9
G	15/9
H	18/9

Council Tax was receivable from the following sources:

	£000	£000
Billed to Council Taxpayers	47,172	43,880
Council Tax Benefits	4,251	3,750
Transitional Relief	(1)	(2)
	51,422	47,628

2 National Non-Domestic Rates

Salisbury District Council collects National Non-Domestic Rates from local businesses and organisations and pays them into the Government's central NNDR pool. The amount charged is the Government's national uniform rate of 45.6p in 2004/2005 (44.4p in 2003/2004) multiplied by individual properties' rateable values. There was a general revaluation of properties as at 1 April 2001. The central NNDR pool is redistributed to local authorities, including Salisbury DC, in line with a population-based formula, Salisbury DC's share, a standard amount per head of population (£27.24) multiplied by 115,060 (the District's population) equalled £3,134,090 and was paid directly into the General Fund. The aggregate business valuation for the District at 31st March 2005 is £79,499,416 (£68,182,282 in 2003/2004).

3 Adjustments relating to Community Charges

Although Council Tax replaced Community Charge in April 1993, the authority must still account for residual adjustments in relation to outstanding Community Charges.

4 Collection Fund Surpluses and Deficiencies

Collection Fund surpluses and deficiencies (Council Tax) are shared by all preceptors except where they relate to pre-1st April 1993 (Community Charge) transactions which are Salisbury DC's responsibility.

5 Parish Precepts

	2004/2005 £000	2003/2004 £000
The largest parish precepts were as follows:		
Amesbury Town Council	90	90
Wilton Town Council	65	58
Durrington Parish Council	77	73
Bulford Parish Council	29	36
Salisbury Charter Trustees	33	33
Mere Parish Council	53	48
Downton Parish Council	27	26
Winterslow Parish Council	22	22
Redlynch Parish Council	22	21
Other Parishes (68)	292	297
	710	704

6 Salisbury City

The Salisbury City Special Levy of £521,912 is included in the District Council precept.

Glossary

For the purposes of compiling the Statement of Accounts, the following definitions have been adopted and may be useful to the reader in understanding terminology used in the statement.

Accruals

The recognition of income and expenditure as it falls due, not when cash is received or paid.

Assets

These can be either:

- **Fixed assets** – tangible assets that give benefits to the authority for more than one year;
- **Community assets** – assets without determinate life that the authority intends to hold in perpetuity. They may have restrictions on their disposal. Examples include parks and historic buildings;
- **Infrastructure assets** – inalienable fixed assets such as highways and footways;
- **Non-operational assets** – fixed assets not directly used for service provision. Examples include surplus land and buildings awaiting sale or further development.

Best Value

The Council duty to provide effective and efficient services based on community need and desire.

Budget

The Council's financial plans for the year. Both capital and revenue budgets are prepared and, amongst other things, used as performance measures.

Capital Charges

A charge by the Asset Management Revenue Account to service revenue accounts for their use of assets.

Capital Expenditure

Substantial expenditure producing benefit to the authority for more than one year.

Capital Receipts

The proceeds of the disposal of assets, non-approved investments and the repayment of grants made by the authority.

CIPFA

The Chartered Institute of Public Finance and Accountancy. This is the institute of professional local government accountants and produces standards and codes of practice followed in the production of an authority's accounts.

Code of Practice

Issued by CIPFA, this is a code of proper accounting practice with which local authorities in England and Wales must comply in preparing their financial statements.

Consolidated Balance Sheet

A summary of all the assets, liabilities, funds, reserves etc.

Creditors

Money owed by the authority to others.

Debtors

Money owed to the authority by others.

Depreciation

The writing down of the value of a fixed asset in line with its programmed useful life.

Employee Costs

Pay and associated costs such as national insurance, pension contributions etc.

Estimates

The component parts of the Council's budget.

Exceptional Items

Items that, although usual to the activities of the authority by their nature, need separate disclosure because of their unusual size or incidence.

Extraordinary Items

Material items, needing separate disclosure because they are unusual to the activities of the authority by their nature.

FRS's

Financial Reporting Standards issued by the Accounting Standards Board requiring information to be shown in accounts.

General Fund

The main revenue fund of the authority which shows income from and expenditure on the Council's day to day activities. It excludes the provision of housing which must be charged to a separate Housing Revenue Account.

Government Grants

The amounts of money the authority receives from the Government and inter-government agencies to help fund both general and specific activities.

Government Grants Deferred

Capital grants which are credited to the balance sheet and amortised to revenue over the life of the relevant asset to offset provisions made for depreciation.

Gross Expenditure

Expenditure before deducting any related income.

Housing Revenue Account

The account which sets out the expenditure and income on the provision of housing. Other services are charged to the General Fund.

Leases

These may be finance leases that transfer the risks and rewards of ownership of an asset to the authority. Alternatively, they may be operating leases that are more akin to a hire agreement.

Liabilities

Amounts the authority either owes or anticipates owing to others, whether they are due for immediate payment or not.

Long Term Contracts

A contract that, once entered into, will take longer than the current period of account to complete.

Minimum Revenue Provision

Statute requires revenue accounts to be charged with a Minimum Revenue Provision of 4% for General Fund and 2% for the Housing Revenue Account as a notional redemption cost of all external loans.

Net Expenditure

Gross expenditure less directly related income.

Precept

The amount of income demanded of the Collection Fund by an authority entitled to that income.

Preceptor

An authority entitled to demand money of the Collection Fund. The preceptors on Salisbury District Council's Collection Fund are the Council itself (including City Area Special Levy), Wiltshire County Council, Wiltshire Police Authority, Wiltshire & Swindon Fire Authority and Parish Councils.

Provisions

Amounts held in reserve against specific potential liabilities or losses where there is uncertainty as to amounts and/or due dates. Payment to a provision is counted as service expenditure.

Rateable Value

Assessment by the Inland Revenue of a property's value from which rates payable are calculated.

Reserves

Amounts prudently held to cover potential liabilities. Payments to reserves are not counted as service expenditure.

Revenue Expenditure

Day to day running costs of services.

Revenue Income

Day to day income received for services.

Revenue Support Grant

A Government grant paid towards the cost of General Fund services.

Running Expenses

The cost of running a service less employee expenses and capital charges.

SSAP

Standard Statements of Accounting Practice. These are agreed by accounting bodies and describe standard treatment to be used in the preparation of the accounts.

Useful Life

The anticipated period that an asset will continue to be of benefit.