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Report

Subject: : Annual Accounts and Statement of Internal Control 2005/2006

Report to : The Cabinet

Date : 07 June 2006

Authors : Alan Osborne and Matthew Tiller

Cabinet Member for Resources : Councillor Culver

1. Purpose of Report:

- 1.1 The purpose of the report is to present the 2005/2006 Statement of Accounts for Cabinet consideration and approval subject to full Council.

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).

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 2005/2006 within three months of the financial year end i.e. by 30th June 2006.
- 3.3 The 2005/2006 Statement of Accounts is still subject to external audit by the Audit Commission, by 30th September 2006. Subsequent changes, if significant, will be reported at a later date. The draft Statement of Accounts is attached at **Appendix A**.



Awarded in:
Housing Services
Waste and Recycling Services



4. Key Issues Arising:

4.1 Fixed Assets

The total of fixed assets has increased in 2005/2006 by a net £14.5 million. This comprises £21.0 million of Revaluations (mainly Council Houses) and £7.9 million of capital investment in assets less £13.7 million of depreciation and £0.7 million book value of disposals.

4.2 Current Liabilities

Capital Creditors have increased by £548,000 largely due to amounts owing on housing refurbishments at the year end.

4.3 Useable Capital Receipts

These are capital receipts which have not been spent or set aside to repay debt. They are therefore available to fund capital expenditure. In the year the Council received £2.3 million of Capital receipts, but used £5.6 million on assets. This decreased the useable capital receipts balance to £7.6 million.

4.4 City Area Reserves

£450,000 has been ring-fenced into a City earmarked capital reserve. Additionally, City Area has underspent by £67,000 which increases City Reserves.

4.5 General Fund Balances / Consolidated Revenue Account

The Consolidated Revenue Account shows a draw from reserves of £149,000. This is £224,000 less than budgeted for due to the underspend of £223,000. The detailed breakdown of this variance is included in the report on Revenue and Capital Outturn elsewhere on this agenda. This leaves a year end balance of £1,295,000 which is in line with the Council's policy on reserves.

4.6 Housing Revenue Account (HRA)

This has increased by £1.9 million in line with the HRA business plan, which originally budgeted to return £1.7 million to reserves. In addition further underspends in the HRA have contributed.

4.7 Pensions Reserve

There is a decrease in the total net liability this year, which has decreased from £19.2 million to £18.6 million. This accounting deficit differs from the actuarial deficit which the Council is aiming to eliminate over 20 years.

4.8 Stock Option Transfer

The Council is currently undertaking a stock transfer exercise to determine the future of its housing stock. As at the 31 March 2006 £293,000 is shown on the balance sheet as a payment in advance. It is estimated that a total of £600,000 will be spent up to the ballot. The result of the ballot will determine the future accounting treatment.

5. Recommendation:

- 5.1 That the Statement of Accounts for the financial year ended 31st March, 2006 be approved.

6. 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:

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 2006 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 2005/2006 are in the Statement of Accounting Policies and the various notes to the accounts.



Awarded in:
Housing Services
Waste and Recycling Services



2 Revenue

In respect of net revenue expenditure, the Council's 2005/2006 revised budget and actual spending figures were as follows:

Portfolio	Original Budget £	Revised Budget £	Actual £	Difference £
Resources including central contingency	1,369,730	(307,270)	174,119	481,389
Community & Housing	4,114,580	5,374,280	4,849,001	(525,279)
Planning & Economic Development	2,995,980	2,892,040	2,841,841	(50,199)
Environment & Transport	3,421,810	4,099,390	3,970,653	(128,737)
Portfolio Totals	11,902,100	12,058,440	11,835,614	(222,826)
Funded by:				
Revenue Support Grant	(3,304,541)	(3,304,541)	(3,306,036)	(1,495)
National Non-Domestic Rates	(3,346,048)	(3,346,048)	(3,346,048)	0
Collection Fund (Surplus)/ Deficit	(25,662)	(25,662)	(25,662)	0
Collection Fund Transfer	(5,009,002)	(5,009,002)	(5,009,002)	0
(Surplus)/ Deficit for Year per Consolidated Revenue Account	216,847	373,187	148,866	(224,321)

This outturn variation of £222,826 is 1.8% below the revised net budget for 2005/2006. More about the Council's revenue spending on services is given, with notes, in the Consolidated Revenue Account on pages 11 to 18.

3 Major Revenue Variations

Details of main variations to the revised budget are highlighted below:

Land Charges income £118,000 overspend. This is due to lower than budgeted income and has been reflected in the 2006/2007 budget.

Council Offices Repairs and Maintenance £122,000 overspend. The major component of this is repairs and maintenance to the Council's buildings. An adjustment of £100,000 has been included in the 2006/2007 budget.

Customer Services Employee Costs £86,000 overspend. This reflects the additional investment in council wide rationalisation of customer services. As a consequence this is partially offset by a series of underspends in other budgets. This will be reviewed as part of the 2007/2008 budget setting process.

Housing Benefits £454,000 underspend. This is made up several items. The major item is £243,000 of benefit recoveries. These have increased from £521,000 in 2005/2006 to £721,000 in 2006/2007. This will be reviewed during 2006/2007. Adjustments have been made for other items in 2006/2007 that are not non-recurring items.

Transportation Employee Costs £93,000 underspend This is due to staff vacancies in the joint transportation team.

4 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 £8.751m of its expenditure in 2005/2006 as capital.

5 Capital Financing and Debt-Free Status

This Council has been free of any external debt since 1998. The Prudential system allows councils to determine their own levels of debt subject to affordability. The Government reserves the right to limit overall council debt, based on its public sector borrowing requirement. In 2005/2006, the Council funded its capital expenditure by capital receipts (51.4%), major repair reserve (39.7%), revenue (4.6%) and other sources (4.3%).

6 Best Value Accounting Code of Practice (BVACOP)

The 2005/2006 Statement of Accounts has been prepared in accordance with the requirements of the 2005 Best Value Accounting Code of Practice (BVACOP).

7 Pensions

There is a decrease in the total net liability this year, which has decreased from £19.2m to £18.6m. The decrease is lower than would otherwise be expected due to the change in the financial assumptions underlying the present value of the scheme values.

Further details of the pensions liability 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.

8 Stock Option Transfer

The Council is currently undertaking a stock transfer exercise to determine the future of its housing stock. This will culminate in a formal ballot of tenants in October 2006, which may result in the control of the housing stock moving from the Council to a newly formed Social Landlord (South Wiltshire Homes). Should the tenants vote to transfer the stock, this will result in a substantial reduction to fixed assets.

As at the 31 March 2006 £293,000 is shown on the balance sheet as a payment in advance. It is estimated that a total of £600,000 will be spent up to the ballot. The result of the ballot will determine the future accounting treatment.

9 Further Information

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

Financial Services
The Council House,
Bourne Hill,
Salisbury,
Wiltshire SP1 3UZ
fsmail@salisbury.gov.uk

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 2005/2006 are 3.5% of the current value. (3.5% in 2004/2005).

Where the authority will benefit for more than one year, the expenditure on intangible fixed assets (assets with no physical substance) is capitalised, and the balance is amortised over the economic life of the investment to reflect the pattern of consumption of benefits.

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. Garages and 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.

Intangible Assets. These are depreciated on a straight line basis over 5 years.

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 2005/2006 was 4.58708% (2004/2005 4.59177%) plus debt management expenses of 0.2% (2004/2005 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 2006, the Council had £18.355 million invested, £4 million of which was invested by the in-house team, nothing on the overnight money market and the remainder with Invesco (External Fund Managers appointed by the Council during 1999/2000). The total interest earned in 2005/2006 was £1.098 million, 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 29. 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 2006 is made up as follows:

	2005/2006 £000	2004/2005 £000
General Fund debtors	486	469
Housing Rent arrears	536	618
Council Tax arrears	227	363
Community Charge arrears	371	371
NNDR arrears	144	126
TOTAL	1,764	1,947

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.

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 and has continued since then. 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).

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 2006.

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 2006 and the income and expenditure for the year ended on that date.

Alan Osborne
Head of Financial Services

7th June 2006

STATEMENT ON THE SYSTEM OF INTERNAL CONTROL

This will be taken to audit committee on 15 June 2006

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 2004. 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 Council 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 whether the statement on internal control covers all risks and controls or to form an opinion on the effectiveness of the Council'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 Council in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Council's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the 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

This will be inserted following the audit of the accounts.

Certificate

I certify that I have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1988 and the Code of Audit Practice issued by the Audit Commission.

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	2005/2006		Net Expenditure £000	2004/2005 Net Expenditure £000
		Expenditure £000	Income £000		
Central Services to the Public	1a	2,251	(1,816)	435	467
Cultural, Environment & Planning	1b	17,047	(6,076)	10,971	10,632
Highways, Roads & Transport Services	1c	3,561	(3,902)	(341)	(747)
Housing Services General Fund	1d	29,440	(27,041)	2,399	2,194
Housing Services HRA	1e	39,142	(19,466)	19,676	19,163
Corporate & Democratic Core	1f	3,657	(688)	2,969	2,967
Non-distributed Costs	1g	941	(41)	900	1,375
Net Cost of Service		96,039	(59,030)	37,009	36,051
Pension Interest Costs and Expected Return on Assets				261	(170)
City Special Levy				528	522
Parish Precepts				770	710
Amortised Premiums & Discounts				41	136
Transfer to/from Major Repairs Reserves				(8,918)	(8,496)
Asset Management Revenue Account	7			(14,547)	(14,125)
Contribution of Housing Capital receipt to Government Pool				837	526
Interest Receivable	11			(1,084)	(1,118)
Net Operating Expenditure				14,897	14,036
Contribution from Pension Reserve				(367)	(25)
Transfer from Useable Capital Receipts equal to the contribution to the Housing Pooled Capital Receipts				(837)	(526)
HRA contribution (from)/to balances				1,895	1,492
Revenue Contribution to Capital Expenditure				310	0
Transfer from Transportation Reserve				(196)	0
financing reserves for:					
Deferred charges				(941)	(1,091)
Depreciation				(1,627)	(1,426)
Amount to be met from Government				13,134	12,460
Grant & Local Taxation					
Demand on Collection Fund				(6,333)	(5,859)
Contribution from National Non-Domestic Rate Pool				(3,346)	(3,134)
Revenue Support Grant				(3,306)	(3,254)
(Surplus)/Deficit for Year				149	213

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

		2005/2006		2004/2005
	NOTES	Expenditure £000	Income £000	Net Expenditure £000
Central Services to the Public				
Local Tax Collection		1,914	(1,458)	506
Elections		125	(5)	101
Emergency Planning		20	0	4
Local Land Charges		192	(353)	(144)
Total Central Services to the Public	1a	2,251	(1,816)	467
Cultural, Environment & Planning				
Cultural & Related				
Cultural & Heritage		1,700	(749)	971
Recreation & Sport	15	3,637	(1,673)	1,753
Open Spaces		695	(150)	618
Tourism		595	(152)	491
Environmental Services				
Cemetery, Cremation and Mortuary		344	(538)	(163)
Environmental Health		1,516	(299)	1,268
Community Safety (Crime Reduction)		414	0	391
Flood Defence & Land Drainage		42	0	43
Street Cleansing		1,002	(22)	898
Waste Collection		3,148	(762)	2,191
Planning & Development Services				
Building Control		556	(391)	70
Development Control		1,625	(721)	927
Planning Policy		627	(41)	512
Environmental Initiatives		36	(2)	50
Economic Development		567	(481)	142
Community Development		543	(95)	470
Total Cultural, Environment & Planning	1b	17,047	(6,076)	10,632
Highways, Roads & Transport Services				
Transport Planning, Policy & Strategy		0	0	0
Street Lighting		0	0	0
Parking Services		2,987	(3,899)	(1,336)
Public Transport		574	(3)	589
Total Highways, Roads & Transport Services	1c	3,561	(3,902)	(747)

		2005/2006		2004/2005
NOTES	Expenditure £000	Income £000	Net Expenditure £000	Net Expenditure £000
Housing Services General Fund				
Housing Strategy	1,943	(982)	961	845
Housing Advances	0	0	0	0
Private Sectors Housing Renewal	357	0	357	347
Homelessness	629	(237)	392	339
Housing Benefit Payments	23,665	(24,511)	(846)	(584)
Housing Benefits Administration	968	(4)	964	831
Other Council Property	1,514	(1,082)	432	288
Welfare Services	364	(225)	139	128
Total Housing Services General Fund	1d	29,440	(27,041)	2,399
Housing HRA				
Dwellings Rents(Gross)	0	(18,093)	(18,093)	(17,683)
Non-dwellings Rents(Gross)	0	(221)	(221)	(228)
Other Charges for Services and Facilities	0	(638)	(638)	(610)
Contributions towards Expenditure	0	0	0	15
HRA Subsidy Receivable	5,610	(80)	5,530	5,705
Repairs and Maintenance	4,184	(80)	4,104	4,081
Supervision and Management	2,869	(195)	2,674	2,554
Special Services	1,250	(77)	1,173	1,000
Rents, Rates, Taxes and other charges	0	0	0	98
Rent Rebates	462	0	462	484
Increased Provision for Bad or Doubtful Debts	0	(82)	(82)	15
Cost of Capital Charge	12,716	0	12,716	12,184
Depreciation and Impairments of Fixed Assets	12,051	0	12,051	11,548
Total Housing Service HRA	1e	39,142	(19,466)	19,676
Corporate & Democratic Core				
Democratic Representation & Management	1,802	(609)	1,193	1,190
Corporate Management	1,855	(79)	1,776	1,777
Total Corporate & Democratic Core	1f	3,657	(688)	2,967
Total Non-distributed Costs	1g	941	(41)	1,375
NET COST OF SERVICE		96,039	(59,030)	37,009
				36,051

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.

	2005/2006 £000	2004/2005 £000
Balance b/f 1st April	427	320
Precept income	528	522
Other income	46	10
	1,001	852
Less expenditure	(422)	(425)
Transfer to earmarked capital reserve	(450)	
Balance c/f 31st March	129	427

Note 3 Leasing

Leasing rentals paid to lessors during 2005/2006 totalled £987,000. The Authority was committed at 31 March 2006 to making payments of £3,339,000 under operating leases in 2005/2006, comprising the following elements:

	<i>Other Land & Buildings</i> £000	<i>Vehicles, Plant & Equipment</i> £000
<i>Leases expiring in 2006/2007</i>	-	169
<i>Leases expiring between 2007/2008 and 2010/2011</i>	-	1,905
<i>Leases expiring after 2010/2011</i>	-	1,265

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:

	2005/2006 £000	2004/2005 £000
Grants to local individuals and groups	150	155
Village Enhancement Schemes	0	0
	150	155
Spending Limit	220	220

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.

	2005/2006 £000	2004/2005 £000
Public Relations improvement	65	92
Staff advertising	104	134
Promotion of Tourism	29	28
Other advertising	108	90
Other Marketing and Promotion	105	94
	<u>411</u>	<u>438</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 2005/2006.

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.

	2005/2006 £000	2004/2005 £000
Income		
General Fund	(3,582)	(3,516)
Housing Revenue Account	(24,799)	(23,725)
	<u>(28,381)</u>	<u>(27,241)</u>
Expenditure		
External Interest	4	4
Depreciation	13,695	12,968
Item 8 Debit	135	144
Surplus transferred to Consolidated Revenue Account	<u>(14,547)</u>	<u>(14,125)</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:

	2005/2006	2004/2005
£50,000 to £59,999	2	1
£60,000 to £69,999	0	3
£70,000 to £79,999	4	0
£80,000 to £89,999	0	1
£90,000 and over	0	0
	<u>6</u>	<u>5</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

All staff are eligible to join the Local Government pension scheme (LGPS), which is administered by Wiltshire County Council (the Wiltshire Pension Fund). The Fund is a defined benefit scheme, providing members with benefits based on length of service and final salary. The Fund's actuary (Hymans Robertson) carries out a valuation of the Fund every 3 years, as required by government Regulations. This determines the contribution rates, which are set to meet 100% of the liabilities.

In 2005/2006 the Council paid Employers contributions of £1.954m (16.2% of pensionable pay). This amount has been charged to the CRA, prior to the adjustments required by FRS17. The amounts determined by the actuary to be charged to the revenue account under FRS17 were as follows:

Amounts Charged to CRA	Year to		Year to	
	31 March 2006	31 March 2006	31 March 2005	31 March 2005
	£000	% of Payroll	£000	% of Payroll
Service Costs	2,057	17.7%	1,890	16.8%
Curtailments and Settlements	161	1.4%	50	0.4%
Past Service Costs	84	0.7%	0	0.0%
Total Operating Charge (A)	2,302	19.8%	1,940	17.2%
Amount Credited to Other Finance Income	Year to		Year to	
	31 March 2006	31 March 2006	31 March 2005	31 March 2005
	£000	% of Payroll	£000	% of Payroll
Expected return on Employer Assets	3,609	31.0%	3,300	29.5%
Interest on Pension Scheme Liabilities	(3,870)	(33.3%)	(3,130)	(27.9%)
Net Return (B)	(261)	(2.2%)	170	1.6%
Net Revenue Account Cost (A)-(B)	2,563	22.0%	1,770	15.6%

These FRS17 amounts are then reversed out by a contribution to/from the Pensions reserve, so that they have no impact on the Council Tax.

Further information on the pensions liability can be found in note 16 to the Balance sheet and in the Statement of Movement in Reserves.

Further information can be found in the Annual Report and Financial Statements of the Wiltshire Pension Fund for 2005/2006.

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 £1.245m.

Note 12 Members' Allowances

The total of Members' Allowances paid in the year was £415,688.

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

Expenditure	2005/2006			2004/2005
	Chargeable £000	Non Chargeable £000	Total Building Control £000	
Employee Expenses	297	74	371	376
Premises	0	5	5	2
Transport	21	6	27	26
Supplies and Services	18	9	27	29
Agency and Contracted Services	10	0	10	19
Central and Support Service Recharges	93	23	116	72
TOTAL EXPENDITURE	439	117	556	524
Income				
Building Regulations Charges	(391)	0	(391)	(454)
TOTAL INCOME	(391)	0	(391)	(454)
(Surplus)/ Deficit for Year	48	117	165	70

Note 14 Audit Fees

The audit of the Statement of Accounts is carried out by the Audit Commission. The following fees were payable during 2005/2006 relating to external audit and inspection.

	2005/2006 £000	2004/2005 £000
External Audit Services	94	89
Statutory Inspection	0	11
Certification of Grant Claims and Returns	17	32
	111	132

Note 15

Transport Act 2000

Income and expenditure is split between on-street and off-street sources. The off-street forms part of the general fund, and on-street income is required statutorily to be ring-fenced and used solely for transportation expenditure. This note shows the amount received and expended on the on-street account during 2005/2006.

	2004/2005 Balance 1 April £000	Expenditure During Year £000	Income During Year £000	2005/2006 Balance 31 March £000
On Street Parking	(268)	420	(603)	(451)
Residents Parking	139	102	(58)	183
Intelligent Transport System	(216)	81	0	(135)
	(345)	603	(661)	(403)

Consolidated Balance Sheet

This statement summarises the Council's assets and liabilities at 31st March for the years 2006 and 2005

	NOTES	31st March 2006		31st March 2005	
		£000	£000	£000	£000
Fixed Assets					
Intangible Assets			2,365		
Operational assets					
- Council dwellings & Garages		375,954		363,313	
- Other land and buildings		44,321		43,614	
- Vehicles, plant, furniture and equipment		2,255		3,522	
- Infrastructure		1,533		1,519	
- Community Assets		42	424,105	42	412,010
Non-operational assets			7,629		7,629
	1 & 2		<u>434,099</u>		<u>419,639</u>
Deferred Charges	3		0		0
Long term debtors	4		2,413		2,649
Total Long Term Assets			<u>436,512</u>		<u>422,288</u>
Current Assets					
Stocks and work in progress	8	166		140	
Temporary investments		18,355		19,222	
Debtors	9	6,407		6,726	
Payments in advance		740		491	
Cash and Bank		492		102	
		<u>26,160</u>		<u>26,681</u>	
Current Liabilities					
Creditors	10	(4,424)		(3,478)	
Cash Overdrawn		(1,106)		(1,010)	
Receipts in Advance		(1,506)		(1,185)	
		<u>(7,036)</u>		<u>(5,673)</u>	
Net Current Assets			19,124		21,008
Long Term Liabilities					
Trust Funds	13	(46)		(45)	
Pension Fund Liability	16	(18,561)		(19,230)	
Planning Deposits		(3,358)		(2,966)	
			(21,965)		
Deferred Credits					
Deferred capital receipts	14	(2,160)		(2,360)	
Other Deposits		(71)		(84)	
Deferred Liability		(27)	(2,258)	(30)	(2,474)
Total Assets less Liabilities			<u>431,413</u>		<u>418,581</u>
Financed by					
Useable capital receipts			7,565		10,895
Fixed asset restatement account			370,899		350,647
Capital financing account			63,201		68,728
City Earmarked Capital Reserves			450		0
Major Repairs Reserve			507		886
Specific reserves			785		1,276
Balances - General Fund			1,295		1,444
- Collection Fund	15		(294)		264
- Housing Revenue Account			5,566		3,671
Pension Reserve	16		(18,561)		(19,230)
Total Equity			<u>431,413</u>		<u>418,581</u>

Alan Osborne
Head of Financial Services

Notes to Consolidated Balance Sheet

1 Movement of Fixed Assets 2005/2006

	Intangible Assets £000	Council Dwellings & Garages £000	Other Land & Buildings £000	Vehicles, Plant etc. £000	Infras-structure £000	Community Assets £000	Non-Operational Assets £000	Total £000
Book Value at 1st April 2005	0	363,313	43,614	3,522	1,519	42	7,629	419,639
2005/2006 Expenditure	938	3,510	2,485	956	14	0	0	7,903
Revaluations	0	21,897	(930)	0	0	0	0	20,967
Category Adjustments	1,609	0	0	(1,609)	0	0	0	0
Depreciation	(182)	(12,051)	(848)	(614)	0	0	0	(13,695)
Disposals	0	(715)	0	0	0	0	0	(715)
Book Value at 31st March 2006	2,365	375,954	44,321	2,255	1,533	42	7,629	434,099

2 Financing of Capital Expenditure

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

Financing of capital expenditure	31st March 2006		31st March 2005	
	£000	£000	£000	£000
Opening Capital Financing Requirement		264		(1,707)
Capital Investment				
Operational Assets	7,903		6,400	
Non-Operational Assets	0		0	
Deferred Charges	941		1,091	
		8,844		7,491
Sources of Finance				
Capital Receipts	(4,545)		(3,160)	
Government Grants and Other Contributions	(385)		(428)	
Revenue Provision	(3,914)		(4,910)	
		(8,844)		(8,498)
Transfer of PCL (see below)		(264)		2,978
Closing Capital Financing Requirement		0		264
Explanation of Movements in the Year				
Increase / (decrease) in underlying need to borrow (unsupported by Government financial assistance)		(264)		1,971
Increase / (decrease) in Capital Financing Requirement		(264)		1,971

Following an independent review of the balance sheet by Sector Ltd, which confirmed that the Council had a zero capital financing requirement as at 31 March 2005, a transfer of £264,000 from usable capital receipts was required to reflect this.

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.

	2004/2005 £000	Expenditure Discharged £000	£000	2005/2006 £000
Housing Grants	0	0	0	0
Other General Fund Items	0	941	(941)	0
Deferred Charges in Year	0	941	(941)	0

4 Long Term Debtors

	2004/2005 Balance 1 April £000	Expenditure During Year £000	Income During Year £000	2005/2006 Balance 31 March £000
Mortgages				
- Public Sector	2,467	205	(402)	2,270
- Private Sector	12	0	(3)	9
	2,479	205	(405)	2,279
Early Retirement Payments in Advance	119	59	(59)	119
Car Loans to Employees due over 1 year	51	0	(36)	15
Total Long Term Debtors	2,649	264	(500)	2,413

5 Capital Commitments

At 31st March 2006, the Council was contractually committed to expenditure amounting to approximately £1,233,000.

	£000
Resources	506
Community & Housing	58
Planning & Economic Development	0
Environment & Transportation	35
City	0
Housing Revenue Account	634
	1,233

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 2006, the Authority is not aware of any material change in value and therefore the valuations have not been updated.

	Intangible Assets £000	Council Dwellings & Garages £000	Other Land & Buildings £000	Vehicles, Plant etc. £000	Infra-structure £000	Community Assets £000	Non-Operational Assets £000	Total £000
Valued at historical cost	2,365		7,094	2,255	1,519	42		13,275
Valued at current cost in:								
2005/2006		25,407	0	0	14	0	0	25,421
2004/2005		345,577	0					345,577
2003/2004		4,970	18,692					23,662
2002/2003			18,535				7,629	26,164
2001/2002								0
2000/2001								0
Book Value at 31st March 2006	2,365	375,954	44,321	2,255	1,533	42	7,629	434,099

8 Stocks

	2005/2006 £000	2004/2005 £000
Stocks		
- Salisbury Commercial Services	60	40
- Others	106	100
	<u>166</u>	<u>140</u>

9 Debtors

	2005/2006 £000	2004/2005 £000
Other local authorities	162	104
Government departments	3,750	4,431
Ratepayers and taxpayers	1,967	2,031
Tenants	699	663
Mortgagees	0	0
Sundry debtors	1,536	1,298
Car loans to employees	27	40
Accrued interest	30	35
Other public bodies	0	71
	<u>8,171</u>	<u>8,673</u>
Less: provision for bad debts	(1,764)	(1,947)
	<u>6,407</u>	<u>6,726</u>

10 Creditors

	2005/2006 £000	2004/2005 £000
Other local authorities	513	283
Government departments	944	996
Other public bodies	29	35
Utilities	46	94
Capital schemes	1,233	685
Sundry creditors	1,659	1,385
	<u>4,424</u>	<u>3,478</u>

11 Net Assets Employed

The net assets employed by the Council are analysed below:

	2005/2006 £000	2004/2005 £000
General Fund	(47,796)	(49,280)
Housing Revenue Account	(383,617)	(369,301)
	<u>(431,413)</u>	<u>(418,581)</u>

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	58	12	46
Trust Funds held on the Balance Sheet			<u>46</u>

The Assets of the Bemerton Playing Field Fund were valued at 31/3/2006 and the external investments were:

	£
2.5% Consolidated Stock	231
9% Treasury Stock 2008	33,180
M&G Securities Ltd Charifund Inc	186,585
	<u>219,996</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.

	2005/2006 £000	2004/2005 £000
Salisbury District Council	(5)	60
Wiltshire County Council	(241)	170
Wiltshire Police Authority	(34)	24
Wiltshire & Swindon Fire Authority	(14)	10
	<u>(294)</u>	<u>264</u>

16 Pension Fund

The underlying assets and liabilities for the retirement benefits attributable to the Authority as at 31st March 2006 are as follows:

Local Government Pension Scheme	31 March 2006	31 March 2005	31 March 2004
	£000	£000	£000
Estimated Employer Assets (A)	65,894	52,410	47,300
Present Value of Scheme Liabilities	81,227	68,620	54,560
Present Value of Unfunded Liabilities	3,228	3,020	2,450
Total Value of Liabilities (B)	84,455	71,640	57,010
Net Pension Asset/(Liability) (A)-(B)	(18,561)	(19,230)	(9,710)

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 based on the full actuarial valuation of the fund carried out at 31 March 2004. This estimates the pensions that will be payable in future years dependant on certain assumptions. The main assumptions used in the calculations are:

Assumptions as at	31 March 2006	31 March 2005	31 March 2004
	% per annum	% per annum	% per annum
Price Increases	3.1%	2.9%	2.9%
Salary Increases	4.6%	4.4%	4.4%
Pension Increases	3.1%	2.9%	2.9%
Discount Rate	4.9%	5.4%	6.5%

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 Return	Fund Value at 31 March 2006	Long Term Return	Fund Value at 31 March 2005
	% per annum	£000	% per annum	£000
Equities	7.4%	46,530	7.7%	36,370
Bonds	4.6%	12,168	4.8%	10,160
Property	5.5%	5,979	5.7%	4,450
Cash	4.6%	1,218	4.8%	1,420
Total	6.7%	65,895	6.9%	52,400

At 31 March 2006, the Wiltshire Pension Fund had a market value of £1,029.4 million.

The movement in the liabilities in the Pension Fund are as follows:

Movement in Surplus/Deficit During the Year	Year to 31 March 2006	Year to 31 March 2005
	£000	£000
Surplus/(deficit) at beginning of the year	(19,230)	(9,710)
Current service cost	(2,057)	(1,890)
Employer contributions	2,007	1,790
Contributions in respect of Unfunded Benefits	202	200
Past Service Costs	(84)	0
Impact of Settlements & Curtailments	(161)	(50)
Net return on assets	(261)	170
Actuarial gains/(losses)	1,023	(9,740)
Surplus/(deficit) at end of year	(18,561)	(19,230)

Statement of Total Movement in Reserves

This statement brings together all the recognised gains and losses of the authority during 2005/2006 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	City Capital Earmarked Reserve	Major Repairs Reserve	General Fund	Specific Reserves & Other Balances	Housing Revenue Account	£000
	£000	£000	£000	£000	£000	£000	£000	£000	£000
	1	2	3		4		5		
Balance at 1st April 2005	(350,647)	(68,728)	(10,895)	0	(886)	(1,444)	(1,276)	(3,671)	(437,547)
Net (surplus)/deficit for year						149	41	(1,895)	(1,705)
Unrealised (gain)/loss from asset revaluation	(20,967)	13,695			(12,051)				(19,323)
Effects of disposals of fixed assets	715								715
Cost or value of assets disposed of									0
Receipts from asset disposal			(1,479)						(1,479)
Net (surplus)/deficit on disposals	(20,252)	13,695	(1,479)	0	(12,051)				(20,087)
Other receipts and loan repayments									0
Financing of expenditure		(7,904)	4,545		3,512				153
Transfers between deferred grant and contributions									0
Other adjustments		(264)	264	(450)	8,918		450		8,918
Balance at 31st March 2006	(370,899)	(63,201)	(7,565)	(450)	(507)	(1,295)	(785)	(5,566)	(450,268)

Collection Fund Surplus 294
Pension Fund Reserve 18,561

Total Equity shown on Consolidated Balance Sheet **(431,413)**

Details of the movement on the Pension Reserve can be found in note 16 to the Consolidated Balance Sheet. Further detail can be found in note 6 below.

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.

	2005/2006 £000	2004/2005 £000
Brought forward at 1st April	(350,647)	(332,070)
Unrealised (gain)/loss on asset revaluation	(20,967)	(24,859)
Disposals	715	6,282
Carried forward at 31st March	<u>(370,899)</u>	<u>(350,647)</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.

	2005/2006 £000	2004/2005 £000
Balance at 1st April		(77,266)
Transfer of PCL		2,978
Capital financing		
- capital receipts	(4,545)	(3,161)
- Major Repairs Reserve	(3,512)	(4,845)
- revenue and reserves	(403)	(64)
- grants	(385)	(428)
Depreciation		12,967
Deferred Charges written off in year		1,091
Balance at 31st March		<u>(68,728)</u>

3 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.

	2005/2006		2004/2005
	£000	£000	£000
Balance at 1st April		(10,895)	(5,146)
Receipts during the year			
- disposal of land and buildings	(1,479)		(5,932)
- Housing Pooled Capital Receipt	(837)		(526)
- transfer of PCL		(2,316)	(2,978)
Less			
- receipts set aside	4,545		3,161
- Spent/applied to deferred grant			0
- transfer to CRA equal to contribution to Housing Pooled Capital receipt	837		526
- transfer of PCL	264		0
		5,646	
Balance at 31st March		(7,565)	(10,895)

4 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.

	2005/2006	2004/2005
	£000	£000
Brought forward at 1st April	(886)	(2,686)
Transfer to Capital	3,512	4,845
HRA Depreciation	(12,051)	(11,541)
Transfer to HRA	8,918	8,496
Carried forward at 31st March	(507)	(886)

5 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 1/4/2005 £000	To Reserves £000	From Reserves £000	Balance 31/3/2006 £000
The movements in revenue reserves in the year were:				
City Committee Special Reserve	(427)	(561)	859	(129)
Transportation Reserve	(793)	0	196	(597)
City Cemetery Reserve	(28)	(15)	3	(40)
Running Track Reserve	(28)	0	9	(19)
	(1,276)	(576)	1,067	(785)

During the year £450,000 was transferred from the City Committee Special Reserve into a City Capital Earmarked Reserve.

6 Pension Reserve

The actuarial gain on the Pensions Reserve of £1.023m (note 16, Balance Sheet) can be analysed into the following categories, measured as a percentage of assets or liabilities:

	Year to 31 March 2006	Year to 31 March 2005	Year to 31 March 2004	Year to 31 March 2003
Difference between the expected and actual return on assets	8,911	2,250	9,610	(11,790)
Value of Assets	65,894	52,410	47,300	33,950
Percentage of Assets	13.5%	4.3%	20.3%	(34.7%)
Experience Gains/(Losses) on Liabilities	1,008	(1,060)	(250)	(2,040)
Total Present Value of Liabilities	84,455	71,640	57,010	51,570
Percentage of Total Present Value of Liabilities	1.2%	(1.5%)	(0.4%)	(4.0%)
Total Actuarial Gains/(Losses) recognised in the STRGL	1,023	(9,740)	9,360	(13,830)
Total Present Value of Liabilities	84,455	97,640	57,010	51,570
Percentage of Total Present Value of Liabilities	1.2%	(13.6%)	16.4%	(26.8%)

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	2005/2006		2004/2005	
		£000	£000	£000	£000
Revenue Activities					
Cash outflows					
Cash paid to and on behalf of employees		15,566		14,774	
Other operating cash payments		35,442		33,412	
Housing Benefits paid out		25,095		23,746	
Non-Domestic Rate payments to national pool		26,690		24,329	
Precept paid		49,266	152,059	45,831	142,092
Cash inflows					
Council Tax Receipts		(54,817)		(51,526)	
Non-Domestic Rate receipts		(29,004)		(26,901)	
Revenue Support Grant		(3,306)		(3,254)	
Rents (after rebates)		(18,239)		(18,015)	
DWP grants for rebates		(24,515)		(23,015)	
Other Government grants	4	(1,962)		2,827	
Cash received for goods and services	1	(21,218)	(153,061)	(19,173)	(139,057)
			(1,002)		3,035
Servicing of Finance					
Cash inflows					
Interest received		(1,321)	(1,321)	(1,328)	(1,328)
Capital Activities					
Cash outflows					
Purchase of fixed assets		8,296		7,836	
		8,296		7,836	
Cash inflows					
Sale of fixed assets		(1,279)		(5,932)	
Deferred charges and other capital cash receipts		(941)		(1,091)	
Long-term debtors		(200)		48	
		(2,420)	5,876	(6,975)	861
Net cash outflow/(inflow) before financing			3,553		2,568
Financing					
Cash outflows					
Financing of expenditure			(2,980)		(2,446)
Decrease/(increase) in cash	3		573		122

Notes to Cashflow Statement

1 Revenue Reconciliation

	2005/2006		2004/2005	
	£000	£000	£000	£000
(Surplus)/deficit for year:				
- General Fund	149		213	
- Housing Revenue Account	(1,813)		(1,492)	
	(1,664)		(1,279)	
- Collection Fund	(558)	(2,222)	(793)	(2,072)
Minimum Revenue Provision	0		0	
Movement in capital and reserves	3,852		2,136	
		3,852		2,136
Interest received	(1,321)	(1,321)	(1,328)	(1,328)
Changes to:				
- creditors	(946)		805	
- stocks and work in progress	26		26	
- debtors	(319)		3,025	
- payments in advance	249		125	
- receipts in advance	(321)	(1,311)	318	4,299
		(1,002)		3,035

2 Movements in Other Current Assets

	Balance Sheet 31/3/2006 £000	2005/2006 Movement £000	Balance Sheet 31/3/2005 £000
Debtors	6,407	(319)	6,726
Creditors	(4,424)	(946)	(3,478)
Stocks and work in progress	166	26	140
Payments in Advance	740	249	491
Receipts in Advance	(1,506)	(321)	(1,185)
	1,383	(1,311)	2,694

3 Movements in Cash and Cash Equivalents

	Balance Sheet 31/3/2006 £000	2005/2006 Movement £000	Balance Sheet 31/3/2005 £000
Cash balances	(614)	(294)	(908)
Temporary investments	18,355	867	19,222
	17,741	573	18,314

4 Other Government Grants

The main Government grants received are as follows:	2005/2006 £000	2004/2005 £000
Housing	(455)	(240)
Other	(1,507)	3,067
	(1,962)	2,827

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	2005/2006		2004/2005	
		£000	£000	£000	£000
Income					
Rents (gross):					
- dwellings		(18,093)		(17,679)	
- garages		(221)		(169)	
- other		(77)	(18,391)	(62)	(17,910)
Charges for services and facilities			(638)		(689)
Decreased provision for bad debts			(82)		
Total Income			(19,111)		(18,599)
Expenditure					
Repairs and Maintenance			4,104		4,080
Supervision and Management:					
- general		2,674		2,651	
- special services		1,250	3,924	1,079	3,730
Rent rebates			462		484
Negative Subsidy payment to Secretary of State	6		5,530		5,705
Increased provision for bad debts			0		15
Cost of Capital Charge	7		12,716		12,184
Depreciation Of Fixed Assets					
- On dwellings	5	11,941		11,431	
- On other Assets		110	12,051	110	11,541
Total Expenditure			38,787		37,739
Net Cost Of Services			19,676		19,140
Adjusting Transfer from AMRA			(12,606)		(12,040)
Pensions interest costs and expected return on assets			29		(23)
Amortised Premiums and Discounts			41		136
Interest:					
- on mortgages		(142)		(133)	
- on balances		(91)	(233)	(74)	(207)
Net Operating Expenditure/(Income)			6,907		7,006
Appropriations					
Transfer to/from Pension Reserve	7		(41)		(3)
Financing from Depreciation			(7)		
Revenue Contributions to Capital Expenditure			164		0
HRA Set-aside (contributions to MRP)			0		0
Transfer to/From Major Repairs Reserve	5		(8,918)		(8,495)
Net Cost of Service For Year			(1,895)		(1,492)

Balances

	2005/2006 £000	2004/2005 £000
Balance at the beginning of the year	3,671	2,179
Surplus/(deficit) for the year	1,895	1,492
Balance at end of year	<u>5,566</u>	<u>3,671</u>

Represented by:

	2005/2006 £000	2004/2005 £000
Housing Revenue Account	5,566	3,671
	<u>5,566</u>	<u>3,671</u>

Housing Revenue Account Notes

1 Housing Stock

	31st March 2006	31st March 2005
Houses and Bungalows		
- 1 bedroom	379	281
- 2 bedrooms	1,574	1,434
- 3 bedrooms	1,916	1,889
- 4+ bedrooms	144	145
Flats		
- 1 bedroom	815	913
- 2 bedrooms	551	697
- 3+ bedrooms	37	78
Total dwellings as at 31st March	<u>5,416</u>	<u>5,437</u>

2 Arrears

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

	31st March 2006 £000	31st March 2005 £000
Rent arrears	770	812
less rent payments in advance	(198)	(155)
less bad debt provision	(536)	(618)
Net arrears position	<u>36</u>	<u>39</u>

3 Movement of Housing Revenue Account Assets

	Council Dwellings £000	Other Property (Garages) £000	Total £000
Book Value at 1st April 2005	358,234	5,079	363,313
2004/2005 Expenditure	3,510		3,510
Revaluations	21,897		21,897
Depreciation	(11,941)	(110)	(12,051)
Disposals	(715)		(715)
Book Value at 31st March 2006	370,985	4,969	375,954

The Balance Sheet value of Council Dwellings at 31 March 2006 was £370,984,180.

The Vacant Possession value of the properties at 31 March 2006 was £674,516,690.

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 2006 was £303,532,510.

The value of land valued in the HRA is nil.

4 Financing of HRA capital expenditure

	£000	£000
Capital receipts	0	
Revenue and Reserves	164	
Other receipts (MRR)	3,512	
	<hr/>	3,676
		<hr/> 3,676 <hr/>
Categorised as follows:		
Council Dwellings		3,510
Plant & Equipment		166
Deferred Charges		0
		<hr/> 3,676 <hr/>

5 Major Repairs Reserve

	2005/2006 £000	2004/2005 £000
Brought forward at 1st April	(886)	(2,686)
Transfer to Capital	3,512	4,845
HRA Depreciation	(12,051)	(11,541)
Transfer to HRA	8,918	8,496
Carried forward at 31st March	(507)	(886)

6 Breakdown of HRA Subsidy

	2005/2006 £000
Management Allowance	1,855
Maintenance Allowance	4,116
Major Repairs Allowance	3,133
ASB Allowance	239
Charges for Capital	0
Rent	(14,826)
Interest on Receipts	(127)
Housing Element	(5,610)
Rent Rebates	0
HRA Subsidy Due 2004/05	(5,610)
Adjustment in respect of 2003/04	0
Adjustment in respect of 2001/02	0
HRA Subsidy Due	(5,610)
Defects Subsidy	79
HRA Subsidy receivable (including MRA)	(5,531)

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 2005. It represents the cost to the authority of public sector capital tied up in council housing and other HRA assets.

8 Contribution to Pension Reserve

The HRA bears a share of the pension contribution due to the FRS 17 adjustment in proportion to the payments made during the year. See note 10 to the Consolidated Revenue Account for more information on accounting for retirement benefits

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 Salisbury District Council. The cost of collecting the rates and tax are accounted for in the Council's General Fund.

Income and Disbursement Account

	NOTE	2005/2006		2004/2005	
		£000	£000	£000	£000
Income					
Council Tax	1		(53,725)		(51,422)
Collectable Business Rates	2		(26,690)		(24,122)
			<u>(80,415)</u>		<u>(75,544)</u>
Disbursement					
Precepts					
- Salisbury District Council	6	5,537		5,226	
- Wiltshire County Council		39,815		37,714	
- Wiltshire Police Authority		5,694		5,339	
- Wiltshire & Swindon Fire Authority		2,262		2,121	
- Parish Councils	5	770	54,078	710	51,110
Share of surplus/(deficit) on Collection Fund	4				
- Salisbury District Council		26		(77)	
- Wiltshire County Council		163		(509)	
- Wiltshire Police Authority		23		(66)	
- Wiltshire & Swindon Fire Authority		9	221		(652)
NNDR					
- payment to national pool	2	26,525		23,956	
- cost of collection allowance	2	165	26,690	166	24,122
Bad and Doubtful Debts - Write Offs			120		50
- Provisions			(136)		121
Fund surplus/(deficit) for the year			(558)		793
			<u>80,415</u>		<u>75,544</u>
Fund balance b/f			264		(529)
Surplus/(deficit) for year			(558)		793
Fund balance c/f			<u>(294)</u>		<u>264</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 £1,202.61 for 2005/2006 (£1,154.83 for 2004/2005) 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:

	2005/2006 £000	2004/2005 £000
Billed to Council Taxpayers	49,202	47,172
Council Tax Benefits	4,523	4,251
Transitional Relief	0	(1)
	<u>53,725</u>	<u>51,422</u>

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 42.2p in 2005/2006 (45.6p in 2004/2005) multiplied by individual properties' rateable values. There was a general revaluation of properties as at 1 April 2005. 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 (£28.97) multiplied by 115,847 (the District's population) equalled £3,346,048 and was paid directly into the General Fund. The aggregate business valuation for the District at 31st March 2006 is £80,532,999 (£79,499,416 in 2004/2005).

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

	2005/2006 £000	2004/2005 £000
The largest parish precepts were as follows:		
Amesbury Town Council	103	90
Wilton Town Council	68	65
Durrington Parish Council	77	77
Bulford Parish Council	28	26
Salisbury Charter Trustees	37	33
Mere Parish Council	57	53
Downton Parish Council	27	27
Winterslow Parish Council	22	22
Redlynch Parish Council	22	22
Whiteparish Parish Council	25	12
Tisbury Parish Council	20	21
Other Parishes (66)	284	262
	770	710

6 Salisbury City

The Salisbury City Special Levy of £527,752 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.

Asset Management Revenue Account (AMRA)

An account that brings together depreciation and interest charged to the authority with asset rentals/capital charges to service accounts in order to show services true operating cost, including their use of assets.

Assets

These can be either:

- **Intangible assets** – assets which are non-physical in form, that is, which cannot be seen. Examples are patents, goodwill, trademarks and copyrights.
- **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.

Best Value Accounting Code of Practice (BVACOP)

Established to modernise the system of Local Authority accounting and reporting, and ensure that it meets the changed and changing needs of modern Local Government; particularly the duty to secure and demonstrate best value in the provision of services to the community.

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.

Consolidated Revenue Account (CRA)

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.

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.

FRSs

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.

Generally Accepted Accounting Practice (GAAP)

Accepted accounting practice with respect to accounts of UK companies that are intended to give a true and fair view. The same definition applies to individuals, entities that are not companies and companies which are not UK companies.

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 (HRA)

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 (MRP)

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.

Major Repairs Allowance (MRA)

Funded by Central Government. It represents the long term average amount of capital spending required to maintain a Local Authority's housing stock in its current condition.

Net Expenditure

Gross expenditure less directly related income.

National Non-Domestic Rates (NNDR)

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 and then redistributed to local authorities, including Salisbury DC, in line with a population-based formula.

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.

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 within the Capital Financing Reserve.

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.

Statement of Recommended Practice (SORP)

The code of practice on Local Authority accounting in the UK. It sets out the proper accounting practices required to prepare a Statement of Accounts by the Local Government Act 2003.

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.

Statement of Total Recognised Gains and Losses (STRGL)

Summary of the changes in pension fund deficit. These mainly arise due to events not coinciding with actuarial assumptions or changes in actuarial assumptions.

Useful Life

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

Value Added Tax (VAT)

An indirect tax levied on taxable goods and services.