

The Cabinet

23rd June 2004

REPORT

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Cllr Mrs Warrander : Cabinet Member for Resources

FINAL ACCOUNTS 2003/2004

1. PURPOSE OF REPORT

- 1.1 The purpose of the report is to present the 2003/2004 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 2003/2004 within five months of the financial year end ie by 31st August 2004.
- 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 August. 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 2003/2004 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 A.

4. RECOMMENDATION

- 4.1 That the Statement of Accounts for the financial year ended 31st March, 2004 be approved.

5. IMPLICATIONS

Financial	:	contained within the report
Legal	:	none
Human Rights	:	none
Personnel	:	none
Community Safety	:	none

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 13 to 41. 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 2004 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 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 2003/2004 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 2003/2004 revised budget and actual spending figures were as follows:

Portfolio	Original Budget £	Revised Budget £	Actual £	Difference £
Resources including central contingency	758,270	798,160	1,331,681	533,521
Community & Housing	4,093,370	4,032,370	4,179,866	147,496
Planning & Economic Development	2,789,930	2,799,880	2,508,752	(291,128)
Environment & Transport	3,894,430	3,877,590	3,664,479	(213,111)
Portfolio Totals	11,536,000	11,508,000	11,684,778	176,778
Funded by:				
Revenue Support Grant	(2,888,685)	(4,001,263)	(4,001,263)	0
National Non-Domestic Rates	(4,001,263)	(2,888,685)	(2,888,685)	0
Collection Fund (Surplus)/ Deficit	44,916	44,916	39,916	(5,000)
Collection Fund Transfer	(4,418,093)	(4,418,093)	(4,418,093)	0
(Surplus)/ Deficit for Year per Consolidated Revenue Account	272,875	244,875	416,653	171,778

This outturn variation of £176,777 is 1.5% above the revised net budget for 2003/2004. More about the Council's revenue spending on services is given, with notes, in the Consolidated Revenue Account on pages 12 to 19.

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 £9.018m of its expenditure in 2003/2004 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 2003/2004, the Council funded its capital expenditure by capital receipts (60.7%), reserves (0.8%), revenue (5.7%) and other sources (32.8%).

5 Best Value Accounting Code of Practice (BVACOP)

The 2003/2004 Statement of Accounts has been prepared in accordance with the requirements of the 2002 Best Value Accounting Code of Practice (BVACOP). The total balance on the Trading Accounts has been incorporated into General Fund Reserves.

6 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 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. 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 2003/2004 are 6% of the current value.

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 6% 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 2003/2004 was 3.70715% (2002/2003 3.964%) 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 2004, the Council had £18.062m 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 2003/2004 was £0.710m, 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 23. 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 2004 is made up as follows:

	2003/2004 £000	2002/2003 £000
General Fund debtors	453	425
Housing Rent arrears	603	564
Council Tax arrears	356	383
Community Charge arrears	367	369
NNDR arrears	123	207
TOTAL	1,902	1,948

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.

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. 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 Change of Accounting Policy and Disclosure of Effect of Prior Period Adjustment

The change in Accounting Policy for Pensions has had the following effect on the results of the prior and current periods:

The overall amount to be met from Government grants and local taxation has remained unchanged but the costs disclosed for individual services are lower after replacement of employer's contributions by current service costs and Net Operating Expenditure is 1% lower than it would otherwise have been.

The requirement to recognise the net pensions liability in the balance sheet has reduced the reported net worth of the authority by 2%.

16 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.

17 Grants

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

18 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.

19 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 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 2004.

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 13 to 41 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 2004 and the income and expenditure for the year ended on that date.

Alan Osborne
Head of Financial Services

23rd June 2004



STATEMENT ON THE SYSTEM OF INTERNAL FINANCIAL CONTROL

SCOPE OF RESPONSIBILITY

Salisbury District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Salisbury District Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, Salisbury District Council is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of the Council's functions and which includes arrangements for the management of risk.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place at Salisbury District Council for the year ended 31 March 2004 and up to the date of approval of the annual report and accounts.

THE INTERNAL CONTROL ENVIRONMENT

Organisational

The Council has adopted a Constitution with Cabinet and Leader.

The Cabinet has organised itself into four Portfolios:

- Resources
- Environment and Transport
- Planning Economic Development and Tourism
- Community and Housing

The Cabinet carries out all of the local authority's functions which are not the responsibility of any other part of the local authority, whether by law or under this Constitution.

The Council has adopted a scheme of delegation to Officers and Committees.

The Council has an Overview and Scrutiny Co-ordinating Committee and four Scrutiny Panels which mirror the portfolios.

The Council has its own Standards Committee which, among its functions:

- Promotes and maintains high standards of conduct by councillors and co-opted members, including overseeing the code of conduct
- Overviews the Council's whistleblowing policy
- Overviews internal and external audit

The Council's Monitoring Officer advises relevant managers of new legislation and compliance with the Council's own corporate framework.

Responsibility for Compliance with operational policies rests with the relevant Service Unit Head.

The Council has a nominated responsible Financial Officer in compliance with s151 of the Local Government Act 1972. The principle responsibilities of this officer include:



- How financial management is determined
- Financial reporting and monitoring arrangements
- Compliance with Accounts and Audit Regulations 2003
- Compliance with financial codes of practice

Operational

The Corporate Plan establishes the Council's principal objectives.

Performance against the plan is supported by a performance management system.

The Council has a Risk Management Strategy and a risk register has been created to contain the strategic risks to the Council. This area is still developing.

Management Team and Service Unit Heads are responsible for economical, effective and efficient use of resources as required by the duty of best value.

All services that have been subject to Best Value Reviews have service continual improvement plans that have been approved by Cabinet.

The Council has a performance management framework that regularly reports on key targets and indicators to Cabinet including:

- The role of performance management system
- Training of relevant staff
- Continual development of the project management framework

The Council has developed Member and Officer Codes of Conduct to support the Council in its duties and obligations and a system of staff appraisal and competencies.

The Council has other policies and plans which support the general operation of governance across the Authority namely:

- Asset management plan and capital strategy
- Medium term financial plan
- Fraud policy
- Training plan

REVIEW OF EFFECTIVENESS

Salisbury District Council has responsibility for conducting, at least annually, a review of the effectiveness of the system of internal control. The review of the effectiveness of internal control is informed by the work of the internal auditors and the executive managers within the Council who have responsibility for the development and maintenance of the internal control environment, and also by comments made by the external auditors and other review agencies and inspectorates.

In 2003/4 the Council undertook a review of the effectiveness of the systems of internal control. The review included:

- The annual report of the Chief Internal Auditor
- Continual monitoring by the s151 Officer and Monitoring Officer of reports prepared for Cabinet and Council.
- A Comprehensive Performance Assessment report from the Audit Commission and a review by Management Team.
- A report by the Benefit Fraud Inspectorate (Dec 2003)
- The annual audit management letter from the Audit Commission

Findings of the Review

Internal audit operate to a risk based audit plan that is approved by Cabinet annually. An annual report is made to Cabinet that details the level of assurance that has been given for each audit area in the year and an overall opinion. The report also identifies those internal control issues, which in the opinion of the Chief Internal Auditor should be included in the Statement of Internal Control. The Audit Commission has confirmed that Internal Audit operates to the standards required by the Code of Practice for Internal Audit in Local Government in its most recent Annual Audit Letter. The Council is therefore justified in relying upon the opinion of Internal Audit.

The Audit Commission published its Comprehensive Performance Assessment of the Salisbury District Council in May 2004. The Council was rated as 'good'. The CPA included an assessment of financial standing, systems of internal financial control, standards of financial conduct, financial statements and legality of significant financial transactions.

The Annual Audit letter from the Audit Commission was reported to Cabinet. The audit letter reports on audit and inspection work at Salisbury, including the accounts, financial aspects of corporate governance, performance management and inspections.

Management Team has advised the Council of the implications of the 2003/04 review of the effectiveness of the system of internal control.

A joint member and Officer working group has been set up to further determine the effectiveness of the system of internal control during 2004/05. A plan to address weaknesses and ensure continuous improvement of the system will be maintained.

The review is part of a wider Corporate Governance review, against the framework established by CIPFA and SOLACE. As part of the assessment of risk management and internal controls the Council will be reviewing the sources of assurance.

SIGNIFICANT INTERNAL CONTROL ISSUES

Controls over Purchasing

A joint audit between the Audit Commission and Internal Audit identified non-compliance with the Council's Financial Regulations relating to purchasing, including insufficient market testing. An action plan has been developed to secure the required improvements and Management Team reviews progress against this. Internal Audit will carry out further testing in 2004/5.

Stock Control

Stores are held for repairs to the Council's housing. The stores control records were found to be incomplete and could not support reconciliation to the actual stock held and purchases. An action plan to resolve this issue will be formulated.

Business Continuity and Disaster Recovery Arrangements

Controls are in place to support IT disaster recovery arrangements but Council wide business continuity plans are out of date and need review. A risk assessment and action plan will be undertaken to manage this risk.

.....
Richard Sheard Chief Executive

.....
Cllr P V H Paisey Chairman of The Council

Auditor's Report to Salisbury District Council

I have audited the financial statements on pages 13 to 41 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 Auditors

As described on page 8 the Chief Financial Officer is responsible for the preparation of the financial statements in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2002: A Statement of Recommended Practice. 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 financial statements present fairly the financial position of the Council and its income and expenditure for the year.

I review whether the statement on page 9 reflects compliance with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom 2002: A Statement of Recommended Practice. I report if it does not meet the requirements specified by CIPFA/LASAC or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider whether the statement on internal financial control covers all risks and controls, or to form an opinion on the effectiveness of the authority's system of internal financial control. My review is 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 financial statements 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 once the audit has been completed.

Certificate

This will be inserted once the audit has been completed.

Audit Manager
Audit Commission



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	2003/2004		Net Expenditure £000	2002/2003 Net Expenditure £000
		Expenditure £000	Income £000		
Central Services to the Public	1a	2,356	(1,902)	454	257
Cultural, Environment & Planning	1b	13,101	(3,923)	9,178	9,265
Highways, Roads & Transport Services	1c	2,897	(3,625)	(728)	(293)
Housing Services General Fund	1d	15,953	(13,082)	2,871	3,559
Housing Services HRA	1e	31,223	(21,599)	9,624	16,557
Corporate & Democratic Core	1f	3,323	(462)	2,861	2,895
Unapportionable Central Overheads	1g	7,900	(5,755)	2,145	4,159
Net Cost of Service		76,753	(50,348)	26,405	36,399
City Special Levy				522	510
Parish Precepts				703	634
Amortised Premiums & Discounts				146	150
Revenue Contribution to Capital Expenditure				500	1,500
Transfer to/from Major Repairs Reserves				(4,444)	(4,617)
Asset Management Revenue Account	7			(9,102)	(15,281)
Interest Receivable	11			(736)	(851)
Net Operating Expenditure				13,994	18,444
Contribution from Pension Reserve				106	232
HRA contribution (from)/to balances				1,814	(856)
financing reserves for:					
Deferred charges				(2,100)	(5,812)
Minimum rev.provision adjustment	6			61	169
Depreciation				(966)	(775)
Amount to be met from Government Grant & Local Taxation				12,909	11,402
Demand on Collection Fund				(5,603)	(5,348)
Contribution from National Non-Domestic Rate Pool				(4,001)	(4,826)
Revenue Support Grant				(2,889)	(1,900)
(Surplus)/Deficit for Year				416	(672)

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

			2003/2004		2002/2003
	NOTES	Expenditure £000	Income £000	Net Expenditure £000	Net Expenditure £000
Central Services to the Public					
Local Tax Collection		1,980	(1,502)	478	308
Elections		200	(14)	186	117
Emergency Planning		2		2	6
Local Land Charges		174	(386)	(212)	(174)
Total Central Services to the Public	1a	2,356	(1,902)	454	257
Cultural, Environment & Planning					
Cultural & Related					
Cultural & Heritage		1,586	(694)	892	1,192
Recreation & Sport		1,283	(332)	951	1,042
Open Spaces		590	(81)	509	481
Tourism		643	(175)	468	615
Environmental Services					
Cemetery, Cremation and Mortuary		295	(495)	(200)	(189)
Environmental Health		1,456	(448)	1,008	1,106
Community Safety (Crime Reduction)		371		371	374
Flood Defence & Land Drainage		48		48	47
Street Cleansing		724	(16)	708	701
Waste Collection		2,495	(533)	1,962	1,820
Planning & Development Services					
Building Control		507	(388)	119	102
Development Control		1,335	(646)	689	947
Planning Policy		552	(71)	481	235
Environmental Initiatives		80		80	32
Economic Development		543		543	286
Community Development		593	(44)	549	474
Total Cultural, Environment & Planning	1b	13,101	(3,923)	9,178	9,265
Highways, Roads & Transport Services					
Transport Planning, Policy & Strategy			0	0	0
Street Lighting		0		0	1
Parking Services		2,288	(3,624)	(1,336)	(874)
Public Transport		609	(1)	608	580
Total Highways, Roads & Transport Services	1c	2,897	(3,625)	(728)	(293)

		2003/2004		2002/2003	
	NOTES	Expenditure £000	Income £000	Net Expenditure £000	Net Expenditure £000
Housing Services General Fund					
Housing Strategy		464		464	1,177
Housing Advances				0	0
Private Sectors Housing Renewal		324		324	349
Homelessness		1,905	(1,344)	561	539
Housing Benefit Payments		12,762	(11,554)	1,208	459
Housing Benefits Administration			(3)	(3)	799
Other Council Property		174	(7)	167	157
Welfare Services		324	(174)	150	79
Total Housing Services General Fund	1d	15,953	(13,082)	2,871	3,559
Housing HRA					
Dwellings Rents(Gross)			(17,479)	(17,479)	(17,441)
Non-dwellings Rents(Gross)			(245)	(245)	(218)
Other Charges for Services and Facilities			(603)	(603)	(747)
Contributions towards Expenditure				0	(91)
HRA Subsidy Receivable			(2,742)	(2,742)	(2,210)
Repairs and Maintenance		3,221	(39)	3,182	3,525
Supervision and Management		2,830	(189)	2,641	2,672
Special Services		871	(73)	798	1,042
Rents, Rates, Taxes and other charges		83		83	90
Rent Rebates		9,064	(229)	8,835	9,356
Increased Provision for Bad or Doubtful Debts		39		39	(110)
Cost of Capital Charge		7,666		7,666	13,141
Depreciation and Impairments of Fixed Assets		7,449		7,449	7,548
Total Housing Service HRA	1e	31,223	(21,599)	9,624	16,557
Corporate & Democratic Core					
Democratic Representation & Management		1,523	(410)	1,113	1,106
Corporate Management		1,800	(52)	1,748	1,789
Total Corporate & Democratic Core	1f	3,323	(462)	2,861	2,895
Total Unapportionable Central Overheads	1g	7,900	(5,755)	2,145	4,159
NET COST OF SERVICE		76,753	(50,348)	26,405	36,399

Note 2 Special Levy Account

Under Section 147 of the Local Government Act, 1972, the Council raises a special levy on the former City area to cover the cost of the provision of allotments, cemeteries and recreation grounds.

	2003/2004 £000	2002/2003 £000
Balance b/f 1st April	116	10
Precept income	522	510
Other income	65	2
	703	522
Less expenditure	(383)	(406)
Balance c/f 31st March	320	116

Note 3 Leasing

Leasing rentals paid to lessors during 2003/2004 totalled £1,164,560. Outstanding undischarged obligations at the end of the year totalled £5,441,779.

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:

	2003/2004 £000	2002/2003 £000
Grants to local individuals and groups	154	158
Village Enhancement Schemes	13	60
	167	218
Spending Limit	218	218

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.

	2003/2004 £000	2002/2003 £000
Public Relations improvement	14	0
Staff advertising	155	141
Promotion of Tourism	31	34
Other advertising	98	116
Other Marketing and Promotion	51	49
	349	340

Note 6 Minimum Revenue Provision

The Government requires the authority to set money aside each year for the repayment of loans originally taken out to finance capital expenditure. This is called the Minimum Revenue Provision (MRP). The Authority has elected to make a Minimum Revenue Provision in 2003/2004 of £208,483.

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.

	2003/2004 £000	2002/2003 £000
Income		
General Fund	(2,492)	(3,267)
Housing Revenue Account	(15,141)	(20,737)
	(17,633)	(24,004)
Expenditure		
External Interest	3	4
Depreciation	8,415	8,323
Item 8 Debit	113	396
Surplus transferred to Consolidated Revenue Account	(9,102)	(15,281)

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:

	2003/2004	2002/2003
£50,000 to £59,999	0	3
£60,000 to £69,999	3	0
£70,000 to £79,999	1	1
£80,000 and over	0	0
	4	4

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 2003/2004 the Council paid employer's contribution of £1,583,465 representing 15.47% of pensionable pay, into the Wiltshire County Council Pension Fund, which provides members with defined benefits related to pay and service. The contribution rate is determined by the Fund's Actuary based on triennial actuarial valuations, the last review being at 31 March 2001. Under Pension Regulations, contribution rates are set to meet 100% of the overall liabilities to the Fund.

The Fund's Actuary has advised that the pension costs that it would have been necessary to provide in the year in accordance with SSAP24, "Accounting for Pension Costs" are £1,583,465 representing 15.47% of pensionable pay.

In addition, the Council is responsible for all pension payments relating to added years benefits it has awarded, together with the related increases. In 2003/2004, these amounted to £187,392, representing 1.83% of pensionable pay.

The capital cost of discretionary increases in pension payments (for example, discretionary added years) agreed by the Council made in 2003/2004 amounted to £1,597, whilst the capital cost of those discretionary increases in earlier years for which payments are still being made amounted to £2,215,706.

The Net Pension Fund Liability for Salisbury District Council as at 31 March 2004 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.

Further information can be found in the Annual Report and Financial Statements of the Wiltshire Pension Fund for 2003/2004.

At 31 March 2004, the Wiltshire Pension Fund had a market value of £713.4 million. For purposes of the actuarial valuation of the Fund, the following long term assumptions were made:

Amount Charged to Operating Profit	Year to 31 March 2004 £000	Year to 31 March 2004 % of Payroll	Year to 31 March 2003 £000	Year to 31 March 2003 % of Payroll
Service Costs	1,450	12.9%	1,160	12.9%
Past Service Costs	20	0.2%		
Total Operating Charge (A)	1,470	13.1%	1,160	12.9%

Amount Credited to Other Finance Income	Year to 31 March 2004 £000	Year to 31 March 2004 % of Payroll	Year to 31 March 2003 £000	Year to 31 March 2003 % of Payroll
Expected return on Employer Assets	2,430	21.6%	3,000	33.5%
Interest on Pension Scheme Liabilities	(3,270)	(29.1%)	(3,150)	(35.2%)
Net Return (B)	(840)	(7.5%)	(150)	(1.7%)
Net Revenue Account Cost (A)-(B)	2,310	20.6%	1,310	14.6%

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

	Year to 31 March 2004 £000	Year to 31 March 2003 £000
Actual less expected return on pension scheme assets	9,610	(11,790)
Experience gains and losses on the scheme liabilities	(250)	(2,040)
Actuarial gain/(loss) in pension plan	9,360	(13,830)
Actuarial gain/(loss) recognised in STRGL	9,360	(13,830)

Movement in Surplus/Deficit During the Year

	Year to 31 March 2004 £000	Year to 31 March 2003 £000
Surplus/(deficit) at beginning of the year	(19,860)	(6,180)
Current service cost	(1,450)	(1,160)
Employer contributions	2,910	1,460
Contributions in respect of Unfunded Benefits	190	
Past Service Costs	(20)	
Net return on assets	(840)	(150)
Actuarial gains/(losses)	9,360	(13,830)
Surplus/(deficit) at end of year	(9,710)	(19,860)

History of Experience Gains and Losses

	Year to 31 March 2004 £000	Year to 31 March 2003 £000
Difference Between the Expected and Actual Return on Assets	9,610	(11,790)
Value of Assets	47,300	33,950
Percentage of Assets	20.3%	(34.7%)
Experience Gains/(Losses) on Liabilities	(250)	(2,040)
Total Present Value of Liabilities	57,010	51,570
Percentage of Total Present Value of Liabilities	(0.4%)	(4.0%)
Actuarial Gains/Losses Recognised in STRGL	9,360	(13,830)
Total Present Value of Liabilities	57,010	51,570
Percentage of Total Present Value of Liabilities	16.4%	(26.8%)

Note 11 Interest Receivable

The Interest Receivable figure stated in the Consolidated Revenue Account includes interest allocated to the General Fund, the HRA, DSOs 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 £0.851m.

Note 12 Members' Allowances

The total of Members' Allowances paid in the year was £384,654.



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

	2003/2004			2002/2003
	Chargeable	Non Chargeable	Total	
	£000	£000	Building Control £000	£000
Expenditure				
Employee Expenses	301	75	376	340
Premises		4	4	11
Transport	19	5	24	25
Supplies and Services	18	8	26	26
Agency and Contracted Services	20	0	20	14
Central and Support Service Recharges	51	13	64	64
TOTAL EXPENDITURE	409	105	514	480
Income				
Building Regulations Charges	(388)	0	(388)	(378)
Miscellaneous Income		0	0	0
TOTAL INCOME	(388)	0	(388)	(378)
(Surplus)/ Deficit for Year	21	105	126	102

Consolidated Balance Sheet

This statement summarises the Council's assets and liabilities at 31st March for the years 2004 and 2003

	NOTES	31st March 2004		31st March 2003	
		£000	£000	£000	£000
Fixed Assets					
Operational assets					
- Council dwellings		348,118		216,202	
- Other land and buildings		43,661		37,928	
- Vehicles, plant, furniture and equipment		2,888		2,415	
- Infrastructure		1,376		1,103	
- Community Assets		42	396,085	42	257,690
Non-operational assets			11,544		11,544
	1 & 2		407,629		269,234
Deferred Charges	3		0		0
Long term debtors	4		2,510		2,586
Total Long Term Assets			410,139		271,820
Current Assets					
Stocks and work in progress	8	114		139	
Temporary investments		18,062		11,725	
Debtors	9	3,142		3,802	
Payments in advance		366		124	
Cash and Bank		374		942	
		22,058		16,732	
Current Liabilities					
Creditors	10	(4,681)		(3,257)	
Receipts in Advance		(546)		(843)	
		(5,227)		(4,100)	
Net Current Assets			16,831		12,632
Long Term Liabilities					
Trust Funds	13		(39)		(31)
Pension Fund Liability	16		(9,710)		(19,860)
Deferred Credits					
Deferred capital receipts	14	(2,360)		(2,400)	
Planning Deposits		(3,202)		(2,798)	
Other Deposits		(84)		(92)	
Deferred Liability		(34)	(5,680)	(37)	(5,327)
Total Assets less Liabilities			411,541		259,234
Financed by					
Useable capital receipts			5,146		3,944
Fixed asset restatement reserve			331,323		191,431
Capital financing reserve			78,013		79,802
Reserved capital receipts available			0		0
Major Repairs Reserve			1,939		1,185
Specific reserves			776		191
Balances - General Fund			1,657		2,073
- Collection Fund	15		(529)		(644)
- Housing Revenue Account			2,926		1,112
Pension Reserve	16		(9,710)		(19,860)
Total Equity			411,541		259,234

Notes to Consolidated Balance Sheet

1 Movement of Fixed Assets 2003/2004

	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 2003	216,202	37,928	2,415	1,103	42	11,544	269,234
2003/2004 Expenditure	4,727	867	1,051	273			6,918
Revaluations	137,421	5,254	0	0			142,675
Depreciation	(7,449)	(388)	(578)	0			(8,415)
Disposals	(2,783)	0	0	0			(2,783)
Book Value at 31st March 2004	348,118	43,661	2,888	1,376	42	11,544	407,629

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	5,290	
Grants	611	
Reserves	74	
Revenue	500	
Major Repairs Reserve	2,252	8,727
Less 2002/2003 expenditure financed in 2003/2004		(716)
Add 2003/2004 expenditure financed in 2004/2005		1,007
		9,018
Categorised as follows:		
Fixed Assets		6,918
Deferred Charges		2,100
		9,018

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.

	2002/2003 £000	Expenditure £000	Discharged £000	2003/2004 £000
Pension Fund backfunding	0	1,200	(1,200)	0
Other General Fund Items	0	900	(900)	0
Deferred Charges in Year	0	2,100	(2,100)	0

4 Long Term Debtors

This comprises loans to other organisations and to individuals.

	2002/2003 Balance 1 April £000	Expenditure During Year £000	Income During Year £000	2003/2004 Balance 31 March £000
Mortgages				
- Public Sector	2,413	494	(495)	2,412
- Private Sector	58		(39)	19
	<u>2,471</u>	<u>494</u>	<u>(534)</u>	<u>2,431</u>
Car Loans to Employees due over 1 year	115			79
Total Long Term Debtors	<u>2,586</u>			<u>2,510</u>

5 Capital Commitments

At 31st March 2004, the Council was contractually committed to expenditure amounting to approximately £1,007,000.

	£000
Resources	
Community & Housing	37
Planning & Economic Development	27
Environment and Transportation	0
City	257
Housing Revenue Account	686
	<u>1,007</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 2004, 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		1,014	2,888	1,376	42	0	5,320
Valued at current cost in:							0
2003/2004	348,118						
2002/2003		18,218				11,544	35,250
2001/2002							0
2000/2001							222,569
1999/2000		9,354					9,354
1998/1999		15,075					
Book Value at 31st March 2004	348,118	43,661	2,888	1,376	42	11,544	407,629

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 24.

	2003/2004 £000	2002/2003 £000
Balance brought forward	32,126	30,856
Minimum Revenue Provision: Housing Revenue Account	61	169
Reserved capital receipts	0	1,101
	<u>32,187</u>	<u>32,126</u>
Credit Approvals exercised		
Balance carried forward	<u><u>32,187</u></u>	<u><u>32,126</u></u>
Transfer to Capital Financing Reserve	32,187	32,126
	<u><u>32,187</u></u>	<u><u>32,126</u></u>

8 Stocks

	2003/2004 £000	2002/2003 £000
Stocks		
- Salisbury Commercial Services	23	33
- Others	91	106
	<u>114</u>	<u>139</u>

9 Debtors

	2003/2004 £000	2002/2003 £000
Other local authorities	46	258
Government departments	683	1,183
Ratepayers and taxpayers	2,518	2,450
Tenants	598	608
Mortgagees	48	8
Sundry debtors	995	1,180
Car loans to employees	48	52
Accrued interest	38	10
Other public bodies	70	1
	<u>5,044</u>	<u>5,750</u>
Less: provision for bad debts	(1,902)	(1,948)
	<u>3,142</u>	<u>3,802</u>

10 Creditors

	2003/2004 £000	2002/2003 £000
Other local authorities	339	276
Government departments	1,602	816
Other public bodies	1	16
Utilities	0	16
Capital schemes	1,030	767
Sundry creditors	1,709	1,366
	<u>4,681</u>	<u>3,257</u>

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:

	2003/2004 £000	2002/2003 £000
General Fund	(66,071)	(51,685)
Housing Revenue Account	(345,470)	(207,549)
	<u>(411,541)</u>	<u>(259,234)</u>

12 Euro Costs

There has been no significant expenditure in this area.

13 Trust Funds

The Council administers two Trust Funds 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	45	6	39
Trust Funds held on the Balance Sheet			39

The Assets of the Bemerton Playing Field Fund were valued at 31/3/2004 and the external investments were:

	£
2.5% Consolidated Stock	203
9% Treasury Stock 2008	35,037
M&G Securities Ltd Charifund Inc	135,042
	170,282

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.

	2003/2004 £000	2002/2003 £000
Salisbury District Council	(37)	(51)
Wiltshire County Council	(439)	(529)
Wiltshire Police Authority	(53)	(64)
	(529)	(644)

16 Pension Fund

Assumptions as at	31 March 2004 % per annum	31 March 2003 % per annum	31 March 2002 % per annum
Price Increases	2.9%	2.5%	2.8%
Salary Increases	4.4%	4.0%	4.3%
Pension Increases	2.9%	2.5%	2.8%
Discount Rate	6.5%	6.1%	6.4%

Assets (Employers)	Long Term Return % per annum	Fund Value at 31 March 2004 £000	Long Term Return % per annum	Fund Value at 31 March 2003 £000
Equities	7.7%	33,240	8.0%	22,700
Bonds	5.1%	8,500	4.8%	7,770
Property	6.5%	3,470	6.0%	2,650
Cash	4.0%	2,090	4.0%	830
Total	7.0%	47,300	7.0%	33,950

Net Pension Asset as at	31 March 2004 £000	31 March 2003 £000	31 March 2002 £000
Estimated Employer Assets (A)	47,300	33,950	43,070
Present Value of Scheme Liabilities	54,560	51,570	49,250
Present Value of Unfunded Liabilities	2,450	2,240	0
Total Value of Liabilities (B)	57,010	53,810	49,250
Net Pension Asset (A)-(B)	(9,710)	(19,860)	(6,180)

Statement of Total Movement in Reserves

This statement brings together all the recognised gains and losses of the authority during 2003/2004 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 Reserve	Capital Financing Reserve	Usable Capital Receipts	Reserved Capital Receipts Available	Major Repairs Reserve	General Fund	Specific Reserves & Other Balances	Housing Revenue Account	
	£000 1	£000 2	£000 4	£000 3	£000 5	£000	£000 6	£000	£000
Balance at 1st April 2003	(191,431)	(79,802)	(3,944)	0	(1,185)	(2,073)	(191)	(1,112)	(279,738)
Net (surplus)/deficit for year					0	416	(585)	(1,814)	(1,983)
Unrealised (gain)/loss from asset revaluation	(142,675)	8,416			(7,449)				
Effects of disposals of fixed assets	2,783								0
Cost or value of assets disposed of									0
Receipts from asset disposal			(6,492)						(6,492)
Net (surplus)/deficit on disposals	(139,892)	8,416	(6,492)	0	(7,449)				(145,417)
Other receipts and loan repayments									0
Financing of expenditure		(6,627)	5,290		2,252				915
Transfers between deferred grant and contributions									0
Other adjustments					4,443				4,443
Balance at 31st March 2004	(331,323)	(78,013)	(5,146)	0	(1,939)	(1,657)	(776)	(2,926)	(421,780)

Collection Fund Surplus 529
Pension Fund Reserve 9,710

Total Equity shown on Consolidated Balance Sheet **(411,541)**

Notes to Statement of Total Movement in Reserves

1 Fixed Asset Restatement Reserve

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.

	2003/2004 £000	2002/2003 £000
Brought forward at 1st April	(191,431)	(179,559)
Unrealised (gain)/loss on asset revaluation	(142,675)	(15,381)
Disposals	2,783	3,509
Carried forward at 31st March	<u>(331,323)</u>	<u>(191,431)</u>

2 Capital Financing Reserve

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

	2003/2004 £000	2002/2003 £000
Balance at 1st April	(79,802)	(82,703)
Advances	0	0
Capital financing		
- capital receipts	(5,290)	(7,629)
- Major Repairs Reserve	(2,252)	(1,745)
- revenue and reserves	(574)	(1,517)
- grants	(611)	(307)
	<u>(8,727)</u>	
Depreciation	8,416	8,323
Deferred Charges written off in year	2,100	5,776
Balance at 31st March	<u>(78,013)</u>	<u>(79,802)</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.

	2003/2004		2002/2003
	£000	£000	£000
Balance at 1st April		0	(4,033)
Receipts set aside		0	(1,101)
Advances			0
MRP adjustment		(61)	(169)
Use of Reserved Capital Receipts			
General Fund	61		5,303
Housing		61	0
Balance at 31st March		0	0

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.

	2003/2004		2002/2003
	£000	£000	£000
Balance at 1st April		(3,944)	(940)
Receipts during the year			
- disposal of land and buildings			
- other	(6,492)	(6,492)	(6,430)
Less			
- receipts set aside			1,101
- spent/applied to deferred grant	5,290		2,325
		5,290	
Balance at 31st March		(5,146)	(3,944)

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.

	2003/2004 £000	2002/2003 £000
Brought forward at 1st April	(1,185)	0
Transfer to Capital	2,252	1,745
HRA Depreciation	(7,449)	(7,548)
Transfer to HRA	4,443	4,618
Carried forward at 31st March	(1,939)	(1,185)

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 1/4/2003 £000	To Reserves £000	From Reserves £000	Balance 31/3/2003 £000
The movements in revenue reserves in the year were:				
City Committee Special Reserve	(116)	(587)	383	(320)
Transportation Reserve		(386)		(386)
City Cemetery Reserve	(47)		5	(42)
Running Track Reserve	(28)			(28)
	(191)	(973)	388	(776)

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	2003/2004		2002/2003	
		£000	£000	£000	£000
Revenue Activities					
Cash outflows					
Cash paid to and on behalf of employees		14,650		13,592	
Other operating cash payments		22,082		27,278	
Housing Benefits paid out		21,596		21,747	
Non-Domestic Rate payments to national pool		27,275		28,651	
Precept paid		43,021	128,624	38,612	129,880
Cash inflows					
Council Tax Receipts		(47,616)		(43,329)	
Non-Domestic Rate receipts		(30,826)		(33,689)	
Revenue Support Grant		(2,889)		(1,900)	
Rents (after rebates)		(17,773)		(17,880)	
DSS grants for rebates		(11,557)		(11,126)	
Other Government grants	4	(3,790)		(5,426)	
Cash received for goods and services	1	(17,205)	(131,656)	(16,361)	(129,711)
			(3,032)		169
Servicing of Finance					
Cash inflows					
Interest received		(810)	(810)	(1,000)	(1,000)
Capital Activities					
Cash outflows					
Purchase of fixed assets		8,756		11,032	
		8,756		11,032	
Cash inflows					
Sale of fixed assets		(6,452)		(6,395)	
Deferred charges and other capital cash receipts		(2,100)		(5,776)	
Long-term debtors		(40)		(71)	
		(8,592)	164	(12,242)	(1,210)
Net cash outflow/(inflow) before financing			(3,678)		(2,041)
Financing					
Cash outflows					
Financing of expenditure			(2,091)		1,021
Decrease/(increase) in cash	3		(5,769)		(1,020)

Notes to Cashflow Statement

1 Revenue Reconciliation

	2003/2004		2002/2003	
	£000	£000	£000	£000
(Surplus)/deficit for year:				
- General Fund	416		(672)	
- Housing Revenue Account	1,814		(856)	
- Salisbury Commercial Services				
	<u>2,230</u>		<u>(1,528)</u>	
- Collection Fund	(115)	2,115	212	(1,316)
Minimum Revenue Provision	(61)		(169)	
Movement in capital and reserves	(2,706)		2,966	
		(2,767)		2,797
Interest received	(810)	(810)	(1,000)	(1,000)
Changes to:				
- creditors	(1,424)		(186)	
- stocks and work in progress	(25)		51	
- debtors	(660)		87	
- payments in advance	242		(18)	
- receipts in advance	297	(1,570)	(246)	(312)
		<u>(3,032)</u>		<u>169</u>

2 Movements in Other Current Assets

	Balance Sheet 31/3/2004 £000	2003/2004 Movement £000	Balance Sheet 31/3/2003 £000
Debtors	3,142	(660)	3,802
Creditors	(4,681)	(1,424)	(3,257)
Stocks and work in progress	114	(25)	139
Payments in Advance	366	242	124
Receipts in Advance	(546)	297	(843)
	<u>(1,605)</u>	<u>(1,570)</u>	<u>(35)</u>

3 Movements in Cash and Cash Equivalents

	Balance Sheet 31/3/2004 £000	2003/2004 Movement £000	Balance Sheet 31/3/2003 £000
Cash balances	374	568	942
Temporary investments	18,062	(6,337)	11,725
	18,436	(5,769)	12,667

4 Other Government Grants

The main Government grants received are as follows:	2003/2004 £000	2002/2003 £000
Housing	3,093	4,138
Social Housing Grant	0	1,101
Other	697	187
	3,790	5,426

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	2003/2004		2002/2003	
		£000	£000	£000	£000
Income					
Rents (gross):					
- dwellings		17,479		17,441	
- garages		163		161	
- other		82	17,724	57	17,659
Charges for services and facilities			602		772
HRA subsidy receivable (Including MRA)	6		2,742		2,210
Reduced provision for bad debts			0		110
Contributions towards expenditure			0		66
Total Income			21,068		20,817
Expenditure					
Repairs and Maintenance			3,182		3,525
Supervision and Management:					
- general		2,707		2,712	
- special services		798	3,505	1,042	3,754
Rent rebates			8,834		9,355
Increased provision for bad debts			39		
Cost of Capital Charge			7,665		13,141
Depreciation Of Fixed Assets					
- On dwellings	5	7,340		7,359	
- On other Assets		109	7,449	189	7,548
Total Expenditure			30,674		37,323
Net Cost Of Services			9,606		16,506
Adjusting Transfer from AMRA			(7,553)		(12,744)
Amortised Premiums and Discounts			146		150
Interest:					
- on mortgages		(127)		(128)	
- on balances		(21)	(148)	(31)	(159)
Net Operating Expenditure/(Income)			2,051		3,753
Appropriations					
Transfer to/from Pension Reserve			17		51
Revenue Contributions to Capital Expenditure			500		1,500
HRA Set-aside (contributions to MRP)			61		169
Transfer to/From Major Repairs Reserve	5		(4,443)		(4,617)
Net Cost of Service For Year			(1,814)		856

Balances

	2003/2004 £000	2002/2003 £000
Balance at the beginning of the year	1,112	1,969
Surplus/(deficit) for the year	1,814	(857)
Balance at end of year	<u>2,926</u>	<u>1,112</u>

Represented by:

	2003/2004 £000	2001/2002 £000
Housing Revenue Account	2,926	1,112
Housing Repairs Account	0	0
	<u>2,926</u>	<u>1,112</u>

Housing Revenue Account Notes

1 Housing Stock

Houses and Bungalows

	31st March 2004	31st March 2003
- 1 bedroom	281	281
- 2 bedrooms	1,439	1,447
- 3 bedrooms	1,911	1,965
- 4+ bedrooms	149	150

Flats

- 1 bedroom	920	928
- 2 bedrooms	710	720
- 3+ bedrooms	78	78

Total dwellings as at 31st March

5,488	5,569
-------	-------

2 Arrears

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

	31st March 2004 £000	31st March 2003 £000
Rent arrears	853	892
less rent payments in advance	(177)	(216)
less bad debt provision	(603)	(564)
Net arrears position	<u>73</u>	<u>112</u>

3 Movement of Housing Revenue Account Assets

	Council Dwellings	Other Property	Total
	£000	£000	£000
Book Value at 1st April 2003	210,903	5,299	216,202
2003/2004 Expenditure	4,727		4,727
Revaluations	137,421		137,421
Depreciation	(7,340)	(109)	(7,449)
Disposals	(2,783)		(2,783)
Book Value at 31st March 2004	342,928	5,190	348,118

The Balance Sheet value of Council Dwellings at 31 March 2004 was £342,928,513.

The Vacant Possession value of the properties at 31 March 2004 was £623,506,387.

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 2004 was £280,577,874.

4 Financing of HRA capital expenditure

	£000	£000
Capital receipts	1,833	
Revenue and Reserves	561	
Other receipts (MRR)	2,252	
		4,646
Less 2002/2003 expenditure financed in 2003/2004		(550)
Add 2003/2004 expenditure financed in 2004/2005		686
		4,782
Categorised as follows:		
Council Dwellings		4,727
Plant & Equipment		55
		4,782

5 Major Repairs Reserve

	2003/2004 £000	2002/2003 £000
Brought forward at 1st April	(1,185)	0
Transfer to Capital	2,252	1,745
HRA Depreciation	(7,449)	(7,548)
Transfer to HRA	4,443	4,618
Carried forward at 31st March	(1,939)	(1,185)

6 Breakdown of HRA Subsidy

	2003/2004 £000
Management Allowance	1,826
Maintenance Allowance	3,053
Major Repairs Allowance	3,006
Charges for Capital	298
Rent	(124)
Interest on Receipts	(14,381)
Housing Element	(6,322)
Rent Rebates	8,801
HRA Subsidy Due 2003/04	2,479
Adjustment in respect of 2002/03	184
HRA Subsidy Due	2,663
Defects Subsidy	79
HRA Subsidy receivable (including MRA)	2,742

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 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	2003/2004		2002/2003	
		£000	£000	£000	£000
Income					
Council Tax	1		47,628		42,684
Collectable Business Rates	2		27,275		28,651
Adjustments - Community Charge	3		0		0
			<u>74,903</u>		<u>71,335</u>
Disbursement					
Precepts					
- Salisbury District Council	6	4,940		4,735	
- Wiltshire County Council		37,245		33,576	
- Wiltshire Police Authority		4,833		4,030	
- Parish Councils	5	704	47,722	634	42,975
Share of surplus on Collection Fund	4				
- Salisbury District Council		(40)		(20)	
- Wiltshire County Council		(253)		(124)	
- Wiltshire Police Authority		(30)	(323)	(15)	(159)
Surplus on Community Charge collection	4		0		11
NNDR					
- payment to national pool	2	27,109		28,492	
- cost of collection allowance	2	166	27,275	159	28,651
Provision for non-payment of Council Tax			114		80
Fund surplus/(deficit) for the year			115		(212)
			<u>74,903</u>		<u>71,346</u>
Fund balance b/f			(644)		(432)
Surplus/(deficit) for year			115		(212)
Fund balance c/f			<u>(529)</u>		<u>(644)</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 £1083.03 for 2003/2004 (£976.08 for 2002/2003) 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:

	2003/2004 £000	2002/2003 £000
Billed to Council Taxpayers	43,880	39,437
Council Tax Benefits	3,750	3,248
Transitional Relief	(2)	(1)
	47,628	42,684

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 44.4p in 2003/2004 (43.7p in 2002/2003) 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 (£34.89) multiplied by 114,678 (the District's population) equalled £4,001,263 and was paid directly into the General Fund. The aggregate business valuation for the District at 31st March 2004 is £68,182,282 (£72,055,336 in 2002/2003).

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

	2003/2004 £000	2002/2003 £000
The largest parish precepts were as follows:		
Amesbury Town Council	90	70
Wilton Town Council	58	58
Durrington Parish Council	73	70
Bulford Parish Council	36	21
Salisbury Charter Trustees	33	33
Mere Parish Council	48	46
Downton	26	26
Winterslow	22	22
Redlynch	21	20
Other Parishes (68)	297	268
	704	634

6 Salisbury City

The Salisbury City Special Levy of £522,216 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 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.

Balance Sheet Agrees	ty		py	
Assets		411541		259234
Liabilities		411541		259234
Diff		0		0

Fixed Asset Totals				
Per Balance Sheet		407629		269234
Per Note		407,629		269,234
Per Revaln		407,629	NA	
Diff		0		0
Diff		0		

Stocks Agrees				
Per Balance Sheet		114		139
Per Note		114		139
Diff		0		0

Debtors Agrees				
Per Balance Sheet		3142		3802
Per Note		3,142		3,802
Diff		0		0

Creditors Agrees				
Per Balance Sheet		-4681		-3257
Per Note		4,681		3,257
Diff		0		0