

## Agenda Item 6 (c)

Financial Services  
**Salisbury District Council**  
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# Report

**Subject** : Statement of Accounts 2006/2007  
**Report to** : The Cabinet  
**Date** : Wednesday 13 June 2007  
**Report of** : Head of Financial Services  
**Authors** : Head of Financial Services and Chief Accountant  
**Cabinet Member** : Councillor Roberts (Resources Portfolio)

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## 1. PURPOSE OF REPORT

- 1.1 The purpose of the report is to present the 2006/2007 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, 2003 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 2006/2007 within three months of the financial year end i.e. by 30<sup>th</sup> June 2007.
- 3.3 The 2006/2007 Statement of Accounts is still subject to external audit by the Audit Commission, by 30<sup>th</sup> September 2007. Any significant subsequent changes will be reported at a later date. The draft Statement of Accounts is attached at Appendix A.
- 3.4 The format of the Statement of Accounts has been amended this year in line with the new requirements of the 2006 Accounting Code of Practice.



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Housing Services  
Waste and Recycling Services



## **4. KEY ISSUES ARISING**

### **4.1 Income and Expenditure Account**

The Income & Expenditure account has this year replaced the Consolidated Revenue Account. The account summarises the resources generated and consumed in providing services and managing the Council during the year. It includes all day-to-day expenses and related income, as well as transactions showing the fixed assets consumed and pensions.

The deficit on the Income and Expenditure Account is £8.920 million. After adjustments for amounts required by statute and non-statutory proper practice in order to show the true effect on the Council Tax, the General Fund balances are increased by £392,000.

The outturn variance on the net General Fund revenue expenditure is £38,878 overspend (0.3% above revised net budget). Further details of this are included in the revenue report 2006/2007 which is elsewhere on the agenda.

### **4.2 Stock Option Transfer**

The Council undertook a stock transfer exercise to determine the future of its housing stock. As at the 31 March 2007 £510,000 is shown as an exceptional item in the Income and Expenditure Account, due to the vote by tenants.

### **4.3 Fixed Assets**

The total of fixed assets has increased in 2006/2007 by a net £17.4 million. This comprises £5.6 million of capital investment in assets and £25.0 million of Revaluations (mainly Council Houses) less £11.9 million of depreciation and £1.3 million book value of disposals.

### **4.4 Current Assets**

Current assets are £4.2 million higher than in the prior year, of which Temporary Loans are £7.4 million higher. This is in line with the increase in the cash, as detailed in the cash flow statement.

### **4.5 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 £2.8 million of capital receipts, but used £4.5 million on assets. This decreased the useable capital receipts balance to £5.9 million.

### **4.6 General Fund Reserves**

These have increased by £392,000 in line with the movement on the General Fund.

### **4.7 Housing Revenue Account (HRA) Reserves**

The original budget assumed a return of £1.5million to reserves, in line with the HRA business plan. This has increased to £1.7 million to reserves due to further underspends in the HRA.

### **4.8 Pensions Reserve**

There is a decrease in the total net liability this year, which has decreased from £18.6 million to £16.1 million. This accounting deficit differs from the actuarial deficit which the Council is aiming to eliminate over 20 years.

**5. OFFICE CENTRALISATION**

These accounts have been prepared with the expenditure on the office centralisation project included in fixed assets. The expenditure at the balance sheet date was £3.6 million. A material amendment to this scheme would be a non-adjusting event after the balance sheet date, and a note about the effects of such a decision would need to be included in the accounts.

**6. RECOMMENDATION**

6.1 That the Statement of Accounts for the financial year ended 31 March 2007 be approved.

**7. IMPLICATIONS**

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

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## Explanatory Foreword

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

This forward gives a guide to the Council's Statement of Accounts and the key items in them. The Statement of Accounts is by necessity presented in the very formal manner required by regulation, but in this foreword we can introduce the authority's finances in plainer terms. The format of the accounts has been amended this year in line with changes introduced by the 2006 Accounting Code of Practice (ACOP).

### The Accounts

The Statement of Accounts comprises:

- An explanatory foreword
- A Statement of Accounting Policies
- Statement of Responsibilities for Statement of Accounts
- Accounting Statements
- Notes to the Accounts (including pensions disclosures)

The Accounting Statements comprises five Core Financial Statements. These are:

- **The Income and Expenditure Account.** This summarises the resources generated and consumed in providing services and managing the Council during the year. It includes all day-to-day expenses and related income, as well as transactions showing the fixed assets consumed and pensions. This replaces in part the Consolidated Revenue Account shown in previous years, and is in line with UK GAAP accounting standards;
- **The Statement of Movements on General Fund Balance.** This adjusts the balance on Income and Expenditure account with items required by statute or non-statutory proper practice in order to show the true effect on Council Tax;
- **Statement of Recognised Gains and Losses (STRGL).** This brings together all the gains and losses for the year and shows the aggregate increase in net worth of the authority;
- **The Balance Sheet.** This is a snapshot picture as at 31 March 2007 that shows what the authority owns and owes;
- **The Cash Flow Statement.** This shows where money came from and where it went.

Notes to the Core Financial Statements follow these statements.

Additionally, the following supplementary financial statements are produced.

- The Housing Revenue Account (HRA). This covers the authority's expenditure on Council housing. The Government requires that this be shown separately;
- The Collection Fund. This shows the rates and taxes that 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.

### 1 Changes in the Statement of Accounts

The Council follows recommended accounting practices. Full explanations of any changes required for 2006/2007 are in the Statement of Accounting Policies and the various notes to the accounts.

The format of the accounts has been amended this year in line with changes introduced by the 2006 Accounting Code of Practice.

## 2 Revenue

In respect of net revenue expenditure, the Council's 2006/2007 General Fund revised budget and actual spending figures were as follows:

General Fund Portfolio	Original Budget £	Revised Budget £	Actual £	Difference £
Resources (including central contingency)	197,330	1,164,750	1,498,882	334,132
Community & Housing	5,038,250	4,407,840	4,303,873	(103,967)
Planning & Economic Development	2,842,850	2,794,410	2,746,404	(48,006)
Environment & Transport	4,415,670	4,027,100	3,883,819	(143,281)
<b>General Fund Portfolio Totals</b>	<b>12,494,100</b>	<b>12,394,100</b>	<b>12,432,978</b>	<b>38,878</b>
<b>Exceptional item</b>	0	0	509,923	509,923
<b>Funded by:</b>				
Revenue Support Grant	(1,197,117)	(1,197,117)	(1,213,504)	(16,387)
National Non-Domestic Rates	(6,201,534)	(6,201,534)	(6,195,000)	6,534
Extra Government Grant	0	0	(172,120)	(172,120)
Collection Fund Deficit	44,810	44,810	44,810	0
Community Charge (Surplus) written off	0	0	(32,887)	(32,887)
Collection Fund Transfer	(5,266,944)	(5,266,944)	(5,266,944)	0
Transfer from other reserves	0	0	(500,000)	(500,000)
<b>Movement on General Fund</b>	<b>(126,685)</b>	<b>(226,685)</b>	<b>(392,744)</b>	<b>(166,059)</b>

The outturn variation on the General Fund is £38,878 or 0.3% above the revised net budget for 2006/2007. More about the Council's revenue spending on services is given, with notes, in the Income & Expenditure Account on pages 15 to 22. The overall movement on the General Fund is a £393,000 contribution to Reserves. More details are included in the Statement of Movement on General Fund.

## 3 Major Revenue Variations

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

**Electricity and Gas £168,000 overspend.** This is due to increasing prices in the energy sector and entering into a short term fixed price contract. This will need to be reviewed before contracts are renewed.

**Customer Services £104,000 overspend.** This reflects the additional investment in council-wide rationalisation of customer services. Additional budgets have been included in the 2007/08 budget which should contain this overspend in future years.

**Council Offices £101,000 overspend.** This relates to a number of extra items, including additional repairs and maintenance to council buildings and rental of additional properties. The majority will reoccur in 2007/2008.

**Housing Needs Service £96,000 overspend.** This is due to a higher than average number of large families needing long term placements in bed and breakfast. This may reoccur in 2007/2008.

**Forward Planning £88,000 overspend.** This relates primarily to staffing costs, partly to cover maternity leave and extra consultancy costs. It is not anticipated that these overspends will reoccur in 2007/2008.

**Development and Private Sector Services £80,000 overspend.** This overspend mainly relates to costs of renting and maintaining short term leased properties. This area is being reviewed to minimise any chance of these overspends occurring in future years.

**Central Contingency £80,000 overspend.** This is due to the premium payment savings in the budget not being implemented.

**Housing Benefits £209,000 underspend.** This is made up of several items, the major items being increases in Recoveries (£90,000) and saving on Benefit Payments (£81,000). Adjustments in the 2007/2008 budget mean this is not likely to reoccur.

**Waste Collection £108,000 underspend.** This relates to the saving in the payment for landfill and disposal tax and overachievements of income targets. As all of the budgets will be revised in light of future collection methods, so it is not expected that these savings will reoccur in future years.

**Corporate and Democratic Core £102,000 underspend.** This relates to a number of items, including consultancy costs, staffing costs caused by the vacancies in Senior Management Team and legal challenges. It is not thought that this would reoccur.

**City Hall £61,000 underspend.** This mainly relates to extra income generated by bringing the bar back in-house. Changes have been built into budgets in 2007/2008.

#### 4 Capital

When buying something that will last more than a year, the cost should be spread 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 £6.556m of its expenditure in 2006/2007 as capital. The major schemes included in this spend were £2.860m on refurbishment of HRA properties, including disabled adaptations and £1.562m on the office centralisation projects

#### 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 2006/2007, the Council funded its capital expenditure by capital receipts (49.7%), major repair reserve (43.3%), revenue (2.0%) and other sources (5.0%).

#### 6 Best Value Accounting Code of Practice (BVACOP)

The 2006/2007 Statement of Accounts has been prepared in accordance with the requirements of the 2006 Best Value Accounting Code of Practice (BVACOP).

#### 7 Pensions

There is a decrease in the total net liability this year, which has decreased from £18.6m to £16.1m. Further details of the pensions liability can be found in the Statement of Accounting Policies, and in the notes to the core financial statements.

#### 8 Stock Option Transfer

During the year, the Council held a formal ballot of its housing tenants to determine the future of its housing stock. This resulted in the tenants voting to stay with the Council. Expenditure of £510,000 has been shown as an exceptional item in the income and expenditure account.

#### 9 Further Information

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

**Financial Services**

PO Box 2117  
Salisbury,

Wiltshire SP2 2DS  
fsmail@salisbury.gov.uk

## Statement of Accounting Policies

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### 1 General

This Statement of Accounts has been prepared according to the Code of Practice on Local Authority Accounting in the United Kingdom 2006: 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. 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 Account".

Operational properties are held 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 held at an open market value basis. Valuations do not include equipment and infrastructure, which are included at historic cost.

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 & Amortisation

Depreciation or Amortisation 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 amortised 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 above £10,000 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 Account.

A proportion of receipts relating to housing disposals is payable to the government as part of the pooling scheme.

## 6 Treatment of Leases

Operating lease rentals are charged direct to service revenue accounts.

## 7 Charges to Revenue

In addition to depreciation and amortisation of fixed assets, other charges include sums transferred to reserves (see note 11 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 2006/2007 was 4.818% (2005/2006 4.587%) plus debt management expenses of 0.2% (2005/2006 0.2%).

## 9 Investments

Investments are shown in the balance sheet at the lower of cost or market value. At 31 March 2007, the Council had £25.745 million invested, £6 million of which was invested by the in-house team, £4.775 million 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 2006/2007 was £1.227 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.

## 10 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.

## 11 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 Income and Expenditure Account. The movements in reserves are shown on page 24. 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 31 March 2007 is made up as follows:

	2006/2007 £000	2005/2006 £000
General Fund debtors	515	486
Housing Rent arrears	719	536
Council Tax arrears	236	227
Community Charge arrears	0	371
NNDR arrears	128	144
<b>TOTAL</b>	<b>1,598</b>	<b>1,764</b>

## 12 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.

## 13 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 2006.

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 Income and Expenditure Account for movements in the assets and liabilities of the scheme (with reconciling entries back to contributions payable for Council Tax purposes).

## 14 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 annually reviewed in light of best practice.

## 15 Grants

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

Capital grants are charged to the Capital Contributions Deferred Account and are amortised as a credit to the Income and Expenditure Account over the life of the asset to offset the depreciation charges made for the asset. The grants are written off in full to the Income and Expenditure Account in the year if the funded assets are classified as deferred charges.

**16 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.

**17 VAT**

Only irrecoverable VAT is included in revenue or capital expenditure.

## The Statement of Responsibilities for the Statement of Accounts

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### 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 31 March 2007.

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 which appear on pages 12 to 37 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 31 March 2007 and the income and expenditure for the year ended on that date.



**Alan Osborne**  
Head of Financial Services

13 June 2007

## STATEMENT ON THE SYSTEM OF INTERNAL CONTROL

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This was taken to the audit committee on 13 June 2007, and will be incorporated into the final version that is taken to full Council

## Independent Auditor's Report to the Members of Salisbury District Council

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### Opinion on the financial statements

I have audited the financial statements of Salisbury District Council for the year ended 31 March 2007 under the Audit Commission Act 1998, which comprise the Consolidated Revenue Account, the Housing Revenue Account, the Collection Fund, the Consolidated Balance Sheet, the Statement of Total Movements in Reserves, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them.

This report is made solely to Salisbury District Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 36 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission.

### Respective responsibilities of the Chief Financial Officer and auditors

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

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements presents fairly the financial position of the Council in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2005.

I review whether the statement on internal control reflects compliance with CIPFA's guidance 'The Statement on Internal Control in Local Government: Meeting the Requirements of the Accounts and Audit Regulations 2003' published on 2 April 2004. I report if it does not comply with proper practices specified by CIPFA or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the statement on internal control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Council's corporate governance procedures or its risk and control procedures.

I read other information published with the financial statements, and consider whether it is consistent with the audited financial statements. This other information comprises only the Explanatory Foreword. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

### Basis of audit opinion

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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 also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

This will be inserted following the audit of the accounts.

District Auditor  
The Audit Commission

## Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources

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### Council's Responsibilities

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

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

### Auditor's Responsibilities

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

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

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

### Conclusion

This will be inserted following the completion of the audit.

District Auditor  
Audit Commission

## Income and Expenditure Account

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

General Fund Services	NOTES	2006/2007		2005/2006
		Expenditure £000	Income £000	Net Expenditure £000
Central Services to the Public	1a	2,567	(2,132)	435
Cultural, Environment & Planning	1b	21,584	(11,267)	10,317
Highways, Roads & Transport Services	1c	3,959	(4,556)	(597)
Housing Services General Fund	1d	30,563	(28,520)	2,043
Housing Services HRA	1e	24,842	(19,821)	5,021
Corporate & Democratic Core	1f	3,671	(717)	2,954
Non-distributed Costs	1g	2,158	(914)	1,244
Exceptional costs	1h/ 2	510	0	510
<b>Net Cost of Service</b>		<b>89,854</b>	<b>(67,927)</b>	<b>21,927</b>
City Special Levy				553
Parish Precepts				798
Interest payable and similar charges				0
Contribution of Housing Capital receipt to Government Pool				1,256
Interest and investment income (note 11)				(1,188)
Pension Interest Costs and Expected Return on Assets				(240)
<b>Net Operating Expenditure</b>				<b>23,106</b>
Additional grant				(172)
Demand on Collection Fund				(6,606)
Revenue Support Grant				(6,195)
Distribution from National Non-Domestic Rate Pool				(1,213)
<b>Total (Surplus)/Deficit for Year</b>				<b>8,920</b>
				<b>10,419</b>

## Statement of Movement on the General Fund

This reconciliation statement summarises the differences between the outturn on the Income and Expenditure Account and the General Fund Balance. More details are included in note 12

	Note	2006/2007 £000	2005/2006 £000
(Surplus)/ Deficit for year on Income and Expenditure Account		8,920	10,419
Net additional amount required by statute and non-statutory proper practice to be debited or credit to General Fund balances for the year	13	(9,312)	(10,270)
<b>(Increase)/ Decrease in General Fund balance for the Year</b>		<b>(392)</b>	<b>149</b>
<b>General Fund Balance Bought forward</b>		<b>(1,295)</b>	<b>(1,444)</b>
<b>General Fund Balance Carried forward</b>		<b>(1,687)</b>	<b>(1,295)</b>

## Statement of Total Recognised Gains and Losses

This statement brings together all the gains and losses of the Council for the year and shows the aggregate increase in its net worth. In addition to the surplus generated on the Income and Expenditure Account, it includes gains and losses relating to the revaluation of fixed assets and re-measurement of the net liability to cover the cost of retirement benefits.

	2006/2007 £000	2005/2006 £000
Deficit/(Surplus) for the year on income and expenditure account	8,920	10,419
Deficit/ (Surplus) arising on revaluation of fixed assets	(26,567)	51,078
Actuarial (gains)/losses on pension fund assets and liabilities	(2,468)	(625)
<b>Total Recognised (Gains)/ Losses for the year</b>	<b>(20,115)</b>	<b>60,872</b>

## Balance Sheet

This statement summarises the Council's assets and liabilities at 31 March for the years 2007 and 2006

	NOTES	31 March 2007		31 March 2006	
		£000	£000	£000	£000
<b>Fixed Assets</b>					
<b>Intangible Assets</b>	14		2,271		2,365
<b>Operational assets</b>					
- Council dwellings & Garages		315,303		301,757	
- Other land and buildings		46,391		44,321	
- Vehicles, plant, furniture and equipment		1,979		2,255	
- Infrastructure		1,559		1,533	
- Community Assets		42	365,274	42	349,908
<b>Non-operational assets</b>			9,735		7,629
	15 & 21		<u>377,280</u>		<u>359,902</u>
Deferred Charges	18		0		0
Long term debtors	22		2,308		2,413
<b>Total Long Term Assets</b>			<u>379,588</u>		<u>362,315</u>
<b>Current Assets</b>					
Stocks and work in progress	23	174		166	
Temporary investments		25,745		18,355	
Debtors	24	4,020		6,480	
Payments in advance		602		956	
Cash and Bank		125		492	
			30,666		26,449
<b>Total Assets</b>			<u>410,254</u>		<u>388,764</u>
<b>Current Liabilities</b>					
Creditors	25	(4,868)		(4,424)	
Cash Overdrawn		(1,318)		(1,106)	
Receipts in Advance		(3,435)		(1,506)	
			(9,621)		(7,036)
<b>Tot: Total Assets less Current Liabilities</b>			<u>400,633</u>		<u>381,728</u>
<b>Long Term Liabilities</b>					
Trust Funds	26	(49)		(46)	
Pension Fund Liability	35 & 36	(16,093)		(18,561)	
Planning Deposits		(3,467)		(3,358)	
Government Grants Deferred		(1,222)		0	
Deferred capital receipts		(2,088)		(2,160)	
Other Deposits		(71)		(71)	
Deferred Liability		(23)		(27)	
			(23,013)		(24,223)
<b>Total Assets less Liabilities</b>			<u>377,620</u>		<u>357,505</u>
<b>Financed by</b>					
Fixed asset restatement account	29		320,387		296,702
Capital financing account	30		56,757		63,201
Useable capital receipts Reserve	31		5,872		7,565
Major Repairs Reserve	32		897		507
Pension Reserve	36		(16,093)		(18,561)
General Fund Balance			1,687		1,295
Housing Revenue Account balance			7,282		5,566
Specific reserves	33		831		1,230
<b>Total Equity</b>	27 & 28		<u>377,620</u>		<u>357,505</u>

*Alan Osborne*

Alan Osborne Head of Financial Services 13 June 2007



## Cashflow Statement

This consolidated statement summarises the movement of cash between the Authority and third parties for both capital and revenue purposes.

	NOTES	2006/2007		2005/2006	
		£000	£000	£000	£000
<b>Revenue Activities</b>					
<b>Cash outflows</b>					
Cash paid to and on behalf of employees		18,922		15,566	
Other operating cash payments		35,731		29,469	
Housing Benefits paid out		26,065		25,095	
Non-Domestic Rate payments to national pool		30,581		26,690	
Precept paid		51,185		49,266	
Payments to the Capital receipts pool		1,256	163,740	837	146,923
<b>Cash inflows</b>					
Council Tax Receipts		(55,756)		(54,817)	
Non-Domestic Rate receipts		(34,713)		(29,004)	
Revenue Support Grant		(6,367)		(3,306)	
Rents (after rebates)		(18,775)		(18,239)	
DWP grants for rebates		(25,706)		(24,515)	
Other Government grants	42	(5,512)		(1,962)	
Cash received for goods and services	37	(22,505)	(169,334)	(15,245)	(147,088)
			(5,594)		(165)
<b>Servicing of Finance</b>					
<b>Cash inflows</b>					
Interest received		(1,478)	(1,478)	(1,321)	(1,321)
<b>Capital Activities</b>					
<b>Cash outflows</b>					
Purchase of fixed assets		6,654		8,296	
		6,654		8,296	
<b>Cash inflows</b>					
Sale of fixed assets		(1,256)		(1,279)	
Deferred charges and other capital cash receipts		(930)		(941)	
Other Capital cash receipts		(1,569)		(1,037)	
		(3,755)	2,899	(3,257)	5,039
<b>Net cash outflow/(inflow) before financing</b>			<b>(4,173)</b>		<b>3,553</b>
<b>Financing</b>					
<b>Cash outflows</b>					
Financing of expenditure			(2,638)		(2,980)
<b>Decrease/(increase) in cash</b>	<b>39</b>		<b>(6,811)</b>		<b>573</b>

## Notes to the Core Financial Statements

### Notes on Income and Expenditure Account

#### Note 1 CIPFA Best Value Accounting Code of Practice – Service Expenditure Analysis

The Net Cost of service on the Income and Expenditure Account can 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. For more details on restatement, see note 43.

		2006/2007		Net	2005/2006
	NOTES	Expenditure £000	Income £000	Expenditure £000	Net Expenditure £000
<b>Central Services to the Public</b>					
Local Tax Collection		2,199	(1,745)	454	456
Elections		164	(1)	163	120
Emergency Planning		20	0	20	20
Local Land Charges		184	(386)	(202)	(161)
<b>Total Central Services to the Public</b>	<b>1a</b>	<b>2,567</b>	<b>(2,132)</b>	<b>435</b>	<b>435</b>
<b>Cultural, Environment &amp; Planning</b>					
<b>Cultural &amp; Related</b>					
Cultural & Heritage		1,587	(802)	785	780
Recreation & Sport	15	3,464	(1,877)	1,587	1,560
Open Spaces		1,190	(664)	526	529
Tourism		604	(151)	453	443
<b>Environmental Services</b>					
Cemetery, Cremation and Mortuary		361	(601)	(240)	(219)
Environmental Health		1,793	(523)	1,270	1,173
Community Safety (Crime Reduction)		407	0	407	411
Flood Defence & Land Drainage		41	0	41	42
Street Cleansing		2,046	(1,051)	995	980
Waste Collection		5,693	(3,312)	2,381	2,382
<b>Planning &amp; Development Services</b>					
Building Control		552	(432)	120	165
Development Control		1,905	(1,209)	696	904
Planning Policy		779	(11)	768	586
Environmental Initiatives		36	0	36	34
Economic Development		520	(529)	(9)	17
Community Development		606	(105)	501	442
<b>Total Cultural, Environment &amp; Planning</b>	<b>1b</b>	<b>21,584</b>	<b>(11,267)</b>	<b>10,317</b>	<b>10,229</b>
<b>Highways, Roads &amp; Transport Services</b>					
Transport Planning, Policy & Strategy		0	0	0	0
Street Lighting		7	0	7	0
Parking Services		2,720	(4,555)	(1,835)	(1,494)
Public Transport		1,232	(1)	1,231	571
<b>Total Highways, Roads &amp; Transport Services</b>	<b>1c</b>	<b>3,959</b>	<b>(4,556)</b>	<b>(597)</b>	<b>(923)</b>

		2006/2007		2005/2006
	NOTES	Expenditure £000	Income £000	Net Expenditure £000
<b>Housing Services General Fund</b>				
Housing Strategy		1,780	(938)	842
Housing Advances		0	0	0
Private Sector Housing Renewal		444	(189)	255
Homelessness		757	(268)	489
Housing Benefit Payments		24,968	(25,701)	(733)
Housing Benefit Administration		982	(5)	977
Other Council Property		1,214	(1,115)	99
Welfare Services		418	(304)	114
<b>Total Housing Services General Fund</b>	<b>1d</b>	<b>30,563</b>	<b>(28,520)</b>	<b>2,043</b>
<b>Housing HRA</b>				
Dwellings Rents(Gross)		0	(18,503)	(18,503)
Non-dwellings Rents(Gross)		0	(179)	(179)
Other Charges for Services and Facilities		0	(787)	(787)
Contributions towards Expenditure		0	0	0
HRA Subsidy		6,126	(79)	6,047
Repairs and Maintenance		4,213	(99)	4,114
Supervision and Management		2,750	(174)	2,576
Special Services		1,451	0	1,451
Rents, Rates, Taxes and other charges		0	0	0
Rent Rebates		115	0	115
Increased Provision for Bad or Doubtful Debts		184	0	184
Cost of Capital Charge		0	0	0
Depreciation and Impairments of Fixed Assets		10,003	0	10,003
<b>Total Housing Services HRA</b>	<b>1e</b>	<b>24,842</b>	<b>(19,821)</b>	<b>5,021</b>
<b>Corporate &amp; Democratic Core</b>				
Democratic Representation & Management		1,802	(630)	1,172
Corporate Management		1,869	(87)	1,782
<b>Total Corporate &amp; Democratic Core</b>	<b>1f</b>	<b>3,671</b>	<b>(717)</b>	<b>2,954</b>
<b>Total Non-distributed Costs</b>	<b>1g</b>	<b>2,158</b>	<b>(914)</b>	<b>1,244</b>
<b>Exceptional costs</b>	<b>1h</b>	<b>510</b>	<b>0</b>	<b>510</b>
<b>NET COST OF SERVICE</b>		<b>89,854</b>	<b>(67,927)</b>	<b>21,927</b>

## Note 2 Exceptional items

In November 2006, Salisbury District Council undertook a ballot of its tenants to ascertain if they wished to transfer to a newly formed housing association. This option was rejected.

During the 12 months leading up to the ballot, an extensive consultation exercise was carried out which involved giving tenants as much information as possible about their options. At the end of the 2005/2006 financial year the spend to date was held on the balance sheet as a payment in advance (£292,000).

During 2006/2007 an additional £218,000 from the general fund was spent on the consultation exercise, giving a total of £510,000. According to best practice guidelines in the event of a 'no' vote, these costs should be borne by the General Fund and not the Housing Revenue Account. Therefore they are shown as an exceptional item.

**Note 3 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 Income and Expenditure Account includes Section 137 spending as is detailed below:

	2006/2007 £000	2005/2006 £000
Grants to local individuals and groups	155	150
Village Enhancement Schemes	0	0
	<u>155</u>	<u>150</u>
<b>Spending Limit</b>	<u>224</u>	<u>220</u>

**Note 4 Expenditure on Publicity**

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

	2006/2007 £000	2005/2006 £000
Public Relations improvement	54	65
Staff advertising	93	104
Promotion of Tourism	32	29
Other advertising	129	108
Other Marketing and Promotion	77	105
	<u>385</u>	<u>411</u>

**Note 5 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.

	2006/2007			2005/2006 Total £000
	Chargeable £000	Non Chargeable £000	Total Building Control £000	
<b>Expenditure</b>				
Employee Expenses	298	74	372	371
Premises	0	5	5	5
Transport	22	6	28	27
Supplies and Services	14	6	20	27
Agency and Contracted Services	26	0	26	10
Central and Support Service Recharges	81	20	101	116
<b>TOTAL EXPENDITURE</b>	<u>441</u>	<u>111</u>	<u>552</u>	<u>556</u>
<b>Income</b>				
Building Regulations Charges	(432)	0	(432)	(391)
<b>TOTAL INCOME</b>	<u>(432)</u>	<u>0</u>	<u>(432)</u>	<u>(391)</u>
<b>(Surplus)/ Deficit for Year</b>	<u>9</u>	<u>111</u>	<u>120</u>	<u>165</u>

**Note 6 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 2006/2007.

	2005/2006 Balance 1 April £000	Expenditure During Year £000	Income During Year £000	2006/2007 Balance 31 March £000
On Street Parking	(451)	739	(521)	(233)
Residents Parking	183	122	(72)	233
Intelligent Transport System	(135)	135	0	0
	<b>(403)</b>	<b>996</b>	<b>(593)</b>	<b>0</b>

**Note 7 Members' Allowances**

The total of Members' Allowances paid in the year was £424,288.

**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:

	2006/2007	2005/2006
£50,000 to £59,999	8	2
£60,000 to £69,999	0	0
£70,000 to £79,999	1	4
£80,000 to £89,999	0	0
£90,000 and over	1	0
	<b>10</b>	<b>6</b>

**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 35.

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 Audit Fees**

The audit of the Statement of Accounts is carried out by the Audit Commission. The following fees were payable during 2006/2007 relating to external audit and inspection.

	2006/2007 £000	2005/2006 £000
External Audit Services	102	94
Statutory Inspection	0	0
Certification of Grant Claims and Returns	36	17
	138	111

**Note 11 Interest Receivable**

The Interest Receivable figure stated in the Income and Expenditure 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 £1.378m.

## Note on Statement of Movement on the General Fund

**Note 12 Explanation of significance of Statement of Movement on General Fund Balance**

The Income and Expenditure Account shows the Council's actual financial performance for the year, measured in terms of the resources consumed and generated over the last twelve months. However, the Authority is required to raise council tax on a different accounting basis, the main differences being:

- Capital investment is accounted for as it is financed, rather than when the fixed assets are consumed.
- The payment of a share of housing capital receipts to the Government scores as a loss in the Income and Expenditure Account but is met from the Usable Capital Receipts balance rather than council tax.
- Retirement benefits are charged as amounts become payable to pension funds and pensioners, rather than as future benefits are earned.

The General Fund Balance compares the council's spending against the council tax that it raised for the year, taking into account the use of reserves built up in the past and contributions to reserves earmarked for future expenditure.

The reconciliation statement summarises the differences between the outturn on the Income and Expenditure Account and the General Fund Balance.

**Note 13 Breakdown of amounts additional to statement of movements on general fund balance**

	2006/2007 £000	2005/2006 £000
<b>Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the movement on the General Fund Balance for the year.</b>		
Depreciation and impairment of Fixed Assets	(1,731)	(1,627)
Excess of depreciation charged to HRA over the Major Repairs Reserves	(6,773)	(8,918)
Deferred charges	(911)	(941)
Government grants deferred amortisation	189	0
Contribution from Pension Reserve	49	44
<b>Amounts not included in the Income and Expenditure Account but required by statute when determining the movement on the General Fund Balance for the year.</b>		
Capital expenditure charged to General Fund balances	10	310
Transfer from Useable Capital Receipts equal to the contribution to the Housing Capital Receipts Pool	(1,256)	(837)
<b>Transfers to or from the General Fund Balance that are required to be taken into account when determining the movement on the General Fund Balance for the year.</b>		
Statutorily required transfer of balance on HRA	1,716	1,895
Transfer from Transportation Reserve	(105)	(196)
Transfer from Other Reserve	(500)	0
<b>Net Additional amount required to be credited to the General Fund balance for the year</b>	<b>(9,312)</b>	<b>(10,270)</b>

## Notes on Balance Sheet – Fixed Assets

### Note 14 Intangible Fixed assets

Software Licences are kept for a variety of projects such as the Corporate Financial Management system, Personnel system, E-Gov and Housing system. They are amortised over 5 years.

Corporate development work are schemes that support the major projects such as the office project. Once complete they will be amortised over 5 years.

	Purchased Software Licences £000	Corporate Development Schemes in support of Major Projects £000	Total £000
Original cost	2,398	150	2,548
Amortisations to 1 April 2006	(183)		(183)
Balance at 1 April 2006	2,215	150	2,365
Expenditure in Year	199	125	324
Amortisations in Year	(407)		(407)
Category Adjustments	0	(11)	(11)
Balance at 31 March 2007	2,007	264	2,271

### Note 15 Movement of Fixed Assets 2006/2007

	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 1 April 2006	2,365	301,757	44,321	2,255	1,533	42	7,629	359,902
2006/2007 Expenditure	324	2,840	2,048	408	26	0	0	5,646
Revaluations	0	21,894	0	0	0	0	3,141	25,035
Category Adjustments	(11)	0	870	11	0	0	(870)	0
Depreciation	(407)	(10,003)	(848)	(695)	0	0	0	(11,953)
Disposals	0	(1,185)	0	0	0	0	(165)	(1,350)
Book Value at 31 March 2007	2,271	315,303	46,391	1,979	1,559	42	9,735	377,280

### Note 16 Information about Depreciation Methodologies

All depreciation applied is on a straight line basis using the following useful lives;

- Council Dwellings. These are depreciated over a useful life of 30 years;
- Other Land and Buildings, Garages and Buildings are depreciated over a useful life of 50 years. Land is not depreciated;
- Vehicles, Plant etc. These are depreciated over 5 years;
- Community Assets and Non Operational Assets. These are not depreciated;
- Intangible Assets. These are amortised over 5 years.

The total depreciation charged to assets for 2006/2007 is £11,953,000.

**Note 17 Financing of Capital Expenditure**

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

Financing of capital expenditure	31 March 2007		31 March 2006	
	£000	£000	£000	£000
Opening Capital Financing Requirement		0		264
Capital Investment				
Operational Assets	5,646		7,903	
Non-Operational Assets	0		0	
Deferred Charges	911		941	
		6,557		8,844
Sources of Finance				
Capital Receipts	(3,262)		(4,545)	
Government Grants and Other Contributions	(325)		(385)	
Revenue Provision	(2,970)		(3,914)	
		(6,557)		(8,844)
Transfer of PCL		0		(264)
Closing Capital Financing Requirement		0		0
<b>Explanation of Movements in the Year</b>				
Increase / (decrease) in underlying need to borrow (unsupported by Government financial assistance)		0		(264)
Increase / (decrease) in Capital Financing Requirement		0		(264)

**Note 18 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.

Deferred Charges in Year	2005/2006	Expenditure Discharged	2006/2007
	£000	£000	£000
	0	911 (911)	0

**Note 19 Capital Commitments**

At 31 March 2007, the Council was contractually committed to capital expenditure amounting to approximately £1,136,000.

	£000
Resources	390
Community & Housing	19
Planning & Economic Development	0
Environment & Transportation	0
City	0
Housing Revenue Account	727
	<b>1,136</b>

**Note 20 Leasing**

Vehicles, Plant, Furniture and Equipment – the authority uses a car, a recovery vehicle, a tipper, a trailer, refuse vehicles, applied sweepers and gas central heating equipment and alarms financed under the terms of an operating lease. The amount paid under these arrangements in 2006/2007 was £926,000. (2005/2006 £987,000)

Land and buildings – the authority does not lease any land or buildings which are treated as operating leases.

Authority as Lessor – the authority has not granted any leases which are treated as operating leases.

Commitments under operating leases – the authority was committed at 31 March 2007 to making payments of £2,620,000 under operating leases in 2006/2007, comprising the following elements:



	<b>Other Land &amp; Buildings £000</b>	<b>Vehicles, Plant &amp; Equipment £000</b>
Leases expiring in 2007/2008	-	150
Leases expiring between 2008/2009 and 2011/2012	-	1,349
Leases expiring after 2011/2012	-	1,121

### Note 21 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, an external valuer. The basis for the valuations is set out in the Statement of Accounting Policies.

For all assets not revalued as of 31 March 2007, 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	2,271		9,019	1,979	1,559	42		14,870
Valued at current cost in:								
2006/2007		310,443	870				9,735	0
2005/2006								0
2004/2005								0
2003/2004		4,860	18,355					23,215
2002/2003			18,147					18,147
Book Value at 31 March 2006	2,271	315,303	46,391	1,979	1,559	42	9,735	377,280

## Notes on Balance Sheet – Other

### Note 22 Long Term Debtors

	2005/2006 Balance 1 April £000	Increases During Year £000	Repayments During Year £000	2006/2007 Balance 31 March £000
Mortgages				
- Public Sector	2,270	328	(395)	2,203
- Private Sector	9	0	(5)	4
	<b>2,279</b>	<b>328</b>	<b>(400)</b>	<b>2,207</b>
Early Retirement Payments in Advance	119	60	(80)	99
Car Loans to Employees due over 1 year	15	0	(13)	2
Total Long Term Debtors	<b>2,413</b>	<b>388</b>	<b>(493)</b>	<b>2,308</b>

### Note 23 Stocks

	2006/2007 £000	2005/2006 £000
Stocks		
- Salisbury Commercial Services	49	60
- Others	125	106
	<b>174</b>	<b>166</b>

**Note 24 Debtors**

	2006/2007 £000	2005/2006 £000
Other local authorities	706	403
Government departments	735	3,750
Ratepayers and taxpayers	1,838	1,967
Tenants	738	699
Mortgagees	0	0
Sundry debtors	1,531	1,320
Car loans to employees	10	27
Accrued interest	42	30
Other public bodies	19	48
	<b>5,619</b>	<b>8,244</b>
Less: provision for bad debts	(1,599)	(1,764)
	<b>4,020</b>	<b>6,480</b>

As part of the requirements of ACOP 2006, the debtors comparatives have been restated from the 2005/2006 Statement of Accounts. The comparative figures include an extra £289,000 due to the restatement of the Collection Fund balance. For further details, please see note 44.

**Note 25 Creditors****Creditors**

	2006/2007 £000	2005/2006 £000
Other local authorities	517	513
Government departments	1,199	944
Other public bodies	38	29
Utilities	91	46
Capital schemes	1,136	1,233
Sundry creditors	1,887	1,659
	<b>4,868</b>	<b>4,424</b>

**Note 26 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 £000s	Expenditure £000s	Internal Investments £000s
Bemerton Playing Field Fund - established in 1932 to maintain and enhance Lower Bemerton recreation ground	59	(10)	49
Trust Funds held on the Balance Sheet			<b>49</b>

The Assets of the Bemerton Playing Field Fund were valued at 31 March 2007 and the external investments were:

2.5% Consolidated Stock	£ 214
9% Treasury Stock 2008	31,563
M&G Securities Ltd Charifund Inc	203,631
	<b>235,408</b>

## Notes on Balance Sheet – Reserves

### Note 27 Net Assets Employed

The net assets employed by the Council are analysed below:

	2006/2007 £000	2005/2006 £000
General Fund	(52,527)	(48,085)
Housing Revenue Account	(325,093)	(309,420)
	<u>(377,620)</u>	<u>(357,505)</u>

### Note 28 Reserves

The Council keeps a number of reserves in the balance sheet. Some are required to be held for statutory reasons, some are needed to comply with proper accounting practice, and others have been set up voluntarily to earmark resources for future spending plans.

Reserve	Note	Balance at 01/04/2006 £000	Net Movement In Year £000	Balance at 31/03/2007 £000	Purpose of Reserve
Fixed Asset Restatement Account	29	296,702	23,685	320,387	Store of gains on revaluation of fixed assets
Capital Financing Account	30	63,201	(6,444)	56,757	Store of capital resources set aside to meet past expenditure
Usable Capital Receipts	31	7,565	(1,693)	5,872	Proceeds of fixed assets sales available to meet future capital investment
Major Repairs Reserve	32	507	390	897	Resources available to meet capital investment in council houses
Pensions Reserve	36	(18,561)	2,468	(16,093)	Balancing account to allow inclusion of Pensions Liability in the balance sheet
General Fund		1,295	392	1,687	Resources available to meet future running costs for non-housing services
Housing Revenue Account		5,566	1,716	7,282	Resources available to meet future running costs for council houses
Specific Reserves	33	1,230	(399)	831	Other ring fenced resources available for specific areas
<b>Total Equity</b>		<u>357,505</u>	<u>20,115</u>	<u>377,620</u>	

Further details of the movement of the General Fund are included in the Statement of Movement of General Fund Balances on page 12. Further details of the movement on the Housing Revenue Account are included in the HRA statement.

**Note 29 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.

Fixed Asset Restatement Account	2006/2007 £000	2005/2006 £000
(Gains)/Losses on revaluation of fixed assets	(25,035)	53,230
Disposals of fixed assets	1,350	715
Movement in Year	<u>(23,685)</u>	<u>53,945</u>
Balance at 1 April	(296,702)	(350,647)
Balance at 31 March	(320,387)	(296,702)

**Note 30 Movements in Amounts Set Aside to Finance Capital Investment (Capital Financing Account)**

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.

Capital Financing Account	2006/2007 £000		2005/2006 £000
Capital financing	(3,261)		(4,545)
- capital receipts	(3,261)		(4,545)
- Major Repairs Reserve	(2,840)		(3,512)
- revenue and reserves	(130)		(403)
- government grants deferred	<u>(189)</u>		(385)
		(6,420)	
Transfer of PCL			(264)
Depreciation		11,953	13,695
Deferred Charges written off in year		911	941
<b>Total (increase)/decrease in amounts set aside to finance capital investment</b>		<u>6,444</u>	<u>5,527</u>
Balance at 1 April		(63,201)	(68,728)
Balance at 31 March		(56,757)	(63,201)

**Note 31 Movements in Realised Capital Resources (Useable Capital Receipts Reserve)**

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.

Usable capital receipts reserve	2006/2007 £000		2005/2006 £000
<b>Amounts Receivable in year</b>			
- disposal of land and buildings	(1,568)		(1,479)
- Housing Pooled Capital Receipt	<u>(1,256)</u>		(837)
		(2,824)	(2,316)
<b>Amounts applied to finance new capital investment in year</b>			
- receipts set aside	3,261		4,545
- transfer to I&E equal to contribution to Housing Pooled Capital receipt	1,256		837
- transfer of PCL	<u>0</u>		264
		4,517	
<b>Movement in Year</b>		<u>1,693</u>	<u>3,330</u>
Balance at 1 April		(7,565)	(10,895)
Balance at 31 March		(5,872)	(7,565)

### Note 32 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.

	2006/2007 £000	2005/2006 £000
Transfer to Capital	2,840	3,512
HRA Depreciation	(10,003)	(12,051)
Transfer to HRA	6,773	8,918
Movement in Year	(390)	379
<b>Balance at 1 April</b>	<b>(507)</b>	<b>(886)</b>
<b>Balance at 31 March</b>	<b>(897)</b>	<b>(507)</b>

### Note 33 Specific Reserves

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 1/4/2006 £000	To Reserves £000	From Reserves £000	Balance 31/3/2007 £000
The movements in revenue reserves in the year were:				
City Committee Special Reserve (See Note 34)	(129)	(553)	556	(126)
City Capital Earmarked Reserve (see below)	(450)	(50)	500	0
Transportation Reserve	(597)	0	105	(492)
City Cemetery Reserve	(40)	0	1	(39)
Running Track Reserve	(19)	0	19	0
Internal Leasing Reserve	0	(218)	34	(184)
Collection fund balance due to Salisbury District Council	5	0	5	10
	<b>(1,230)</b>	<b>(821)</b>	<b>1,220</b>	<b>(831)</b>

Due to the new requirements of ACOP 2006, this is reported differently this year. The Collection Fund balance has been split. The Salisbury District Council Collection Fund balance is included in specific reserves and the other balances are shown as debtors. Prior year figures have also been amended to reflect this. For more information see note 44.

The City Capital Earmarked Reserve (£500,000) has been consolidated as part of the Useable Capital Receipts reserve shown in note 31.

### Note 34 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.

	2006/2007 £000	2005/2006 £000
Balance brought forward 1 April	(129)	(427)
Precept income	(553)	(528)
	(682)	(955)
Less net expenditure	506	376
Transfer to earmarked capital reserve	50	450
<b>Balance carried forward 31 March</b>	<b>(126)</b>	<b>(129)</b>

## Notes on Pension Fund

### Note 35 Pension Fund Disclosures

#### Participation in Pensions Schemes

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.

#### Transactions Relating to Retirement Benefits

In 2006/2007 the Council paid Employers contributions of £2.143m (17.2% of pensionable pay). This amount has been charged to the income and expenditure account, 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 Operating Profit	Year to		Year to	
	31 March 2007	31 March 2007	31 March 2006	31 March 2006
	£000	% of Payroll	£000	% of Payroll
Service Costs	2,658	22.5%	2,057	17.7%
Curtailments and Settlements	96	0.8%	161	1.4%
Past Service Costs	0	0.0%	84	0.7%
<b>Total Operating Charge (A)</b>	<b>2,754</b>	<b>23.3%</b>	<b>2,302</b>	<b>19.8%</b>
Amount Credited to Other Finance Income	Year to		Year to	
	31 March 2007	31 March 2007	31 March 2006	31 March 2006
	£000	% of Payroll	£000	% of Payroll
Expected return on Employer Assets	4,389	37.1%	3,609	31.0%
Interest on Pension Scheme Liabilities	(4,149)	(35.1%)	(3,870)	(33.3%)
<b>Net Return (B)</b>	<b>240</b>	<b>2.0%</b>	<b>(261)</b>	<b>(2.2%)</b>
<b>Net Revenue Account Cost (A)-(B)</b>	<b>2,514</b>	<b>21.2%</b>	<b>2,563</b>	<b>22.0%</b>

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.

#### Assets and liabilities in relation to Retirement Benefits

The underlying assets and liabilities for the retirement benefits attributable to the Authority as at 31 March 2007 are as follows:

Local Government Pension Scheme	31 March 2007	31 March 2006	31 March 2005
	£000	£000	£000
<b>Estimated Employer Assets (A)</b>	<b>68,344</b>	<b>65,894</b>	<b>52,410</b>
Present Value of Scheme Liabilities	81,246	81,227	68,620
Present Value of Unfunded Liabilities	3,191	3,228	3,020
<b>Total Value of Liabilities (B)</b>	<b>84,437</b>	<b>84,455</b>	<b>71,640</b>
<b>Net Pension Asset/(Liability) (A)-(B)</b>	<b>(16,093)</b>	<b>(18,561)</b>	<b>(19,230)</b>

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.

### Basis for Estimating Assets and Liabilities

Liabilities have been assessed by Hymans 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 2007 % per annum	31 March 2006 % per annum	31 March 2005 % per annum
Price Increases	3.2%	3.1%	2.9%
Salary Increases	4.7%	4.6%	4.4%
Pension Increases	3.2%	3.1%	2.9%
Proportion of Employees opting to take commuted lump sum	0.0%	N/A	N/A
Discount Rate	5.4%	4.9%	5.4%

### Changes to the local government pension scheme

Changes to the Local Government Pension Scheme permit employees retiring on or after 6 April 2006 to take an increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension. On the advice of our actuaries we have taken the view that there is insufficiently reliable evidence to assume a level of take-up of the change in the pension scheme. Consequently the valuation of the Council's retirement benefit liabilities as at 31 March 2006 did not include any allowance for this change to the pension scheme.

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 % per annum	Fund Value at 31 March 2007 £000	Long Term Return % per annum	Fund Value at 31 March 2006 £000
Equities	7.8%	47,447	7.4%	46,530
Bonds	4.9%	12,841	4.6%	12,168
Property	5.8%	6,661	5.5%	5,979
Cash	4.9%	1,395	4.6%	1,218
<b>Total</b>	<b>7.0%</b>	<b>68,344</b>	<b>6.7%</b>	<b>65,895</b>

At 31 March 2007 the Wiltshire Pension Fund had a market value of £1,124.2 million.

### Actuarial Gains and Losses

The actuarial gain on the Pensions Reserve can be analysed into the following categories, measured as a percentage of assets or liabilities:

	Year to 31 March 2007	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	(1,045)	8,911	2,250	9,610	(11,790)
Value of Assets	68,344	65,894	52,410	47,300	33,950
<b>Percentage of Assets</b>	<b>(1.5%)</b>	<b>13.5%</b>	<b>4.3%</b>	<b>20.3%</b>	<b>(34.7%)</b>
Experience Gains/(Losses) on Liabilities	(956)	1,008	(1,060)	(250)	(2,040)
Total Present Value of Liabilities	84,437	84,455	71,640	57,010	51,570
<b>Percentage of Total Present Value of Liabilities</b>	<b>(1.1%)</b>	<b>1.2%</b>	<b>(1.5%)</b>	<b>(0.4%)</b>	<b>(4.0%)</b>
Total Actuarial Gains/(Losses) recognised in the STRGL	2,635	1,023	9,740	9,360	(13,830)
Total Present Value of Liabilities	84,437	84,455	71,640	57,010	51,570
<b>Percentage of Total Present Value of Liabilities</b>	<b>3.1%</b>	<b>1.2%</b>	<b>(13.6%)</b>	<b>16.4%</b>	<b>(26.8%)</b>

Further information can be found in the Annual Report and Financial Statements of the Wiltshire Pension Fund for 2006/2007.

**Note 36 Movement in Pension Surplus/ Deficit during the year**

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

<b>Movement in Surplus/Deficit During the Year</b>	<b>Year to 31 March 2007 £000</b>	<b>Year to 31 March 2006 £000</b>
<b>Surplus/(deficit) at beginning of the year</b>	(18,561)	(19,230)
Current service cost	(2,658)	(2,057)
Employer contributions	2,143	2,007
Contributions in respect of Unfunded Benefits	204	202
Past Service Costs	0	(84)
Impact of Settlements & Curtailments	(96)	(161)
Net return on assets	240	(261)
Actuarial gains/(losses)	2,635	1,023
<b>Surplus/(deficit) at end of year</b>	<b>(16,093)</b>	<b>(18,561)</b>

**Notes on Cash Flow****Note 37 Cash Flow Revenue Reconciliation**

	<b>2006/2007</b>		<b>2005/2006</b>	
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
(Surplus)/deficit for year:				
- General Fund	(392)		149	
- Housing Revenue Account	(1,716)		(1,895)	
- Specific Reserves	399		106	
	<u>(1,709)</u>	<u>(1,709)</u>	<u>(1,640)</u>	<u>(1,640)</u>
Movement in capital	(1,428)		156	
Movement in reserves	1,256		837	
Movement in other balances	(12)		(21)	972
		<u>(184)</u>		
Interest received	<u>1,478</u>	<u>1,478</u>	<u>1,321</u>	<u>1,321</u>
Changes to:				
- creditors	(444)		(742)	
- stocks and work in progress	8		26	
- debtors	(2,460)		(246)	
- payments in advance	(354)		465	
- receipts in advance	(1,929)	(5,179)	(321)	(818)
		<u>(5,594)</u>		<u>(165)</u>

The 2005/2006 Cash Flow comparatives have been restated as a result of the changes made from the restatement of the Collection Fund Balance. See note 44.

**Note 38 Cash Flow Movements in Other Current Assets**

	<b>Balance Sheet 31/3/2006 £000</b>	<b>2006/2007 Movement £000</b>	<b>Balance Sheet 31/3/2007 £000</b>
Debtors	6,480	(2,460)	4,020
Creditors	(4,424)	(444)	(4,868)
Stocks and work in progress	166	8	174
Payments in Advance	956	(354)	602
Receipts in Advance	(1,506)	(1,929)	(3,435)
	<u>1,672</u>	<u>(5,179)</u>	<u>(3,507)</u>

The 2005/2006 Cash Flow comparatives have been restated as a result of the changes made from the restatement of the Collection Fund Balance. See note 44.



**Note 39 Cash Flow Movements in Cash and Cash Equivalents**

	Balance Sheet 31/3/2006 £000	2006/2007 Movement £000	Balance Sheet 31/3/2007 £000
Cash and Bank	492	(367)	125
Cash Overdrawn	(1,106)	(212)	(1,318)
Temporary investments	18,355	7,390	25,745
	<b>17,741</b>	<b>6,811</b>	<b>24,552</b>

**Note 40 Cash Flow Cash and Cash Equivalents**

The authority includes in cash and cash equivalents its bank accounts, including overdrafts, cash floats and temporary investments.

**Note 41 Cash Flow Capital Expenditure and Income**

Capital expenditure appears higher in the Cash Flow 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.

**Note 42 Cash Flow Other Government Grants**

The main Government grants received are as follows:	2006/2007 £000	2005/2006 £000
Housing	(1,523)	(455)
Other	(3,989)	(1,507)
	<b>(5,512)</b>	<b>(1,962)</b>

## Notes on Restatement of Prior year Figures

**Note 43 Restatement of Income and Expenditure comparators**

It is a requirement, as part of the changes introduced by the SORP 2006, to remove capital financing charges from the 2005/2006 service outturns. This means that the 2005/2006 comparative figures in the Income and Expenditure Account differ from those published in the Consolidated Revenue Account in the 2005/2006 Statement of Accounts. The following table illustrates the adjustments made:

General Fund Services	Consolidated Revenue Account per 2005/2006 £000	Removal of Capital financing Charges £000	Relocation of premium £000	Adjustment re HRA share Corporate & Dem core £000	2005/2006 comparatives in Income & Expenditure £000
Central Services to the Public	435				435
Cultural, Environment & Planning	10,971	(742)			10,229
Highways, Roads & Transport Services	(341)	(582)			(923)
Housing Services General Fund	2,399	(356)			2,043
Housing Services HRA	19,676	(12,741)		(279)	6,656
Corporate & Democratic Core	2,969			279	3,248
Non-distributed Costs	489	(89)	(41)		359
<b>Impact on Net Cost of Service</b>	<b>36,598</b>	<b>(14,510)</b>	<b>(41)</b>	<b>0</b>	<b>22,047</b>
Asset Management Revenue Account (2005/2006) becomes Interest Payable and similar charges (2006/2007)	(14,547)	14,510	41		4
<b>Impact on Net Operating Expenditure</b>		<b>0</b>	<b>0</b>		

**Note 44 Restatement of Collection Fund Balance**

Due to the new requirements of ACOP 2006, the Collection Fund balance is reported differently this year. The Salisbury District Council balance is included in Specific Reserves, and the other balances due are shown as debtors. Prior year figures have also been amended to reflect this.

	<b>2006/2007</b> <b>£000</b>	<b>2005/2006</b> <b>£000</b>
Salisbury District Council Community Charge balance	0	33
Salisbury District Council	(10)	(38)
Wiltshire County Council	(67)	(241)
Wiltshire Police Authority	(10)	(34)
Wiltshire & Swindon Fire Authority	(4)	(14)
Total	<u>(91)</u>	<u>(294)</u>
Restated in 2006/2007 accounts, shown as		
Included in Specific Reserves	(10)	(5)
Included in Debtors	(81)	(289)
Total	<u>(91)</u>	<u>(294)</u>

## 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	2006/2007		2005/2006	
		£000	£000	£000	£000
<b>Income</b>					
Rents (gross):					
- dwellings		(18,503)		(18,093)	
- garages		(179)		(221)	
- other		(76)	(18,758)	(77)	(18,391)
Charges for services and facilities			(711)		(638)
Decreased provision for bad debts			0		(82)
<b>Total Income</b>			<b>(19,469)</b>		<b>(19,111)</b>
<b>Expenditure</b>					
Repairs and Maintenance			4,114		4,104
Supervision and Management:					
- general		2,576		2,381	
- special services		1,451	4,027	1,239	3,620
Rent rebates			115		462
Negative Subsidy payment to Secretary of State	6		6,047		5,530
Increased provision for bad debts			184		0
Depreciation Of Fixed Assets					
- On dwellings	3	9,893		11,941	
- On other Assets		110		110	
			10,003		12,051
<b>Total Expenditure</b>			<b>24,490</b>		<b>25,767</b>
<b>Net Cost Of Services per Income &amp; Expenditure Account</b>			<b>5,021</b>		<b>6,656</b>
HRA Services share of Corporate and Democratic Core			279		279
<b>Net Cost Of HRA Services</b>			<b>5,300</b>		<b>6,935</b>
Interest Payable			148		135
Pensions interest costs and expected return on assets			(25)		29
Amortised Premiums and Discounts			0		41
Interest:					
- on mortgages		(148)		(142)	
- on balances		(154)	(302)	(91)	(233)
<b>Net Operating Expenditure/(Income)</b>			<b>5,121</b>		<b>6,907</b>
<b>Appropriations</b>					
Transfer to/from Pension Reserve	7		(34)		(41)
Financing from Depreciation			(40)		(7)
Revenue Contributions to Capital Expenditure			10		164
Transfer to/From Major Repairs Reserve	5		(6,773)		(8,918)
<b>Net Cost of Service For Year</b>			<b>(1,716)</b>		<b>(1,895)</b>

### Balances

	2006/2007 £000	2005/2006 £000
Housing Revenue Account Balance at the beginning of the year	5,566	3,671
Surplus/(deficit) for the year	1,716	1,895
Housing Revenue Account Balance at end of year	<b>7,282</b>	<b>5,566</b>

## Housing Revenue Account Notes

### 1 Housing Stock

Houses and Bungalows	31 March 2007	31 March 2006
- 1 bedroom	379	379
- 2 bedrooms	1,570	1,574
- 3 bedrooms	1,904	1,916
- 4+ bedrooms	143	144
<b>Flats</b>		
- 1 bedroom	815	815
- 2 bedrooms	547	551
- 3+ bedrooms	37	37
<b>Total dwellings as at 31st March</b>	<b>5,395</b>	<b>5,416</b>

### 2 Arrears

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

	31 March 2007 £000	31 March 2006 £000
Rent arrears	777	770
less rent payments in advance	(147)	(198)
less bad debt provision	(719)	(536)
<b>Net arrears position</b>	<b>(89)</b>	<b>36</b>

### 3 Movement of Housing Revenue Account Assets

	Council Dwellings £000	Other Property (Garages) £000	Total £000
Book Value at 1st April 2006	296,788	4,969	301,757
2006/2007 Expenditure	2,840		2,840
Revaluations	21,894		21,894
Depreciation	(9,893)	(110)	(10,003)
Disposals	(1,185)		(1,185)
<b>Book Value at 31st March 2007</b>	<b>310,444</b>	<b>4,859</b>	<b>315,303</b>

The Balance Sheet value of Council Dwellings at 31 March 2007 was £310,443,173.

The Vacant Possession value of the properties at 31 March 2007 was £705,552,666.

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 2007 was £395,109,493.

The value of land valued in the HRA is nil.

#### 4 Financing of HRA capital expenditure

	2006/2007 £000
Revenue and Reserves	20
Other receipts (MRR)	2,840
	<u>2,860</u>
Categorised as follows:	
Council Dwellings	2,840
Plant & Equipment	20
	<u>2,860</u>

#### 5 Major Repairs Reserve

	2006/2007 £000	2005/2006 £000
Brought forward at 1 April	(507)	(886)
Transfer to Capital	2,840	3,512
HRA Depreciation	(10,003)	(12,051)
Transfer to HRA	6,773	8,918
Carried forward at 31 March	<u>(897)</u>	<u>(507)</u>

#### 6 Breakdown of HRA Subsidy

	2006/2007 £000
Management & Maintenance Allowance	6,774
Major Repairs Allowance	3,230
ASB Allowance	0
Charges for Capital	226
Rent	(16,218)
Interest on Receipts	(138)
Housing Element	<u>(6,126)</u>
Rent Rebates	0
HRA Subsidy Due	<u>(6,126)</u>
Adjustment in respect of prior years	0
HRA Subsidy Due	<u>(6,126)</u>
Defects Subsidy	79
HRA Subsidy receivable (including MRA)	<u>(6,047)</u>

#### 7 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 35 to the Core Financial Statements 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.

	NOTE	2006/2007		2005/2006	
		£000	£000	£000	£000
<b>Income</b>					
Council Tax	1		(56,791)		(53,725)
Collectable Business Rates	2		(30,581)		(26,690)
			<u>(87,372)</u>		<u>(80,415)</u>
<b>Disbursement</b>					
Precepts					
- Salisbury District Council	6	5,819		5,537	
- Wiltshire County Council		41,846		39,815	
- Wiltshire Police Authority		5,982		5,694	
- Wiltshire & Swindon Fire Authority		2,378		2,262	
- Parish Councils	5	798	56,823	770	54,078
Share of surplus/(deficit) on Collection Fund					
- Salisbury District Council	4	(45)		26	
- Wiltshire County Council		(282)		163	
- Wiltshire Police Authority		(40)		23	
- Wiltshire & Swindon Fire Authority		(16)	(383)	9	221
NNDR					
- payment to national pool	2	30,415		26,525	
- cost of collection allowance	2	166	30,581	165	26,690
Bad and Doubtful Debts - Write Offs					
- Provisions			115		0
Write Off Community Charge balance			33		0
Fund surplus/(deficit) for the year			203		(558)
			<u>87,372</u>		<u>80,415</u>
Fund balance b/f			(294)		264
Surplus/(deficit) for year			203		(558)
Fund balance c/f	7		<u>(91)</u>		<u>(294)</u>

## Notes to the Collection Fund

### 1 Council Tax

Council Tax is charged according to the Government's valuation of residential properties as at 1 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 £1,261.85 for 2006/2007 (£1,202.61 for 2005/2006) 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:

	2006/2007 £000	2005/2006 £000
Billed to Council Taxpayers	51,923	49,202
Council Tax Benefits	4,868	4,523
	<u>56,791</u>	<u>53,725</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 43.3p in 2006/2007 (42.2p in 2005/2006) 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 District Council, in line with a population-based formula, Salisbury District Council's share, a standard amount per head of population (£52.52) multiplied by 118,081 (the District's population) equalled £6,201,534 and was paid directly into the General Fund. The aggregate business valuation for the District at 31 March 2007 is £81,872,310 (£80,532,999 in 2005/2006).

### 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. The total residual amount of Community Charge was written off in 2006/2007.

**4 Collection Fund Surpluses and Deficiencies**

Collection Fund surpluses and deficiencies (Council Tax) are shared by all preceptors. Pre-1 April 1993 transactions (Community Charge) are solely Salisbury District Council's responsibility. The residual Community Charge surplus of £33,000 was written off during 2006/2007.

**5 Parish Precepts**

	2006/2007 £000	2005/2006 £000
The largest parish precepts were as follows:		
Amesbury Town Council	113	103
Wilton Town Council	72	68
Durrington Parish Council	82	77
Bulford Parish Council	30	28
Salisbury Charter Trustees	39	37
Mere Parish Council	62	57
Downton Parish Council	28	27
Winterslow Parish Council	22	22
Redlynch Parish Council	23	22
Whiteparish Parish Council	12	25
Tisbury Parish Council	23	20
Other Parishes (67)	292	284
	<u>798</u>	<u>770</u>

**6 Salisbury City**

The Salisbury City Special Levy of £552,901 is included in the District Council precept.

**7 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.

	2006/2007 £000	2005/2006 £000
Salisbury District Council Community Charge balance	0	33
Salisbury District Council	(10)	(38)
Wiltshire County Council	(67)	(241)
Wiltshire Police Authority	(10)	(34)
Wiltshire & Swindon Fire Authority	(4)	(14)
Total	<u>(91)</u>	<u>(294)</u>
Restated in 2006/2007 accounts, shown as		
Included in Specific Reserves	(10)	(5)
Included in Debtors	(81)	(289)
Total	<u>(91)</u>	<u>(294)</u>

Due to the new requirements of ACOP 2006, this is reported differently this year. The Salisbury District Council balance is included in specific reserves, and the other balances due are shown as debtors. Prior year figures have also been amended to reflect this.



## Glossary

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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.

### **Accounting Code of Practice (ACOP)**

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.

### **Accruals**

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

### **Amortisation**

The writing down of the value of intangible fixed assets in line with its programmed useful.

### **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. This has been removed from the accounts for 2006/2007 as it is no longer required.

### **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.

### **Balance Sheet**

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

### **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 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.

**Balance Sheet**

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

**Consolidated Revenue Account (CRA)**

This account showed 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. This was replaced by the Income and Expenditure Account in 2006/2007 accounts.

**Creditors**

Money owed by the authority to others.

**Debtors**

Money owed to the authority by others.

**Depreciation**

The writing down of the value of tangible fixed assets 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.

**Income and Expenditure Account (I&E)**

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

**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 it is 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 (PCL)**

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 the net worth of the Authority. This brings together the gains and losses for the year from the income & expenditure account, the revaluation on fixed assets and the pension fund assets and liabilities.

**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.