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## The Final Results

The Statement of Accounts for West Wiltshire District Council prepared by Financial Services.

For further information about our accounts, please ring us on  
(01225) 776655.

## **Auditor's Report to West Wiltshire District Council**

I have audited the financial statements on pages 17 to 41, which have been prepared in accordance with the accounting policies applicable to local authorities as set out on pages 8 to 11.

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

### **Respective Responsibilities of the Head of Finance and Auditors**

As described on page 12, (the Statement of Responsibilities for the Statement of Accounts) the Head of Finance is responsible for the preparation of the financial statements in accordance with the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2003: A Statement of Recommended Practice. My responsibilities as independent auditor, are established by statute, the Code of Audit Practice issued by the Audit Commission and my profession's ethical guidance.

I report to you my opinion as to whether the financial statements present fairly the financial position of the Council and its income and expenditure for the year.

I review whether the statement on pages 13 to 16 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 authority's corporate governance procedures or its risk and control procedures. My review was not performed for any purpose connected with any specific transaction and should not be relied upon for any such purpose.

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

### **Basis of Opinion**

I conducted my audit in accordance with the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission, which require compliance with relevant auditing standards issued by the Auditing Practices Board.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the council in the preparation of the

financial statements, and of whether the accounting policies are appropriate to the council's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion, I evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In my opinion the financial statements presents fairly the financial position of West Wiltshire District Council at 31 March 2004 and its income and expenditure for the year then ended.

### **Certificate**

I certify that I have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

*The accounts are presented subject to audit.*

## **Explanatory Foreword by the Chief Executive**

I am delighted that our final accounts were once again completed by the end of June, just three months after the end of the financial year. It is an impressive achievement by the Head of Finance and his team, and also all our other managers.

The availability of accurate and timely financial information is an essential element in managing any organisation. The year 2003/04 was yet another difficult one, although our monitoring system enabled us to identify early potential overspends and take corrective action to minimise the impact at the year end. The accounts for 2003/04 show that our general fund operating expenditure was more than the budget and that the financial position of the Council is finely balanced. There is little scope to deal with significant increases in expenditure evidenced by a trend over the past few years where 4 out of the last 5 have been overspent.

The fundamental review of the Local Government grant distribution system provided additional funds for 2003/04 and future years, although the speed at which these become available continues to be controlled by central government through the 'ceiling mechanism'. This continues to provide uncertainty and makes any form of forward planning very difficult and we expect continuing pressure on available resources. We are committed to delivering high quality services by competitive and partnership processes to minimise the burden on the Council taxpayers.

Our medium term financial strategy sets out the financial framework for the next 4 years and shows that revenue and capital resources are tight with reserves now at the recommended level. The plan is in the process of being updated to take into account the corporate objectives and priorities of the new administration and the changes to the local government grant distribution system. We look forward to the challenge of the future, determined to provide services that meet the needs and aspirations of all our residents.

**Andrew Pate**  
**Chief Executive**

## **Comments from the Head of Finance**

Faced again with an extremely tight resource situation, 2003/04 was a very difficult year with continuous pressure on resources from July onwards leading to a year end deficit of £157k.

The significant factors were increased expenditure on homelessness due to fewer properties for letting, a reduction in planning fee income due to fewer fee earning applications (particularly for larger sites) and a shortfall on Works services. This was due to write off of old trade refuse accounts and the additional cost of meeting service standards on grounds maintenance.

Early management action allowed the identification of savings to partly offset the

increases to expenditure.

Total net capital spending for 2003/04 was £1,961 million, just under half of this was spent on Housing.

Our long-term external borrowing at the year-end was nil, giving the Council 'debt-free' status.

The accounts for 2003/04 have been prepared in accordance with the Code of Practice on Local Authority Accounting 2003 relevant to the financial statements for 2003/04.

The Council's accounts for 2003/04 consist of: -

- The Consolidated Revenue Account - showing the net cost for the year and how it has been financed;
- The Consolidated Balance Sheet - setting out the financial position as at 31 March 2004;
- Direct Services Accounts - showing the performance of Works Services
- The Statement of Total Movements in Reserves - showing all the recognised gains and losses;
- Cash Flow Statement - how the cash has come in and gone out during the year;
- Collection Fund - detailing the transactions for Council Tax and NNDR.
- Statement on the System of Internal control - sets out processes by which financial integrity is assured

A summary of actual income and expenditure against budget is given below:-

	<b>Base Budget £000</b>	<b>Actual £000</b>	<b>Difference £000</b>	<b>Note</b>
General Fund spending	11,639	11,672	(33)	1
General Fund balances	1,065	1,175	123	2
Capital Spending	2,475	1,961	514	3
Works Services surplus/(shortfall)	0	(124)	(124)	4

The main variances can be explained by:

1. The General Fund spending was higher due to increased expenditure mainly around homelessness.
2. The General Fund balance increased. The deficit on operating costs for the year and the deficit on Works Services was offset by the budget provision to increase reserves and an accounting adjustment in respect of commutation.
3. Capital spending was lower due to slippage in the capital programme.
4. Works Services made a loss due to write off of old trade refuse accounts and increased expenditure on grounds maintenance.

**Ian Jamieson**  
**Head of Finance**

## West Wiltshire District Council's Services

Local Authorities' services are determined by Acts of Parliament. These Acts split responsibilities between County Councils, District Councils and Town/Parish Councils.

Responsibilities for main services in West Wiltshire:

<b>West Wiltshire District Council</b>	<b>Wiltshire County Council</b>
Housing	Education
Refuse Collection	Social Services
Sports Centres/Swimming Pools	Highways
Parks & Open Spaces	Libraries
Car Parks	Refuse Disposal
Street Cleansing	Planning – Strategic
Planning & Building Control	<u>Separate Organisations:-</u>
Collection of Council Tax	Wiltshire Fire Authority
Environmental Health	Wiltshire Police Authority
Cemeteries	Wiltshire Magistrates Service
Public Conveniences	Wiltshire Probation Service

Town and Parish Councils also provide certain services although in practice they are on a small scale, examples being allotments, public seating and closed churchyards.

## General Fund

All services provided by the Council are classified as being for the benefit of the whole community. As a consequence, it seems only reasonable that the cost of these services should be paid for by all. Therefore, the income to cover the 'net' cost of these services, after Government Grants, comes from people paying their Council Tax bills. (Further details on this can be found in the section 'Setting the Council Tax').

## Setting the Council Tax

Every Council Taxpayer receives a 'demand' around the 1st April each year.

The setting of the Council Tax is the result of the preparation of annual budgets by Wiltshire County Council, Wiltshire Police Authority, Wiltshire Fire Authority, West Wiltshire District Council and Parish/Town Councils.

West Wiltshire District Council (WWDC) is responsible for setting the amount of Council Tax and collecting the money.

The budget for WWDC is set by following the procedure shown below:

1. The financial strategy is updated around July, which provides the budget estimate for the following year.
2. In the autumn, managers prepare a revised budget for the current year and a budget for the forthcoming year, under the Service and Financial Planning process. This looks at service developments and provides the link to corporate objectives.
3. These spending proposals are analysed and co-ordinated by Accountancy.
4. The sum total of all budgets will give a total cost for General Fund services.

The Government calculates an amount of grant (known as Revenue Support Grant (RSG)) that it will give to all local authorities in the year. A new method of calculating the amount of grant was introduced from 1 April 2003. This shows the relationship between grant and Council Tax giving a maximum budget figure known as FSS (Formula Spending Share).

In addition, WWDC also receives money from the central 'pool' of money collected as rates from business properties. All businesses pay the National Non-Domestic Rate (NNDR). The Government apportions the amount collected to each authority based on population levels.

The difference between the budgeted expenditure and government grants is met by Council Tax.

5. Councillors, the elected representatives of the public, agree the setting of the annual budgets and the Council Tax. All budgets have to be approved by the Cabinet and the Council approves the actual setting of the Council Tax in February.

## **Statement of Accounting Policies**

We have accounting policies to inform the users of our accounts of the bases, rules and practices followed in preparing them. This is particularly important when they differ from recommended best practice. The policies have been reviewed during the year. By necessity, some of the terms used in this booklet relate to technical accounting issues. A separate section, starting at page 42, provides an explanation of the terms, which have been used. If you require further details of the terminology used in this book, please contact Financial Services at the Council offices.

### **1 General**

The accounts have been prepared in accordance with the Chartered Institute of Public Finance and Accountancy's Code of Practice on Local Authority Accounting. The Code is a statement of "proper accounting practice" with which local authorities in England and Wales must comply in preparing financial statements in accordance with sections 41 and 42 of the Local Government and Housing Act 1989 and section 21 of the Local Government Act 2003.

### **2 Fixed Assets**

Fixed assets are shown in the balance sheet at current value or cost depending on which is most applicable to that asset. All have been accounted for in accordance with guidance for Capital Accounting issued by CIPFA. Depreciation and asset rentals are charged to the relevant service revenue account. Rentals for 2003/04 are 3.5% of the current value (6% 2002/03) or 4.625% of the historic cost (6% 2002/03). All our 'major' assets are included and have been properly valued by a professional valuer as detailed in Balance Sheet Note 2 on page 26.

Depreciation has been provided at rates that are calculated to write off either the cost or the valuation of the asset, net of any estimated residual value, over its expected useful life. The straight-line and reducing balance methods have been applied according to the type of asset.

### **3 Deferred Charges**

Deferred charges are capital payments that do not create fixed assets for the council, such as improvement grants for houses in private ownership.

The value of deferred charges for 2003/04 was written off to the General Fund in accordance with guidance for Capital Accounting issued by CIPFA.

### **4 Basis of Charging Revenue Accounts with Charges for Capital Development**

The Government has stated that where a Council borrows to fund capital development it should charge to its revenue accounts a minimum level of principal repayment that equals 4% of loans outstanding on Non-Housing Schemes. This is called the 'Minimum Revenue Provision', however as the Council has achieved 'debt free' status there is no requirement to make a charge. Interest has been charged at a consolidated rate of 3.67% (3.91% for 2002/03). Debt management expenses have been charged to revenue.

### **5 Capital Receipts**

Receipts are generated from the sale of assets. The Government restricts the amount



available for use on new capital developments requiring an amount to be 'set aside' to meet future liabilities or for the repayment of outstanding loans. The Council has now achieved 'debt free' status and is no longer required to set aside amounts to repay loans.

## **6 Debtors (Income) and Creditors (Expenditure)**

The accounts of the Council are maintained on an accruals basis. That is, sums due to or from the Council for the appropriate financial year are included in the Accounts whether or not the cash has actually been received or paid in that year. Exceptions to this principle are electricity and similar quarterly payments which are charged in the revenue accounts at the date of meter reading rather than being apportioned between financial years. Lease rental payments are debited or credited on the date of payment.

Where a loan period covers more than one financial year the appropriate amount of interest payable is charged to each year. Investment income also has to be accrued to 31 March 2004, although not actually received.

## **7 Stocks and Work in Progress**

The Council does not have a general store. The following stocks have been included at the lower of cost and net realisable value:- horticultural and engineering materials not yet used and resale items held by Tourist Information Centres. Any work in progress has been valued at the cost of work done and not billed as at 31 March.

## **8 Cost of Support Services**

Units, which carry out a support, function to those areas providing direct services to the public. These include Finance, Technical, Office, Personnel, Legal and Accommodation services and are allocated to individual Council services during the year using time recording or activity volume.

## **9 Provisions and Reserves**

The Council sets aside provisions for specific future expenses, which are likely to be incurred, but of which the amount cannot yet be determined accurately. The council has also set up reserves for specific purposes but for which no specific liability exists. The Council undertook a risk-based appraisal of provisions and balances in 2003/04 in line with CIPFA guidance.

## **10 Pensions**

The scheme is a Defined Benefit Scheme and Wiltshire County Council administers the fund. The last reported Actuarial valuation was undertaken on 31 March 2001. A valuation was also undertaken on 31 March 2004, but this will not be reported until late in 2004. On 1/4/93 the Council recommenced payment of employer's pension contributions. Such costs have been determined in accordance with generally accepted Local Government practice. From 2003/04 the Financial Statements have been compiled in accordance with the standard set down by the Accounting Bodies (FRS 17 'Retirement Benefits'). This represents a change to previous years. The previous policy was to recognise liabilities in relation to retirement benefits only when the employers contributions became payable to the pension fund or payments fell due to the pensioners for which we were directly responsible. The new policy better reflects the commitment in the long-term to increase contributions to make up any shortfall in attributable net assets in the pension fund.

The change has the following effects on the results of the current and prior periods:

- The overall amount to be met from Government grants and local taxation has remained unchanged, but the costs disclosed for services are lower after the replacement of employer's contributions by current service costs and Net Operating Expenditure is higher
- The requirement to recognise the net pensions liability in the balance sheet has reduced the reported net worth of the authority.

The comparative figures for the previous year have been restated. More information about pension costs and the pension liability can be found in the notes to the Consolidated Revenue Account, Balance Sheet and Statement of Total Movement in Reserves on pages 19, 35 and 37.

### **11 Internal Interest**

Where we hold funds involving third parties, interest is credited to the relevant fund at a rate based on the average seven-day rate at which the Council would normally borrow money. Interest is not credited to any other 'specific' funds of this Council. The average seven-day rate for 2003/04 was 3.56% (3.76% in 2002/03).

### **12 Provision for Doubtful Debts**

At the start of the year, the accounts contained a provision of £388,000 to cover possible losses arising from the non-payment of debts due to the Council. This has been increased during the year by £46,000.

In addition there is provision for bad and doubtful debts on Council Tax and National Non-Domestic Rating. Following a careful look at the balances owing on the NNDR and Council Tax accounts we have adjusted the bad debt provisions to £106,000 and £949,000 respectively (£100,000 and £886,000 in 2002/03).

### **13 Borrowing**

The Council has no long-term borrowing. Short term loans are borrowed to aid cash flow and to optimise investment returns.

### **14 Discounts on Loan Repayments**

The exercise to reschedule the repayment profile of some of our loans has resulted in discounts or premiums for premature repayment. In accordance with recommended practices the discounts/premiums will be shown in the revenue accounts over the period of the new debt profile, as permitted under the exception rule set out in the Code of Practice.

### **15 Investments**

The Council, with external professional advice has managed investments in-house since 1 April 2003 and is committed to trying to maximise the benefit of surplus cash.

### **16 Works Services Deficit**

Where work is 'won' in direct competition with the private sector, the Works Services retains the whole of any 'profit'. For other work, i.e. non-tendered work, the profit is passed over to the Council's General Fund for the benefit of all taxpayers. Any deficit is met from any accumulated 'profits', if these are insufficient then the remaining

deficit must be charged to the General Fund.

#### **17 Grants**

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

#### **18 Leasing**

All new acquisitions are through operating leases and are charged to the Revenue Account on a straight-line basis over the term of the lease. The last finance lease was terminated in 1999/2000.

#### **19 VAT**

All transactions are recorded excluding VAT except where it is irrecoverable.

#### **20 Group Accounts**

The Council does not have material interests in subsidiary or associated companies or joint ventures.

## **Statement of Responsibilities for the Statement of Accounts**

### **The Authority's responsibilities:**

The authority is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Head of Finance;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the statement of accounts;

### **The Head of Finance's responsibilities:**

The Head of Finance is responsible for the preparation of the authority's statement of accounts in accordance with proper practices as set out in the CIPFA / LASAAC Code of Practice on Local Authority Accounting in Great Britain ("the Code of Practice").

In preparing this statement of accounts, the Head of Finance has:

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

The Head of Finance has also:

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

The Statement of Accounts presents fairly the financial position of the authority at the accounting date and its income and expenditure for the year ended 31 March 2004.

**Ian Jamieson**  
**Head of Finance**

**Councillor**  
**Chair of the Council**

## **Statement on the System of Internal Control**

### **1. Scope of Responsibility**

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

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

### **2. The Purpose of the System of Internal Control**

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

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

### **3. The Internal Control Environment**

The key elements of the Council's internal control environment are described below: -

#### **The monitoring of performance**

Performance management arrangements define the performance management framework, set out arrangements to monitor progress towards the achievement of national and local targets and introduced a quarterly reporting of overall corporate performance.

Performance monitoring in 2003/04 culminated in a review of achievement that was published in the Corporate (Best Value) Performance Plan on 30 June 2004.

#### **The facilitation of policy and decision-making**

The Council has a written published Constitution, which defines the decision making arrangements and the responsibilities for different functions. It is updated annually.

There are clear rules of procedure for the running of business meetings and lists of delegated authorities to individuals. Each report, which recommends decision making by members of the Council, receives legal and financial consideration before it is finalised.

The Cabinet has a published Forward Plan of Decisions to be taken and meets in public on at least a monthly basis. This, together with an appropriate level of delegation to senior managers enables speedy decision making.

#### **The compliance with established policies, procedures, laws and regulations**

The Council's Standards Committee work includes reporting on proposed changes to the Constitution, overseeing complaints to the Ombudsman, member training and Code of Conduct issues. The Internal and External Overview Committees monitor the executive decision making as one of its main roles and also conducts topic-based reviews.

A Local Code of Corporate Governance was adopted in 2003 and a Whistle blowing Policy in January 2004.

The Chief Financial Officer and Monitoring Officer have specified roles within the Constitution to ensure reports prepared for member decision comply with the budget and policy framework.

All members of the Council receive copies of Cabinet agendas. Each agenda for a business meeting contains an item requiring members at the outset of the meeting to declare interests. Members are encouraged to undertake training relevant to the area of decision making in which they are involved

#### **The corporate risk management process**

The Council has been active in risk management since 1996 and the arrangements for risk management have continued to be developed, reviewed and updated. The most recent review being around Policy, Strategic Business Risk Analysis and membership of the group. The future arrangements for risk management will be reviewed again during 2004-05. The Council recognises that it has a responsibility to manage risks and supports a structured and systematic approach to managing them

#### **The financial management of the Authority**

The Council's overall financial arrangements are governed by its Medium Term Financial Plan (MTFP) which sets out the financial framework for the delivery of the Council's strategies and plans. In determining the revenue and capital financial framework a number of factors are taken into account, including the national context, the distribution of local government funding by central government, together with local and external funding sources.

The amount of grant West Wiltshire received for 2003/04 was restricted by a government imposed ceiling. In total this amounts to £714k, which is equivalent to a 15% council tax increase. Clearly the level of ceiling for future years will continue to present uncertainty around the level of council tax and make forward planning extremely difficult

The Council has robust budget monitoring arrangements and has detailed arrangements regarding the management and control of financial resources, set out as 'Financial Procedure Rules', which form part of the constitution. Regular monthly meetings take place between the Accountants and Service Managers with monthly financial monitoring reporting to Corporate Team, Cabinet and Internal Overview.

All borrowing and investment is undertaken in accordance with the Treasury Management Policy Statement, which is approved by Council on an annual basis.

#### **4. The Review of Effectiveness**

West Wiltshire District Council has responsibility for conducting, at least annually, a review of the effectiveness of the system of internal control. The systems of internal control are regularly monitored by the Council, supported by a structure comprising the Corporate Management Team, Cabinet, Internal and External Overview and Standards Committees. The review of the effectiveness of the system of internal control is informed by the work of the internal auditors, risk management, service managers and comments made by the external auditors and other review agencies and inspectorates.

##### **Authority**

The Council underwent a change of administration in May 2003 resulting in revised corporate priorities and objectives. The Council has established its future priorities and operates a Performance Management Framework, which regularly monitors achievement against these priorities through Corporate Management Team, Cabinet and Internal Overview.

The Council reviewed its arrangements for Corporate Governance in accordance with the guidance published in the CIPFA/SOLACE framework document 'A keystone for Community Governance'.

Internal and External Overview Committees can review 'key decisions' taken by Cabinet; no reviews were made in 2003/04. All Overview minutes are taken to Council and at the year end there is an annual report.

##### **Comprehensive Performance Assessment (CPA)**

The Audit Commission carried out a CPA of the Council in January 2004. The Council was assessed as 'fair' with financial performance scoring 3 out of a maximum of 4. All of the recommendations arising from the CPA are being actively pursued as part of a 3-year improvement plan.

##### **Risk Management**

The Local Code of Corporate Governance was adopted in April 2003 and reviewed in January 2004. As part of this process the Council's Risk Management Policy and Strategic Business Risk Analysis were reviewed and updated with assistance from external advisors. The Policy sets out the approach to identifying and managing risks, outlining reporting arrangements. The Strategic Business Risk Analysis identifies the strategic and operational threats faced by the Council, allowing a corporate approach to be taken to risk management.

The Council's approach to Risk Management was subject to review by Internal Audit. This looked at existing arrangements and the development of areas of good practice.

##### **Internal Audit**

The role of the Internal Audit Service is to review the internal control framework which governs the operations of the Council and, in doing so, provide an independent

opinion to both management and members of the Authority on the robustness of the Council's control environment. This opinion analyses and evaluates whether there is an adequate and effective system of internal control in respect of all accounting, financial and other operations of the Council

The Internal Audit service at West Wiltshire is delivered through an external contract with KPMG. The approach is fully compliant with CIPFA's Code of Internal Audit Practice and the Accounting Practice Board's Guidelines for Internal Audit.

The Audit Plan is based on risk assessment with direct input from service managers. The plan identifies the work to be performed, covering core fundamental systems and operational audits and liaison with District Audit.

The Annual Internal Audit Report provides a summary of audits performed during the past year and contains the formal opinion on the adequacy of the Council's systems of internal control and will specifically identify any area for inclusion within the annual Statement on Internal Control. All audit reports are presented to Internal Overview Committee.

## **5. Significant Internal Control Issues**

We have been advised on the implications of the result of the review of the effectiveness of the system of internal control operated by the Council and the following plan is in place to address significant weaknesses and ensure continuous improvement of the system.

### **Corporate Plan**

A Corporate Plan is being compiled for publication in September 2004. This will set out the Council's intentions and give direction and focus for the next 5 years.

### **Risk Management**

To further extend and embed the risk management process within the Authority, the Risk Management Group will update the strategic business risk analysis and develop with assistance from external advisors workshops for officers and members to promote good risk management practice through out the Council.

### **Procurement**

A procurement group has been established to develop a strategy and procedures to ensure sound procurement principles are embedded within all purchasing activities.

### **Project Management**

All future projects are supported using project management principles. These have been followed when implementing improvement plan projects arising from CPA.

**Andrew Pate**  
**Chief Executive**

**Tony Phillips OBE**  
**Leader of the Council**

## **Consolidated Revenue Account**



This statement shows how our money was spent in 2003/04 and how this cost was paid for.

	<b>Gross Expenditure £000</b>	<b>2003/04 Gross Income £000</b>	<b>Net Expenditure £000</b>	<b>2002/03 Net Expenditure £000</b>
<b>Expenditure on Services</b>				
Central Services to the Public	5,661	(5,264)	397	662
Cultural, Environmental and Planning Services	11,678	(2,845)	8,833	8,967
Highways, Roads and Transport Services	1,057	(677)	380	438
Housing Services	21,193	(17,604)	3,589	5,715
Corporate and Democratic Core	1,719	(1)	1,718	1,750
Unapportionable Central Overheads	198	-	198	253
<b>Net Cost of Services</b>			<b>15,115</b>	<b>17,785</b>
Town and Parish Precepts			1,918	1,784
Transfer from asset management revenue account (Note 7)			(1,181)	(1,452)
Interest and Investment Income (Note 8)			(562)	(1,012)
Pensions Interest Cost and Expected return on Pensionable Assets			960	450
D.S.O. Deficits			97	33
<b>Net Operating Expenditure</b>			<b>16,347</b>	<b>17,588</b>
Appropriation from Support Services			(61)	(44)
Contribution (from)/to earmarked reserves			96	(245)
Contribution (from)/to capital reserves				
- General Fund Capital Financing			-	-
- Commutation Adjustment (Note 4)			(167)	(226)
- For Debt Premiums and MRP			(680)	(817)
Movement on Pensions Reserve			(523)	(226)
Deferred Charges (Note 9)			(1,465)	(3,579)
<b>Amount to be met from Government grants and Local Taxation</b>			<b>13,547</b>	<b>12,451</b>
Council Taxpayers			(7,211)	(6,751)
Revenue Support Grant			(2,217)	(1,089)
Council Tax items transferred to General Fund			(95)	-
Community Charge items transferred to General Fund			-	-
Non-domestic rate income			(4,134)	(4,734)
<b>Total (Surplus)/Deficit for the Year</b>			<b>(110)</b>	<b>(123)</b>
<b>Balance at 1 April</b>			<b>(1,065)</b>	<b>(942)</b>
<b>Balance at 31 March</b>			<b>(1,175)</b>	<b>(1,065)</b>

## Notes to the Consolidated Revenue Account

## 1 S.137 Expenditure

Section 137 of the Local Government Act 1972 as amended by S.36 of the Local Government and Housing Act 1989 enables WWDC to spend £225,125 for the benefit of people in its area on activities or projects not specifically authorised by other powers. Expenditure amounted to £119,200 in 2003/04 (£119,300 in 2002/03). The main beneficiaries in 2003/04 were the Citizens Advice Bureau (£57,000), Voluntary Action West Wiltshire (£10,000) and grants to local organisations.

## 2 Publicity Expenditure

Our spending on publicity is shown below as required by S.5(1) of the Local Government Act 1986.

	<b>2003/04</b>	<b>2002/03</b>
	<b>£</b>	<b>£</b>
Public Relations	234,720	224,215
Other Marketing	-	-
Recruitment Advertising	51,565	40,835
Other Advertising	54,651	35,168
<b>Total</b>	<b>340,936</b>	<b>300,218</b>

## 3 Building Control Trading Account

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 can not be charged for, such as providing general advice and liaising with other statutory authorities. The statement below shows the total cost of operating the building control unit divided between the chargeable and non-chargeable activities.

### Building Regulations Charging Account 2003/2004

	<b>Chargeable</b>	<b>Non</b>	
	<b>2003/04</b>	<b>Chargeable</b>	<b>Total</b>
	<b>£</b>	<b>2003/04</b>	<b>2003/04</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Expenditure			
Employee expenses	245,077	109,488	354,565
Premises	-	-	-
Transport	17,287	4,185	21,472
Supplies and Services	23,744	14,955	38,699
Central and support service charges	71,584	32,102	103,686
<b>TOTAL EXPENDITURE</b>	<b>357,692</b>	<b>160,730</b>	<b>518,422</b>
Income			
Building Regulation charges	405,522	-	405,522
Miscellaneous income	791	8,636	9,427
<b>TOTAL INCOME</b>	<b>406,313</b>	<b>8,636</b>	<b>414,949</b>
<b>Surplus/(Deficit) for Year</b>	<b>48,621</b>	<b>(152,094)</b>	<b>(103,473)</b>

#### **4 Minimum Revenue Provision**

We are required by statute to set aside a minimum revenue provision (MRP) for repayment of external debt. In 2003/04 the MRP was calculated as a zero, therefore no set aside was made in 2003/04.

In 1992/93 annual grants paid to local authorities towards the cost of debt charges in respect of renovation grants were commuted into a lump sum repayment of debt. This had a detrimental effect on the revenue accounts of some local authorities and they were allowed to reduce their MRP to offset this effect. Where authorities are 'debt free' and there is no MRP to adjust the 1997 Capital Finance Regulations allow authorities to offset the detrimental effect by making an equivalent transfer from the Capital Financing Reserve to the General Fund. £166,708 was transferred in 2003/04.

#### **5 Leasing**

The Council uses leased vehicles, plant and equipment financed under operating leases. The amount charged to revenue in 2003/04 was £98,811.

Future cash payments required under these leases are:

Payable 2004/05	£ 57,400
Payable 2005/06 – 2008/09	<u>£ 85,176</u>
Total future payments	£ 142,576

The Council no longer holds assets under finance leases.

#### **6 Pensions**

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

The council participates in the Local Government Pension Scheme administered by Wiltshire County Council. This is a funded scheme, meaning that the council and employees pay contributions into a fund, calculated at a level estimated to balance the pensions liabilities with investment assets.

The cost of retirement benefits is recognised in the Net Cost of Services, Support Service Costs and DSOs when it is earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge made against the council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out in the Consolidated Revenue Account after Net Operating Expenditure.

Note 33 to the Consolidated Balance Sheet contains details of the assumptions made in estimating the figures included in this note. Note 1 to the Statement of Total Movements in Reserves details the actual costs compared to the previous estimates.

The following transactions have been made in the Consolidated Revenue Account in the year:

<b>Amount Charged to Cost of Services, DSOs and Support Services</b>	<b>2003/04</b>		<b>2002/03</b>	
	<b>£000</b>	<b>% of Pay</b>	<b>£000</b>	<b>% of Pay</b>
Service Cost	680	12.9%	630	12.9%
Past Service Costs	210	4.0%	-	-
Curtailments and Settlements	-	-	210	4.3%
Decrease in Irrecoverable Surplus	-	-	-	-
<b>Total Operating Charge (A)</b>	<b>890</b>	<b>16.9%</b>	<b>840</b>	<b>17.2%</b>
<b>Amount Credited to Other Finance Income</b>				
Expected return on Employer Assets	1,560	29.5%	1,950	40.0%
Interest on Pension Scheme Liabilities	(2,520)	(47.7%)	(2,400)	(49.2%)
<b>Net Return (B)</b>	<b>(960)</b>	<b>(18.2%)</b>	<b>(450)</b>	<b>(9.2%)</b>
<b>Net Revenue Account Cost (A)-(B)</b>	<b>1,850</b>	<b>35.1%</b>	<b>1,290</b>	<b>26.4%</b>
<b>Movement on Pensions Reserve</b>	<b>(523)</b>	<b>(9.9%)</b>	<b>(226)</b>	<b>(4.6%)</b>
<b>Employers Contributions</b>	<b>(1,327)</b>	<b>(25.1%)</b>	<b>(1,064)</b>	<b>(21.8%)</b>

Further information can be found in the Annual Report and Financial Statements of the Wiltshire Pension Fund for 2003/04.

## 7 Transactions on the Asset Management Revenue Account

This account offsets the capital charges to services. It also shows the external interest payable on loans and provision for depreciation of assets.

	<b>2003/04</b>		<b>2002/03</b>	
	<b>£000</b>		<b>£000</b>	
<b>Income</b>				
Capital charges - General Fund	(1,931)		(2,423)	
- Other (DSO)	(38)		(46)	
Transfer from Govt Grants - deferred account	(332)		(67)	
	<b>(2,301)</b>		<b>(2,536)</b>	
<b>Spending</b>				
Provision for depreciation	1,051		931	
External interest charges	69		153	
Minimum Revenue Provision	-		-	
	<b>1,120</b>		<b>1,084</b>	
<b>Balance to Consolidated Revenue Account</b>	<b>(1,181)</b>		<b>(1,452)</b>	

## 8 Investment Interest Received

The amounts were

	<b>2003/04</b>	<b>2002/03</b>
	<b>£000</b>	<b>£000</b>
Interest Received	562	1,012

## 9 Deferred Charges

Deferred charges represent spending on capital projects such as sewerage schemes, which are not assets owned by the Council. Spending is therefore written down to the General Fund to remove these amounts from the Balance Sheet. They have been charged directly to individual General Fund services in line with best practice. In 2003/04, the amount written down was £1.465 million.

## 10 Remuneration

The number of employees whose remuneration, excluding pension contributions, was £50,000 or more in bands of £10,000 were as follows:

Remuneration Band	Number of Employees	Number of Employees
	2003/04	2002/03
£50,000 - £59,999	2	2
£60,000 - £69,999	2	0
£70,000 - £79,999	0	1
£80,000 - £89,999	1	0

## 11 Members Allowances

The total amount paid in respect of the above amounted to £125,075.

## 12 Related Parties

Related Parties of a Local Authority include Central Government, Other Local Authorities and Precepting Bodies, Registered Social Landlords, Subsidiary and Associated Companies, Joint Ventures, Members, Chief Officers and the Pension Fund. Some Members of the Council are also Board Members of West Wiltshire Housing Society

Details of material transactions in respect of Central Government, Other Local Authorities, Precepting Bodies and the Pension Fund are given throughout the Statement of Accounts.

## 13 Trust Funds

The Council has included income and expenditure in respect of the following trusts.

1. The Laverton Institute – income £3,836 and expenditure £17,212
2. Westbury Public Baths – income £0 and expenditure £96,348
3. King George V Playing Field, Warminster - income £0 and expenditure £5,731
4. King George V Playing Field, Melksham - income £2,616 and expenditure £58,408

The Laverton Institute, Westbury Public Baths and King George V Playing Fields in Warminster and Melksham are charitable trusts requiring the completion of an annual return to the Charity Commissioners, with the Council as sole trustee. The Council operates all sites as if they were the legal owners, the net loss on each site being charged to the Council's general fund, for 2003/04 this amounted to £171,247.

The Laverton Institute was transferred to Westbury Town Council on 1 December 2003 and the figures shown above are for the period 1 April to 30 November.

#### **14 Auditors Remuneration**

The Council is audited by the Audit Commission and paid £127,458 for audit services in 2003/04 (£76,601 in 2002/03). These costs included £107,636 for the core audit services of auditing accounts and carrying out inspections and £19,822 for grant claims. The amount for 2003/04 is the total of payments made in the year and includes work on concluding the audits of previous years. The Audit Commission does not provide any other services to the Council.

## Collection Fund

This account summarises the transactions relating to Council Tax and NNDR and shows how these are distributed. It is a statutory account to be separately maintained by all 'billing authorities' (Councils responsible for collecting the tax) and is consolidated into the Council's main accounts.

	<b>2003/04 £000</b>	<b>2002/03 £000</b>
<b>Income</b>		
- Council Tax	45,249	40,374
- Transfers from General Fund		
- Benefit granted	4,331	3,739
- Transitional Relief	1	2
	<b>49,581</b>	<b>44,115</b>
Income collectable from Business Ratepayers	22,713	23,020
Contributions		
- From previous years collection fund surplus	0	0
<b>Total</b>	<b>72,294</b>	<b>67,135</b>
<b>Expenditure</b>		
Precepts and demands from County & District Business Rate	49,384	43,644
- Payment to national pool	22,546	22,889
- Costs of collection	161	157
Provision for bad & doubtful debts/appeals	6	(25)
Council Tax Benefit Subsidy Limitation	0	0
Contributions		
-Towards previous years estimated collection fund surplus	616	0
-Adjustment of previous years community charge	0	0
<b>Total</b>	<b>72,713</b>	<b>66,665</b>
<b>Fund Movement in Year</b>	<b>(419)</b>	<b>470</b>
<b>Fund Balance at 31 March</b>	<b>107</b>	<b>526</b>

## Notes to the Collection Fund

### 1 Income from Business Ratepayers

The total non-domestic rateable value at 31 March 2004 was £61,922,173. The national non-domestic multiplier for the year was 44.4p.

### 2 Taxbase

The Council's tax base i.e. the number of chargeable dwellings in each valuation band (adjusted for dwellings where discounts apply) converted to an equivalent number of band D dwellings, was calculated as follows:

<b>Band</b>	<b>Estimated No. of Taxable Properties After discounts</b>	<b>Ratio</b>	<b>Band D Equivalent Dwellings</b>
A	4,893	6/9	3,320
B	11,704	7/9	9,103
C	11,619	8/9	10,328
D	7,688	9/9	7,688
E	5,123	11/9	6,262
F	2,606	13/9	3,765
G	1,702	15/9	2,837
H	102	18/9	203
			<hr/> 43,506
			Add adjustment for contributions in lieu, new properties and bad debts 657
			<hr/> <b>Council Tax Base 2003/04</b> 44,163 <hr/>

### 3 Precepts and Demands

<b>Main Preceptors</b>	<b>2003/04 Precepts £000</b>	<b>Share of Council Tax Surplus £000</b>
Wiltshire County Council	37,329	465
Wiltshire Police Authority	4,844	56
West Wiltshire District Council And Local Preceptors	7,211	95
	<hr/> <b>49,384</b>	<hr/> <b>616</b>

- As at 1/04/03 the provision for bad debts for Community Charge equalled the outstanding balance. During the year all the outstanding debt was written off.
- The collection rate achieved against the original debit due in the financial year was 97.7% in 2003/04, with the collection of arrears continuing to obtain monies due from previous years.
- The following amounts were written-off during 2003/04. Non-Domestic Rates £384,497 and Council Tax £106,410.

## Consolidated Balance Sheet



The Consolidated Balance Sheet shows the Council's overall 'financial position' as at 31 March 2004.

	£000	2003/04 £000	2002/03 £000
Fixed Assets (Notes 1, 2, 6 & 8)			
Operational Assets			
- council dwellings		1,714	1,754
- other land and buildings		15,188	15,753
- vehicles plant and equipment		1,114	877
- community assets		838	838
Non operational assets		6,061	6,291
		24,915	25,513
Long term investments (Note 23)		8,000	3,000
Long term debtors (Note 9)		292	372
Total Long Term Assets		33,207	28,885
Stocks & work in progress (Note 10)	32		41
Debtors (Note 11)	5,570		6,611
Investments (Note 23)	239		7,810
Cash in bank (Note 12)	216		2
Total Current Assets		6,057	14,464
Current Liabilities			
- short term borrowing (Note 14)	(92)		(223)
- creditors (Note 13)	(1,369)		(2,290)
- bank overdraft (Note 12)	0		(652)
		(1,461)	(3,165)
Net current assets less current liabilities		4,596	11,299
Total assets less current liabilities		37,803	40,184
Long term borrowing (Note 14)	0		0
Deferred Capital Receipts (Note 15)	(234)		(283)
Deferred Interest (Note 28)	0		20
Provisions (Note 17)	(56)		(43)
Pensions Liability (Note 33)	(16,570)		(19,380)
		(16,860)	(19,686)
<b>Total Assets Less Liabilities</b>		<b>20,943</b>	<b>20,498</b>
Fixed Asset Restatement Reserve (Note 20)		31,841	31,231
Capital Financing Reserve (Notes 18 & 19)		(59,478)	(61,450)
Government Grants deferred		(594)	(392)
Usable Capital Receipts (Note 16)		(6,568)	(6,489)
Pensions Reserve (Note 33)		16,570	19,380
Balances - General Fund (page 17)		(1,175)	(1,065)
- Collection Fund CC (page 23)		0	0
- Collection Fund CTAX (page 23)		(107)	(526)
- Reserves (Note 17)		(1,432)	(1,187)
<b>Total Financing</b>		<b>(20,943)</b>	<b>(20,498)</b>

## Notes To the Consolidated Balance Sheet

### 1 Movement of Fixed Assets 2003/04

Changes in fixed assets during the year were as follows:

	<b>Council Dwellings</b>	<b>Other Land &amp; buildings</b>	<b>Vehicles, Plant &amp; Equipment</b>	<b>Infra-Structure Assets</b>	<b>Community Assets</b>	<b>Non-Operational Assets</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Certified Value as at 31.3.02</b>	<b>1,799</b>	<b>15,874</b>	<b>1,541</b>	<b>0</b>	<b>838</b>	<b>6,396</b>	<b>26,448</b>
Accumulated Depreciation	(45)	(121)	(664)	0	0	(105)	(935)
Net Book Value at 31.3.03	1,754	15,753	877	0	838	6,291	25,513
Additions	0	357	657	0	43	5	1,062
Disposals	0	(310)	0	0	0	(125)	(435)
Revaluations	0	(128)	0	0	(43)	(5)	(176)
Depreciation for year	(40)	(485)	(420)	0	0	(105)	(1051)
Depreciation on assets sold	0	0	0	0	0	0	0
<b>Value as at 31.3.04</b>	<b>1,714</b>	<b>15,188</b>	<b>1,114</b>	<b>0</b>	<b>838</b>	<b>6,061</b>	<b>24,915</b>

### 2 Fixed Asset Valuation

These assets have been valued at 31 March 2002 by King Sturge, a firm of Chartered Surveyors. Computer equipment, vehicles and moveable plant are valued at cost. In addition, asset values are increased during a financial year by capital spending. Community Assets now includes both land and buildings.

Basis for valuations:

- Council dwellings - open market value
- Land and buildings - open market value or direct replacement cost where there is no market
- Vehicles, moveable plant and equipment - purchase cost less depreciation
- Community assets - purchase costs plus capital improvements
- Non-operational assets - open market value
- Fixed plant and machinery - included in the valuation of buildings
- On going capital works - at cost and revalued as necessary.

Basis for Depreciation:

- Council dwellings - certified value less residual value divided by expected life
- Land and buildings - certified value less residual value divided by expected life
- Vehicles, moveable plant and equipment - cost divided by expected life
- Computer equipment - 30% of reducing balance with only half charged in the year of acquisition and the remainder to fully depreciate in the sixth year
- Community assets - cost divided by expected life except none on land
- Non-operational - certified value less residual value divided by expected life.

### 3 Deferred Charges

	Balance at 31 March 2003 £000	Expenditure in year £000	Capital Financing Reserve £000	Balance at 31 March 2004 £000
Housing	-	478	(478)	-
Improvement Grants	-	809	(809)	-
Other Services	-	178	(178)	-
	-	1,465	(1,465)	-

### 4 Capital Development Programme

A breakdown for 2003/04 in respect of assets and deferred charges is given below:

	2003/04 £000	2002/03 £000
Housing Construction and Improvement	13	7
Housing and Renovation Grants	833	857
Housing Enabling	-	1,986
Cycleways	84	72
Land Drainage and Sewerage Schemes	206	206
Computer Developments	630	402
Riverway Depot	-	90
Five Towns Initiative	117	73
Parks and Play Area Improvements	136	183
Leisure Facilities Improvements	200	324
Southwick Country Park	8	9
King George V Pavilion, Melksham	-	6
Disabled Access	11	-
Car Park Improvements	26	41
Offices	38	52
Capitalised Pension Contributions	-	185
Vehicles, Plant and Equipment	26	41
Cemeteries	11	-
Grants	-	115
Other	188	84
	<b>2,527</b>	<b>4,733</b>

### 5 Capital Financing

	2003/04 £000	2002/03 £000
Capital Receipts	-	1,986
Provision for Credit Liabilities	2,212	1,971
Borrowing	-	-
Revenue	26	21
Capital Grants and Contributions	906	576
Increase/(Decrease) in Capital Creditors	(617)	179
	<b>2,527</b>	<b>4,733</b>
Categorised as: Fixed Assets	1,062	1,154
Deferred Charges (Note 3)	1,465	3,579
	<b>2,527</b>	<b>4,733</b>

## 6 Information on assets held

Fixed assets owned by the Council include the following:

	Number as at 31 March 2004	Number as at 31 March 2003
Council dwellings (hostels)	64	64
Operational buildings:		
Municipal offices	1	1
Sports centres	3	3
Swimming pools	3	3
Public halls & Community centres	1	2
Allotments - plots	257	257
Depots	1	1
Surface car parks	24	24
Multi-storey car parks	1	1
Cemeteries/Closed churchyards	20	20
Public conveniences	9	9
Operational equipment		
Desktop PCs	276	264
Notebook PCs	64	48
Community assets		
Parks & open spaces (hectares)	211	211
Non Operational Assets		
Strategic land holdings (hectares)	0	0
Commercial property sites	12	12

## 7 Capital Commitments

Significant capital contracts have been entered into by the Council as at 31 March 2004, outstanding commitments are as follows:-

	2003/04 £000	2002/03 £000
Heywood & Hawkeridge Sewerage Scheme	96	193
Chapmanslade Sewerage Scheme	990	1,100

## 8 Assets held under finance leases

The Council holds no assets under finance leases. All finance leases were terminated at the end of 1999/00.

## 9 Long Term Debtors/Mortgages

Long Term Debtors/Mortgages consist of loans and mortgages granted by this Council to organisations or individuals. The figure shown represents that element of the loan outstanding. A breakdown of this figure is given below and currently no provision for bad debts exists.

	<b>31 March 2004</b>	<b>31 March 2003</b>
	<b>£000</b>	<b>£000</b>
Loans for Home Improvements	31	39
Mortgages to buy Council Houses	235	283
Loans to Organisations	9	14
Loans to Industry	0	1
Car Loans to Employees	17	35
	<b>292</b>	<b>372</b>

## 10 Stocks and Work in Progress

	<b>31 March 2004</b>	<b>31 March 2003</b>
	<b>£000</b>	<b>£000</b>
Stocks		
- Tourist Information Centres	9	8
- Horticultural & Engineering	23	33
Work in Progress	0	0
	<b>32</b>	<b>41</b>

## 11 Debtors

	<b>31 March 2004</b>	<b>31 March 2003</b>
	<b>£000</b>	<b>£000</b>
Amounts falling due in 1 year		
Local Taxation	3,130	2,930
Government Departments	1,844	1,260
Housing Rents	324	228
Sundry Debtors	1,150	1,672
Payments in Advance	87	111
Other	571	572
West Wilts Housing Society	-	1,286
	<b>7,106</b>	<b>8,059</b>
Provision for doubtful debts	(1,536)	(1,448)
Inclusive of Council Tax arrears	<b>5,570</b>	<b>6,611</b>

## 12 Cash

The figures for cash and overdraft include all transactions of the Council.

### 13 Creditors

	<b>31 March 2004 £000</b>	<b>31 March 2003 £000</b>
Local Taxation	114	163
Sundry Creditors	888	1,075
Receipts in Advance	27	61
Government Departments	138	122
Other Capital Creditors	202	869
Other	-	-
	<b>1,369</b>	<b>2,290</b>

### 14 Borrowing

- a) Short-term borrowing - as at 31 March 2004 the amount of £92,000 consisted mainly of deposits held on behalf of local Historic Buildings Joint Committees.
- b) Long Term – The Council had no long-term loans at 31 March 2004.

### 15 Deferred Capital Receipts

Deferred capital receipts are the amounts due to the Council where payments are made in instalments, over agreed periods of time. They are mainly the amounts outstanding on mortgages given by the council for council house sales.

### 16 Usable Capital Receipts Reserve

Movements in the year in respect of usable capital receipts are as follows:

	<b>2003/04 £000</b>	<b>2002/03 £000</b>
Opening balance	6,489	6,959
Receipts from sales	79	1,516
Used for capital financing	-	(1,986)
	<b>6,568</b>	<b>6,489</b>

The usable capital receipts reserve represents the capital receipts available to finance capital expenditure in future years, after setting aside the statutory amounts for the repayment of external loans.

## 17 Other Balances

Reserves and provisions have been allocated in accordance with accounting policies.

	31 March 2004	31 March 2003
	£000	£000
<b>Reserves</b>		
Commercial Property Repairs	35	-
Housing Preferred Development Partners	48	-
Historic Buildings	4	3
West Wilts Show	12	60
Section 106 Deposits Fund	1,238	1,090
Service Commitments	35	-
Housing Benefit	60	34
	<b>1,432</b>	<b>1,187</b>
<b>Provisions</b>		
Vehicle Replacement Fund	44	31
Trade Bin Deposits	12	12
	<b>56</b>	<b>43</b>
	<b>1,488</b>	<b>1,276</b>

## 18 Provision for Credit Liabilities (Memorandum Account)

Under the Local Government and Housing Act 1989 this is the amount the Council has set aside to meet future liabilities and consists largely of reserved capital receipts as shown.

	2003/04	2002/03
	£000	£000
<b>Balance brought forward</b>	<b>29,568</b>	<b>29,779</b>
Amount set aside for MRP during year	-	-
Reserved capital receipts during year	-	1,986
	29,568	31,765
Amounts applied to repay loans during year	-	-
Amounts applied to finance expenditure	(2,212)	(1,971)
Commutation Adjustment	(167)	(226)
Premium on Debt Repayment	-	-
<b>Balance carried forward</b>	<b>27,189</b>	<b>29,568</b>

## 19 Capital Financing Reserve

This reserve shows:

- statutory amounts we set aside from capital receipts to repay external loans
- capital spending during 2003/04 financed from various sources.
- the difference between MRP (the revenue charge for principal element of external loan repayment) and depreciation charges to services.

	<b>2003/04</b>	<b>2002/03</b>
	<b>£000</b>	<b>£000</b>
<b>Opening Balance</b>	<b>(61,450)</b>	<b>(61,775)</b>
Capital Receipts set aside	-	(1,986)
Capital Financing		
- Capital Receipts	-	(1,986)
- Revenue	(26)	(21)
- Capital Grants	(366)	(368)
Government grants deferred	(332)	(68)
MRP (less depreciation provision)	1,051	931
Less Repayment of mortgages	13	18
Commutation Adjustment	167	226
Deferred charges in year	1,465	3,579
Premium on Debt Repayment	-	-
	<b>(59,478)</b>	<b>(61,450)</b>

## 20 Fixed Asset Restatement Reserve

This reserve is used to write off the net book value of assets as they are disposed of and debited or credited with the surplus or deficit arising from revaluations.

	<b>2003/04</b>	<b>2002/03</b>
	<b>£000</b>	<b>£000</b>
<b>Balance at Start of Year</b>	<b>31,231</b>	<b>30,860</b>
Revaluations to Asset Values	175	371
Disposal of Assets	435	-
<b>Balance at End of Year</b>	<b>31,841</b>	<b>31,231</b>

## 21 Insurance

In consultation with the Council's brokers, a degree of self-insurance has been undertaken, with the Council bearing the first £2,500 per non-personal liability claim.

## 22 Contingent Liability

The agreement to transfer council properties to West Wiltshire Housing Society included a clause that the Council would indemnify the Society in respect of the cost of repairing or replacing sewers and plant. The Society will meet the costs to the level of agreed threshold and thereafter the Council will meet any costs. Any unspent amounts below the threshold will be carried forward and serve to increase the threshold in the following year. The indemnity will terminate on 31 March 2031.



## 23 Investments

The managed investment fund with Investec Asset Management was closed on 31 March 2003 and investment have been managed in-house with advice from the Council's investment advisers. Total investments were £8,239,000 including long-term investments of £8,000,000.

## 24 Analysis of net assets employed

	<b>2003/04 £000</b>	<b>2002/03 £000</b>
General Fund	20,868	20,318
Direct Service Organisation	75	90
	<b>20,943</b>	<b>20,408</b>

## 25 Credit Ceiling and Minimum Revenue Provision (M.R.P.) 2003/04

The Government controls the amount of money WWDC is able to borrow through issuing 'credit approvals'. The table below shows that the Council has set aside more money to repay debt than it has borrowed. During 2003/04 the amount set aside decreased due to the net effect of:

- additional credit allowed for 2003/04 was reduced to zero because the Council received specified Government grant of that amount.
- the amount of capital expenditure funded in 2003/04.
- the amount credited to revenue during 2003/04 to offset the adverse effect of the commutation of renovation grant subsidy that took place in 1993/94.

	<b>£000</b>
<b>Opening Credit Ceiling 1st April 2003</b>	<b>(5,013)</b>
Additional Credit Allowed:	
Basic Credit Approval	214
Supplementary Credit Approval	195
Less Reduction for Specified Capital Grant	(409)
Less Capital Receipts Reserved	-
Less Amounts Set Aside	
Minimum Revenue Provision (M.R.P.)	-
Capital Expenditure Financed from PCL	2,212
Commutation Adjustment	167
<b>Closing Credit Ceiling 31st March 2004</b>	<b>(2,634)</b>

## 26 The Aggregate Credit Limit (A.C.L.)

This is the limit imposed by government regulations on permitted total external borrowing at any one time. The ACL at 31 March 2003 was -

	£000
Credit Ceiling	(2,634)
Temporary Revenue Borrowing Limit	5,843
Temporary Capital Borrowing Limit	55
Approved Investments	8,239
Cash	216
Usable Capital Receipts	(6,568)
<b>Total Limit on External Borrowing at end of Year</b>	<b>4,791</b>
The actual External Borrowing was -	
Short Term Borrowing	875
<b>Total Actual External Borrowing at end of Year</b>	<b>875</b>

The above shows that for 2003/04, West Wiltshire's actual external debt was within the Aggregate Credit Limit defined by the regulations.

## **27 Statutory Determinations under Part IV of the Local Govt & Housing Act '89**

Under Section 42(2)(g) the authority has determined that £539,618 of its own expenditure that has been or is due to be reimbursed by other persons, will be capitalised.

Under Section 56(1) credit approvals totalling £0 have been used to authorise capital expenditure.

Under Section 56(2) no credit approval has been transferred to any other authority.

Under Section 60(2) this authority has determined to apply £0 of usable capital receipts to capital expenditure in 2003/04 and not to make a voluntary set-aside for credit liabilities.

Under Section 63(1) this authority has determined to set aside £0 from the General Fund Revenue Account as the required minimum revenue provisions for credit liabilities in 2003/04.

## **28 Deferred Interest**

This relates to debt re-scheduling undertaken by the Council. The net discount/premium on early redemption has been spread over the period of the replacement loans using the exception rule allowable under the code of practice.

## **29 Trust Funds**

The Council has included assets and liabilities in its Balance Sheet in respect of the

following Trusts. These have been included under FRS 5 substance over form:

1. Westbury Public Baths – fixed asset £482,400
2. King George V Playing Field – Melksham– fixed asset £279,175
3. King George V Playing Field - Warminster– fixed asset £300 and creditors £14

All sites are operated by the Council as if they were the legal owners, the net loss on each site being charged to the Council's General Fund (see note 13 to the Consolidated Revenue Account) for 2003/04 this amounted to £171,247. The trusteeship for the Laverton Institute was transferred to Westbury Town Council on 1 December 2003. The net revenue loss on the charity up to that date was borne by this Council and forms part of the charge to the General Fund.

### 30 Euro Costs

There has been no significant expenditure on this activity.

### 31 Halls Transfer

On 1 April 2001 four halls were transferred to the respective Town Councils. Westbury Town Council became the trustees of the Laverton Institute on 1 December 2003.

Subsidies are payable towards the ongoing costs as follows:

2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
£110,000	£57,666	£48,000	£38,000	£8,000	£8,000	£5,334

### 32 Debt Free Status

The final long-term loan was repaid on 16 May 2001 giving the Council debt free status.

### 33 Pensions Assets and Liabilities

Note 6 to the Consolidated Revenue Account contains details of the Authority's participation in the Local Government Pension Scheme (administered by Wiltshire County Council). At 31 March the council included the following net assets and liabilities for pensions in the balance sheet.

	2003/04 £000	2002/03 £000
Present Value of Scheme Liabilities	40,870	39,150
Present Value of Unfunded Liabilities	2,730	2,560
<b>Total Liabilities</b>	<b>43,600</b>	<b>41,710</b>
Estimated Assets in Scheme	27,030	22,330
<b>Net Pension Liabilities</b>	<b>16,570</b>	<b>19,380</b>

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The pension fund liabilities have been assessed by Hymans Robertson, an independent firm of actuaries. The main

assumptions used in their calculations are set out below.

	<b>2003/04</b>	<b>2002/03</b>
Rate of Inflation	2.9%	2.5%
Rate of Increase in Salaries	4.4%	4.0%
Rate of Increase in Pensions	2.9%	2.5%
Rate for Discounting Scheme Liabilities	6.5%	6.1%

Assets in the Wiltshire Pension Fund which are valued at fair value, principally market value for investments, and the long term expected return net of administration and investment expenses, are analysed by category below.

	<b>31 March 2004</b>		<b>31 March 2003</b>	
	<b>Long Term</b>	<b>Value</b>	<b>Long Term</b>	<b>Value</b>
	<b>Return</b>	<b>£000</b>	<b>Return</b>	<b>£000</b>
Equity Investments	7.7%	19,110	8.0%	14,890
Bonds	5.1%	4,890	4.8%	5,100
Property	6.5%	1,990	6.0%	1,730
Cash	4.0%	1,070	4.0%	610
	<b>7.0%</b>	<b>27,030</b>	<b>7.0%</b>	<b>22,330</b>

The movements in the surplus/deficit during the year were;

	<b>2003/04</b>	<b>2002/03</b>
	<b>£000</b>	<b>£000</b>
<b>Surplus/(deficit) at 1 April</b>	<b>(19,380)</b>	<b>(9,430)</b>
Current service cost	(680)	(630)
Employer contributions	1,180	850
Contributions in respect of unfunded benefits	210	-
Other Income	-	-
Other outgoings	-	-
Past service costs	(210)	-
Impact of settlements and curtailments	-	(210)
Net return on assets	(960)	(450)
Actuarial gains/(losses)	(3,340)	(9,510)
<b>Surplus/(deficit) at 31 March</b>	<b>(16,570)</b>	<b>(19,380)</b>

## Statement of Total Movements in Reserves

	CAPITAL RESERVES				REVENUE RESERVES			Total £000
	Fixed Asset Restatement Reserve £000	Capital Financing Reserve £000	Usable Capital Receipts £000	Govt Grants Deferred £000	General Fund £000	Specific Reserves £000	Pension Reserve £000	
<b>Balance as at 1/4/03</b>	<b>31,231</b>	<b>(61,450)</b>	<b>(6,489)</b>	<b>(392)</b>	<b>(1,065)</b>	<b>(1,713)</b>	<b>19,380</b>	<b>(20,498)</b>
Net (Surplus) / Deficit for year	-	2,364	-	(202)	(110)	174	530	2,756
Unrealised (gains)/ losses from revaluation	175	-	-	-	-	-	(3,340)	(3,165)
<b>Effect of disposal of assets</b>								
Cost /value of Assets disposed of	-	-	-	-	-	-	-	-
Proceeds of disposals	435	-	(79)	-	-	-	-	356
<b>Net (Surplus) / Deficit</b>	<b>435</b>	<b>-</b>	<b>(79)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>356</b>
Financing Fixed Assets	-	(392)	-	-	-	-	-	(392)
Reclassification of reserves/provisions	-	-	-	-	-	-	-	-
<b>Balance as at 31/03/04</b>	<b>31,841</b>	<b>(59,478)</b>	<b>(6,568)</b>	<b>(594)</b>	<b>(1,175)</b>	<b>(1,539)</b>	<b>16,570</b>	<b>(20,943)</b>

## Notes to the Statement of Total Movements in Reserves

### 1. Local Government Pension Scheme

The actuarial gains identified as movements on the Pensions Reserve in 2003/04 can be analysed into the following categories and measured as absolute amounts and as a percentage of assets or liabilities at 31 March 2004.

	2003/04		2002/03	
	£000	%	£000	%
Difference between expected and actual return on pension scheme assets	(3,490)	(12.9)	7,010	31.4
Experience gains and losses on the scheme liabilities	150	0.3	2,500	6.0
Changes in assumptions underlying the value of liabilities	-	-	-	-
<b>Actuarial (gain)/loss recognised</b>	<b>(3,340)</b>		<b>9,510</b>	

## Cash Flow Statement

This statement shows how our cash has come in and gone out during the year.

	2003/04		2002/03	
	£'000	£'000	£'000	£'000
<b>Revenue Activities</b>				
<i>Cash Outflows</i>				
Employees	7,368		6,850	
Housing Benefit paid out	17,398		17,518	
Non-domestic rate payments to national pool	23,374		22,888	
Precepts paid	44,612		38,677	
Other operating cash payments	9,855	102,607	9,276	95,209
<i>Cash Inflows</i>				
Council Tax income	(45,031)		(39,961)	
Non-domestic rate income from national pool	(4,134)		(4,734)	
Non-domestic rate receipts	(22,683)		(23,073)	
Revenue Support Grant	(2,217)		(1,089)	
DWP Grants for Benefits	(19,961)		(19,318)	
Government grants	(1,338)		(818)	
Other cash income	(7,365)	(102,729)	(5,127)	(94,120)
<i>Revenue Activities Net Cash (Inflow)/Outflow</i>		<b>(122)</b>		<b>1,089</b>
<b>Servicing of Finance</b>				
<i>Cash Outflows</i>				
Interest paid	49		153	
<i>Cash Inflows</i>				
Interest received	(562)	(513)	(1,012)	(859)
<b>Capital Activities</b>				
<i>Cash Outflows</i>				
Purchase of fixed assets	1,730		865	
Other cash payments	-		-	
Deferred charges	1,465		3,579	
	3,195		4,444	
<i>Cash Inflows</i>				
Sale of assets	(79)		(3,499)	
Capital grants received	(907)		(576)	
Other capital cash income	-	2,209	-	369
<b>Management of Liquid Resources</b>				
<i>Cash Inflows</i>				
Net increase/(decrease) in investments		(2,571)		(7,970)
<b>Net cash inflow / outflow before financing</b>		<b>(997)</b>		<b>(7,371)</b>
<b>Financing</b>				
<i>Cash Outflows</i>				
Repayments of amounts borrowed	131		7,704	
<i>Cash Inflows</i>				
New loans raised	-	131	-	7,704
<b>(Increase)/Decrease in Cash and Cash Equivalents</b>		<b>(866)</b>		<b>333</b>

## Notes to the Cash Flow Statement

	2003/04 £'000	2002/03 £'000
<b>1 Reconciliation of revenue cash flow</b>		
Surplus/(Deficit) per Consolidated Revenue a/c	110	123
Minimum Revenue Provision	-	-
Net Transfers to provisions and reserves	(309)	222
(Decrease)/Increase in revenue creditors	(254)	(623)
Decrease/(Increase) in stock and work in progress	9	24
Decrease/(Increase) in debtors	1,059	23
Net Interest	(493)	(858)
Net Cash Outflow on Revenue Activities	122	(1,089)

	As at 31/3/04 £'000	As at 31/3/03 £'000	Movement £'000
<b>2 Reconciliation to Movements in Debt</b>			
Temporary loans	(92)	(223)	131
Long Term Borrowing	-	-	-
Movement in Net debt			131
Net cash inflow from revenue			(122)
Servicing of finance			(513)
Management of liquid resources			(2,571)
Capital activities			2,209
Net (Increase)/Decrease in cash			(866)

	As at 31/3/04 £'000	As at 31/3/03 £'000	Movement £'000
<b>3 Financing and Liquid Resources</b>			
Financing			
Long term loans	-	-	-
Temporary loans	92	223	131
Total Financing			131
Liquid Resources			
Investments	(239)	(7,810)	(7,571)
Long term investments	(8,000)	(3,000)	5,000
Total Liquid Resources			(2,571)

<b>4 The main Government Grants are:</b>	£'000	£'000
Housing Benefits	15,839	15,772
Housing Benefits Administration	800	387
NNDR Collection	161	157
Council Tax Benefits	4,122	3,546

## 5 Liquid Resources

Liquid Resources are investments or borrowings that can be repaid at the Council's request within three months, without an interest penalty being incurred. They include cash balances, investments and temporary loans.

## Direct Services Accounts

The Council operated only one Direct Services Organisation (D.S.O) in 2003/04. Works Services - Undertaking grounds maintenance, street cleansing, engineering, toilet cleaning, re-cycling and building maintenance work.

In many ways D.S.O.s work like private contractors in that the management of all work is treated as if it were on a contract basis. For each category of work subjected to competition by the Council the relevant D.S.O. can submit a price. If successful it will perform that work to the agreed price.

Direct Works Services originally won contracts through Compulsory Competitive Tendering. CCT legislation was repealed on 2 January 2000 and there is no longer a requirement to meet a financial target. A new duty to secure Best Value was placed on local authorities from 1 April 2000.

The accounts have been maintained for the financial year and will continue to be maintained in future years in accordance with Best Value accounting guidelines.

### Direct Works Services Accounts (Direct Services Organisation) Revenue Account - All Activities

	2003/04 £000	2002/03 £000
<b>Income</b>		
Charges to other Council Accounts	1,277	1,403
Other Income	116	170
	<b>1,393</b>	<b>1,573</b>
<b>Expenditure</b>		
Labour	792	851
Transport and Plant	300	349
Supplies and Services	197	157
Overheads	197	245
Capital Charges	4	4
Work In Progress	0	0
	<b>1,490</b>	<b>1,606</b>
<b>Surplus/(Deficit) For Year</b>	<b>(97)</b>	<b>(33)</b>
<b>Appropriation Account</b>		
Surplus/(Deficit) for Year	(97)	(33)
Transfer (to)/from D.W.S. Reserve	0	0
Contribution from General Fund	(97)	(33)

### Contract Summary - Direct Works



	<b>Income</b>	<b>Expend</b>	<b>(Deficit)</b>
<b>Contract</b>	<b>£000</b>	<b>£000</b>	<b>Surplus</b>
			<b>£000</b>
<b>2003/04</b>			
Street Cleansing	523	440	83
Refuse Collection	0	71	(71)
Grounds Maintenance	426	568	(142)
Total Contracts	949	1,079	(130)
Non Contract Work	444	411	33
<b>Total</b>	<b>1,393</b>	<b>1,490</b>	<b>(97)</b>
<b>2002/03</b>			
Street Cleansing	517	444	73
Refuse Collection	0	0	0
Grounds Maintenance	508	594	(86)
Total Contracts	1,025	1,038	(13)
Non Contract Work	548	568	(20)
<b>Total</b>	<b>1,573</b>	<b>1,606</b>	<b>(33)</b>

**Note:**

Direct Works Services was in deficit for the year and this was met by an additional contribution from the General Fund. Following a competitive tendering exercise in 2001-02, a private contractor now operates the refuse collection service. The £71,000 deficit on the refuse collection service in 2003-04 is due to old trade refuse accounts being written off in the year.

## Accounting Terms Explained

### *Accruals*

An accounting concept - sums included in financial statements to cover income and expenditure due in an accounting period, where the cash has not been received or paid by the end of that period.

### *Aggregate Credit Limit (A.C.L.)*

The A.C.L. sets an upper limit for the use of borrowing/credit. The total of an authority's outstanding borrowing and credit arrangements must not at any time exceed their A.C.L. The major component of the A.C.L. is the *credit ceiling* (reflecting the amount of long term borrowing). Authorities are also allowed to borrow temporarily to finance any capital expenditure which is due to be reimbursed by other bodies within 18 months (the Temporary Capital Borrowing Limit) and to borrow to meet temporary shortfalls of income against revenue expenditure (the Temporary Revenue Borrowing Limit). External investment of cash increases the A.C.L. but this limit specifically excludes cash relating to unapplied usable capital receipts.

### *Assets*

These represent the value of what the Council owns or is owed e.g. property, land, stock, cash and debtors etc. and represents the value the Council would get if it was sold or wound up at the date of the Balance Sheet.

Types of assets include:

Infrastructure: immovable assets, such as highways and footpaths

Community assets: those with no determinable finite life, for example parks and cemeteries, and related buildings

Operational assets: used for the direct delivery of a service, such as vehicles and computers

Non-operational assets: those, which are not used for service delivery, e.g. commercial properties, development land

### *Bad Debts*

These are amounts owed to the Council, which are unlikely to be recovered, so an allowance is made for these in the accounts. This is known as a 'Provision for Bad Debts'.

### *Balance Sheet*

A snapshot view of the Council's financial position showing *assets* and *liabilities*. Putting a value on what is owed, what is due, what is owned and how we paid for it.

### *Capital Expenditure*

Money spent on the purchase, or enhancement, of substantial assets, which are expected to have a life of over one-year. E.g. purchase of land or construction of a swimming pool. After capital expenditure has been incurred there will frequently be running costs to be met.

### *Capital Receipts*

Money received from the sale of assets, (usually ‘one off’) e.g. Sale of land.

### *Commutation*

A few years ago, rather than paying us revenue grants over a number of years the Government converted the amounts outstanding to a lump sum (i.e. commutation) and repaid some of our outstanding loans with the Public Works Loans Board. If the grant income lost is greater than the reduction in principal and interest payments then this is offset by a transfer from the Capital Financing Reserve to the Revenue Account.

### *Consistency*

A desirable objective is that the accounting policies are the same from one year to the next and if we do change them we must state how and why.

### *Creditors*

Amounts the Council owes to others e.g. if the Council receives goods on the 30th March but does not pay for them until 10th April, this would be a creditor as at 31st March.

### *Credit Approvals*

The authorisation from Government for Councils to pay for *Capital Expenditure* using credit, rather than cash. Credit consists of borrowing and credit arrangements (e.g. leasing).

### *Credit Ceiling*

The maximum amount of outstanding debt allowed for capital expenditure. Increased by credit approvals and reduced by minimum revenue provisions and the reserved part of capital receipts.

### *Debtors*

These are people who owe money to the council. The balance sheet shows the value of amounts due at 31st March.

### *Debt Free Status*

This is when the Council’s credit ceiling is negative and it has no long-term loans.

### *Deferred Charges*

Capital expenditure for which the Council does not have an asset to show for its money e.g. Renovation Grants and contributions to sewerage schemes.

### *Direct Service Organisation (D.S.O.)*

Essentially Council controlled, they are run independently keeping their own accounts. The Council pays an agreed price for the provision of D.S.O. services.

#### *Financial Reporting Standard (F.R.S.)*

See Statement of Standard Accounting Practice

#### *Going Concern*

An accounting concept - the accounts are prepared on the basis that the authority will continue in operational existence for the foreseeable future

#### *Leases*

This is a way for the Council to acquire the use of items, such as computer equipment, without having to purchase them outright. A leasing company buys the item and recovers the cost from us over an agreed number of years. There are two types, finance leases where we bear the risks and rewards of ownership and operating leases where the leasing company bears them.

#### *Liabilities*

This represents the value of what the Council owes e.g. creditors, borrowing, overdrafts etc. It is the value the Council would have to pay to clear all its debts if it was sold or wound up at the date of the Balance Sheet.

#### *Minimum Revenue Provision (M.R.P)*

This is the minimum amount the Council has to charge to revenue to repay credit liabilities and is calculated as 4% of the credit ceiling (if it is positive). If the credit ceiling is negative then no charge is required.

#### *National Non-Domestic Rates (N.N.D.R.)*

This is the business version of Council Tax. Business properties have a rateable value, which is multiplied by a nationally set rate. All money collected is paid over to the Government, which then re-distributes it to Councils according to a formula, based on population.

#### *Precepts*

The money required by the County Council, Police Authority and Town/Parish Councils to pay for their services is charged to the District Council as a lump sum known as a precept. West Wiltshire District Council then collects this money as part of the Council Tax

#### *Primacy of legislative requirement*

An accounting concept - where an accounting treatment is prescribed by law then it must be applied even if it conflicts with other accounting concepts. Similarly if legislation prohibits a particular treatment then it can not be applied.

#### *Prudence*

A desirable objective of being cautious when preparing the accounts, i.e. making provisions for all likely costs, but not showing income unless we are likely to receive the money.

*Public Works Loans Board (P.W.L.B.)*

A Government body which acts as a lender of money to local authorities.

*Reserves*

Amounts which, over the years, have built up from excess income over expenditure, or have been set up from contributions, to provide a back up for any future financial problems or specific projects.

*Revenue Expenditure*

Running costs and other day-to-day expenses e.g. electricity or salaries.

*Revenue Income*

Money received in respect of day to day services provided by the Council e.g. planning fees.

*Statement of Standard Accounting Practice (S.S.A.P.)*

A prescribed method to account for a particular type of transaction or situation.

*Temporary Loans*

Money borrowed on a short-term basis to cover cash shortages, for example, until Council tax payments are received.

*Work in Progress*

Refers to work commenced, but not completed, as at the end of the accounting period.