



**Horsham  
District  
Council**

# Statement of Accounts 2015/16

Audited

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# Narrative Statement

## INTRODUCTION

Welcome to Horsham District Council's Statement of Accounts for 2015/16. The accounts provide a record of the Council's financial position and performance for the year. They are presented on an International Financial Reporting Standards (IFRS) basis having been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16. They cover the reporting period 1 April 2015 to 31 March 2016.

The purpose of the financial statements is to provide information about the financial position and financial performance of the authority during the year. The statements are complex and so notes accompany them to enable the reader to interpret the key elements of the accounts.

The narrative statement aims to provide a context to the accounts to aid the reader in understanding the Council's financial position and performance for the year. It provides an overview of the main financial results covering both revenue and capital activities. Revenue spending is generally on items that are consumed in the financial year and is financed from Council Tax, government grant, contributions from non-domestic rates and charges for services. Capital expenditure relates to the acquisition, creation or enhancement of assets that yield benefits for more than one year and is financed by grants, contributions, loans and capital receipts generated from the disposal of assets. The narrative report also includes comment on the financial performance and economy, efficiency and effectiveness in the use of resources over the financial year and in the context of the Medium Term Financial Strategy.

## HORSHAM DISTRICT

Horsham District is the second largest Local Authority District in West Sussex which covers a large area of open countryside, small town and villages. There are 32 parishes each with its own parish council. The population is around 133,000 people with over 45,000 of these living in Horsham and the immediate area. Billingshurst, Southwater, Henfield, Pulborough, Storrington and Steyning are the other main centres of population with the remaining residents living in the surrounding parishes.

There is a strong administrative and service sector, together with a thriving retail sector with more than 4,000 commercial premise based businesses plus a number of small businesses run from residential properties.

## THE DISTRICT PLAN

Due to National, District and Parish election being held in May 2015 the Council adopted a one year plan; the Interim Corporate Priorities 2015/16. A new four year Corporate Plan 2016-19 has been developed following the elections. The Council set out its aims under six headings:

- **Economic Development** – planning for a successful economy with high levels of employment
- **Efficiency and Taxation** – delivering excellent value and high performance
- **Arts, Heritage and Leisure** – building an arts, leisure and cultural reputation that also supports our economy
- **Living Working Communities** – working together to support the life of local communities
- **Environment** – working towards a better environment for today and tomorrow
- **Safer and Healthier** – improving health and wellbeing

The District Council has adopted the Cabinet model of governance with a Leader, Deputy Leader and Cabinet Members each with responsibility for one aspect of the District Plan. Much decision making is delegated to Cabinet Members or Committees but major items of policy remain the responsibility of the Cabinet or the whole Council. It is the whole Council which approves the Council's expenditure plan, the budget, as part of the process of setting the Council Tax each year.

## PERFORMANCE DURING 2015/16

The Council monitors financial and non-financial performance indicators on a monthly basis. Overall, it has performed well across the key indicators and the outturn at 31 March 2016 is comparable to the performance at 31 March 2015. Where comparable, 18 indicators improved compared to the previous year and 14 had worsened. Improvements have been made in the processing of minor and major planning applications across the suite of indicators, complaints have reduced by 21%, staff turnover and staff sickness levels have both fallen and responses to Freedom of Information requests within 20 days improved significantly from 84% to 92%. Council Tax collection levels at 98.7% and business rate collection levels at 97.5% were maintained, although remain slightly below target.

Only 10% (12.5% in 2014/15) of performance indicators were outside the target range and work has already taken place that should improve the processes around the percentage of planning appeals allowed which should also have a positive impact on reducing the award of planning appeal costs in the future. The recycling rate remains slightly outside the target range.

## BUDGET 2015/16

The Council approved a net General Fund Revenue budget for 2015/16 of £13.0m at the formal meeting on 25<sup>th</sup> February 2015.

	£'000
Net expenditure	<b>13,000</b>
Funded by:	
New Homes Bonus Grant	1,166
Council Tax	7,959
1% Council Tax Freeze Grant	83
Revenue Support Grant	1,603
Business rates baseline Funding	1,862
Additional Business rates	400
Payment to parishes	(82)
Collection Fund surplus	184
Total Funding	<b>13,175</b>
(Surplus) / Deficit	<b>(175)</b>

In 2012/13, it was agreed to transfer any sums in excess of the agreed £1.166m revenue contribution of New Homes Bonus to the New Homes Bonus reserve and in 2015/16, an additional £1.770m of New Homes Bonus was paid as a result of the significant new house building across the district, bringing the total reserve to £3.701m at 31 March 2016. Contributions to and from reserves included £0.184m estimated surplus on the Council Tax Collection Fund and £0.175m to the General Fund Balance.

## THE FINANCIAL STATEMENTS

The accounts show the core financial statements grouped together, along with detailed disclosure notes. The core financial statements include:-

- **The Movement in Reserves Statement (MiRS).** This shows the movement in reserves during the year, split between those reserves which are available for the Council to spend (usable reserves) and those that have been created to reconcile the technical aspects of accounting (unusable reserves).
- **The Comprehensive Income and Expenditure Statement (CIES).** This consolidates the gains and losses experienced by the Council during the year.
- **The Balance Sheet.** This shows the Council's financial position at 31 March each year. The top part of the statement shows the assets and liabilities of the Council and the lower part shows the Council's reserves.
- **The Cash Flow Statement.** This summarises the changes in cash and cash equivalents during the year.

A supplementary statement, the **Collection Fund**, shows the collection and distribution of Council Tax and Non- Domestic Rates (NNDR) income.

## REVENUE OUTTURN FOR 2015/16

The Council monitors its expenditure and income against budget on a monthly basis and reports to Cabinet regularly and to its Finance and Performance Working Group quarterly. The revenue and capital outturn report for 2015/16 was reported to the Accounts, Audit and Governance Committee in June 2016.

The variance against original budget was reported as a surplus of £0.759m. There was £0.390m of revenue budgets, intended for projects in 2015/16, that were unspent and carried forward to 2016/17. After allowing for the budgeted transfers to reserves and other transfers to earmarked reserves, the outturn surplus has reduced the in-year deficit on the General Fund to £0.220m as shown below.

	£000
<b>Outturn variance reported</b>	<b>(759)</b>
Budgeted transfer to General Fund Balance	175
Budgets brought forward from 2014/15 (including repairs and renewals)	914
Supplementary estimates	117
Budgets carried forward to 2016/17	(390)
Underspend of MRP against budget	(13)
Other adjustments	<u>176</u>
<b>Deficit on General Fund (after transfers to earmarked reserves)</b>	<b>220</b>

While the General Fund shows a net deficit of £0.220m on expenditure and income transactions in the year, the Comprehensive Income and Expenditure Statement shows a surplus for the year of £16.048m, comprising a deficit on the provision of services of £2.969m and a surplus of £19.017m on the revaluation of non-current and financial assets and on the actuarial value of pension assets and liabilities.

The Comprehensive Income and Expenditure Statement takes a wider view of financial performance than that shown in the General Fund and shows the true accounting position for the year. The surplus for the year represents the total amount by which the Council's overall net worth has increased over the year as shown in the Balance Sheet.

In addition to the net General Fund deficit of £0.220m and the net revenue surplus on other earmarked reserves, it also includes the following major items:

- i) **A charge for the depreciation and revaluation/impairment of assets.** The depreciation charge of £2.865m is a charge for the use of assets that reflects the notional consumption of assets during the year and losses of £0.512m have been debited on the revaluation of assets.
- ii) **A charge for revenue expenditure funded from capital under statute (REFCUS).** A charge of £3.210m is made for expenditure which under proper accounting practice meets the definition of revenue expenditure, but which under statute can be funded from capital resources. It mainly relates to grants made for a capital purpose, such as grants for disabled facilities.
- iii) **A credit for capital grants and contributions.** Capital grants and contributions of £0.835m have been credited in accordance with proper accounting practice. However these grants are used to fund the Council's capital programme and do not fall into the General Fund.
- iv) **A credit for pensions** of £1.725m representing the difference between the accounting cost of pensions (as estimated by the Pension Fund actuary in accordance with IAS19) and the actual employer contributions paid to the West Sussex Pension Fund. Further details of the movement in the pension fund liability are shown in Note 33.
- v) **A gain on the disposal of assets** of £2.027m. When an asset is disposed of, the difference between the sale proceeds and the carrying value of the asset must be charged or credited to the Comprehensive Income and Expenditure Statement.
- vi) **Other technical adjustments** relating to financing costs, council tax, business rates and officer remuneration.

Local authorities are required by statute to set aside each year some of their revenue to provide for repayment of debt in respect of capital expenditure financed by borrowing or credit arrangements, known as the Minimum Revenue Provision (MRP). In 2015/16 the amount set aside was £0.787m. This is a charge to the General Fund which is not shown in the Comprehensive Income and Expenditure Statement.

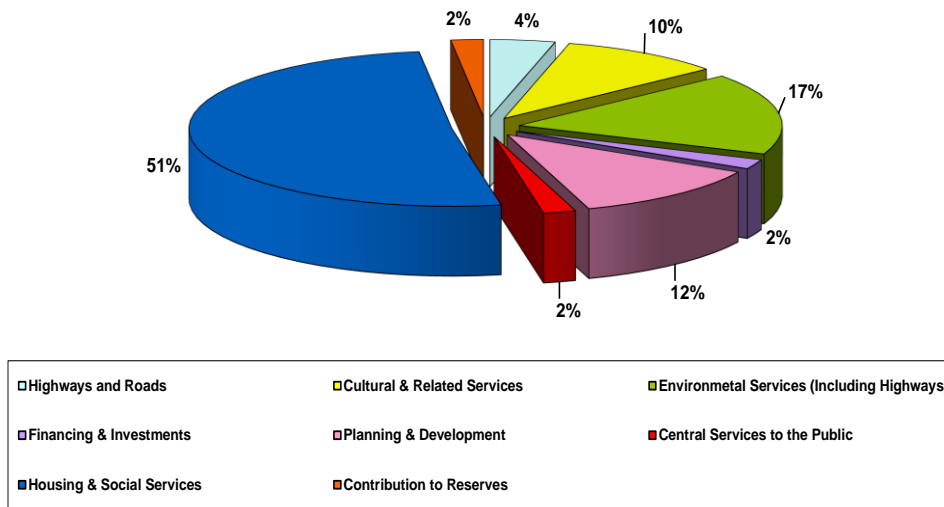
While the Comprehensive Income and Expenditure Statement shows the true accounting position for the year, it is the General Fund position which is the more important for residents of the district. Certain items that are charged under accounting rules, such as depreciation, impairment, capital grants and actuarially assessed pension charges, are eliminated from the General Fund, leaving the net costs, which after crediting revenue income and grants are those to be met by the Council Tax payers.

The table below summarises these accounting adjustments:-

	£000
<b>Deficit on General Fund</b>	220
(Income)/expenditure direct from earmarked reserves	116
Transfers (to)/from earmarked reserves	(1,491)
<b>Accounting adjustments</b>	
Charge for depreciation	2,865
Revaluation of non-current assets	512
Revenue expenditure charged to capital	3,210
Capital grant income	(835)
IAS19 pension costs	1,725
Gain/loss on disposal of assets	(2,027)
Minimum Revenue Provision	(787)
Share of in year surplus on the Collection Fund	(588)
Other technical adjustments	49
<b>Surplus on provision of services per CIES</b>	<b><u>2,969</u></b>

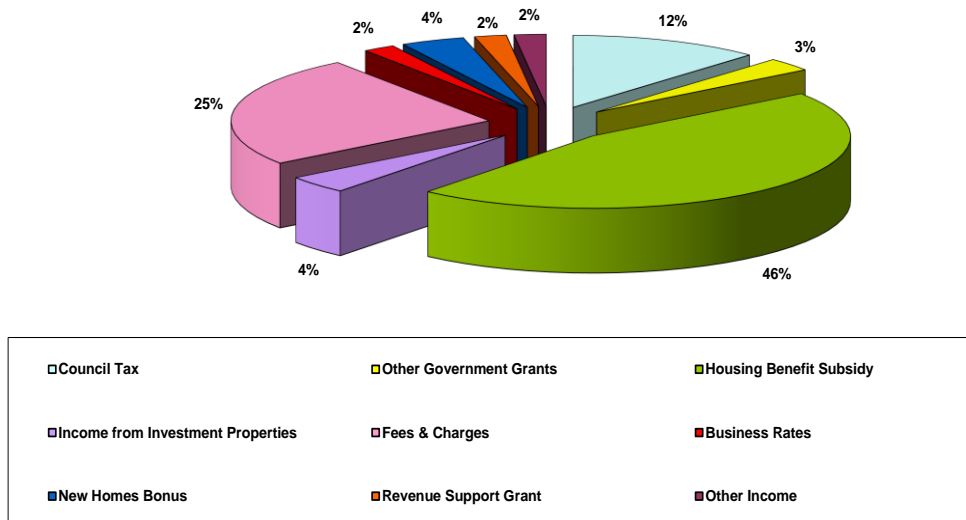
## NET COST OF SERVICES - HOW THE MONEY WAS SPENT

In 2015/16 the total expenditure incurred by the Council was £69m; this is excluding non cash costs charged to the services such as depreciation, impairment costs and pension adjustments. The chart below categorises this expenditure in percentage terms across services.



## SOURCES OF FINANCE OF THE COUNCIL'S REVENUE ACTIVITIES

The Council has a number of financing sources including taxation, income from fees and charges and grant funding. The total value of funding for 2015/16 was £69m and chart below provides a percentage breakdown between sources:



## CAPITAL EXPENDITURE

Against the original capital plan of £29.9m in 2015/16 which included an unspent budget of £7.2m from 2014/15, the Council's capital spending for the year was £7.4m across a range of over 40 capital schemes including £1.7m on a commercial property investment.

A total of £22.5m has been re-profiled into 2016/17 and later years including a further £3.3m of the £5m commercial property investment fund, £1.3m for vehicle replacement fleet which was on hold in 2015/16 pending a full review of the fleet, £3.5m of the £4.5m Hop Oast depot redevelopment scheme which will now commence in June 2016 and delays with planning permission to the £2.9m temporary accommodation build in the Bishopric which meant that only £0.8m was spent in year. A £7m loan, agreed in principle with Saxon Weald for the redevelopment of Winterton Court in Horsham for affordable housing was also re-profiled, following initial planning permission for the site being refused.

The capital expenditure in the year was financed by £2.366m usable capital receipts, £3.004m Government grants and other contributions and £2.056m was unfinanced.

## **FINANCIAL POSITION AT 31 MARCH 2016**

The net worth of the District Council is shown in the Balance Sheet. It has increased by £16.048m from 31 March 2015. This is as a result of an increase in the Council's unusable reserves of £11.307m, which includes accounting adjustments related to non-current assets and pensions of £10.719m and a decrease in the Council's share of the Collection Fund deficit of £0.588m.

Property, Plant and Equipment value has decreased by £2.099m. This movement includes the sale of the Council office buildings and asset revaluations during the year.

The net pension liability has decreased by £11.537m to £1.875m, reflecting an increase in the net discount rate during the year. This liability is a snapshot actuarial assessment at the Balance Sheet date and does not mean that the pension fund will not be able to pay benefits due in the future. Asset values of the fund can increase in the future and changes to the Scheme have been agreed from 1 April 2014. A full triennial valuation of the Fund was undertaken at 31 March 2013 and revised employer contribution rates have been agreed for the three years from 1 April 2014.

Usable Reserves have increased by just over £4.741m to £26.592m; the main increase of £3.586m was within capital reserves with a smaller increase in revenue reserves of £1.155m. The total capital reserves will be used to fund the future capital programme. Further details on reserves can be found in the notes to the accounts.

The Council has a single £4.0m loan which is repayable over 10 years until March 2019 at an interest rate of 3.38%. No new long term borrowing was entered into in 2015/16.

## **FINANCIAL OUTLOOK**

Despite ongoing financial pressures from the reduction in central government funding, the Council has managed to set a balanced budget and has done so again in the forthcoming year of 2016/17. It has done this in 2016/17 through internal efficiencies and income generation such as; increasing the charge for its green waste service for the first time since it was introduced in 2013/14, introducing a flat rate parking charge for Sunday and Bank Holiday parking and an inflationary increase in Council Tax.

Further ahead, the Medium Term Financial Strategy will be revisited and will elaborate further on how the Council expects to deliver future savings and generate income to tackle the projected deficits over the period 2017/18 to 2019/20. If no action is taken, the deficit by 2019/20 is forecast to be £3.8m. Closing the gap is likely to happen through a combination of a range of measures that are currently being appraised, including the next phase in Business Transformation - "Future Horsham", commissioning, shared services with other councils, procurement, income generation, other efficiency measures and also potentially some reductions to discretionary services. The Director of Corporate Resources regularly reports to the Council on the basis of the latest information available, so that the risks and opportunities can be considered and evaluated. The future impact of the United Kingdom's decision to leave the European Union will be included in these local level considerations as and when it becomes known.

Whilst deficits are currently projected for the period 2017/18 to 2019/20, the Council's cash flow remains healthy. At the current year-end, the Council has £5.3m of cash and cash equivalents. The size of the annual deficits to 2019/20 are exceeded by the level of general reserves. The value of investments ended the year at £26.4m and generated an investment yield of 0.77%.

Over the last two years, the Council has made some significant decisions which will affect the future use of the authority's resources and will impact on the financial position of its Balance Sheet. The following significant capital expenditure is planned in the next 2 years:

Broadbridge Heath Leisure Centre – in November 2015, the Council agreed an enlarged £12.3m capital budget for the redevelopment of this site, with the aim of opening the new facility in spring 2018.

Redevelopment of the Hop Oast depot - the current depots at Horsham and Storrington are at the end of their physical lives and the Council is investing £4.5m in consolidating the two sites into one up to date facility which will better address the needs of the increased household numbers and service demand.

Temporary accommodation - the Council has approved a £2.9m budget for the purchase of seventeen apartments in Horsham town to be used as affordable short stay temporary accommodation for homeless households. The decision supports the statutory duty the Council has to house the homeless and it reduces the need to place households in bed and breakfast.

The vehicle replacement programme has a capital budget of £4.8m in 2017/18 which includes the replacement of the waste collection vehicles which were purchased in 2009 and 2010 and will reach the end of their useful life.

#### **CHANGES IN ACCOUNTING POLICIES**

There have been no significant changes to the accounting policies in 2015/16.

#### **NOTES TO THE ACCOUNTS**

Where the core financial statements have note numbers identified against balances, it indicates that that the corresponding note to the accounts provides additional detail as to what the balance includes or represents. It does not mean that the note will always provide a full analysis of the balance itself.

#### **ANNUAL GOVERNANCE STATEMENT**

The Council also has a statutory requirement under Regulation 4 of the Accounts and Audit (England) Regulations 2011 to conduct a review at least once a year of the effectiveness of its system of internal control. An Annual Governance Statement is prepared to provide assurance that the statement of accounts gives a true and fair view of the Council's financial position at the year end and its financial performance during the year. The Annual Governance Statement is signed and reported alongside the annual Statement of Accounts.

#### **FURTHER INFORMATION**

Further information on the contents of this publication can be obtained from the Director of Corporate Resources, Parkside, Chart Way, Horsham, West Sussex RH12 1RL.



## Statement of Responsibility for the Financial Statements

### THE AUTHORITY'S RESPONSIBILITIES

The authority is required to:

- Make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Director of Corporate Resources;
- Manage its affairs to secure economic, efficient and effective use of its resources and safeguard its assets;
- Approve the statement of accounts.

### THE DIRECTOR OF CORPORATE RESOURCES RESPONSIBILITIES

The Director of Corporate Resources 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 the United Kingdom (the Code).

In preparing this statement of accounts, the Director of Corporate Resources has:

- selected suitable accounting policies and then applied them consistently;
- made judgments and estimates that were reasonable and prudent;
- complied with the Local Authority Code.

The Director of Corporate Resources has also:

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

### CERTIFICATION OF THE ACCOUNTS

I hereby certify that the Statement of Accounts 2015/16 present a true and fair view of the financial position of the authority at the reporting date and its income and expenditure for the year ended 31 March 2016.

**Jane Eaton C.P.F.A.**  
**Director of Corporate Resources**  
**Date: 13 September 2016**

### APPROVAL OF THE ACCOUNTS

I hereby certify that the Statement of Accounts 2015/16 have been approved by the Council's Accounts, Audit and Governance Committee under delegated powers at a meeting held on 13 September 2016.

**Councillor Godfrey Newman**  
**Chairman of the Accounts, Audit and Governance Committee**  
**Date: 13 September 2016**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HORSHAM DISTRICT COUNCIL**

We have audited the financial statements of Horsham District Council for the year ended 31 March 2016 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Movement in Reserves Statement;
- Comprehensive Income and Expenditure Statement;
- Balance Sheet;
- Cash Flow Statement;
- The related notes 1 to 35; and
- Collection Fund and the related notes 1 to 3.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

This report is made solely to the members of Horsham District Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of the Director of Corporate Resources and auditor**

As explained more fully in the Statement of the Director of Corporate Resources Responsibilities set out on page 8, the Director of Corporate Resources is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Director of Corporate Resources; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Statement of Accounts 2015/16 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the financial position of Horsham District Council as at 31 March 2016 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

### **Opinion on other matters**

In our opinion, the information given in the Statement of Accounts 2015/16 for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we report by exception**

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Authority;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects

## **Conclusion on Horsham District Council's arrangements for securing economy, efficiency and effectiveness in the use of resources**

### **Authority's responsibilities**

The Authority 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 review regularly the adequacy and effectiveness of these arrangements.

### **Auditor's responsibilities**

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our conclusion relating to proper arrangements.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

### **Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources**

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG) in November 2015, as to whether the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The C&AG determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

### **Conclusion**

On the basis of our work, having regard to the guidance issued by the C&AG in November 2015, we are satisfied that, in all significant respects, Horsham District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016.

### **Certificate**

We certify that we have completed the audit of the accounts of Horsham District Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

Paul King  
for and on behalf of Ernst & Young LLP, Appointed Auditor  
Southampton  
13 September 2016

## Movement in Reserves Statement

	General Fund Balance	Earmarked GF Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Note
	£000	£000	£000	£000	£000	£000	£000	
<b>Balance at 1 April 2014</b>	<b>(9,420)</b>	<b>(5,253)</b>	<b>(388)</b>	<b>(5,201)</b>	<b>(20,262)</b>	<b>(89,141)</b>	<b>(109,403)</b>	
Movement in reserves during 2014/15:								
Restated (Surplus) or deficit on provision of services	*(1,987)	0	0	0	(1,987)	0	(1,987)	27
Restated Other Comprehensive Expenditure and Income	0	0	0		0	* 540	540	
Restated Total Comprehensive Expenditure and Income	(1,987)	0	0	0	(1,987)	540	*(1,447)	
Re-stated Adjustments between accounting basis & funding basis under regulations (restated)	*(91)	0	388	(472)	*(175)	*175	0	11
Net Increase/Decrease before Transfers to Earmarked Reserves	(2,078)	0	388	(472)	(2,162)	715	(1,447)	
Transfers to/from Earmarked Reserves	2,187	(1,614)	0	0	573	(573)	0	
Increase/Decrease (movement) in Year	109	(1,614)	388	(472)	(1,589)	142	(1,447)	
<b>Balance at 31 March 2015 carried forward</b>	<b>(9,311)</b>	<b>(6,867)</b>	<b>0</b>	<b>(5,673)</b>	<b>(21,851)</b>	<b>(88,999)</b>	<b>(110,850)</b>	
Movement in reserves during 2015/16:								
(Surplus) or deficit on provision of services	2,969	0	0	0	2,969	0	2,969	27
Other Comprehensive Expenditure and Income	0	0	0	0	0	(19,017)	(19,017)	
Total Comprehensive Expenditure and Income	2,969	0	0	0	2,969	(19,017)	(16,048)	
Adjustments between accounting basis & funding basis under regulations	(4,124)	0	(5,755)	2,169	(7,710)	7,710	0	11
Net Increase/Decrease before Transfers to Earmarked Reserves	(1,155)	0	(5,755)	2,169	(4,741)	(11,307)	(16,048)	
Transfers to/from Earmarked Reserves	1,375	(1,375)	0	0	0	0	0	
Increase/Decrease (movement) in Year	220	(1,375)	(5,755)	2,169	(4,741)	(11,307)	(16,048)	
<b>Balance at 31 March 2016 carried forward</b>	<b>(9,091)</b>	<b>(8,242)</b>	<b>(5,755)</b>	<b>(3,504)</b>	<b>(26,592)</b>	<b>(100,306)</b>	<b>(126,898)</b>	

The 2014/15 figures within the statements have been re-stated to reflect a prior year adjustment. All adjusted figures have been marked with an asterisk and further information is disclosed in the prior year adjustments note 5.

## Comprehensive Income and Expenditure Statement

Re-stated 2014/15			2015/16				
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure	Note
£000	£000	£000		£000	£000	£000	
1,325	(724)	601	Central Services to the Public	1,697	(777)	920	
6,320	(3,369)	2,951	Cultural & Related Services	8,975	(3,125)	5,850	
* 10,966	(5,030)	5,936	Environmental & Regulatory Services	11,730	(4,679)	7,051	
* 7,324	(3,454)	3,870	Planning & Development Services	8,858	(4,518)	4,340	
35,971	(33,782)	2,189	Housing Services	36,636	(33,329)	3,307	
* 2,493	(4,134)	(1,641)	Highways & Roads	2,837	(4,289)	(1,452)	
419	(284)	135	Social Services	456	(284)	172	
3,935	(1,010)	2,925	Corporate & Democratic Core	3,075	(26)	3,049	
311	0	311	Non-Distributed Costs	(5)	0	(5)	
<b>69,064</b>	<b>(51,787)</b>	<b>17,277</b>	<b>Cost of Services</b>	<b>74,259</b>	<b>(51,027)</b>	<b>23,232</b>	27
		1,500	Other operating expenditure			517	8
		(2,093)	Financing and investment income and expenditure			(2,204)	9
		(18,671)	Taxation and non-specific grant income			(18,576)	10
	*	<b>(1,987)</b>	<b>(Surplus) or deficit on provision of services</b>			<b>2,969</b>	27
			<b>Items that will not be classified to the (Surplus) or deficit on the Provision of Services</b>				
	*	(3,560)	Surplus or deficit on revaluation of Property, Plant and Equipment assets			(5,772)	5,12
		4,156	Actuarial (gains)/losses on pensions assets/liabilities			(13,261)	33
		(56)	Surplus or deficit on revaluation of financial assets (Available for sale)			16	
	*	<b>540</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>(19,017)</b>	
		<b>(1,447)</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>(16,048)</b>	

## Balance Sheet

<b>Restated</b>			
<b><u>31.03.2015</u></b>		<b><u>31.03.2016</u></b>	<b>Note</b>
£000		£000	
	<b>NON-CURRENT ASSETS</b>		
	Property, Plant and Equipment		
79,741	- Other Land and Buildings	77,882	12
3,419	- Vehicles, Plant, Furniture & Equipment	2,213	12
801	- Assets under construction/Awaiting Development	1,767	12
709	Heritage Assets	709	13
30,085	Investment Property	32,887	14
375	Intangible Assets	188	
34	Long-term Debtors	32	
2,000	Long-term Investments	4,000	15
<b>117,164</b>	<b>TOTAL LONG-TERM ASSETS</b>	<b>119,678</b>	
12,001	Short - term Investments	22,433	15
129	Inventories	136	
4,943	Short -term Debtors	5,131	17
10,834	Cash and Cash Equivalents	5,309	16
<b>27,907</b>	<b>CURRENT ASSETS</b>	<b>33,009</b>	
(9,881)	Short-term Creditors	(11,033)	18
<b>(9,881)</b>	<b>CURRENT LIABILITIES</b>	<b>(11,033)</b>	
(266)	Provisions	(291)	19
(1,693)	Provision for Business Rates Appeals	(2,063)	19
(4,000)	Long-term Borrowing	(4,000)	15
	Other Long-term Liabilities		
(13,412)	- Pension Asset/(Liability)	(1,875)	33
(3,171)	- S106 Contribution	(4,399)	
(578)	- Rent Deposits and Other Balances	(657)	
(1,220)	Capital Grants & Receipts in Advance	(1,471)	
<b>(24,340)</b>	<b>LONG-TERM LIABILITIES</b>	<b>(14,756)</b>	
<b>110,850</b>	<b>NET ASSETS</b>	<b>126,898</b>	
	Usable Reserves		
(16,178)	- Reserves	(17,333)	7,20
0	- Capital Receipts Reserve	(5,755)	20
(5,673)	- Capital Grants & Contributions Unapplied	(3,504)	20
	Unusable Reserves		
*	(19,013) - Revaluation Reserve	(23,553)	21
13,412	- Pensions Reserve	1,875	21,33
*	(84,131) - Capital Adjustment Account	(78,838)	21
(84)	Financial Instrument Available for Sale Reserve	(68)	21
(98)	-Financial Instrument Adjustment Account	(74)	21
787	-Collection Fund Adjustment Account	199	21
128	-Accumulating Absences Adjustment Account	153	21
<b>(110,850)</b>	<b>TOTAL RESERVES</b>	<b>(126,898)</b>	

**Director of Corporate Resources**

**Date**

## Cash Flow Statement

<u>2014/15</u>		<u>2015/16</u>	<u>Note</u>
£000		£000	
	<b><u>Operating activities</u></b>		
* (1,987)	(Surplus) or deficit on provision of services	2,969	27
* (324)	Adjust net surplus or deficit on the provision of services for non- cash movements	(4,159)	22
3,206	Adjust for items in the net deficit on the provision of services that are investing or financing activities	3,038	22
<b>895</b>	<b>Net cash flows from Operating activities</b>	<b>1,848</b>	
	<b><u>Investing activities</u></b>		
1,456	Purchase of property, plant and equipment, investment property and intangible assets	4,216	
79,250	Purchase of short-term and long-term investments	103,750	
1,626	Other payments for investing activities	231	
(1,008)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(6,383)	
(80,750)	Proceeds from short-term and long-term investments	(91,250)	
(3,857)	Other receipts from investing activities	(3,768)	
<b>(3,283)</b>	<b>Net cash flows from investing activities</b>	<b>6,796</b>	
	<b><u>Financing Activities</u></b>		
(1,005)	Other receipts from financing activities	(3,119)	
0	Other payments for financing activities	0	
<b>(1,005)</b>	<b>Net cash flows from financing activities</b>	<b>(3,119)</b>	
(3,393)	Net increase or decrease in cash and cash equivalents	5,525	
<b>(7,441)</b>	<b>Cash and cash equivalents at 1 April</b>	<b>(10,834)</b>	16
<b>(10,834)</b>	<b>Cash and cash equivalents at 31 March</b>	<b>(5,309)</b>	16

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## 1 ACCOUNTING POLICIES

### GENERAL PRINCIPLES

The accounts comply with the Code of Practice on Local Authority Accounting (the Code), issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). Accounting policies and estimation techniques have been selected and used having regard to the accounting principles and concepts set out in International Financial Reporting Standards *Framework for the Preparation of Financial Statements*, specifically:

- The qualitative characteristics of financial information
- Relevance
- Reliability
- Comparability
- Understandability
- Materiality
- Accruals
- Going concern

Where there is specific legislation this will have primacy over any other provision. The accounts have been prepared under the historical cost convention modified by the revaluation of certain categories of non-current assets.

### ACCRUALS OF EXPENDITURE AND INCOME

The revenue accounts of the Council are maintained on an accrual basis in accordance with the Code. Any sums due to or payable by the Council at the end of each financial year that exceed £5,000 either individually, or as a class of expenditure are brought into account (irrespective of whether cash has been received or payment has been made), the exception to the £5,000 limit exists where the expenditure or part of it is to be recharged to a third party. Where a service is provided for a full year a full year's costs/income is reflected in the accounts, if any service is only provided for a proportion of the year a relevant proportion is included. If actual costs are not available accruals are made, in accordance with officer guidelines, on a best estimate basis.

At the end of each financial year an estimate is made of doubtful debts - amounts due to the Council but unlikely to be received. The total value of these amounts is shown as a provision on the Balance Sheet.

Capital expenditure is also accounted for on an accrual basis in accordance with the capital accounting provisions of the Code.

Council tax income is accounted for on an accrual basis with the Horsham District Council share of income included within the debtors and creditors balances on the Balance Sheet, with the precepting authorities' accounting for their relevant share.

### CASH AND CASH EQUIVALENTS

Cash equivalents are short-term, highly liquid investments that are repayable within one month of acquisition. They are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Cash equivalents include shares in constant net asset value money market funds.

### EXCEPTIONAL ITEMS

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

### PRIOR PERIOD ADJUSTMENTS

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively.

Changes in accounting policies are only made where required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance. When a change is made, it is applied retrospectively (unless

stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material error discovered in prior periods figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

## **CHARGES TO REVENUE RELATED TO NON-CURRENT ASSETS**

General Fund service revenue accounts have been charged with depreciation, amortisation and where required any relevant impairment loss. These charges are credited in the Movement in Reserves Statement so that they do not have an impact on the amounts required to be raised from local taxation.

Amounts required to be set aside from revenue for the reduction of its overall borrowing requirement to finance capital expenditure, or as transfers to other earmarked reserves, are disclosed separately in the Movement in Reserves Statement.

## **MINIMUM REVENUE PROVISION**

The Council is not required to raise Council tax to fund depreciation, revaluation and impairment losses or amortisation of non-current assets. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to either an amount calculated on a prudent basis or as determined by the Council in accordance with statutory guidance.

Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund Balance (MRP or loans fund principal), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

## **EMPLOYEE BENEFITS**

### **Officers Emoluments and Senior Officer Remuneration**

In line with the Accounts and Audit Regulations 2015, a note disclosing officers' emoluments is required which includes all amounts paid to or receivable by an employee, including sums due by way of expenses allowances and the estimated money value of any other benefits received by an employee other than in cash.

There is also a requirement that local authorities include remuneration information of senior employees in the note accompanying their statement of accounts with previous year comparatives. This information can be found in the notes to the accounts.

Benefits payable during employment are those that are due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and sick leave and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year end which employees can carry forward into the next financial year. The accrual is charged to the provision of services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

### **Exit Packages and Termination Costs**

The Code requires disclosure of the details of exit packages agreed and the costs within bandings for the financial year with prior year comparatives.

Information on termination costs together with prior year comparatives are disclosed within the notes.

### **Post- Employment Benefits - Pensions**

Horsham District Council employees have the right to membership of the Local Government Pension Scheme, administered by West Sussex County Council. This scheme is accounted for as a defined benefits scheme. Pension costs have been accounted for in accordance with IAS19 Retirement Benefits. The basic principle being that the Council accounts for retirement benefits when it is committed to give them, even if the actual payment is in the future. The estimated economic current costs are based on valuations provided by the Fund's actuaries.

Liabilities are measured on an actuarial basis discounted to present value, using the projected unit method. The discount rate to be used is determined in reference to market yields at balance sheet date of high quality corporate bonds

The assets of the scheme are included in the Balance Sheet at their fair value:

- Quoted securities - current bid price
- Unquoted securities - professional estimate
- Unquoted securities - current bid price
- Property - market value

Any change in the net pension liability is analysed into six components:

- Current service cost – the increase in liabilities as a result of years of service earned this year are allocated in the Comprehensive Income and Expenditure Account to the revenue accounts of services for which the employees worked.
- Past service cost – the increase or decrease in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years. These are debited/credited to the Cost of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
- Net interest on the net defined benefit liability (asset), i.e. net interest expense for the authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.
- Remeasurement of the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions- recognised in Other Comprehensive Income and Expenditure.
- Contributions paid to the West Sussex County Council Pension Fund – cash paid as employer contributions to the pension fund.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and any amounts payable to the fund but unpaid at the year-end.

### **Discretionary Benefits**

The Council provides post-employment benefits which arise from additional service awarded on a discretionary basis. These benefits are unfunded with costs met directly from the Council's revenue account.

West Sussex County Council's Annual Report on the Pension Fund is available from County Hall, Chichester.

### **EVENTS AFTER THE BALANCE SHEET DATE**

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts would be adjusted to reflect such events
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts are not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

## **FINANCIAL INSTRUMENTS**

The accounting for financial instruments includes disclosures concerning the values of, and the risks related to financial assets and liabilities. The financial assets are investments, debtors and the financial liabilities are creditors, long term borrowing and other balances shown under current liabilities. The authority recognises a financial asset or liability in the Balance Sheet when it becomes a party to the contractual provisions of the instrument.

### **Financial Liabilities**

Financial Liabilities are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For the borrowings that the Authority has, the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement. The fair value of the borrowing is shown in a note to the accounts and represents what would be paid to transfer the borrowing to another market participant.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan. The write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Authority has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

### **Financial Assets**

Financial assets are classified into two types:

- loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market
- available for sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments.

#### **Loans and receivables**

Loans and receivables are initially measured at fair value. They are subsequently measured at their amortised cost. The income recognised is calculated on the same basis as the charge from a financial liability as described above.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

Any gains and losses that arise on the de-recognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

### **Available-for-Sale Assets**

Available-for-sale assets are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (eg dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Authority.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis
- equity shares with no quoted market prices – independent appraisal of company valuations.

The inputs to the fair value measurement techniques are categorised in accordance with the following three levels: Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date.

Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.

Level 3 inputs – unobservable inputs for the asset.

Changes in fair value are recognised in the Available-for-Sale Reserve and the gain or loss is recognised in the Surplus or Deficit on Revaluation of Available-for-Sale Financial Assets. The exception is where impairment losses have been incurred – these are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any net gain or loss for the asset accumulated in the Available-for-Sale Reserve.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due will not be made (in the case of fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

Any gains and losses that arise on the de-recognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any accumulated gains or losses previously recognised in the Available-for-Sale Reserve.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

### **FOREIGN CURRENCY TRANSLATION**

Where the Council has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts are outstanding at the year end, they are reconverted at the spot exchange rate at 31 March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

### **GRANTS AND CONTRIBUTIONS**

Whether paid on account, by instalments or in arrears, Government grants and third party Contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- The Council will comply with the conditions attached to the payments, and
- The grants or contributions will be received.

Grants and contributions for capital purposes are recognised as income on receipt as long as there is no condition for their use that has not been satisfied. Where there is a condition the amount will be held as a receipt in advance until the condition is satisfied at which point the amount is recognised as income. Where capital grants are

recognised as income they are reversed out of the General Fund in the Movement in Reserves Statement and held as unapplied reserve until used to finance capital expenditure.

## **COLLECTION FUND**

The Collection Fund Statement is an agent's statement which reflects the statutory obligation in accordance with section 89 of the Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992) for billing authorities to maintain a separate Collection Fund. The Collection Fund shows the transactions of the billing authority in relation to the collection from taxpayers and the distribution to local authorities and the Government of council tax and non-domestic rates. There is no requirement for a separate Collection Fund Balance Sheet since the assets and liabilities arising from collecting non-domestic rates and council tax belong to the bodies (i.e. major preceptors, the billing authority and the Government).

## **COUNCIL TAX INCOME**

Council tax income included in the Comprehensive Income and Expenditure Statement for the year shall be the accrued income for that year. Each major preceptor's share of the accrued council tax income is available from the information required to be produced in order to prepare the Collection Fund Statement.

Since the collection of council tax is in substance an agency arrangement, the cash collected by the billing authority from council tax debtors belongs proportionately to the billing authority and the major preceptors. There will therefore be a debtor/creditor position between the billing authority and each major preceptor to be recognised since the net cash paid to each major preceptor in the year will not be its share of cash collected from Council taxpayers. If the net cash paid to a major preceptor in the year is more than its proportionate share of net cash collected from council tax debtors/creditors in the year, there is a debit adjustment. If the cash paid to a major preceptor is less than its proportionate share of net cash collected in the year from council tax debtors/creditors, the billing authority shall recognise a credit adjustment for the amount underpaid to the major preceptor in the year.

The Cash Flow Statement of the billing authority shall include within operating activities only its own share of council tax net cash collected from council tax debtors in the year; and the amount included for precepts paid shall exclude amounts paid to major preceptors. The difference between the major preceptors' share of the net cash collected from council tax debtors and net cash paid to major preceptors as precepts and settlement of the previous year's surplus or deficit on the Collection Fund shall be included within financing activities in the Cash Flow Statement.

## **NATIONAL NON-DOMESTIC RATES (NNDR)**

Following the introduction of business rate localisation, with effect from 1 April 2013 local authorities are responsible for collecting and distributing income from the business rates they collect rather than simply acting in an agency capacity for the Government NNDR Pool as they had done until 31 March 2013.

The Council is responsible for any refunds relating to backdated appeals although a significant element of refunds will relate to 2014/15 or prior years, but in accordance with CIPFA Guidance (LAAP Bulletin 96) such liabilities will only be formally recognised in the 2015/16 accounts. The total provision which the Council believes it is necessary to make as at 31 March 2016 with regard to outstanding business rate appeals is £5.157m (12% of the estimated 2015/16 gross rate yield after reliefs) of which the Council's share is 40% (£2.063m).

Safety net arrangements are in place to protect the Council from the impact of any reductions below 7.5% of its baseline funding level.

## **HERITAGE ASSETS**

Heritage assets are assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historic associations.

A tangible heritage asset is a tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

Operational heritage assets (i.e. those that, in addition to being held for their heritage characteristics, are also used by the authority for other activities or to provide other services) shall be accounted for as operational assets rather than heritage assets, and shall be valued in the same way as other assets of that general type.

Heritage assets shall normally be measured at valuation in accordance with Financial Reporting Standard 102 but the Standard states that valuations may be made by any method that is appropriate and relevant. Where it is not practicable to obtain a valuation at a cost which is commensurate with the benefits to users of the financial statements, heritage assets can be measured at historical cost (less any accumulated depreciation, amortisation and impairment losses). The museum collections have not been valued as the cost of valuation is not seen as commensurate with benefits to users; historic cost information is not available for collection. The artworks are valued using historic costs where records are available while the war memorial, due to its special nature, is valued at its depreciated replacement cost.

Depreciation will be charged where the asset does not have an indefinite life. If there is evidence of impairment the carrying amount of the asset shall be reviewed. The holdings of the Council currently have indefinite lives and hence are not charged depreciation.

Where heritage assets are revalued the treatment would be the same as for normal properties using the Revaluation Reserve where appropriate and reporting impairments if necessary.

The Council does not recognise any intangible heritage assets.

### **INTANGIBLE ASSETS**

Intangible assets such as software and licences give an economic benefit over more than one year. They are initially recognised at cost and then amortised over their useful lives. The gain or loss on disposal of intangible assets is recognised in the Comprehensive Income and Expenditure Account. To comply with statute the gain or loss is reversed out in the Movement in Reserves Statement (MiRS).

### **INVENTORIES & WORK IN PROGRESS**

Stocks are valued at the lower of actual cost or net realisable value.

### **INVESTMENT PROPERTY**

Investment properties are held to earn return rather than to provide services. The authority holds a number of commercial properties that it categorises as Investment Properties on the basis that the properties are rented to commercial entities using standard commercial terms of the rental rather than concessionary terms to specific classes of commercial tenants.

Investment properties are valued initially at cost and then at fair value which is defined as the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. The valuation is based on highest and best use of any asset and so should take into account the highest price in the most advantageous market for that asset.

Investment properties are not depreciated but valued annually. When a value is changed any gain or loss is recognised in the Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement but is reversed out of the General Fund in the Movement in Reserves Statement as required by statutory regulation. Gains and losses on disposal are treated similarly.

### **JOINTLY CONTROLLED OPERATIONS AND JOINTLY CONTROLLED ASSETS**

Jointly controlled operations are activities undertaken by the Council in conjunction with other ventures that involve the use of the assets and resources of the joint ventures rather than the establishment of a separate entity. The Council recognises on its Balance Sheet only its share of the jointly controlled assets and related liabilities; whilst on its Comprehensive Income and Expenditure Statement it recognises those expenses that it incurs on its own behalf or jointly with others in respect of its interest in the joint venture and income that it earns from the venture.



## LEASES

Leases are classified as finance or operating leases based on the extent that the risks and rewards associated with a leased asset lie with the lessor or lessee. If substantially all the risks and rewards of the lease transfer to the lessee it is a finance lease, otherwise an operating lease. For purpose of classification land and buildings are considered separately.

### **The Council as a Lessee**

#### Finance Leases

Where the authority leases any property, plant and equipment under finance leases they are recognised on the authority's Balance Sheet at the commencement of the lease. As lessee, the authority recognises finance leases as assets and liabilities at amounts equal to the fair value of the property or, if lower, the present value of the minimum lease payments.

Minimum lease payments are apportioned between the finance charge (interest) and the reduction of the outstanding liability (i.e. a charge for the acquisition of the interest in the property, plant and equipment).

Assets recognised under a finance lease, as a lessee, are depreciated in accordance with the authority's depreciation policy for owned assets. The authority is required to make an annual provision (i.e. Minimum Revenue Provision) from revenue to contribute towards the reduction in its overall borrowing requirement in relation to assets calculated in accordance with statutory guidance.

#### Operating Leases

Rentals paid are recognised in Comprehensive Income and Expenditure Statement as an expense. Charges should be made on a straight line basis over life of lease if actual pattern of payments are significantly different from a straight line basis.

### **The Council as a Lessor**

#### Finance Leases

Where the Council leases out property under a finance lease the relevant asset is written out of the Balance Sheet as a disposal. Any gain would be treated as a capital receipt. The carrying amount of the asset would be written off in Comprehensive Income and Expenditure Statement as a loss or gain on disposal. Lease rentals are apportioned between a charge for asset use writing down the lease debtor and a finance charge income in the Comprehensive Income and Expenditure Statement.

#### Operating Leases

Rental income is recognised in Comprehensive Income and Expenditure Statement. Charges should be made on a straight line basis over life of lease if actual pattern of income diverges significantly from a straight line basis.

## OVERHEADS AND SUPPORT SERVICES

Central support services are allocated to revenue and capital accounts. The Council has adopted the general principle of allocating the costs of central administrative departments based on operational data or where this is not present on the estimated time spent by officers on the various services. The cost of corporate management is charged to the Corporate and Democratic Core.

## PROPERTY, PLANT AND EQUIPMENT

Expenditure on the acquisition, creation or enhancement of property, plant and equipment (PPE) is capitalised on an accrual basis in the accounts. Expenditure on PPE over the de minimis limit of £20,000 is capitalised, provided that the PPE yields benefits to the authority and the services it provides, for a period of more than one year. This excludes expenditure on routine repairs and maintenance of PPE assets which is charged direct to service revenue accounts.

Property, plant and equipment are valued on the basis recommended by CIPFA and in accordance with the Statements of Asset Valuation Principles and Guidance Notes issued by the Royal Institution of Chartered Surveyors (RICS). Assets are valued on the following basis:



- initially at cost including any costs attributable to bringing the asset into use and subsequently at market value for the existing use except for assets which are rarely subject to an open market where depreciated replacement cost is used.
- Assets under construction and community assets are held at depreciated historic cost.
- Surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective

Where the value of an asset is to be recovered by sale it is classified as an asset held for sale. It is held at its value before reclassification or the fair value less costs to sell, whichever is the lower. Any consequential loss is posted to the Comprehensive Income and Expenditure Statement. Gains in fair value would be recognised up to the amount of any previously recognised losses.

In order to account properly for valuation changes the Revaluation Reserve was set up with a zero balance at 1 April 2007. Any revaluation upward results in a credit to the reserve. A downward revaluation can be set against the Revaluation Reserve if there is a balance referring to the devalued asset. As the reserve was set at zero many downwards revaluation of assets could appear as an impairment in the Comprehensive Income and Expenditure Statement (CIES). Revaluation of property, plant and equipment is planned at five-yearly intervals, although material changes to asset valuations will be adjusted in the interim period, as an assessment is made at the end of each year for any indication that assets may be impaired in addition to cyclical revaluations. Any impairment would be written off against any revaluation gain for that asset in the Revaluation Reserve or otherwise recognised in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed the reversal is credited back in the CIES up to the amount of the original loss adjusted for the depreciation that would have been charged if the loss had not been recognised.

Income from the disposal of property, plant and equipment is accounted for on an accruals basis and is credited to the CIES as a part of the gains and losses on disposal. Such income that has not been used to finance capital expenditure is included in the balance sheet as usable capital receipts.

The carrying amount of an asset shall be derecognised on disposal or when no future economic benefits or service potential is expected and written off to CIES in the gains and losses on disposal.

Where a significant component part of an asset has a different useful life to other parts it will be depreciated separately. Where a component is replaced or restored the carrying amount of the old component shall be derecognised.

## **DEPRECIATION**

Depreciation is provided for on all property, plant and equipment with a finite useful life (which can be determined at the time of acquisition or revaluation) according to the following policy:

- no assets are depreciated in the year of acquisition, but they are depreciated in the year of disposal. Assets in the course of construction are not depreciated until the year following the one in which they are first brought into use. In the exceptional case of part year depreciation being material a charge may be made.
- operational assets are depreciated using a straight line method over the useful life of the asset, taking into account any residual value.

The expected useful life of assets is not necessarily revised at each revaluation but is reviewed annually. In line with the valuer's judgment we reduce the useful life of most of our assets by one year; the remaining assets' lives are reviewed by the valuer for reasonableness. Investment properties are not depreciated.

## **PROVISIONS & RESERVES**

The Council establishes provisions for specific expenses that are certain to be incurred but the amount of which cannot yet be determined accurately.

Provisions are charged to the appropriate service revenue account in the year that the authority becomes aware of the obligation, based on the estimate of the likely settlement. When payments are eventually made, they are

charged to the provision set up in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes more likely than not that a transfer of economic benefits will not now be required or a lower settlement is made, the provision is reversed and credited back to the relevant service revenue account.

The Council maintains earmarked reserves to meet future spending programmes. Reserves are created by appropriating amounts in the Movement in Reserves Statement. When expenditure to be financed from the reserve is incurred, it is charged to the appropriate service revenue account in that year to go against the Cost of Services in the Comprehensive Income and Expenditure Statement (CIES). The reserve is then appropriated back to the General Fund Balance so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for property, plant and equipment and retirement benefits and do not represent usable resources for the council.

## **CONTINGENT LIABILITIES**

IAS 37 *Provisions, Contingent Liabilities and Contingent assets* requires the Council to disclose contingent liabilities. These arise from past events and their existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control that may result in an obligation on the Council.

Material contingent liabilities are not recognised as an item of expenditure within the accounts but are disclosed within the notes to the accounts unless the possibility of a transfer of economic benefits in settlement is remote.

## **CONTINGENT ASSETS**

IAS 37 *Provisions, Contingent Liabilities and Contingent assets* requires the Council to disclose contingent assets. These arise from past events and their existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control that may result in an asset to the Council.

Contingent assets are not accrued in the accounting statements, in conformity with the concept of prudence. Material contingent assets are disclosed within the notes to the accounts if the inflow of a receipt or economic benefit is probable.

## **REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE**

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of property, plant or equipment has been charged as expenditure to the relevant service revenue account in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer to the Capital Adjustment Account then reverses out the amounts charged in the Movement in Reserves Statement so there is no impact on the level of Council Tax.

## **VALUE ADDED TAX**

Income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to HM Revenue and Customs and all VAT paid is recoverable from it.

## **SERVICE REPORTING CODE OF PRACTICE**

The presentation of the Final Accounts reflects Service Reporting Accounting requirements, with the aims of providing a consistent basis for all statutory financial disclosures in relation to best value.

## **2 ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED**

The Code of Practice on Local Council Accounting in the United Kingdom 2015/16 (the Code) has introduced several changes in accounting policies which will be required from 1 April 2015. The standards introduced in the 2016/17 Code that are relevant to the requirements are:

- Amendments to IAS 19 Employee Benefits (Defined Benefit Plans: Employee Contributions).
- Annual Improvements to IFRSs (2010-12 cycle). These relate to:
  - IFRS 3 Business Combinations – Accounting for contingent consideration in a business combination
  - IFRS 8 Operating Segments – Aggregation of operating segments and reconciliation of the total of the reportable segments assets to the entity's assets.
  - IFRS 13 Fair Value Measurement – Short term receivables and payables

- IAS 16 Property, Plant and Equipment; Revaluation Method – proportionate restatement of accumulated depreciation
- IAS 24 Related Party Disclosures – Key management personnel
- IAS 38 Intangible Assets – Revaluation method –proportionate restatement of accumulated depreciation
- Amendment to IFRS 11 Joint Arrangements (accounting for Acquisitions of Interests in Joint Operations).
- Amendment to IAS 16 Property, Plant and Equipment and IAS38 Intangible Assets (clarifications of acceptable methods of depreciation and amortisation).
- Annual improvements to IFRSs 2012-14 Cycle. These relate to:
  - IFRS 5 Non-current Assets Held for Sale and Discontinued Operations – changes in methods of disposal.
  - IFRS 7 Financial Instruments Disclosures – servicing contracts and the applicability of the amendments to IFRS 7 to condensed interim financial statements.
  - IAS 19 Employee Benefits – Discount rate: regional market issue.
  - IAS 34 Interim Financial Reporting – disclosure of information elsewhere in the interim financial report.
- Amendment to IAS 1 Presentation of Financial Statements (Disclosure Initiative).
- The changes to the format of the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement and the introduction of the new Expenditure and Funding Analysis.

### 3 CRITICAL JUDGEMENTS AND ASSUMPTIONS

#### **Critical Judgements**

In applying the accounting policies the Council has made the following critical judgements that have a significant effect on the statements:

- Future levels of local authority funding are uncertain, however based on its medium term planning using prudent assumptions on funding and based on announcements made by central government the Authority judges that its assets will not be impaired as a result of a need to close facilities, reduce service provision or ongoing maintenance.
- The Council hold a significant portfolio of investment property and although general economic growth is still fragile the council judges that its portfolio in the context of the local economy is robust and healthy enough that its assets will not be impaired as a result of a decrease in economic activity.
- The Council judges that, on balance, the banking system will not be subject to major disruption to the extent that historic estimates of defaults are no longer tenable.
- The Council does not expect the introduction of the new tax gathering mechanisms for Council Tax and Business Rates to fundamentally alter the Council's financial stability. The risk within the rates retention scheme is assumed to be the safety net which has been set by the government at 7.5% of the authority spending baseline which equates to £140k.

#### **Assumptions**

The Statement of Accounts contains estimated figures that are based on assumption made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Authority's Balance Sheet at 31 March 2016 for which there is a significant risk of material adjustments in the forthcoming financial year are as follows;

#### **Pension Liability**

Estimation of the liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied. However the interaction of these assumptions is complex.

During 2015/16 the actuaries advised that the pension liability had been affected as follows:

<u>Change in assumptions year ended 31 March 2016</u>	<b>Horsham</b>		<b>CenSus</b>	
	Approximate % increase to Employer	Approximate monetary amount £000	Approximate % increase to Employer	Approximate monetary amount £000
0.5% decrease in Real Discount Rate	9%	12,589	13-14%	826
1 year increase in member life expectancy	3%	3,979	3%	178
0.5% increase in Salary Increase Rate	2%	3,282	6%	360
0.5% increase in the Pension Increase Rate	7%	9,153	6-7%	446

### Provisions

The provision for doubtful debt is based on estimates of default. The estimated default rates used which range from 3% to 100% may be sensitive to economic circumstances. An increase of 10% in default rates would have the effect of increasing the required provision by £292k.

### Property, plant and equipment

The depreciation of buildings is based on estimated useful life and residual value which is based on the present use and level of maintenance which in turn depends on the continued level of funding. For every year that the remaining lives of buildings were to decrease the extra depreciation would be £38k.

### Business Rates

The Business Rates Retention Scheme became effective from 1 April 2013 and as a result local authorities are liable for any successful appeals against business rates by businesses in 2012/13 and earlier financial years in their proportional share. The Council has a total provision of £5.2m as an estimate of potential successful appeals up to 31 March 2016, the Council's proportion (40%) reflected in the Balance Sheet is £2.063m. This estimate is calculated using Valuation Office ratings list of appeals and an analysis of successful appeals to date.

### Heritage Assets

The Balance Sheet has recognised heritage assets where a relevant cost can be identified. The artefacts held within the Horsham Museum have not been recognised on the Balance Sheet because we do not hold a relevant value for them and the cost of obtaining a value is not considered commensurate with the benefit of the information. It is agreed that the articles are of local historical value but it is assumed that there would not be significant demand in the wider market for the majority of the items.

## **4 MATERIAL ITEMS OF INCOME AND EXPENSE**

Material items in terms of the authority's overall net expenditure, which are derived from events or transactions that are not expected regularly, that fall within the ordinary activities of the authority. They are required to be disclosed separately by virtue of their size or incidence to give a fair presentation of the accounts. There were no material items of income or expenditure in 2014/15 or 2015/16 other than disclosed on the face of the Comprehensive Income and Expenditure Statement.

## **5 PRIOR PERIOD ADJUSTMENTS**

In 2014/15 a new third party asset register system was implemented to replace a spreadsheet based register. Asset accounting is a complex area requiring any system to hold the history of an asset back to 1 April 2007 or its purchase if after that date. The implementation was successful in asset valuations but produced some anomalies in the value of the revaluation reserve associated with a handful of assets. The Revaluation Reserve holds the difference between the historic cost of an asset and its current value. At the time of the implementation the anomalies were thought to be a reporting issue as the asset register system reports were not fully developed. However, there had been a problem in the input of the historic data for a handful of assets that meant the Revaluation Reserve figures generated by the new asset register system were wrong. This was due to the initial recognition of the assets involved being non-standard and the complications in their recognition not being fully reflected in the input into the new system.

The total changes to accounts affect the balance sheet value of the Capital Adjustment Account and revaluation reserve crediting the CAA by £0.617m and debiting the Revaluation Reserve. The restatement also affects the Comprehensive Income and Expenditure and Movement in Reserves statements. Any figures amended for the change within in the statements or the disclosure notes are marked with an asterisk.

The restatement of the 2014/15 figures, although not material, was necessary as the balance on the revaluation reserve affects all future revaluations.

## **6 EVENTS AFTER THE BALANCE SHEET DATE**

The European Union referendum was held on 23rd June 2016 which resulted in the UK voting to leave the European Union. The Statement of Accounts have not been amended as a result of this decision as the scale of any potential financial impact is currently not known.

## 7 TRANSFERS TO /FROM EARMARKED RESERVES

This note sets out the amounts set aside from the General Fund balance in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2015/16.

	Balance at 31.03.2014 £000	(Income)/ Expenditure 2014/15 £000	Transfer (In)/Out from other reserves 2014/15 £000	Balance at 31.03.2015 £000	(Income)/ Expenditure 2015/16 £000	Transfer (In)/Out from other reserves 2015/16 £000	Balance at 31.03.2016 £000
<b>General Fund Balance</b>	<b>(9,420)</b>	<b>(1,416)</b>	<b>1,525</b>	<b>(9,311)</b>	<b>(1,271)</b>	<b>1,491</b>	<b>(9,091)</b>
New Homes Bonus Reserve	(1,148)	0	(776)	(1,924)	0	(1,777)	(3,701)
Local Development Reserve	(68)	0	68	0	0	0	0
Repairs and Renewals Reserve	(533)	0	533	0	0	0	0
Neighbourhood Planning Grant	(34)	0	(284)	(318)	0	0	(318)
Section 106 Reserves	(1,217)	(285)	0	(1,502)	109	0	(1,393)
Insurance Reserve	(36)	0	0	(36)	0	0	(36)
Vehicle Replacement Reserve	(271)	198	0	(73)	0	0	(73)
NNDR Provision	(476)	0	(959)	(1,435)	0	0	(1,435)
Other	(1,470)	(2)	(107)	(1,579)	7	286	(1,286)
<b>Other Earmarked Reserves</b>	<b>(5,253)</b>	<b>(89)</b>	<b>(1,525)</b>	<b>(6,867)</b>	<b>116</b>	<b>(1,491)</b>	<b>(8,242)</b>

## 8 OTHER OPERATING EXPENDITURE

	2015/16 £000	2014/15 £000
Parish council precepts	2,462	2,350
Parish grants	82	118
(Gains)/losses on the disposal of non-current assets	(2,027)	(968)
<b>Total</b>	<b>517</b>	<b>1,500</b>

## 9 FINANCING AND INVESTMENT INCOME AND EXPENDITURE

	2015/16 £000	2014/15 £000
Interest payable and similar charges	135	137
Net interest cost on LGPS Pension	450	367
Interest receivable and similar income	(303)	(215)
Income and expenditure in relation to investment properties and changes in their fair value (as detailed in note 14)	(2,486)	(2,382)
<b>Total</b>	<b>(2,204)</b>	<b>(2,093)</b>

## 10 TAXATION AND GRANT INCOME

	2015/16 £000	2014/15 £000
Benefits Grants	(31,613)	(31,659)
Other Government Grants	(395)	(332)
Other Grants	(492)	(519)
<b>Grants credited to Services</b>	<b>(32,500)</b>	<b>(32,510)</b>
Council Tax	(10,607)	(10,269)
Non Domestic Rates income & expenditure	(1,435)	(1,095)
Revenue Support Grant	(1,603)	(2,149)
Council Tax Freeze Grant	(85)	(83)
New Homes Bonus	(2,943)	(1,949)
Section 31 Grant – Business Rates Reliefs	(964)	(803)
Other Government Grants	(104)	(263)
Capital grants and contributions	(835)	(2,060)
<b>Credited to Taxation and Non Specific Grant Income</b>	<b>(18,576)</b>	<b>(18,671)</b>

## 11 ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the authority to meet future capital and revenue expenditure.

2015/16

	Usable Reserves				
	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
<b>Adjustments primarily involving the Capital Adjustment Account: Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</b>					
Charges for depreciation of non-current assets	(2,673)				2,673
Impairment on Property, Plant and Equipment	(715)				715
Other gains transferred from Revaluation Reserve	0				0
Movements in the market value of Investment Properties	203				(203)
Amortisation of intangible assets	(192)				192
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(6,094)				6,094
Revenue expenditure funded from capital under statute	(3,210)				3,210
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>					
Statutory provision for the financing of capital investment	787				(787)
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>					
Capital Grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	835			(835)	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0			3,004	(3,004)
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>					
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	8,121		(8,121)		0
Use of the Capital Receipts Reserve to finance new capital expenditure			2,366		(2,366)
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals					
<b>Adjustments primarily involving the Financial Instruments Adjustment Account:</b>					
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(24)				24
<b>Adjustments primarily involving the Pensions Reserve:</b>					
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(4,075)				4,075
Employers pension contributions and direct payments to pensioners payable in the year	2,350				(2,350)
<b>Adjustments primarily involving the Collection Fund Adjustment Account:</b>					
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	588				(588)
<b>Adjustments primarily involving the Accumulated Absences Account:</b>					
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(25)				25
<b>Total Adjustments</b>	<b>(4,124)</b>	<b>0</b>	<b>(5,755)</b>	<b>2,169</b>	<b>7,710</b>

2014/15 Re-stated

	Usable Reserves				
	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
<b>Adjustments primarily involving the Capital Adjustment Account:</b>					
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</b>					
Charges for depreciation of non-current assets	(2,283)				2,283
Impairment on Property, Plant and Equipment - restated *	* 2,351				(2,351)
Other gains transferred from Revaluation Reserve	0				0
Movements in the market value of Investment Properties	41				(41)
Amortisation of intangible assets	(85)				85
Capital grants and contributions applied	647			(647)	0
Revenue expenditure funded from capital under statute	(2,245)				2,245
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>					
Statutory provision for the financing of capital investment	747				(747)
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>					
Capital Grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	1,413			(1,413)	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0			1,588	(1,588)
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>					
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	968		(1,008)		40
Use of the Capital Receipts Reserve to finance new capital expenditure			1,396		(1,396)
<b>Adjustments primarily involving the Financial Instruments Adjustment Account:</b>					
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(24)				24
<b>Adjustments primarily involving the Pensions Reserve:</b>					
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(3,328)				3,328
Employers pension contributions and direct payments to pensioners payable in the year	2,291				(2,291)
<b>Adjustments primarily involving the Collection Fund Adjustment Account:</b>					
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(603)				603
<b>Adjustments primarily involving the Accumulated Absences Account:</b>					
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	19				(19)
<b>Total Adjustments – Restated b *</b>	<b>*(91)</b>	<b>0</b>	<b>388</b>	<b>(472)</b>	<b>175</b>



**12 PROPERTY, PLANT & EQUIPMENT**  
**Movements in 2015/16**

	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Assets Under Construction	Total Property, Plant & Equipment
<b>Cost or Valuation</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>At 1 April 2015</b>	80,331	8,937	801	90,069
additions	1,137	218	1,086	2,441
reclassifications	(709)		(120)	(829)
revaluation increase/(decreases) recognised in the Revaluation Reserve	5,772			5,772
revaluation increase/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(713)	(2)		(715)
De-recognition – disposal	(6,200)	(1,551)		(7,751)
other movements in cost or valuation	(1,002)			(1,002)
<b>At 31 March 2016</b>	<b>78,616</b>	<b>7,602</b>	<b>1,767</b>	<b>87,985</b>
<b>Accumulated Depreciation and Impairment</b>				
<b>At 1 April 2015</b>	(590)	(5,518)	0	(6,108)
depreciation charge	(1,251)	(1,422)		(2,673)
depreciation written out to the Revaluation Reserve	215			215
depreciation written out to the Surplus/Deficit on the Provision of Services	786			786
De-recognition	106	1,551		1,657
<b>At 31 March 2016</b>	<b>(734)</b>	<b>(5,389)</b>	<b>0</b>	<b>(6,123)</b>
<b>Net Book Value</b>				
<b>At 31 March 2016</b>	<b>77,882</b>	<b>2,213</b>	<b>1,767</b>	<b>81,862</b>
<b>At 31 March 2015</b>	<b>79,741</b>	<b>3,419</b>	<b>801</b>	<b>83,961</b>

**Movements in 2014/15 Restated**

	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Assets Under Construction	Total Property, Plant & Equipment
<b>Cost or Valuation</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>At 1 April 2014</b>	75,584	8,170	62	83,816
additions	1,286	767	801	2,854
reclassifications	62		(62)	0
revaluation increase/(decreases) recognised in the * Revaluation Reserve	3,560			3,560
revaluation increase/(decreases) recognised in the * Surplus/Deficit on the Provision of Services	2,351			2,351
ther movements in cost or valuation	(2,512)			(2,512)
<b>At 31 March 2015</b>	<b>80,331</b>	<b>8,937</b>	<b>801</b>	<b>90,069</b>
<b>Accumulated Depreciation and Impairment</b>				
<b>At 1 April 2014</b>	(1,954)	(4,381)	0	(6,335)
depreciation charge	(1,146)	(1,137)		(2,283)
depreciation written out to the Revaluation Reserve	1,791			1,791
depreciation written out to the Surplus/Deficit on the Provision of Services	719			719
<b>At 31 March 2015</b>	<b>(590)</b>	<b>(5,518)</b>	<b>0</b>	<b>(6,108)</b>
<b>Net Book Value</b>				
<b>At 31 March 2015</b>	<b>79,741</b>	<b>3,419</b>	<b>801</b>	<b>83,961</b>
<b>At 31 March 2014</b>	<b>73,630</b>	<b>3,789</b>	<b>62</b>	<b>77,481</b>



The lives of operational properties are individually assessed by the valuing officer. Vehicles have a seven year life, the software licences, which comprise the intangible assets have a life of four years.

### Capital Commitments

At 31 March 2016, the Authority was committed to the following significant capital works contracts:

	<b>£000</b>
Forum and Piries Place car park lift replacement	325
Temporary accommodation apartments at Bishopric	2,040
New Broadbridge Heath Leisure Centre	680
Hop Oast redevelopment	<u>412</u>
<b>Total</b>	<b><u>3,457</u></b>

The comparative figure for 31 March 2015 was £1.395m.

### Effects of Changes in Estimates

#### Revaluations

The Authority carries out a rolling programme that ensures that all property, plant and equipment required to be measured at fair value is revalued at least every five years. Valuations are carried out externally. Valuations of land and buildings are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

	<b>Other Land &amp; Buildings £000</b>	<b>Vehicles, Plant, Furniture &amp; Equipment £000</b>	<b>Total £000</b>
Carried at historical cost		2,213	2,213
Valued at fair value as at			
31 March 2016	27,084		27,084
31 March 2015	37,092		37,092
31 March 2014	7,448		7,448
31 March 2013	1,329		1,329
31 March 2012	<u>4,929</u>		<u>4,929</u>
	<u>77,882</u>	<u>2,213</u>	<u>80,095</u>

## 13 HERITAGE ASSETS

The heritage assets valued at £0.709m on the balance sheet relate to art works which are valued at historic cost and the Horsham war memorial which is valued at depreciated replacement cost. Current valuations are not available as they are either too expensive to obtain or there is no market due to the exceptional nature of the asset.

The Council also has a museum collection which is not included within the heritage assets value as there is no reliable cost information and the cost of a comprehensive valuation would not be commensurate with the use.

## 14 INVESTMENT PROPERTIES

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

	<b>2015/16 £000</b>	<b>2014/15 £000</b>
Income from investment property	(2,439)	(2,509)
Direct operating expenses arising from investment property	156	168
Net (gains)/losses from fair value adjustments	<u>(203)</u>	<u>(41)</u>
<b>Net (gain)/loss</b>	<b><u>(2,486)</u></b>	<b><u>(2,382)</u></b>

There are no restrictions to the Authority's ability to realise the value inherent in its investment property or on the Authority's right to the remittance of income and the proceeds of the disposal. In estimating the fair value of the Authority's investment properties, the highest and best use of the properties is deemed to be their current use. All the Council's investment property portfolio has been assessed as Level 3 for valuation purposes (see Note 1 for explanation of fair value levels).

The following table summarises the movement in the fair value of the investment properties over the year:

	<b>2015/16</b>	<b>2014/15</b>
	<b>£000</b>	<b>£000</b>
<b>Balance at start of year</b>	30,085	30,083
Additions	1,770	0
Subsequent expenditure	0	0
Disposals	0	(39)
Net gains/(losses) from fair value adjustments	203	41
Transfers	829	0
<b>Balance at end of the year</b>	<u>32,887</u>	<u>30,085</u>

## 15 FINANCIAL INSTRUMENTS

### Financial Instruments - Fair Values

Financial assets classified as available for sale and all derivative assets and liabilities are carried in the Balance Sheet at fair value. For most assets, including bonds, treasury bills and shares in money market funds and other pooled funds, the fair value is taken from the market price. The fair values of other instruments have been estimated calculating the net present value of the remaining contractual cash flows at 31 March 2016, using market interest rates for instruments of similar credit quality and remaining term to maturity.

Financial assets classified as loans and receivables and all non-derivative financial liabilities are carried in the Balance Sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31 March 2016, using the following methods and assumptions:

- Loans borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans.
- The fair values of other long-term loans and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31 March.
- No early repayment or impairment is recognised for any financial instrument.
- The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount.

The fair values calculated are as follows where the fair value is materially different from carrying value. The valuations are deemed as level 2 in the fair value hierarchy (see note 1 for explanation of levels):

	<b>31.03.2016</b>		<b>31.03.2015</b>	
	<b>Carrying amount</b>	<b>Fair Value</b>	<b>Carrying amount</b>	<b>Fair Value</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Financial liabilities	(4,000)	(4,258)	(4,000)	(4,429)
Loans and receivables	4,000	4,126	2,000	2,093

The financial liability is a long term borrowing whose rate is less favourable than the applicable prevailing rate.

For all other Financial Instruments the balance sheet figure equals the fair value. In the fair value hierarchy the levels for the instruments which are subject to a valuation technique (this excludes short term trade payables and receivables) are shown below and are all financial assets.

<u>Category</u>	<u>Fair value</u>	<u>31/3/2016</u>	<u>31/3/2015</u>
	<u>level</u>	<u>£m</u>	<u>£m</u>
Money market funds	1	13.5	12.5
Corporate/ Government bonds and CDs	2	2	0

## Categories of Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet.

The figures here for current creditors and debtors will not necessarily match the Balance Sheet as some transactions e.g. Council Tax transactions are excluded from financial instruments.

	Long Term		Short term	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
	£000	£000	£000	£000
<b>Financial Assets:</b>				
<b>Investments and Available-for-sale</b>				
Loans and receivables	4,000	2,000	14,283	10,359
Available -for-sale financial assets	0	0	13,459	12,476
<b>Total</b>	<b>4,000</b>	<b>2,000</b>	<b>27,742</b>	<b>22,835</b>
<b>Debtors</b>				
Loans and receivables	32	34	0	0
Financial assets carried at contract amounts	0	0	1,306	1,331
<b>Total</b>	<b>32</b>	<b>34</b>	<b>1,306</b>	<b>1,331</b>
<b>Financial Liabilities:</b>				
<b>Borrowings</b>				
Financial liabilities at amortised cost	(4,000)	(4,000)	0	0
<b>Total</b>	<b>(4,000)</b>	<b>(4,000)</b>	<b>0</b>	<b>0</b>
<b>Creditors</b>				
Financial liabilities carried at contract amounts	0	0	(8,499)	(8,290)
<b>Total</b>	<b>0</b>	<b>0</b>	<b>(8,499)</b>	<b>(8,290)</b>

## Income, Expense, Gains and Losses

Gains and losses relating to financial instruments recognised in the Comprehensive Income and expenditure statement:

	2015/16				2014/15			
	Financial Liabilities measured at amortised cost	Financial Assets: Loans & receivables	Financial Assets: AFS	Total	Financial Liabilities measured at amortised cost	Financial Assets: Loans & receivables	Financial Assets: AFS	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Interest Expense	135	0	0	135	137	0	0	137
<b>Total expenses</b>	<b>135</b>	<b>0</b>	<b>0</b>	<b>135</b>	<b>137</b>	<b>0</b>	<b>0</b>	<b>137</b>
Interest income	0	(172)	(147)	(319)	0	(86)	(73)	(159)
<b>Total income</b>	<b>0</b>	<b>(172)</b>	<b>(147)</b>	<b>(319)</b>	<b>0</b>	<b>(86)</b>	<b>(73)</b>	<b>(159)</b>
Gains/Loss on revaluation	0	0	16	16	0	0	(56)	(56)
<b>Other Comprehensive Income</b>	<b>0</b>	<b>0</b>	<b>16</b>	<b>16</b>	<b>0</b>	<b>0</b>	<b>(56)</b>	<b>(56)</b>
<b>Net gain/(loss) for the year</b>	<b>135</b>	<b>(172)</b>	<b>(131)</b>	<b>(168)</b>	<b>137</b>	<b>(86)</b>	<b>(129)</b>	<b>(78)</b>

## 16 CASH AND CASH EQUIVALENTS

The balance of cash and cash equivalents is made up of the following elements:

	31.03.2016	31.03.2015
	£000	£000
Cash held by authority	2	2
Bank current accounts	(158)	155
Money market Funds	4,000	3,001
Short-term deposits	1,465	7,676
<b>Total Cash and Cash Equivalents</b>	<b>5,309</b>	<b>10,834</b>

## 17 DEBTORS

	31.03.2016	31.03.2015
	£000	£000
Sundry Debtors	1,254	896
Central government bodies:	1,357	1,463
Payments in advance	538	256
Council Tax debtors	432	367
NNDR Debtors	1,195	1,016
Housing benefit overpayments	2,818	2,777
Moat Management service charge	311	292
Other local authorities	107	445
	<u>8,012</u>	<u>7,512</u>
Provision for doubtful debts (See note 19)	<u>(2,881)</u>	<u>(2,569)</u>
	<u>5,131</u>	<u>4,943</u>

## 18 CREDITORS

	31.03.2016	31.03.2015
	£000	£000
Sundry Creditors	(5,135)	(5,200)
Prepayment of NNDR	(515)	(606)
Prepayment of Council Tax	(228)	(221)
WSCC Council Tax creditors	(2,631)	(2,550)
SPA Council Tax creditors	(326)	(313)
Central Government – Grants, Reliefs and Levy	(63)	(79)
Central Government - NNDR creditors	(1,779)	(760)
WSCC NNDR Creditors	(356)	(152)
Total	<u>(11,033)</u>	<u>(9,881)</u>

## 19 PROVISIONS

	Provision for doubtful debts	Provision for NNDR appeals	Provision for corporate restructure	Provision for Accumulated Absences	Total
	£000	£000	£000	£000	£000
<b>Balance at 1 April 2014</b>	<b>(2,167)</b>	<b>(1,070)</b>	<b>(720)</b>	<b>(147)</b>	<b>(4,104)</b>
Additional provisions made in 2014/15	(678)	(997)	0	0	(1,675)
Amounts used in 2014/15	276	374	582	0	1,232
Unused amounts reversed in 2014/15	0	0	0	19	19
<b>Balance at 31 March 2015</b>	<b>(2,569)</b>	<b>(1,693)</b>	<b>(138)</b>	<b>(128)</b>	<b>(4,528)</b>
Additional provisions made in 2015/16	(459)	(709)	0	(25)	(1,193)
Amounts used in 2015/16	147	339	0	0	486
Unused amounts reversed in 2015/16	0	0	0	0	0
<b>Balance at 31 March 2016</b>	<b>(2,881)</b>	<b>(2,063)</b>	<b>(138)</b>	<b>(153)</b>	<b>(5,235)</b>

### Provision for Doubtful Debts

Estimated debts that will not be collectible

### Provision for NNDR Appeals

Estimate of rates potentially overcharged to businesses repayable on appeal.

### Corporate Restructure

The provision was set up for the redundancy and pension costs of corporate management restructures. The balance remaining in the provision is to cover any future payments to the pension fund for early access costs. In 2014/15 the provision was used to meet the redundancy and early access to pension costs relating to the management restructure approved in 2013/14 and the final pension costs for a previous restructure in 2008/09.

### Provision for Accumulated Absences

Established in 2009/10 to cover employees' leave that was not taken at the end of each year.

## 20 USABLE RESERVES

Movements in reserves are detailed in the Movement in Reserves Statement and in note 7.

	<b>31.03.2016</b>	<b>31.03.2015</b>
	<b>£000</b>	<b>£000</b>
Revenue Reserves:		
Neighbourhood Planning Grant	(318)	(318)
Section 106 Reserves	(1,393)	(1,502)
Insurance Reserve	(36)	(36)
Vehicle Replacement Reserve	(73)	(73)
New Homes Bonus Reserve	(3,701)	(1,924)
NNDR Provision	(1,435)	(1,435)
Other Reserves	(1,286)	(1,579)
General Fund Balance	(9,091)	(9,311)
	<u>(17,333)</u>	<u>(16,178)</u>
Capital Receipts Reserve	(5,755)	0
Capital Grants Unapplied	(3,504)	(5,673)
<b>Total Usable Reserves</b>	<b><u>(26,592)</u></b>	<b><u>(21,851)</u></b>

## 21 UNUSABLE RESERVES

	<b>31.03.2016</b>	<b>Restated 31.03.2015</b>	<b>31.03.2015</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Revaluation Reserve	(23,553)	*(19,013)	(19,630)
Capital Adjustment Account	(78,838)	*(84,131)	(83,514)
Financial Instruments Adjustment Account	(74)	(98)	(98)
Financial Instruments Available for Sale Reserve	(68)	(84)	(84)
Pensions Reserve	1,875	13,412	13,412
Collection Fund Adjustment Account	199	787	787
Accumulated Absences Account	153	128	128
<b>Total Unusable Reserves</b>	<b><u>(100,306)</u></b>	<b><u>(88,999)</u></b>	<b><u>(88,999)</u></b>

### Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are;

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation,
- disposed of and gains are realised.

The reserve contains only revaluation gains accumulated since 1 April 2007, the date that the reserve was created. Accumulated gains arising before that date are consolidated into the Capital Adjustment Account.

	<b>31.03.2016</b>	<b>Restated 3.03.2015</b>	<b>31.03.2015</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Balance at 1 April	(19,013)	(15,756)	(15,756)
(Upward)/downward revaluation of assets	(6,186)	*(4,425)	(4,985)
Downward revaluation of assets and impairment losses not charged to the Surplus/deficit on the Provision of Services	416	865	865
Difference between fair value depreciation and historical cost depreciation	334	246	246
Amount written off to the Capital Adjustment Account	896	*57	0
Balance at 31 March	<u>(23,553)</u>	<u>(19,013)</u>	<u>(19,630)</u>

### Pension Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement (as the benefits are earned by employees accruing years of service), updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pay any pensions for which it is directly responsible. The debit on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	2015/16	2014/15
	£000	£000
<b>Balance at 1 April</b>	13,412	8,220
Actuarial gains or losses on pensions assets and liabilities	(13,261)	4,155
Reversal of items relating to retirement benefits debited or credited to the surplus of Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	4,075	3,328
Employers pensions contributions and direct payments to pensioners payable in the year	<u>(2,351)</u>	<u>(2,291)</u>
<b>Balance at 31 March</b>	<b>1,875</b>	<b>13,412</b>

### Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The account is credited with the amounts set aside by the authority as finance for the costs of acquisition, construction and enhancement. The account contains accumulated gains and losses in investment properties and revaluation gains and losses accumulated on property, plant and equipment before 1 April 2007, the date the Revaluation Reserve was created.

	2015/16	Re-stated 2014/15	2014/15
	£000	£000	£000
<b>Balance at 1 April</b>	<b>(84,131)</b>	<b>(81,786)</b>	<b>(81,786)</b>
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:			
- Charges for depreciation and impairment of non-current assets	3,377	(108)	452
- - Revaluation losses on Property, Plant and Equipment			
- - Depreciation of intangible assets	0	85	85
- Revenue expenditure funded from capital under statute	3,210	2,245	2,245
- Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	6,094	40	40
Adjusting amounts written out of the Revaluation Reserve	(1,231)	(303)	(246)
Heritage assets added to Balance Sheet			
Capital financing applied in the year:			
Use of the Capital Receipts Reserve to finance new capital expenditure	(2,366)	(1,396)	(1,396)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(652)	(647)	(647)
Application of grants to capital financing from the Capital Grants Unapplied Account	(2,352)	(941)	(941)
Statutory provision for the financing of capital investment charged against the General Fund	(787)	(747)	(747)
Use of general revenue reserves for the financing of capital investment	0	(573)	(573)
<b>Balance at 31 March</b>	<b><u>(78,838)</u></b>	<b><u>(84,131)</u></b>	<b><u>(83,514)</u></b>

### Available for Sale Financial Instruments Reserve

The Available for Sale Financial Instruments Reserve contains the gains made by the Authority arising from increases in the value of its investments that have quoted market prices or otherwise do not have fixed or determinable payments.

The balance is reduced when investments with accumulated gains are

- revalued downwards or impaired and the gains are lost
- disposed of and the gains are realised

	31.03.2016	31.03.2015
	£000	£000
<b>Balance at 1 April</b>	<b>(84)</b>	<b>(28)</b>
Upward revaluation of investment	0	(56)
Downward revaluation of investment not charged to the Surplus or Deficit on the Provision of Services	16	0
<b>Balance at 31 March</b>	<b>(68)</b>	<b>(84)</b>

### Financial Instruments Adjustment Account

The Financial Instrument Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions.

	2015/16	2014/15
	£000	£000
<b>Balance at 1 April</b>	<b>(98)</b>	<b>(122)</b>
Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	24	24
<b>Balance at 31 March</b>	<b>(74)</b>	<b>(98)</b>
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	24	24

### Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

	2014/15	2014/15
	£000	£000
<b>Balance at 1 April - Council Tax</b>	<b>(341)</b>	<b>(157)</b>
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(2)	(184)
<b>Balance at 31 March</b>	<b>(343)</b>	<b>(341)</b>
<b>Balance at 1 April - NNDR</b>	<b>1,128</b>	<b>341</b>
Amount by which NNDR income credited to the Comprehensive Income and Expenditure Statement is different from NNDR income calculated for the year in accordance with statutory requirements	(586)	787
<b>Balance at 31 March</b>	<b>542</b>	<b>1,128</b>
<b>Total</b>	<b>199</b>	<b>787</b>

### Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

	2015/16	2014/15
	£000	£000
<b>Balance at 1 April</b>	<b>128</b>	<b>147</b>
Settlement or cancellation of accrual made in the end of the preceding year	(128)	(147)
Amounts accrued at the end of the current year	153	128
<b>Balance at 31 March</b>	<b>153</b>	<b>128</b>
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	25	(19)

## 22 CASH FLOW STATEMENT - OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

### a) Adjust net surplus or deficit on the provision of services for non-cash movements

	2015/16	Re-stated 2014/15	2014/15
	£000	£000	£000
Depreciation and Impairments	(2,865)	(2,367)	(2,367)
Impairments *	(512)	* 2,392	1,831
Pensions Liability	(1,725)	(1,036)	(1,036)
(Increase)/decrease in debtors	355	1,684	1,684
(Increase)/decrease in creditors	163	(606)	(606)
Movement in provisions	7	(355)	(355)
(Increase)/decrease in inventories	402	14	14
Other non cash adjustments	16	(50)	(50)
<b>Total</b>	<u>(4,159)</u>	<u>*(324)</u>	<u>(885)</u>

### b) Adjust for Items included in the net surplus or deficit on the provision of services that are investing or financing activities

	2015/16	2014/15
	£000	£000
Capital grants credited to the surplus or deficit on the provision of services	2,027	2,060
Proceeds from the sale of non-current assets	835	968
Council Tax and NDR adjustment	176	178
<b>Total</b>	<u>3,038</u>	<u>3,206</u>

### c) Interest received, interest paid and dividends received

	2015/16	2014/15
	£000	£000
Interest received	(303)	(215)
Interest paid	135	137
<b>Total</b>	<u>(168)</u>	<u>(78)</u>

## 23 EXTERNAL AUDIT COSTS

	2015/16	2014/15
	£000	£000
Fees payable with regard to external audit services carried out by the appointed auditors for the year	51	67
Fees payable in respect of statutory inspections	0	0
Fees payable for the certification of grant claims and returns for the year	12	17
Fees payable in respect of other services provided during the year	4	0
<b>Total</b>	<u>67</u>	<u>84</u>

The costs within other services for 2015/16 relate to additional audit work required by the Department of Works and Pensions in relation to the 2013/14 Housing Benefit Claim. The costs have been charged in 2015/16 due to the timing of the work.

## 24 MEMBERS ALLOWANCES

The Authority paid the following amounts to members of the council during the year:

	2015/16	2014/15
	£000	£000
Attendance Allowances	316	302
Expenses	27	30
<b>Total</b>	<u>343</u>	<u>332</u>



## 25 REVALUATION GAINS AND LOSSES

During 2015/16, the Authority has recognised a net revaluation loss of £512k in relation to the following:

	<b>£000</b>
Steyning Swimming Pool	120
Henfield Industrial Units	(110)
Steyning Health Centre	(945)
Arun House	(138)
Swan Walk Freehold	948
Park House, Horsham	285
Blackhorse Lane	158
Dinosaur Island	278
Other	(84)
Total	<u>512</u>

The revaluation gains and losses have been charged to the following lines within the Comprehensive Income and Expenditure Statement.

	<b>£000</b>
Central services to the Public	(2)
Cultural and Related Services	647
Planning and Development Services	(400)
Housing Services	(1)
Corporate and Democratic Core	231
<b>Cost of Services</b>	<b>475</b>
Investment Properties	37
<b>Provision of Services</b>	<b><u>512</u></b>

## 26 LEASES

### Authority as Lessee

#### Operating Leases

The Council had no operating leases or finance leases as at 31 March 2016.

### Authority as Lessor

#### Operating Leases

The Council leases out a range of properties under operating leases for community services and commercial rents. The future minimum lease payments receivable under non-cancellable leases in future years are:

	<b>31 March 2016</b>	<b>31 March 2015</b>
	<b>£000</b>	<b>£000</b>
Not later than one year	1,900	1,700
Later than one year and not later than five years	5,035	4,500
Later than five years	7,505	7,600
	<u>14,440</u>	<u>13,800</u>

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. The council received contingent rent of £0.15m in 2015/16 (£0.38m in 2014/15).

#### Finance Leases

The Council has no investment in finance leases.

## 27 AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure statement is that specified by the Service Reporting Code of Practice. However decisions about resource allocation are taken by the Authority's Cabinet on the basis of budget reports analysed across directorates. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular, no charges are made in relation to capital expenditure (whereas depreciation, revaluation, depreciations are charged to services in the Comprehensive Income and Expenditure Statement) - the cost of retirement benefits is based on cash flows (payment of employers pension contributions) rather than current service cost of benefits accrued in the year.

The income and expenditure of the Authority's principal directorates in the budget reports for the year is as follows:

## Directorate Income and Expenditure

### Segment Income and Expenditure

	Corporate Management	Legal and Democratic Services & Elections	Revenue & Benefits	Audit, Finance, HR and Commissioning	ICT	Community & Culture	Refuse, Cleansing & Environmental Services	Parking	Customer Services	Housing	Planning Services & Economic Development	Property & Facilities	Total
<b>2015/16</b>	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Fees, charges & other service income	(20)	(151)	(1,645)	(653)	(2,182)	(3,617)	(3,785)	(4,002)	(4)	(924)	(2,863)	(2,787)	(22,633)
Government grants	0	0	(31,613)	0	(51)	(59)	0	0	0	0	0	0	(31,723)
<b>Total Income</b>	<b>(20)</b>	<b>(151)</b>	<b>(33,258)</b>	<b>(653)</b>	<b>(2,233)</b>	<b>(3,676)</b>	<b>(3,785)</b>	<b>(4,002)</b>	<b>(4)</b>	<b>(924)</b>	<b>(2,863)</b>	<b>(2,787)</b>	<b>(54,356)</b>
Employee expenses	1,091	940	1	1,719	2,441	2,418	4,482	501	330	591	3,285	655	18,454
Other service expenses	276	607	33,750	857	1,509	4,025	2,836	1,168	12	602	1,536	1,045	48,223
<b>Total Expenditure</b>	<b>1,367</b>	<b>1,547</b>	<b>33,751</b>	<b>2,576</b>	<b>3,950</b>	<b>6,443</b>	<b>7,318</b>	<b>1,669</b>	<b>342</b>	<b>1,193</b>	<b>4,821</b>	<b>1,700</b>	<b>66,677</b>
<b>Net Expenditure</b>	<b>1,347</b>	<b>1,396</b>	<b>493</b>	<b>1,923</b>	<b>1,717</b>	<b>2,767</b>	<b>3,533</b>	<b>(2,333)</b>	<b>338</b>	<b>269</b>	<b>1,958</b>	<b>(1,087)</b>	<b>12,321</b>
Support service recharges	(277)	20	66	(2,247)	(2,308)	1,577	1,594	528	(363)	619	1,742	(1,029)	(78)
<b>Net Expenditure after recharges</b>	<b>1,070</b>	<b>1,416</b>	<b>559</b>	<b>(324)</b>	<b>(591)</b>	<b>4,344</b>	<b>5,127</b>	<b>(1,805)</b>	<b>(25)</b>	<b>888</b>	<b>3,700</b>	<b>(2,116)</b>	<b>12,243</b>

	Corporate Management	Legal and Democratic Services & Elections	Revenue & Benefits	Audit, Finance, HR and Commissioning	ICT	Community & Culture	Refuse, Cleansing & Environmental Services	Parking	Customer Services	Housing	Planning Services & Economic Development	Property & Facilities	Total
<b>2014/15</b>	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Fees, charges & other service income	(27)	(80)	(1,596)	(363)	(2,135)	(3,345)	(3,915)	(3,842)	0	(1,032)	(2,577)	(3,013)	(21,925)
Government grants	0	0	(31,880)	0	0	(30)	(124)	0	0	(16)	(64)	0	(32,114)
<b>Total Income</b>	<b>(27)</b>	<b>(80)</b>	<b>(33,476)</b>	<b>(363)</b>	<b>(2,135)</b>	<b>(3,375)</b>	<b>(4,039)</b>	<b>(3,842)</b>	<b>0</b>	<b>(1,048)</b>	<b>(2,641)</b>	<b>(3,013)</b>	<b>(54,039)</b>
Employee expenses	1,120	879	1	1,701	2,301	2,150	4,292	543	340	580	3,081	657	17,645
Other service expenses	313	533	33,881	904	1,549	4,024	3,245	1,034	1	748	1,507	1,031	48,770
<b>Total Expenditure</b>	<b>1,433</b>	<b>1,412</b>	<b>33,882</b>	<b>2,605</b>	<b>3,850</b>	<b>6,174</b>	<b>7,537</b>	<b>1,577</b>	<b>341</b>	<b>1,328</b>	<b>4,588</b>	<b>1,688</b>	<b>66,415</b>
<b>Net Expenditure</b>	<b>1,406</b>	<b>1,332</b>	<b>406</b>	<b>2,242</b>	<b>1,715</b>	<b>2,799</b>	<b>3,498</b>	<b>(2,265)</b>	<b>341</b>	<b>280</b>	<b>1,947</b>	<b>(1,325)</b>	<b>12,376</b>
Support service recharges	(400)	97	74	(2,006)	(1,715)	1,067	1,213	415	(341)	576	1,468	(559)	(111)
<b>Net Expenditure after recharges</b>	<b>1,006</b>	<b>1,429</b>	<b>480</b>	<b>236</b>	<b>0</b>	<b>3,866</b>	<b>4,711</b>	<b>(1,850)</b>	<b>0</b>	<b>856</b>	<b>3,415</b>	<b>(1,884)</b>	<b>12,265</b>

## Reconciliation of Segment Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement

This reconciliation shows how the figures in the analysis of directorate income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

	2015/16 £000	*Re-stated 2014/15 £000	2014/15 £000
Net expenditure in the Segments Analysis	12,243	12,265	12,265
Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis *	8,335	*2,507	3,067
Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement	2,654	2,505	2,505
<b>Cost of services in Comprehensive Income and Expenditure Statement *</b>	<b>23,232</b>	<b>*17,277</b>	<b>17,837</b>

## Recognition to Subjective Analysis

2015/16	Segment Analysis £000	Amounts not reported to management for decision making £000	Amounts not included in I&E £000	Cost of Services £000	Corporate Amounts £000	Total £000
Fees, charges & other service income	(22,329)	587	2,439	<b>(19,303)</b>	(2,440)	<b>(21,743)</b>
Interest and investment income	(303)	0	303	<b>0</b>	(4,619)	<b>(4,619)</b>
Income from council tax	0	0	0	<b>0</b>	(12,042)	<b>(12,042)</b>
Government grants and contributions	(31,724)	0	0	<b>(31,724)</b>	(6,534)	<b>(38,258)</b>
Gain/ Loss on Disposal of Non-current Assets	0	0	0	<b>0</b>	(2,027)	<b>(2,027)</b>
<b>Total Income</b>	<b>(54,356)</b>	<b>587</b>	<b>2,742</b>	<b>(51,027)</b>	<b>(27,662)</b>	<b>(78,689)</b>
Employee expenses	18,454	60	0	<b>18,514</b>	0	<b>18,514</b>
Other service expenses	48,088	4,310	37	<b>52,435</b>	(37)	<b>52,398</b>
Support Service recharges	(78)	0	0	<b>(78)</b>	0	<b>(78)</b>
Depreciation and impairment	0	3,378	10	<b>3,388</b>	(10)	<b>3,378</b>
Interest payments	135	0	(135)	<b>0</b>	4,765	<b>4,765</b>
Precepts & Levies	0	0	0	<b>0</b>	2,681	<b>2,681</b>
<b>Total Expenditure</b>	<b>66,599</b>	<b>7,748</b>	<b>(88)</b>	<b>74,259</b>	<b>7,399</b>	<b>81,658</b>
<b>Surplus or deficit on the provision of services</b>	<b>12,243</b>	<b>8,335</b>	<b>2,654</b>	<b>23,232</b>	<b>(20,263)</b>	<b>2,969</b>

2014/15 Restated	Segment Analysis £000	Amounts not reported to management for decision making £000	Amounts not included in I&E £000	Cost of Services £000	Corporate Amounts £000	Total £000
Fees, charges & other service income	(21,925)	(520)	2,726	<b>(19,719)</b>	(2,509)	<b>(22,228)</b>
Interest and investment income	0	0	0	<b>0</b>	(5,296)	<b>(5,296)</b>
Income from council tax	0	0	0	<b>0</b>	(11,363)	<b>(11,363)</b>
Government grants and contributions	(32,114)	0	46	<b>(32,068)</b>	(7,308)	<b>(39,376)</b>
Gain/Loss on Disposal of Non-current Assets	0	0	0	<b>0</b>	(968)	<b>(968)</b>
<b>Total Income</b>	<b>(54,039)</b>	<b>(520)</b>	<b>2,772</b>	<b>(51,787)</b>	<b>(27,444)</b>	<b>(79,231)</b>
Employee expenses	17,645	496	0	<b>18,141</b>	0	<b>18,141</b>
Other service expenses	48,769	2,555	(172)	<b>51,152</b>	169	<b>51,321</b>
Support Service recharges	(110)	0	0	<b>(110)</b>	0	<b>(110)</b>
Depreciation and impairment	0	(24)	42	<b>18</b>	(42)	<b>(24)</b>
Interest payments	0	0	(137)	<b>(137)</b>	5,585	<b>5,448</b>
Precepts & Levies	0	0	0	<b>0</b>	2,468	<b>2,468</b>
<b>Total Expenditure</b>	<b>66,304</b>	<b>3,027</b>	<b>(267)</b>	<b>69,064</b>	<b>8,180</b>	<b>77,244</b>
<b>Surplus or deficit on the provision of services</b>	<b>12,265</b>	<b>2,507</b>	<b>2,505</b>	<b>17,277</b>	<b>(19,264)</b>	<b>(1,987)</b>

## 28 SENIOR OFFICER'S REMUNERATION

<u>Corporate Post Holder Title</u>	Total Remuneration excluding pension contributions	Employer Pension Contributions	Total Remuneration including pension contributions	Note
<b>2015/16</b>	<b>£</b>	<b>£</b>	<b>£</b>	
Chief Executive	123,781	21,649	145,430	
Director of Community Services	97,446	17,841	115,287	
Director of Corporate Resources (Section 151 Officer)	79,096	14,868	93,964	c
Director of Planning, Economic Development and Property	87,597	17,205	104,802	
Head of Legal and Democratic Services (Monitoring Officer)	74,586	14,129	88,715	
<b>2014/15</b>	<b>£</b>	<b>£</b>	<b>£</b>	
Chief Executive	115,135	20,539	135,674	
Director of Community Services	92,937	16,677	109,614	
Director of Corporate Resources (Section 151 Officer)	91,313	16,677	107,990	
Director of Planning, Economic Development and Property	53,660	9,960	63,620	a
Head of Legal and Democratic Services (Monitoring Officer)	49,779	9,370	59,149	
Principal Solicitor (Monitoring Officer)	11,197	1,910	13,107	b

There was a change in the management structure of the Council in 2014/15 which created a Strategic Leadership Team made up of the Chief Executive and the three strategic Directors. The remuneration details of these officers and the Monitoring Officer are included in the table above.

Note:

- a. The Director of Planning, Economic Development and Property was a new post created as part of the management restructure and the officer started in August 2014. Therefore the 2014/15 figures only do not include a full year of costs.
- b. The Monitoring Officer role was held by the Principal Solicitor until June 2014 when it became the responsibility of the new Head of Legal and Democratic Services.
- c. The Director of Corporate Resources left post on 29 February 2016 so 2015/16 does not include a full year of costs, the new Director started at the end of March 2016.

**The number of employees, including senior officers, whose remuneration excluding pension contributions was £50,000 or more in bands of £5000 were;**

Remuneration Band	Number of Employees 2015/16	Number of Employees 2014/15
£50,000 - £54,999	10	7
£55,000 - £59,999	6	5
£60,000 - £64,999	1	2
£65,000 - £69,999	1	3
£70,000 - £74,999	2	1
£75,000 - £79,999	2	0
£80,000 - £84,999	1	0
£85,000 - £89,999	1	0
£90,000 - £94,999	0	2
£95,000 - £99,999	1	0
£100,000 - £104,999	0	0
£105,000 - £109,999	0	0
£110,000 - £114,999	0	0
£115,000 - £119,999	0	1
£120,000 - £129,999	1	0

## 29 EXIT PACKAGES

The number of exit packages with total cost per band and total cost of the redundancies are as follows:

Exit package cost band	Number of Compulsory redundancies		Number of other agreed departures		Number of exit packages by exit band		Total cost of exit packages in each band	
	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16 £000	2014/15 £000
£0 - £20,000	4	2	2	2	6	4	57	37
£20,001 - £40,000	5	0	0	1	5	1	134	21
£40,001 - £60,000	0	0	0	0	0	0	0	0
£60,001 - £80,000	1	0	0	0	1	0	72	0
£80,001 - £100,000	0	0	0	0	0	0	0	0
£100,001 - £150,000	0	0	0	0	0	0	0	0
£150,001 - £200,000	0	0	0	0	0	0	0	0
<b>Total</b>	<b>10</b>	<b>2</b>	<b>2</b>	<b>3</b>	<b>12</b>	<b>5</b>	<b>263</b>	<b>58</b>

## 30 TERMINATION BENEFITS

During 2015/16 the council terminated 12 posts at a total cost of £263k which was made up of redundancy payments of £192k and other termination costs of £71k (termination costs in 2014/15 were £58k). These costs include £72k which related to an individual who worked for the Census ICT partnership, Horsham District Council received contributions from the other partners of £55k resulting in a net cost of £17k.

## 31 RELATED PARTIES

The Authority is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the council or to be controlled or influenced by the council. Disclosure of these transactions allows readers to assess the extent to which the council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Authority.

**Central Government** - has effective control over the general operations of the Authority, it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are set out in the subjective analysis in note 27 (Amounts reported for resource allocation decisions).

Grant receipts outstanding at 31 March 2016 are shown in note 10 (Grant income).

**Local Government** - West Sussex County Council, Sussex Police Authority and Parish Councils within Horsham District for precepts (details contained within the Collection Fund Account);

West Sussex County Pension Fund for pension from and on behalf of Horsham District Council employees (details contained within the Income and Expenditure Account);

**Council Members** - Councillors have direct control over the council's financial and operating policies. The total of members allowances paid in 2015/16 is shown in note 24.

In 2015/16 the Council contracted the following services from an organisation called Horsham Matters whose Chief Executive was a Council Member until the local elections in May 2016:

Provision of Community Youth work	£28k
Provision of a bulky waste collection service	£27k
Removal Services for housing clients	£ 1k

It also paid grant monies during the year to the organisation of £5k for the for substance Misuse work as part of the Think Family programme and £1k towards the costs of Emotional Wellbeing and Mental Health provision consultation with young people and mental health packs for HYPER. The organisation was granted discretionary business rates relief of £8k over four sites.

**Senior Officers** - are defined as the Chief Executive together with the Directors which together make up the Senior Leadership Team. These Officers have the responsibility of managing the Council and have power to direct or control the major activities of the authority, in particular those involving the expenditure of money. Details of senior officer remuneration are shown in note 28. There were no related party disclosures by senior officers in 2015/16.

### Partnerships and shared arrangements

#### Census

As part of the CenSus partnership between Horsham, Mid Sussex and Adur District Council there is an agreement to share certain costs. The following costs were paid in respect of the 2015/16 financial year:

<u>ICT – Hosted by Horsham Council District Council</u>		Outstanding at 31.03.2016 (due to HDC)
	£000	£000
Mid Sussex	953	29
Horsham	826	0
Adur & Worthing	1,496	(13)

<u>Revenues and Benefits – hosted by Mid Sussex District Council</u>		Outstanding at 31.03.2016 (payable to MSDC)
	£000	£000
Mid Sussex	1,021	0
Horsham	977	(71)
Adur	795	0

### Building Control

Horsham District Council provides the Building Control service for Crawley Borough Council. Crawley discharged this function under an agreement pursuant to sections 101 and 111 of the Local Government Act 1972, section 3 of the Local Government Act 1999 and the Local Authorities (Arrangements for the Discharge of Functions)(England) Regulations 2000/2851. The total contribution paid by Crawley for 2015/16 amounted to £280k and £64k was outstanding as at 31 March 2016.

### Procurement Service - shared resource

The procurement staff within Crawley and Horsham have been pooled and are treated as a shared resource between Crawley, Horsham and Mid Sussex. In 2015/16 the costs for each authority were:

	£000	Outstanding at 31.03.2016 (due to HDC) £000
Crawley	60	(4)
Horsham	60	0
Mid Sussex	51	12

### Access Officer - shared resource

The Access Officer role is a shared resource utilised by Horsham DC and Crawley BC. In 2015/16 the costs for each authority were:

	£000	Outstanding at 31.03.2016 (due to HDC) £000
Crawley	8	2
Horsham	32	0

## 32 CAPITAL EXPENDITURE AND CAPITAL FINANCING

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR is analysed in the second part of this note.

	2015/16 £000	2014/15 £000
<b>Opening Capital Financing Requirement</b>	<b>11,986</b>	<b>10,964</b>
<b>Capital Investment</b>		
Property, Plant & Equipment	2,441	2,854
Investment Properties	1,770	0
Intangible Assets	5	227
Revenue Expenditure Funded from Capital Under Statute	3,210	2,245
<b>Sources of finance</b>		
Capital receipts	(2,366)	(1,396)
Government grants and other contributions	(3,004)	(1,588)
Direct revenue contributions	0	(573)
Minimum Revenue Provision	(787)	(747)
Closing Capital Financing Requirement	<u>13,255</u>	<u>11,986</u>
<b>Explanation of movements in year</b>		
Increase in underlying need to borrowing	2,056	1,769
Minimum Revenue Provision	(787)	(747)
Increase/ (decrease) in Capital Financing Requirement	<u>1,269</u>	<u>1,022</u>

## 33 DEFINED BENEFIT PENSION SCHEMES

### Participation in Pension Schemes

As part of the terms and conditions of employment of its employees, the Council offers retirement benefits. Although these benefits will not actually be paid 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 contributes to the Local Government Pension Scheme which is administered by West Sussex County Council. It is a funded defined benefit career average scheme, meaning that the authority and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

In addition, the Council is responsible for all pension payments relating to added years benefits it has awarded, together with the related increases and early access pension costs. In 2015/16 these amounted to £110k (£109k in 2014/15) representing 1% of pensionable pay (1% in 2014/15).

#### Change in accounting policy

The council has adopted the amendment to IAS19, Retirement benefits. The change requires the recognition of a number of new classes of components of defined benefit costs - net interest on the net defined liability/(asset) and re-measurement of the net defined liability/(asset); and where there is material impact, new definitions or recognition criteria for termination benefits. The statements being reported reflect these changes and have restated figures and enhanced disclosure where relevant.

#### Transactions Relating to Post-employment Benefits

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are actually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movements in Reserves Statement.

The Council has a shared service arrangement with Mid Sussex and Adur District Councils for the Revenues and Benefits service and with the same authorities and Worthing Borough Council for central information technology service. The Revenues and Benefits Service is hosted by Mid Sussex and the Information Technology service is hosted by Horsham. Each partner shows its share of the pension assets and liabilities in the accounts.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year.

<b><u>Comprehensive Income and Expenditure Statement</u></b>	<b>2015/16</b>	<b>2014/15</b>
	<b>£000</b>	<b>£000</b>
<b><u>Cost of Services</u></b>		
- current service cost	(3,625)	(2,807)
- past service costs	(0)	(153)
<b>Total Service Cost</b>	<b>(3,625)</b>	<b>(2,960)</b>
<b><u>Financing and Investment Income and Expenditure</u></b>		
Interest income on planned assets	4,315	5,080
Interest cost on defined benefit obligation	(4,765)	(5,448)
<b>Total Net Interest</b>	<b>(450)</b>	<b>(368)</b>
<b>Total Post Employment Benefit Charged to the Surplus or deficit on the provision of services</b>	<b>(4,075)</b>	<b>(3,328)</b>
<b><u>Re-measurements of the Net Defined Liability</u></b>		
Actuarial gains/(losses) arising from changes in financial assumptions	12,886	(18,006)
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	1,866	1,022
Return on assets excluding amounts included in net interest	(1,491)	12,828
<b>Total re-measurements recognised in other comprehensive income</b>	<b>13,261</b>	<b>(4,156)</b>
<b>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>	<b>(9,186)</b>	<b>(7,484)</b>
<b><u>Movement in Reserves Statement</u></b>		
Reversal of net charges made to the surplus or deficit for the provision of services for post employment benefits in accordance with the Code	(1,725)	(1,037)
Employers contributions payable to scheme	(2,350)	(2,291)

#### Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the authority's obligation in respect of its defined benefit plans is as follows:



	2015/16 Census £000	2015/16 HDC £000	2014/15 Census £000	2014/15 HDC £000
Present value of liabilities - Funded	(6,056)	(131,041)	(6,558)	(140,631)
Present value of liabilities - Un funded	0	(1,609)	0	(1,763)
Fair value of plan assets	6,668	130,163	6,394	129,146
Net liability arising from defined benefit obligation	612	(2,487)	(164)	(13,248)

#### Funded Liabilities - LGPS

	2015/16 Census £000	2015/16 HDC £000	2014/15 Census £000	2014/15 HDC £000
Reconciliation of present value of the scheme liabilities:				
Balance at 1 April	(6,558)	(142,394)	(5,132)	(122,058)
Current service cost	(241)	(3,384)	(215)	(2,592)
Interest cost	(216)	(4,549)	(222)	(5,226)
Contributions by scheme participants	(50)	(742)	(61)	(699)
Actuarial gains and losses	960	13,792	(968)	(16,016)
Benefits paid	49	4,627	54	4,336
Past service costs	0	0	(14)	(139)
Balance at 31 March	(6,056)	(132,650)	(6,558)	(142,394)

#### Reconciliation of fair value of the scheme assets:

Balance at 1 April	6,394	129,146	5,419	113,552
Interest income on planned assets	210	4,106	232	4,848
Return on planned assets (excluding amounts in net interest)	(76)	(1,415)	587	12,241
Employer contributions	139	2,211	149	2,142
Contributions by scheme participants	50	742	61	699
Benefits paid	(49)	(4,627)	(54)	(4,336)
Balance at 31 March	6,668	130,163	6,394	129,146

#### LGPS Assets comprised:

Fair Value of scheme assets at 31 March

	2016			2015		
	Census £000	HDC £000	Total % of assets	Census £000	HDC £000	Total % of assets
Equity Securities:						
Consumer	1,089.3	21,262.9	16.3%	963.6	19,460.4	15.1%
Manufacturing	227.9	4,449.0	3.4%	561.3	11,335.7	8.8%
Energy & Utilities	230.6	4,502.2	3.5%	284.6	5,747.4	4.4%
Financial Institutions	1,080.2	21,085.4	16.2%	1,004.3	20,281.8	15.7%
Health & Care	430.4	8,401.9	6.5%	425.4	8,591.1	6.7%
Information Technology	861.4	16,815.4	12.9%	824.0	16,641.2	12.9%
Other	583.6	11,393.4	8.8%	224.3	4,529.2	3.5%
Debt Securities:						
UK Government	116.1	2,266.2	1.7%	130.4	2,634.2	2.0%
Private Equity:	0.0		0.0%	0.0		0.0%
All	320.5	6,255.9	4.8%	348.2	7,032.7	5.4%
Real Estate:						
UK Property	601.7	11,744.8	8.8%	414.4	8,368.7	6.5%
Overseas Property	0.7	14.2	0.1%	3.5	71.3	0.1%
Investment Funds & Unit Trusts:						
Equities	0.0	0.0	0.0%	0.0	0.0	0.0%
Bonds	937.0	18,290.0	14.1%	880.2	17,775.2	13.8%
Other	51.1	998.2	0.8%	47.1	950.2	0.7%
Cash & cash Equivalents: All	137.5	2,683.5	2.1%	283.6	5,726.9	4.4%
	6,668	130,163	100%	6,394	129,146	100%

All scheme assets except private equity are quoted prices in active markets.

The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The total liability of £1.875m has a substantial impact on the net worth of the authority as recorded in the Balance Sheet, resulting in an overall balance of £126.898m.

However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy as the deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees, as assessed by Hymans Robertson LLP the scheme's actuary. The total contributions expected by the actuaries that are to be made to the Local Government Pension scheme by the council in the year to 31 March 2017 is £2.359m (this includes £150k estimated for the HDC share of Census).

#### Basis for estimating assets and liabilities

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 dependant on assumptions about mortality rates, salary levels, etc. The pension scheme is assessed by Hymans Robertson for the County Council Fund being based on the latest full valuation of the scheme as at 31 March 2013.

The principal assumptions used by the actuary have been:

		<u>2015/16</u>	<u>2014/15</u>
Long term expected rate of return on assets in the scheme:			
Mortality assumptions:			
Longevity at 65 for current pensioners:	Men	24.4	24.4
	Women	25.8	25.8
Longevity at 65 for future pensioners:	Men	26.9	26.9
	Women	28.5	28.5
Rate of inflation / pension		2.2%	2.4%
Rate of increase in salaries		3.7%	3.8%
Rate of discounting scheme liabilities		3.5%	3.2%

An allowance is included for future retirements to elect to take 50% of the maximum additional tax free cash up to HMRC limits for pre-April 2008 service and 75% of the maximum tax-free cash for post-April 2008 service.

The estimate of the defined benefits obligation is sensitive to the actuarial assumptions. The following sensitivity analyses have been determined based on possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all other assumptions remain constant. The estimations in the sensitivity analyses have followed the accounting policies for the scheme.

### 34 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

International Accounting Standard 37 requires the council to disclose contingent liabilities and assets. These arise from past events that might result in an obligation or benefit to the authority.

Property Search Companies are making claims against local authorities for legal costs following their litigation success in relation to access land data charges. The potential liability for Horsham is £190k however all affected councils will seek to recover the costs from Central Government through the new burdens doctrine, as they did with the original claims.

A number of NHS Trust organisations are making claims nationally for charitable relief in respect of Non-domestic rates. The Local Government Association is seeking legal advice on this matter as it believes the claims are unfounded. However, should it be agreed that the relief is applicable then there will be a potential loss in rates yield for the council. The liability for Horsham is hard to predict as it will depend on what local NHS bodies fulfil any criteria for relief.

## 35 NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Council's activities expose it to a variety of financial risks, the key risks are:

- a) **Credit Risk** – the possibility that other parties might fail to pay amounts due to the Council
- b) **Liquidity Risk** – the possibility that the Council might not have funds available to meet its commitments to make payments
- c) **Market Risk** – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates movements

### Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. This risk is minimised through the Treasury Management Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poors Ratings Services. The Treasury Management Strategy also imposes a maximum amount and time to be invested with a financial institution located within each category. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria.

The detailed Strategy is approved each year by the Council and incorporates indicators stipulated by the CIPFA codes on Treasury Management and CIPFA prudential code. The authorised limit for external borrowing in 2015/16 was £15m. The limit per institution, excluding UK Government or Local Authority, for unsecured investment was £2.5m. The limit for long term investment was £8m. The actual performance against Treasury Management Strategy is reviewed by the Accounts, Audit and Governance Committee of the Council annually.

The analysis below summarises the Council's exposure to risk using credit ratings which are derived from historic default rates for different categories of instruments.

	<b>31.03.2016</b>	<b>31.03.2015</b>
	£000	£000
AAA rated counterparties	13,459	12,476
AA rated counterparties	13	3,006
A rated counterparties	8,912	7,167
BBB rated counterparties	4,440	0
Unrated Local Authorities	<u>5,000</u>	<u>2,000</u>
Total	31,824	24,649

The trade debtors figure takes into account the bad debt provision which is based on the best estimate of default so no further default estimate is shown.

The Council does not generally allow credit for its trade debtors, such that £391k of the £669k balance is past its due date for payment.

The past due amount can be analysed as follows:

Age	<b>31.03.2016</b>	<b>31.03.2015</b>
	£000s	£000s
Less than three months	218	696
Three to six months	46	128
Six months to one year	31	115
More than one year	<u>96</u>	<u>63</u>
Total	<u>391</u>	<u>1,002</u>

### Liquidity Risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the Treasury Management Strategy reports), as well as through a comprehensive cash flow management system, as required by the Code of Practice. This ensures that cash is available when it is needed.

The Council has an overdraft facility of £0.5m and can borrow from the money markets to cover any day to day cash flow need. The PWLB also acts as a lender of last resort to Councils (although it will not provide funding to a Council whose actions are unlawful). There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The maturity analysis of financial liabilities is as follows:

	<b>31.03.2016</b>	<b>31.03.2015</b>
	£000s	£000s
Less than one year	8,499	8,290
Between one and two years	0	0
Between two and five years	4,000	4,000
More than five years	0	0
Total	<u>12,499</u>	<u>12,290</u>

## Market Risk

### Interest rate risk

The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instruments periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- borrowings at variable rates - the interest expense will rise;
- borrowings at fixed rates - the fair value of the borrowing liability will fall;
- investments at variable rates – the interest income will rise
- investments at fixed rates – the fair value of the assets will fall

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not have an impact on Surplus or Deficit whereas changes in interest receivable on variable rate borrowings and investments will have an effect.

The Council has a number of strategies for managing interest rate risk. The annual Treasury Management Strategy draws together the Council's prudential indicators and its expected treasury operations, including an expectation of interest rate movements. From this strategy a prudential indicator is set which provides maximum and minimum limits for fixed and variable interest rate exposure. The Director of Corporate Resources will also monitor market and forecast interest rates within the year to adjust exposures appropriately.

### Sensitivity to Interest Rate Changes

The Council does not hold borrowings or investments at variable rates so there is no direct link to the net income of the Council. To some extent the call deposits and maturing fixed rate investments would be affected by a persisting change to rates. The Council also holds variable net asset value money market funds whose price may be affected by interest rate changes indirectly as the funds comprise some fixed rate instruments.

To give some guide to the magnitude of the possible effect if all other variables stayed the same and a rate change of 1% were to apply to the investments held at 31 March 2016 the financial effect would be:

	£000
Increase in income receivable	(253)
Impact on surplus and deficit on provision of services	(253)
Decrease in fair value of loans and receivables*	24
Decrease in fair value of fixed rate borrowing*	(120)

\*No impact on Comprehensive Income and Expenditure.

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed.

### Price Risk

The market prices of the Council's fixed rate bond investments and its units in pooled bond funds are governed by prevailing interest rates and the market risk associated with these instruments is managed alongside interest rate risk. At date of these statements the Council holds a certificate of deposit of £2m which is marketable but will be held to maturity in August 2016

## COLLECTION FUND

2014-15			2015-16		
Business Rates	Council Tax	Total	Business Rates	Council Tax	Total
£000	£000	£000	£000	£000	£000
			<b>INCOME</b>		
0	84,260	84,260	0	86,404	86,404
39,492	0	39,492	41,039	0	41,039
			<b>Transfers from General Fund</b>		
0	3	3	0	3	3
(138)	0	(138)	340	0	340
<u>39,354</u>	<u>84,263</u>	<u>123,617</u>	<u>41,379</u>	<u>86,407</u>	<u>127,786</u>
			<b>Total Income</b>		
			<b>EXPENDITURE</b>		
			<b>Apportionment of Previous Year Surplus/(Deficit)</b>		
0	0	0	(577)	184	(393)
0	0	0	(144)	1,173	1,029
0	0	0	0	143	143
<u>0</u>	<u>0</u>	<u>0</u>	<u>(722)</u>	<u>0</u>	<u>(722)</u>
			(1,443)	1,500	57
			<b>Precepts, Demands and Shares</b>		
15,577	10,085	25,662	15,916	10,421	26,337
3,894	64,573	68,467	3,979	66,043	70,022
0	7,841	7,841	0	8,179	8,179
19,472	0	19,472	19,895	0	19,895
<u>38,943</u>	<u>82,499</u>	<u>121,442</u>	<u>39,790</u>	<u>84,643</u>	<u>124,433</u>
			<b>Charges to Collection Fund</b>		
524	167	691	153	74	227
121	105	226	311	179	490
1,557	0	1,557	926	0	926
178	0	178	177	0	177
<u>2,380</u>	<u>272</u>	<u>2,652</u>	<u>1,567</u>	<u>253</u>	<u>1,820</u>
<u>41,323</u>	<u>82,771</u>	<u>124,094</u>	<u>39,914</u>	<u>86,396</u>	<u>126,310</u>
(1,969)	1,492	(477)	1,465	11	1,476
(852)	1,282	430	(2,821)	2,774	(47)
<u>(2,821)</u>	<u>2,774</u>	<u>(47)</u>	<u>(1,356)</u>	<u>2,785</u>	<u>1,429</u>
			<b>Surplus / Deficit (-) carried forward 31 March</b>		

## NOTES TO THE COLLECTION FUND

The Collection Fund is an agent's statement which represents the statutory requirement for each billing authority to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to Non-Domestic Rates and Council Tax and illustrates the way in which these have been distributed to preceptors and the General Fund. Collection Fund surpluses or deficits declared by the billing authority are apportioned to the relevant precepting bodies in the subsequent financial year.

The accounts have been prepared on an accruals basis.

### 1 COUNCIL TAX

The Council Tax is based upon property values as at 1 April 1991. Property values are grouped within a range of value bands, as shown below. In order to calculate the Council Tax base, the number of properties within each band is shown as a "Band D equivalent" by expressing each band as a proportion of Band D as indicated in the table below.

BAND	VALUE RANGE	PROPORTION OF BAND "D"	BAND "D" EQUIVALENT NO.OF PROPERTIES
	£		
Reduced A	up to 40,000	5/9	1
A	up to 40,000	6/9	857
B	40,000-52,000	7/9	2,639
C	52,000-68,000	8/9	8,323
D	68,000-88,000	1	10,769
E	88,000-120,000	11/9	11,324
F	120,000-160,000	13/9	10,328
G	160,000-320,000	15/9	11,180
H	over 320,000	2	1,415
	COUNCIL TAX BASE		56,836

The reduced Band A charge is applied to those residents entitled to a disabled relief reduction.

### 2 INCOME FROM BUSINESS RATES

Under the revised arrangements for uniform business rates, the Council collects Non-Domestic Rates for its area which are based on local rateable values multiplied by a uniform rate. The total Non-Domestic Rateable Value at 31 Mar 2016 was £103.714m and the National Non-Domestic Rate multiplier for the year was 0.493.

### 3 COUNCIL TAX AND BUSINESS RATES PRECEPTS AND DEMANDS

In accordance with the accounting code of practice surpluses and deficits arising from the Collection of Council Tax are to be apportioned between respective authorities on the basis of their precepts or demands on the Collection Fund.

31 March 2016

£000

Accumulated Surplus at 31.03.2016 1,429

Apportionment based on 2015/16 precepts and demands:

	<u>Business</u> <u>Rates</u> £000	<u>Council</u> <u>Tax</u> £000	Total £000
Horsham District Council	(542)	343	(199)
Sussex Police Authority	0	269	269
West Sussex County Council	(136)	2,173	2,037
Central Government	(678)	0	(678)
	(1,356)	2,785	1,429

## GLOSSARY

<b>BALANCES</b>	The amounts remaining at the year end on the various funds of the Council.
<b>CAPITAL EXPENDITURE</b>	Expenditure on the acquisition of assets either directly by the Local Authority or indirectly in the form of grants to other persons or bodies that will give benefit for a number of years.
<b>CAPITAL RECEIPTS</b>	Receipts from the sale of property, plant and equipment e.g land, building etc.
<b>CENTRAL SUPPORT SERVICES</b>	The expenditure on the central administration of the Council, including the cost of accommodation.
<b>COLLECTION FUND</b>	A statutory fund maintained by a billing authority that is used to record local taxes and non-domestic rates collected by the authority, payments to precepting authorities, central government and its own general fund.
<b>COUNCIL TAX</b>	A locally determined charge based on property values and levied by a local authority to enable it to provide its services.
<b>CREDITORS</b>	Individuals and organisations to which the Council owes money.
<b>DEBTORS</b>	Individuals and organisations who owe money to the Council.
<b>DEPRECIATION</b>	A charge to a revenue account to reflect the reduction in the useful economic life of a fixed asset.
<b>EARMARKED RESERVES</b>	Amounts set aside for specific purposes falling outside the definition of provisions.
<b>FAIR VALUE</b>	Amount for which an asset could be exchanged or liability settles between knowledgeable parties with no other motive than to secure a fair price. In most cases this is the actual price paid.
<b>FINANCIAL ASSET</b>	A contractual right to receive economic benefits such as cash or right to receive cash or right to favourably exchange a financial asset/liability.
<b>FINANCIAL LIABILITY</b>	A contractual obligation to transfer economic benefits such as an obligation to pay over cash or unfavourably exchange a financial asset/liability.
<b>FINANCIAL REPORTING STANDARDS</b>	Accounting practice recommended for adoption by the accountancy profession e.g. in relation to public reporting, accounting policies etc.
<b>NON-CURRENT ASSET</b>	A tangible asset that yields benefit to an authority and the services it provides for a period of more than one year.
<b>GENERAL FUND</b>	The main revenue fund of a billing authority from which day to day spending on services (other than the provision of Council housing services) is met.
<b>IAS</b>	International Accounting Standard.
<b>MINIMUM REVENUE PROVISION (MRP)</b>	The minimum amount that must be charged to an authority's revenue account to be set aside to pay back debt.
<b>NATIONAL NON-DOMESTIC RATES (NNDR)</b>	This is the charge payable on all business premises and is calculated by multiplying the rateable value of the property by a nationally set rate multiplier.
<b>PRECEPT</b>	An amount charged to the Collection Fund to finance services provided by another authority e.g. County and parish councils.
<b>PRECEPTING AUTHORITIES PROVISION</b>	Those authorities which are able to raise a precept.  A fund to provide for liabilities or losses that are likely to be incurred but the dates and amounts are uncertain.
<b>PUBLIC WORKS LOAN BOARD (PWLb)</b>	A statutory body operating within Central Government responsible for lending money to local authorities and other bodies.
<b>SECTION 106 (S106)</b>	Contribution paid by developers to Local Planning Authorities in order to offset the costs of the external effects of development under section 106 of Town and Country Planning Act 1990.