MID SUSSEX DISTRICT COUNCIL

Statement of Accounts 2014 – 2015

Audit Committee 29 September 2015

MID SUSSEX
DISTRICT COUNCIL

Statement of Accounts for the Year Ended 31 March 2015

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The Authority's Responsibilities

The authority is required:

- to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that Officer is the Head of Finance, Information Communications Technology (ICT) and Human Resources (HR);
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- to approve the Statement of Accounts.

The Head of Finance, ICT and HR's Responsibilities

The Head of Finance, ICT and HR is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices. These practices comprise the Chartered Institute of Public Finance and Accountancy (CIPFA), Local Authority (Scotland) Accounts Advisory Committee (LASAAC) Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 (the Code), and the Service Reporting Code of Practice for Local Authorities 2014/15 (SeRCOP), supported by International Financial Reporting Standards (IFRS).

In preparing this Statement of Accounts, the Head of Finance, ICT and HR has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the local authority Code;
- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Foreword by the Head of Finance, ICT and HR

1. Introduction

The purpose of this foreword is to provide a guide to the most significant matters reported in the accounts. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and the Service Reporting Code of Practice 2014/15, supported by International Financial Reporting Standards (IFRS), and are in respect of the financial year ended 31 March 2015.

The pages that follow are the Authority's Accounts for 2014/15. These comprise:

- Two statements of changes in equity (MIRS)
- Two years' statements of comprehensive income and expenditure (CIES);
- Two years' statements of financial position (Balance Sheet)
- Two statements of cash flows;
- Related notes, including comparative information

Each of the main Financial Statements are explained further below:

- **Movement in Reserves Statement (MIRS*)*** – This statement shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line within the MIRS shows the true economic cost of providing the authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement (CIES). These are different from the statutory amounts required to be charged to the General Fund Balance for council tax setting purposes. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Authority.
- **Comprehensive Income and Expenditure Statement (CIES)** – This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.
- **Balance Sheet** – The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e., those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (e.g. the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is unusable reserves. This category includes reserves that hold unrealised gains and losses (e.g. the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the MIRS line 'Adjustments between accounting basis and funding basis under regulations'.
- **Cash Flow Statement** – The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period using the indirect method. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income, or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the authority.
- **Notes to the Accounts** - These explain the basis of the figures in the accounts. In particular the first note is 'Accounting Policies', which enables an appreciation of the policies that have been followed in dealing with material items.
- **Collection Fund** - The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates.

We appreciate that the accounts are becoming ever more complex, we will again be publishing summary accounts to help people understand the Council's financial position. If any further information is required on any aspect of these documents please use our contact details below.

I would now like to draw attention to the key features of these accounts and offer a brief financial overview of the year and comparison with the previous year.

2. Outturn for 2014/15

Revenue
The revenue and capital outturn for 2014/15 was reported to Cabinet on 8 June 2015.

During 2014/15 Cabinet received six full Budget Management reports (including the Outturn Report). Over the year, income has exceeded targets in a number of areas. However, the budget has continued to be tightly managed in order to ensure that financial targets are met without compromising service performance. Members should note that this Budget Outturn Report links with the Service Performance Outturn Report which is separately reported to Cabinet in July 2015.

In summary, increased income levels experienced in 2014/15 and Mid Sussex's embedded culture of seeking efficiencies, have both contributed to this year's underspend of £874,000, which has been fully utilised, following transfers to Earmarked Reserves.

This outturn position is set out in the table overleaf.

Interest
Interest receipts for the year totalled £324,000; lower than the original estimate by £42,000. The revenue budget underspend position means that no interest was required to support the outturn. Therefore, £324,000 was transferred to General Reserve.

Specific Items and Reserves
Specific items financed from the Specific Reserves and General Reserve totalled £4,030,000. The largest utilisation from General Reserve amounted to £2,248,000 to finance the Capital Programme (including the use of New Homes Bonus monies totalling £113,000).

In addition, just over £7,000,000 has been transferred into Reserves, (£2,600,000 to Specific Reserve and £4,400,000 to General Reserve). The largest contributions to General Reserve in the year include:

- £2,502,000 grant relating to New Homes Bonus allocation;
- £324,000 interest receipts generated mainly from treasury management activity;
- £450,000 being the annual contribution budgeted to be paid to General Reserve, to fund the Authority's Major Capital Renewals programme;
- £220,000 being commuted sums received for woodland at Bolnore Village
- £243,000 received to fund future costs of Strategic Access Management and Monitoring (SAMM).

Overall there has been a net increase of £2,960,000 in the level of the General Fund Balance as at 31 March 2015.

Further details are contained within the Transfers to /from Earmarked Specific Reserves note (Note 9) to the accounts, and are also set out in the Appendix C of the Outturn Report to Cabinet 8 June 15.

Revenue Expenditure 2014/15 Service Area	Outturn Summary Estimate* 2014/15 £'000	Actual 2014/15 £'000	Variation** 2014/15 £'000	Reconciliation of Outturn to Statement of Accounts Transfer to/from Reserves 2014/15 £'000	Total Net Expenditure (Note 30) 2014/15 £'000
Customer Services and Communications	22	**27**	**5**	**0**	**27**
Performance and Partnerships	685	**667**	**(18)**	**50**	**717**
Planning Policy & Economic Development	535	**522**	**(13)**	**(43)**	**479**
Development Management	502	**344**	**(158)**	**0**	**344**
Planning Service Support	0	**(3)**	**(3)**	**0**	**(3)**
Finance Accountancy	(19)	**(41)**	**(22)**	**4**	**(37)**
Finance Corporate	1,399	**1,403**	**4**	**(7)**	**1,396**
Human Resources & Payroll	(25)	**(13)**	**12**	**8**	**(5)**
CenSus ICT	(47)	**32**	**79**	**46**	**78**
CenSus Revenues & Benefits	1,737	**1,748**	**11**	**(18)**	**1,730**
Housing	923	**840**	**(83)**	**(14)**	**826**
Environmental Health	919	**892**	**(27)**	**27**	**919**
Building Control	259	**224**	**(35)**	**0**	**224**
Leisure, Community Services & Culture	1,537	**1,522**	**(15)**	**(185)**	**1,337**
Parking Services	(1,134)	**(1,264)**	**(130)**	**(13)**	**(1,277)**
Cleansing Services	2,820	**2,784**	**(36)**	**(162)**	**2,622**
Facility Management & Streetscene	1,913	**1,856**	**(57)**	**(187)**	**1,669**
Legal Services	8	**2**	**(6)**	**0**	**2**
Property and Asset Management	(769)	**(825)**	**(56)**	**(406)**	**(1,231)**
Member Support	806	**796**	**(10)**	**(82)**	**714**
Land Charges	145	**94**	**(51)**	**(2)**	**92**
Strategic Core	956	**957**	**1**	**0**	**957**
Benefits	7	**7**	**0**	**(138)**	**(131)**
Drainage levies	13	**13**	**0**	**0**	**N/A**
Balance Unallocated	14	**0**	**(14)**	**0**	**0**
Council Net Expenditure	13,206	**12,584**	**(622)**	**(1,122)**	**11,449**
Contribution to Rate Retention Scheme Equalisation Reserve	249	**249**	**0**		
Total Revenue Expenditure 2013/14	13,455	**12,833**	**(622)** ***	**(1,122)**	**11,449**
less transfer to Specific Reserves (previously reported)	0	**220**	**220**		
	13,455	**13,053**	**(402)**	**(1,122)**	**11,449**
less proposed utilisation of Revenue Underspend		**402**	**402**		
Total	13,455	**13,455**	**0** ****	**(1,122)**	**11,449**

* Includes approved variations including utilisation of Balance Unallocated
** Variations are explained in the Outturn Report to Cabinet on 8 June 2015.

*** Total after requests for carry forward of budgets (£147k) and windfall income (£105k) transferred to Reserves.

**** Total underspend after previously reported (£220k) and proposed (£402k) transfers to Reserves.
Figures are subject to roundings to nearest £'000

Capital
Capital expenditure usually generates an asset that has a useful life of more than one year. Actual Capital Spending for the year amounted to £5,442,000 including £571,000 relating to non-programmed projects which are projects that do not form part of the planned Capital Programme, but which are authorised under delegated authority. This was £804,000 less than the updated 2014/15 programme of £6,246,000 (being £1,375,000 when excluding the non-programmed projects). Of this variation, £1,333,000 relates to slippage. The slippage relates to delays in various Leisure projects totalling £131,000, which includes slippage of £52,000 on the Bolney Village Hall and Pavilion project. In addition, slippage on ICT Projects totalled £96,000 and slippage to the Major Capital Renewals schemes amounted to £108,000 including the Oaklands Fire and Intruder Alarms project of £80,000. The remainder relates mainly to slippage on Bridge Road Starter Units £945,000. These amounts have been rolled over and added to the Capital Programme for 2015/16.

The main items of expenditure in the year were:

Capital Expenditure 2014/15

Property, Plant and Equipment	**2014/15**
Land and Buildings	**£**
Leisure Centres	191,019
Oaklands Office	75,314
Finches Field Land	35,750
Community Centres & Halls & Pavilions	26,407
Asset Under Construction	
Recycling & Refuse Depot	1,130,615
Woodside Pavilion, Bolnore Village	1,241,573
Finches Field Pavilion, Pease Pottage	18,034
Plant / Vehicles / Equipment	
Playground Equipment	141,802
ICT Hardware	237,236
Intangible Assets	
Software and software licences	148,802
Investment Property	
Bridge Road Starter Units	604,623
Revenue Expenditure funded from Capital Under Statute	
Housing - Disabled Facilities Grants (DFG)	362,814
Housing - Affordable Housing	138,503
Other expenditure	1,089,932
Total	5,442,424

The capital expenditure in the year was financed by:

Usable Capital Receipts	£325,856
General Fund Balances (General Reserve £2,248,055 & Specific Reserve £75,273)	£2,323,328
Government Grants, Contributions & Section 106s Receipts in Advance	£1,917,038
Capital Grants Unapplied Account	£876,202

Usable capital receipts for 2014/15 totalled £1,281,439 (refer Note 24). Other receipts received in 2014/15 totalled £2,031,202 (refer Note 35 Grant Income – receipts in advance), as shown below:

Time Limited Section 106 agreements & contributions	£1,668,388
Renovation Grant	£362,814

The available year-end balance of Usable Capital Receipts is £1,209,288 (refer Note 24), Capital Grants Unapplied Account is £2,813,291 (refer Note 24) and Section 106 Contributions and Capital Grants Receipts in Advance is £4,883,043 (refer Note 35).

3. Local Taxpayers

During the year, the Authority collected £86,181,287 in Council Tax on behalf of West Sussex County Council, the Sussex Police and Crime Commissioner and Mid Sussex District Council and its towns and parishes. All but £8,416,762 of this was passed on to the other authorities. The collection rate for the year was 98.5% of the total amount due and most of the remainder will be collected in the first few months of 2015/16.

4. Pensions

The Authority is required to show in the Statement of Accounts the costs, assets and liabilities associated with its share of the pension fund which is administered by West Sussex County Council. The surplus or deficit on the Authority's Pension Fund is shown within the Balance Sheet.

The pension liability has increased to £37,243,977 as at 31 March 2015, from £30,050,633 as at 31 March 2014. This is mainly a result of the financial assumptions used by the actuary at 31 March 2015 being less favourable than as at 31 March 2014. Full details of the movement in the liability are shown in the Notes to the Accounts, Note 42.

5. Other Significant items

In 2014/15, there have been no material (other than those disclosed in the Notes to the Accounts, Note 5) and unusual items of expenditure or income in the accounts.

6. Changes in accounting policy

For this year's accounts, there are no changes in accounting policy.

7. Borrowing

The Authority has not entered into any long term borrowing in 2014/15.

8. Provisions

Employee Benefits Accrual

At 31 March 2015 there is a £153,656 provision for Employee Benefits Accrual. Employees build up an entitlement to paid holidays as they work. Under the Code, the council is required to accrue for any annual leave or flexitime earned but not taken at 31 March each year.

Municipal Mutual Insurance (MMI)

Municipal Mutual Insurance (MMI) is an insurance company established by a group of local authorities in 1903. The Company suffered substantial losses between 1990 and 1992. These losses reduced MMI's net assets to a level below the minimum regulatory solvency requirement. In September 1992 MMI ceased to write new, or to renew, general insurance business. MMI has been in run-off since 1992 and the Council, like many other local authorities, is a Scheme Creditor of MMI. Under the terms of MMI's Scheme of Arrangement, if MMI cannot complete a solvent runoff, Scheme Creditors may have to pay back part of all claims for which they have received settlements since 1992.

Whilst the Scheme of Arrangement has not been triggered it remains "held in reserve". However, following a recent judgement by the Supreme Court regarding Employers' Liability cover for Methoselioma claims there is the potential for the scheme of arrangement to be triggered.

As at 31 March 2015, there is a remaining provision for £11,621. This forms part of the "Other Operating Expenditure" shown on the face of the Comprehensive Income and Expenditure Statement.

NNDR Provision for Appeals

At 31 March 2015 there is a provision of £1,770,887 relating to outstanding appeals to the Rateable Value, as detailed in the Collection Fund Section 4. The Council's share of this is £708,355 (40%) as detailed in Note 23.

9. Material Events after the reporting date

There are no events after the reporting period that require disclosing.

10. Impact of the current economic climate

The financial climate in Mid Sussex rewards careful watching although income levels were above target in a number of key areas and careful management of expenditure by budget holders resulted in a satisfactory end of year position. This offers an indication that the local economy is showing signs of recovery.

The level of Reserves increased during 2014/15, mainly from the receipt of New Homes Bonus (NHB) grant (£2,502,000) and investment interest (£324,000).

The Authority's level of General Reserves held as at 31 March 2015 stands at £10,925,000 and is considered adequate for withstanding future financial pressures arising from the continuing squeeze on local government finance. We await the first budget of the new government with interest to see where savings in local government funding will be made, although we are quite confident that our projections are prudent enough to enable the authority to operate successfully within a diminishing financial envelope.

11. Rates Retention Scheme (RRS)

This scheme is part of our core funding now and is showing signs of increasing slightly as the economy improves. However, our approach to this is very prudent and given the length of time that elapses between setting a budget and knowing the outturn for the year, we have been reluctant to rely on the income in advance of its receipt. There is also to be a national review of how Business Rates could be levied in an alternative way which could, potentially, affect our future receipts. We will therefore continue our prudent approach to this income stream so as not to rely on it beyond that which we can very realistically predict.

12. Council Tax Support Scheme (CTSS)

This has settled down well and is performing as expected and within the expenditure envelope that was set on its inception.

13. Further Information

Interested members of the public have a statutory right to inspect the accounts from 27 July 2015 to 21 August 2015. The availability of the accounts for inspection was advertised in the local newspapers, Mid Sussex Times, The Mid Sussex Leader and East Grinstead Observer. The Notice was also placed on the MSDC website, under the Finance Publications section. Further information about any aspect of the accounts is available from both the Head of Finance, Peter Stuart 01444 477315 (Peter.Stuart@midsussex.gov.uk), and the Chief Accountant, Cathy Craigen 01444 477384 (Cathy.Craigen@midsussex.gov.uk), at Mid Sussex District Council, Oaklands Road, Haywards Heath, RH16 1SS. It is our intention to be open with the information that we hold and we encourage local stakeholder enquiries.

MID SUSSEX DISTRICT COUNCIL

Statement of Accounts 2014/15

This Statement of Accounts is that upon which the auditor should enter his certificate and opinion and has been prepared under the Accounts and Audit (England) Regulations 2012.

I hereby certify that the Statement of Accounts presents 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 2015.

P Stuart, CPFA
Head of Finance, ICT and HR
29 September 2015

Certificate by Chairman

I confirm that the Statement of Accounts were approved by the Audit Committee at a meeting held on 29 September 2015.

Cllr Lea
Chairman Audit Committee

MID SUSSEX
DISTRICT COUNCIL

Financial Statements

Movement in Reserves Statement

	General Fund Balance	Earmarked Specific Reserve	Usable Capital Receipts	Capital Grants Unapplied Account	Total Usable Reserves	Total Unusable Reserves	Total Authority Reserves
	£	£	£	£	£	£	£
Balance at 1 April 2014	**(8,979,180)**	**(3,652,985)**	**(325,856)**	**(3,120,656)**	**(16,078,677)**	**(62,216,292)**	**(78,294,969)**
(Surplus)/ deficit on provision of services (accounting basis)	(2,654,344)	0	0	0	(2,654,344)	0	**(2,654,344)**
Other Comprehensive Expenditure and Income	0	0	0	0	0	4,776,888	**4,776,888**
Total Comprehensive Income and Expenditure	**(2,654,344)**	**0**	**0**	**0**	**(2,654,344)**	**4,776,888**	**2,122,544**
Adjustments between accounting basis and funding basis under regulation (refer Note 8)	(305,711)	0	(883,432)	307,365	(881,778)	881,778	**0**
Net Increase / Decrease before Transfers to Earmarked Reserves	(2,960,055)	0	(883,432)	307,365	(3,536,122)	5,658,666	2,122,544
Transfers to /(from) Earmarked Reserves (refer Note 9)	1,013,824	(1,013,824)	0	0	0	0	0
Increase / Decrease in Year	(1,946,231)	(1,013,824)	(883,432)	307,365	(3,536,122)	5,658,666	2,122,544
Balance at 31 March 2015	**(10,925,411)**	**(4,666,809)**	**(1,209,288)**	**(2,813,291)**	**(19,614,799)**	**(56,557,626)**	**(76,172,425)**

	General Fund Balance	Earmarked Specific Reserve	Usable Capital Receipts	Capital Grants Unapplied Account	Total Usable Reserves	Total Unusable Reserves	Total Authority Reserves
	£	£	£	£	£	£	£
Balance at 1 April 2013	**(9,443,013)**	**(2,769,826)**	**(1,949,276)**	**(2,439,888)**	**(16,602,003)**	**(54,658,414)**	**(71,260,417)**
(Surplus)/ deficit on provision of services (accounting basis)	(2,440,067)	0	0	0	(2,440,067)	0	**(2,440,067)**
Other Comprehensive Expenditure and Income	0	0	0	0	0	(4,594,485)	**(4,594,485)**
Total Comprehensive Income and Expenditure	**(2,440,067)**	**0**	**0**	**0**	**(2,440,067)**	**(4,594,485)**	**(7,034,552)**
Adjustments between accounting basis and funding basis under regulation (refer Note 8)	2,020,741	0	1,623,420	(680,768)	2,963,393	(2,963,393)	**0**
Net Increase / Decrease before Transfers to Earmarked Reserves	(419,326)	0	1,623,420	(680,768)	523,326	(7,557,878)	(7,034,552)
Transfers to / (from) Earmarked Reserves (refer Note 9)	883,159	(883,159)	0	0	0	0	0
Increase / Decrease in Year	463,833	(883,159)	1,623,420	(680,768)	523,326	(7,557,878)	(7,034,552)
Balance at 31 March 2014	**(8,979,180)**	**(3,652,985)**	**(325,856)**	**(3,120,656)**	**(16,078,677)**	**(62,216,292)**	**(78,294,969)**

Comprehensive Income and Expenditure Statement

2013/14 Gross Expenditure £	2013/14 Gross Income £	2013/14 Net Expenditure £ restated		Note	2014/15 Gross Expenditure £	2014/15 Gross Income £	2014/15 Net Expenditure £
			Service Net Expenditure (30)				
2,189,888	(591,324)	1,598,564	Central Services to the Public		2,078,015	(720,502)	**1,357,513**
4,063,461	(611,940)	3,451,521	Culture and Related Services		4,676,732	(805,247)	**3,871,485**
6,128,335	(2,168,419)	3,959,916	Environmental Regulatory Services		8,769,347	(2,057,115)	**6,712,232**
3,499,579	(1,737,375)	1,762,204	Planning and Development Services		3,715,365	(2,190,586)	**1,524,779**
1,550,735	(2,455,751)	(905,016)	Highways, Roads and Transport Services		1,717,787	(2,820,121)	**(1,102,334)**
37,260,145	(34,665,140)	2,595,005	Housing Services		37,343,893	(34,984,392)	**2,359,501**
326,164	(264,072)	62,092	Public Health		447,327	(361,071)	**86,256**
2,832,705	(129,943)	2,702,762	Corporate and Democratic Core		2,625,240	(112,636)	**2,512,604**
199,995	0	199,995	Non Distributed Costs		90,218	0	**90,218**
58,051,007	(42,623,964)	15,427,043	**Net Cost of Services**		61,463,924	(44,051,670)	**17,412,254**
			Other Operating Expenditure				
		739,556	(Gain)/ loss on disposal of Property Plant & Equipment				**506,921**
		3,355,600	Parish and Town Council Precepts & Drainage Levies				**3,324,592**
		58,297	Amount payable to Housing Capital Receipts Pool(Note 8)				**72,151**
		4,153,453					**3,903,664**
			Financing and Investment Income & Expenditure				
		79,773	Interest Payable (Note 14)				**69,108**
		(380,411)	Interest and Investment Income (Note 14)				**(324,237)**
		(864,253)	Investment Properties Net Income (Note 12)				**(1,389,656)**
		0	Investment Properties (Gain)/Loss on Disposal				**(165,239)**
		(1,795,762)	Movement in Fair Value of Investment Properties (Note 12)				**(2,217,257)**
		1,343,567	Net interest on net defined benefit liability (asset) (Note 42)				**1,276,467**
		(1,617,086)					**(2,750,814)**
			Taxation and Non-Specific Grant Income				
		(11,551,266)	Income from Council Tax (Collection Fund Note 7)				**(11,868,138)**
		(15,928,888)	Business Rates Retention Scheme Income (C Fund Note 3)				**(16,446,558)**
		14,401,351	NDR Top-up Tariff Payment (C Fund Note 3)				**14,915,559**
		(5,655,360)	Non-ringfenced government grants (Note 35)				**(6,408,540)**
		(1,669,314)	Capital Grants & S106 receipts used for financing (Note 35)				**(1,411,771)**
		(20,403,477)					**(21,219,448)**
		(2,440,067)	**(Surplus) / Deficit on Provision of Services**				**(2,654,344)**
		(3,593,686)	(Surplus)/ Loss arising on revaluation of Property, Plant, Equipment assets (Note 25a)				**(1,791,172)**
		(1,000,799)	Actuarial (gains) / losses on pension fund assets and liabilities (Note 42)				**6,568,060**
		(4,594,485)	**Other Comprehensive Income and Expenditure**				**4,776,888**
		(7,034,552)	**Total Comprehensive Income and Expenditure**				**2,122,544**

Balance Sheet

As at 31 March 2014 £		Note	As at 31 March 2015 £
66,707,090	Land and Buildings		**68,658,605**
2,330,666	Vehicles, Plant & Equipment		**2,066,313**
3,036,952	Infrastructure Assets		**2,860,013**
20,279	Community Assets		**20,277**
2,321,843	Assets Under Construction		**18,034**
99,047	Surplus Assets		**99,047**
74,515,877	**Property, Plant & Equipment**	10	**73,722,289**
836,751	Heritage Assets	11	**836,751**
18,710,813	Investment Properties	12	**20,981,497**
256,181	Intangible Assets	13	**301,113**
8,000,000	Long Term Investments	15	**3,000,000**
125,409	Long Term Debtors	16	**131,963**
102,445,031	**Long Term Assets**		**98,973,613**
18,157,860	Short Term Investments	19	**22,096,551**
4,632	Inventories	17	**3,965**
2,916,889	Short Term Debtors	18	**3,994,197**
0	Cash & Cash Equivalents	20	**1,397,568**
21,079,381	**Current Assets**		**27,492,281**
(69,043)	Bank Overdraft	20	**0**
(7,184,813)	Creditors	22	**(5,746,155)**
(1,042,058)	Provisions	23	**(911,928)**
(143,020)	Finance Lease Payable Less 1 Year	38	**(147,730)**
(131,722)	Borrowing Payable Less 1 Year	14	**(114,614)**
(8,570,656)	**Current Liabilities**		**(6,920,427)**
(5,103,183)	Capital Grants & Contributions Receipts In Advance	35	**(4,883,043)**
(457,926)	Finance Lease Payable Longer 1 Year	38	**(310,196)**
(1,047,045)	Borrowing Payable Longer 1 Year	14	**(935,826)**
(30,050,633)	Liability related to Defined Benefit Pension Scheme	42	**(37,243,977)**
(36,658,787)	**Long Term Liabilities**		**(43,373,042)**
78,294,969	**Net Assets**		**76,172,425**
(29,881,483)	Revaluation Reserve	25	**(31,033,067)**
(62,503,769)	Capital Adjustment Account	25	**(63,123,560)**
(188,594)	Deferred Capital Receipts Reserve	25	**(188,199)**
30,050,633	Pension Reserve	25	**37,243,977**
138,167	Accumulated Absences Account	25	**153,656**
168,754	Collection Fund Adj Ac Deficit / (Surplus)	25	**389,567**
(62,216,292)	**Unusable Reserves**	25	**(56,557,626)**
(3,120,656)	Capital Grants Unapplied Account	24	**(2,813,291)**
(325,856)	Usable Capital Receipts Reserve	24	**(1,209,288)**
(3,652,985)	Earmarked Specific Reserve	9	**(4,666,809)**
(8,979,180)	General Fund Balances	9	**(10,925,411)**
(16,078,677)	**Usable Reserves**	24	**(19,614,799)**
(78,294,969)	**Total Reserves**		**(76,172,425)**

Cash Flow Statement

2013/14 £		Note	2014/15 £
2,440,067	**Net surplus / (deficit) on the provision of services**	CIES	**2,654,344**
3,775,211	Adjustments to net surplus or deficit on the provision of services for non cash movement	27	**2,399,278**
(2,399,835)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	27	**(3,658,113)**
3,815,443	**Net cash flows from Operating Activities**		**1,395,509**
(4,045,096)	**Investing Activities**	28	**422,595**
440,180	**Financing Activities**	29	**(351,493)**
210,527	**Net increase / (decrease) in cash and cash equivalents**		**1,466,611**
(279,570)	Cash and cash equivalents at 1 April	20	**(69,043)**
(69,043)	Cash and cash equivalents at 31 March	20	**1,397,568**
210,527	Movement in year increase / (decrease)		**1,466,611**

Notes to the Accounts

Notes to the Accounts

1. Accounting Policies

(a) General Principles

The Statement of Accounts summarises the Authority's transactions for the 2014/15 financial year and its position at the year-end of 31 March 2015. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2011 which require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and the Service Reporting Code of Practice 2014/15 (SeRCOP), supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets, and financial instruments.

(b) Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments is accounted for as income on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract. Interest payable on borrowing is at a fixed rate over the life of the 15 year loan from Public Works Loan Board (PWLB) and a fixed rate over the life of a 5 year loan from PWLB.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

Exceptions to this principle relate to:

- Quarterly and monthly payments for utilities are charged at the date of billing each year rather than being apportioned between financial years, with allowances made to ensure a full years expenditure in any given year;
- Council Taxpayers, where no account is taken for possible changes arising from new entries, late notification from Council Taxpayers and amendments to the valuation list until the transaction is actioned. This means late changes in the year may not be accounted for until the following year.
- Housing Benefit payments, where payments are made in conformity with the legislative requirements.
- Members Allowances, where payments are made in the year claims from councillors are processed.
- Employee overtime and car mileage claims, where payments are made in the year claims are processed following overtime worked or mileage incurred.
- Garden Waste, where annual fee income is accounted for in the year received, although renewal dates vary throughout the year and service is provided for a year from renewal.
- Car Park Penalty Notice income is recorded as income on the date the cash is received.
- Mobile phone payments are charged monthly allowing for 12 payments each year. This covers the period March 2014 to February 2015 rather than April 2014 to March 2015.

- Refunds relating to Sports pitch bookings fee income for the year are accounted for in May of the following year, being the end of the season.

These policies are consistently applied each year and therefore do not have a material effect on the year's accounts.

(c) Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in one month or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. We have applied this approach in our accounting policy since 2012/13, which ensures we are compliant with IAS7.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority’s cash management.

(d) Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

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, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when 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. Where 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 errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

(e) Charges to Revenue for Non- Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service.
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.
- Amortisation of intangible assets attributable to the service.

The Authority is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement (equal to an amount calculated on a prudent basis determined by the authority in accordance with statutory guidance). Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund Balance (Minimum Revenue Provision (MRP)) by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

(f) Employee Benefits

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid 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 Authority. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision or Services, but then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits
Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service, or where applicable, to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement at the earlier of when the authority can no longer withdraw the offer of those benefits or when the authority recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-Employment Benefits
Employees of the council are members of the Local Government Pensions Scheme, administered by West Sussex County Council.

The West Sussex Local Government Pension Scheme

The West Sussex Local Government Pension Scheme is accounted for as a defined benefit scheme.

The liabilities of the West Sussex County Council pension scheme attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method, that is, an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, and projections of projected earnings for current employees. Liabilities are discounted to their value at current prices, using a nominal discount rate of 3.2% (based on the indicative rate of return on a high quality corporate bond).

The assets of the West Sussex County Council pension scheme attributable to the Authority are included in the Balance Sheets at their fair value:

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

The change in the net pension liability is analysed into the following components:

- Service cost comprising:
  - Current service cost – the increase in liabilities as a result of years of service earned this year –allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
  - Past service costs – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
  - Net interest on the net defined benefit (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 in 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.
- Re-measurements comprising:
  - 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 – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure

- Contributions paid to the West Sussex pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement (MIRS) this means that there are transfers 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 pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

Discretionary Benefits

The Authority also has restricted powers to make discretionary awards of retirement benefits in the events of early retirements. It is not the Authority's policy to make such payments.

(g) Events After the Reporting Period

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 is adjusted to reflect such events
- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is 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.

(h) Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and 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.

Annual charges to the Comprehensive Income and Expenditure Statement for interest payable on borrowing are at a fixed rate over the life of a 15 year loan, and a 5 year loan from Public Works Loan Board (PWLB). The amount presented in the Balance Sheet is the outstanding principal repayable and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year in the loan agreement.

Financial Assets

Financial assets are classified into two types:

- Loans and receivables - assets that have fixed or determinable payments but are not quoted on an active market.

- Available-for-sale assets - assets that have a quoted market price and/or do not have fixed or determinable payments.

Investments are shown in the Balance Sheet at cost. Short Term Investments are deposits made for a fixed period, where repayment would incur the penalty of reduced interest, with maturity up to 364 days. Long Term Investments are those that will mature in one year or more.

Loans and receivables are initially measured at fair value and carried at their amortised cost. Annual credits to the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For all the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable, and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Where assets are identified as impaired because of a likelihood arising from a past event and payments due under the contract will not be made, the asset is written down and a charge made to the Comprehensive Income and Expenditure Statement.

Any gains and losses that arise on the de-recognition of the asset are credited/debited to the Comprehensive Income and Expenditure Statement.

There are no assets held as available for sale.

(i) Government 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 Authority when there is reasonable assurance that

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

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as Unapplied Grants and Contributions Receipts In Advance. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Account. Amounts in the Capital Grants Unapplied Account are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

(j) Heritage Assets

Tangible and intangible Heritage Assets (described in this summary as heritage assets)
The Authority's Heritage Assets are held in the Council offices, and on the South Downs at Clayton, West Sussex. These heritage assets are held in support of the primary objective of increasing the knowledge, understanding and appreciation of the Authority's history and local area. Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Authority's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below. The Authority's heritage assets are accounted for as follows:

- **Historical Buildings**

  The historic building is Jill Windmill. This item is reported in the Balance sheet at replacement cost value. The War Memorial is in Ardingly.

- **Art Collection and Civic Regalia**

  The works of art includes oil paintings and these are reported in the Balance Sheet on the basis of an insurance valuation undertaken 27 April 2012. These are valued on a 5 year basis and the items are valued by an external valuer. The assets are deemed to have indeterminate lives and a high residual value; hence the Authority does not consider it appropriate to charge depreciation.

  Acquisitions are made by donation, which are recognised at valuation with valuations provided by the external valuers and with reference to appropriate commercial markets for the paintings using the most relevant and recent information from sales at auctions.

Heritage Assets – General
The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets. Eg where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any

impairment is recognised and measured in accordance with the Authority's general policies on impairment (see note 1(q)) in this summary of significant accounting policies. The Authority will occasionally dispose of heritage assets which have a doubtful provenance or are unsuitable for display. The proceeds of such items are accounted for in accordance with the Authority's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts (see notes 1(t) and 1(q))

(k) Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Authority as a result of past events, for example software and software licences, are capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Authority.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Authority will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Authority's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible asset held by the Authority meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. This has been set as 5 years. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

(l) Inventories and Long Term Contract

Inventories are valued at actual cost. This is a departure from the requirements of the code and IAS 2, which require stocks to be shown at the lower of actual cost or net realisable value, but the impact is not material.

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

(m) Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sales proceeds greater than £10,000) the Capital Receipts Reserve.

(n) Jointly Controlled Operations and Jointly Controlled Assets

Jointly controlled operations are activities undertaken by the Authority in conjunction with other venturers that involve the use of the assets and resources of the venturers rather than the establishment of a separate entity. The Authority recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure it incurs and the share of income it earns from the activity of the operation.

Jointly controlled assets are items of property, plant or equipment that are jointly controlled by the Authority and other venturers, with the assets being used to obtain benefits for the venturers. The joint venture does not involve the establishment of a separate entity. The Authority accounts for only its share of the jointly controlled assets, the liabilities and 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.

(o) Leases

Leases are classified as finance leases where the terms of the lease in substance transfers substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Authority as Lessee

Finance Leases
Property, plant and equipment held under finance leases are recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor.

Lease payments are apportioned between

- A charge for the acquisition of the payments made to the lessor in the property, plant or equipment – applied to write down the lease liability, and
- A finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the authority at the end of the lease period).
The Authority is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases
Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g there is rent free period at the commencement of the lease).

The Authority as Lessor

Finance Leases
The Authority has not granted any finance leases over a property, or item of plant or equipment.

Operating Leases
Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g there is a premium paid at the commencement of the lease). Initial

direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

(p) Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principle of the CIPFA Service Reporting Code of Practice 2014/15 (SeRCOP). The total absorption costing principle is used - the budgeted cost of over heads and support services are shared between users in proportion to the benefits received with the exception of:

- Corporate and Democratic Core – costs relating to the council's status as a multi-functional, democratic organisation
- Non Distributed Cost – the cost of discretionary benefits awarded to employees retiring early and any depreciation and impairment losses chargeable on Assets Held for Sale.

These two cost categories are defined in SeRCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

(q) Property, Plant and Equipment

Assets that have physical substance and are held for use in the provision of services or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition: expenditure costs of £10,000 or more, on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Measurement: assets are initially measured at cost, comprising

- The purchase price
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The Authority does not capitalise borrowing costs incurred whilst assets are under construction.

Assets are then carried in the Balance Sheet using the following measurement bases:

- Infrastructure, community assets and assets under construction – depreciated historical cost. Open spaces (community assets) have been included at a nominal value of £1 per item.
- All other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).
- Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.
- Where non-property assets that have short useful lives or low values (or both) depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at fair value are revalued on a five year rolling programme, to ensure that their carrying amount is not materially different from their fair value at the year-end. This is the third year we have applied this approach in our accounting policy, as prior this assets were revalued annually. The asset valuations, as at 1st April 2014, were carried out by an external RICS qualified chartered surveyor employed by Wilkes Head Eve LLP. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by;

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment: assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less that the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation: Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite life (ie freehold land and certain Community Assets) and assets that are not yet available for use (ie assets under construction).

Depreciation is calculated on the following bases:

- Dwellings and other buildings - straight line allocation over the useful life of the property as estimated by the valuer
- Vehicles, plant, equipment - Computer equipment and new playground equipment is depreciated using the straight- line method over 5 years; for Wheelie Bins and Skate Park Equipment straight line over 10 years and 7 year straight line for the Car Parking Machines.
- Infrastructure – straight line allocation over the life of the asset

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Componentisation

The Code required the Authority to adopt new accounting policies in respect of componentisation and de-recognition of components from 1 April 2010, and to apply these policies prospectively from that date. For the Authority, the basis of componentisation of Assets and limits are set out below:

- All assets with values of over £500,000 before depreciation have been deemed to be material and considered for componentisation. i.e. It has been considered whether any part of these assets should have a different useful life or method of depreciation.
- Each asset has been reviewed individually. The assets that are required to be componentised in line with our policy are the Leisure Centres, Civic Halls and 'Oaklands' Council Offices and Woodside Pavilion. These 7 assets have been split into the following four components:
  - Land,
  - Structure/externals with 60 year life,
  - Roof/electrical with 35 year life, and
  - Services (including boilers, heating systems, lifts) with 20 year life.

The leisure centres, halls and pavilion are valued on a Depreciated Replacement Cost (DRC) basis, and the council offices valued on Existing Use Value (EUV) basis.

Pavilions:

For the Authority, Pavilions are valued individually on a DRC basis. In relation to componentisation, they have similar characteristics and have been considered collectively for their impact on depreciation calculations. (total value around £3million). To explain further, apart from Woodside Pavilion, each Pavilion is valued less than £500,000, and therefore falls below the trigger value for componentisation. In addition, examination of individual Pavilions has identified that the land value forms an insignificant part of the asset, and there are no parts of the building of a value significant enough to warrant separate componentisation.

Disposals: When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held For Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged in Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment (or set aside to reduce the Authority's underlying need to borrow –the capital financing requirement-). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

(r) Provisions, Contingent Liabilities and Contingent Assets

Provisions: Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Authority becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the authority settles the obligation.

Contingent Liabilities: A contingent liability arises where an event has taken place that gives the Authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measure reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets: A contingent asset arises where an event has taken place that gives the Authority a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the authority.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

(s) Reserves and Balances

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, and retirement and employee benefits and do not represent usable resources for the council – these reserves are explained in the relevant policies.

(t) Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Authority has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

(u) VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

(v) Officer Personal Loan Scheme

Balances held are shown as long term debtors in the Balance Sheet. Loans in their last year are still shown as long term debtors with the exception of season ticket loans which are included as sundry debtors in the Balance Sheet as the maximum period allowed is twelve months.

(w) Borrowing Costs

The Authority charges borrowing costs to the Comprehensive Income and Expenditure Statement in the period to which the borrowing relates. It does not capitalise any borrowing costs against its assets.

(x) Redemption of Debt

There is a legal requirement to make a charge to the Comprehensive Income and Expenditure Statement to contribute towards reducing the overall borrowing. The Authority's policy is to charge this Minimum Revenue Provision (MRP) on an annuity basis over the life of the loans.

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 2014/15 (the Code) requires an authority to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant financial year. This applies to the adoption of new or amended standards within the 2015/16 Code.as follows:

- IFRS 13 Fair Value Measurement (May 2011) – This standard provides a consistent definition of fair value and enhanced disclosure requirements. It applies to assets and liabilities covered by IFRS standards that currently require or permit measurement at fair value. The adoption of this standard will require surplus assets to be revalued to market value rather than existing use valuation as at present. Surplus assets are determined as assets that are not being used to deliver services, but which do not meet the criteria to be classified as investment properties or no-current assets held for sale. .Operational property, plant and equipment are outside the scope of IFRS 13. Due to the low value of surplus assets held by the Council this standard has no material impact on the Statement of Accounts.
- IFRIC 21 Levies – This standard provides guidance on when to recognise a liability for a levy imposed by government in the financial statements of entities paying the levy. This relates to levies accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as those where the timing and amount of the levy is certain. IFRIC 21 identifies the obligating event for the recognition of a liability as the activity that triggers the timing of the payment of the levy. The amount payable may be based on information relating to a period before the obligation to pay arises or the levy is payable only if a threshold is reached, or both. This standard will not have a material impact on the Statement of Accounts.
- Annual Improvements to IFRSs (2011 – 2013 Cycle) – The IASB has adopted the Annual Improvements process to deal efficiently with a collection of narrow scope amendments to IFRSs even though the amendments are unrelated. The issues included in the Annual Improvements to IFRSs 2011 – 2013 cycle are:
  - IFRS 1: Meaning of effective IFRSs: This amendment clarified which version of the IFRS should be applied in the entity's first IFRS financial statements;
  - IFRS 3: Scope exceptions for joint ventures: This improvement meant that IFRS 3 was amended to address all types of joint arrangements and to remove uncertainty about the financial statements to which it applies;
  - IFRS 13: Scope of paragraph 52 (portfolio exception): Paragraph 52 includes a scope exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis. This amendment clarified that the portfolio exception applies to all contracts within the scope of IAS 39 or IFRS 9, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in IAS 32;
  - IAS 40: Clarifying the interrelationship of IFRS 3 Business Combinations and IAS 40 Investment Property when classifying property as investment property or owner-occupied property. The amendment clarified that IFRS 3 and IAS 40 are not mutually exclusive.

  These improvements are minor, and focus on areas of inconsistency in IFRSs or where clarification of wording is required. They do not propose new principles or changes to existing ones and they will not have a material impact on the Statement of Accounts.

There is no impact on the 2014/15 Statement of Accounts as the Code requires implementation from 1 April 2015.

3 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

Funding

There is a high degree of uncertainty about future levels of funding for local government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.

Leases

The Authority has examined its leases, and classified them as either operational or finance leases. The Authority uses judgement in determining whether the lease is a finance lease arrangement that transfers substantially all the risks and rewards incidental to ownership. In reassessing the leases the Authority has estimated the implied interest rate within each lease to calculate the present value of the minimal lease payment.

Joint arrangements

IFRS 12 requires that the accounts disclose the judgements made to assess the type of Joint Arrangement to determine the Authority's correct accounting treatment.

The Authority is currently contracted into a shared arrangement for its ICT and Revenues and Benefits functions, called CenSus Shared Services Partnership. From September 2009, these functions were discharged to the Census Joint Committee, comprising of Members of each of the three participating authorities, each with joint control. CenSus Shared Services Partnership therefore meets the definition of a Joint Arrangement.

IFRS 11 replaced IAS 31 from 1 January 2013 and requires a Joint Arrangement to be classified as either a Joint Venture or a Joint Operation. The CenSus Shared services Partnership Joint Arrangement is not structured through a separate vehicle and therefore meets the definition of a Joint Operation. As such we recognise our proportional share of assets, liabilities, revenues and expenses of the arrangement in our accounts.

4 Assumptions Made About The Future And Other Major Sources Of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions 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 2014 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Property, Plant and Equipment: Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relations to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets. If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £39,000 if the life of the assets was reduced by one year.

Business Rates: Since the introduction of Business Rates Retention Scheme effective from 1 April 2013, Local Authorities are liable for successful appeals against business rates charged to businesses in earlier financial years in their proportionate share. Therefore, a provision of £708,355 has been recognised for the best estimate of the amount that businesses have been overcharged up to 31 March 2015. The estimate has been calculated using the Valuation Office (VAO) ratings list of appeals and the analysis of successful appeals to date when providing the estimate of total provision up to and including 31 March 2015.

Pension Liability: Estimation of the net 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. The effects on the net pension liability of changes in individual assumptions can be measured. For instance a 0.5% decrease in the discount rate assumption would result in an increase in the pension liability of £12,300,000. In addition, a 0.5% increase in the Pension Increase Rate would increase liabilities by £8,300,000. However, the assumptions interact in complex ways. During 2014/15, the Authority's actuaries advised that the net pension liability had decreased by £7,200,000, as a result of estimates being corrected as a result of experience and increased by £14,400,000 attributable to updating of the assumptions.

Pension Liability (IAS19 disclosures): In terms of the pension liability, the substance of the arrangement with Freedom Leisure(till 30 June 2014) and Places for People (from 1 July 2014) who run our leisure services contract, is that the transferred staff are being treated as though they are employees of the Authority and are included as part of of IAS19 disclosures.

Arrears: The Authority has provided within its financial statements an impairment of doubtful debts of £3,088,049 (2013/14 £2,759,735) as set out in Note 18. This allowance is considered adequate to cover future bad debts, but is by its nature an estimate. If collection rates were to deteriorate an increase in the amount of the impairment of doubtful debts would be required.

5. Material Items of Income and Expense

For the purposes of this note, the Authority considers materiality as £1,229,000, based on 2% of 2014/15 gross service expenditure. Where material items are not disclosed on the face of the Comprehensive Income and Expenditure Statement, the nature and amount of these items would be separately disclosed. For 2014/15 the material items are:

- The impairment loss of £2,465,222 for Bridge Road Depot building following completion of the new build and subsequent revaluation of this property, as detailed in Note 39 Impairment Losses.
- The receipt of Revenue Support Grant of £2,242,041 and New Homes Bonus of £2,501,563 as detailed in Note 35 Grant Income.

6. Events After The Reporting Period

The Statement of Accounts was authorised for issue by the Head of Finance, ICT & HR on 29 September 2015. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2015, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

There are no non-adjusting events after the balance sheet date.

7. Prior Period Adjustments

There are no prior period adjustments.

8. 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, as shown in the Movement In Reserves Statement.

The following sets out a description of the reserves that the adjustments are made against.

General Fund Balance
The General Fund is a statutory fund into which all the receipts of an authority are required to be paid and out of which all liabilities of the authority are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Authority is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Authority is required to recover) at the end of the financial year.

Capital Receipts Reserve
The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

Capital Grants Unapplied Account
The Capital Grants Unapplied Accounts (Reserve) holds the grants and contributions received towards capital projects for which the Authority has met the conditions that would otherwise require repayment for the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and /or the financial year in which this can take place.

2014/15	Usable Reserves			
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Account	Movement in Unusable Reserves
Adjustments primarily involving the Capital Adjustment Account	£	£	£	£
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non current assets	**(2,038,895)**	**0**	**0**	**2,038,895**
Revaluation losses on Property Plant and Equipment	**(2,572,085)**	**0**	**0**	**2,572,085**
Movements in the fair value of Investment Properties	**2,217,257**	**0**	**0**	**(2,217,257)**
Amortisation of intangible assets	**(103,870)**	**0**	**0**	**103,870**
Capital grants and contributions applied	**1,917,038**	**0**	**0**	**(1,917,038)**
Revenue expenditure funded from capital under statute	**(1,591,249)**	**0**	**0**	**1,591,249**
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	**(1,622,726)**	**0**	**0**	**1,622,726**
	(3,794,530)	**0**	**0**	**3,794,530**
Insertions of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment	**249,347**	**0**	**0**	**(249,347)**
Capital expenditure charged against the General Fund	**2,323,328**	**0**	**0**	**(2,323,328)**
	2,572,675	**0**	**0**	**(2,572,675)**
Adjustments primarily involving the Capital Receipts Reserve				
Transfer of cash sales proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	**1,281,044**	**(1,281,044)**	**0**	**0**
Use of the Capital Receipts Reserve to finance new capital expenditure	**0**	**325,856**	**0**	**(325,856)**
Contribution from the Capital Grants Unapplied Account to finance the payments to the Government capital receipts pool	**(72,151)**	**72,151**	**0**	**0**
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	**0**	**(395)**	**0**	**395**
	1,208,893	**(883,432)**	**0**	**(325,461)**

2014/15	Usable Reserves			
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Account	Movement in Unusable Reserves
Adjustments primarily involving the Capital Grants Unapplied Account				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:	£	£	£	£
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	568,837	0	(568,837)	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	876,202	(876,202)
	568,837	0	307,365	(876,202)
Adjustments primarily involving the Pensions Reserve				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement:	(3,188,507)	0	0	3,188,507
Employer's pensions contributions and direct payments to pensioners payable in the year	2,563,223	0	0	(2,563,223)
	(625,284)	0	0	625,284
Adjustments primarily involving the Collection Fund Adjustment Account				
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	77,648	0	0	(77,648)
Amount by which business rates income credited to the Comprehensive Income and Expenditure Statement is different from business rates income calculated for the year in accordance with statutory requirements	(298,461)	0	0	298,461
	(220,813)	0	0	220,813
Adjustments primarily involving the Accumulated Absences Account				
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	(15,489)	0	0	15,489
	(15,489)	0	0	15,489
Total Adjustments shown on Movement In Reserves Statement	(305,711)	(883,432)	307,365	881,778

2013/14	Usable Reserves			
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Account	Movement in Unusable Reserves
Adjustments primarily involving the Capital Adjustment Account	£	£	£	£
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non current assets	**(1,925,543)**	**0**	**0**	**1,925,543**
Revaluation losses on Property Plant and Equipment	**130,417**	**0**	**0**	**(130,417)**
Movements in the fair value of Investment Properties	**1,795,762**	**0**	**0**	**(1,795,762)**
Amortisation of intangible assets	**(87,810)**	**0**	**0**	**87,810**
Capital grants and contributions applied	**1,306,377**	**0**	**0**	**(1,306,377)**
Revenue expenditure funded from capital under statute	**(1,300,082)**	**0**	**0**	**1,300,082**
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	**(816,110)**	**0**	**0**	**816,110**
	(896,989)	**0**	**0**	**896,989**
Insertions of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment	**240,110**	**0**	**0**	**(240,110)**
Capital expenditure charged against the General Fund	**2,892,080**	**0**	**0**	**(2,892,080)**
	3,132,190	**0**	**0**	**(3,132,190)**
Adjustments primarily involving the Capital Receipts Reserve				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Transfer of cash sales proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	**76,553**	**(76,553)**	**0**	**0**
Use of the Capital Receipts Reserve to finance new capital expenditure	**0**	**1,642,853**	**0**	**(1,642,853)**
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	**(58,297)**	**58,297**	**0**	**0**
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	**0**	**(1,177)**	**0**	**1,177**
	18,256	**1,623,420**	**0**	**(1,641,676)**

2013/14	Usable Reserves			
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Account	Movement in Unusable Reserves
Adjustments primarily involving the Capital Grants Unapplied Account				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:	£	£	£	£
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	**1,020,563**	**0**	**(1,020,563)**	**0**
Application of grants to capital financing transferred to the Capital Adjustment Account	**0**	**0**	**339,795**	**(339,795)**
	1,020,563	**0**	**(680,768)**	**(339,795)**
Adjustments primarily involving the Pensions Reserve				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement:	**(3,200,406)**	**0**	**0**	**3,200,406**
Employer's pensions contributions and direct payments to pensioners payable in the year	**2,205,956**	**0**	**0**	**(2,205,956)**
	(994,450)	**0**	**0**	**994,450**
Adjustments primarily involving the Collection Fund Adjustment Account				
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	**(34,251)**	**0**	**0**	**34,251**
Amount by which business rates income credited to the Comprehensive Income and Expenditure Statement is different from business rates income calculated for the year in accordance with statutory requirements	**(228,738)**	**0**	**0**	**228,738**
	(262,989)	**0**	**0**	**262,989**
Adjustments primarily involving the Accumulated Absences Account				
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	**4,160**	**0**	**0**	**(4,160)**
	4,160	**0**	**0**	**(4,160)**
Total Adjustments shown on Movement In Reserves Statement	**2,020,741**	**1,623,420**	**(680,768)**	**(2,963,393)**

9. Transfers To/From Earmarked Specific Reserves

This note sets out the amounts set aside from the General Fund balance in earmarked specific reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2014/15. The net movement in the year is shown on the Movement In Reserves Statement. Further explanation of each item included in Specific Reserve is set out in the Outturn Report 2014/15, to Cabinet on 8 June 2015.

	Balance at 1 April 2013 £	Transfers In 2013/14 £	Transfers Out 2013/14 £	Balance at 31 March 2014 £	Transfers In 2014/15 £	Transfers Out 2014/15 £	Balance at 31 March 2015 £
Specific Reserve							
Performance & Partnerships	(549)	(27,787)	549	(27,787)	(70,000)	27,787	**(70,000)**
Customer Services & Communications	(2,450)	0	2,450	0	0	0	**0**
Development Management	(65,504)	(7,131)	65,504	(7,131)	(88,000)	0	**(95,131)**
Planning Policy & Economic Development	(554,485)	(275,000)	168,298	(661,187)	(449,002)	543,146	**(567,043)**
Planning Service Support	0	0	0	0	(25,000)	0	**(25,000)**
Finance Accountancy	(2,500)	(6,000)	2,500	(6,000)	0	3,984	**(2,016)**
Finance Corporate	(240,140)	(100,000)	138,832	(201,308)	(49,000)	73,360	**(176,948)**
Human Resources & Payroll	(22,319)	(3,809)	7,952	(18,176)	(6,454)	14,202	**(10,428)**
CenSus ICT	(43,013)	(73,088)	16,263	(99,838)	(4,611)	76,441	**(28,008)**
CenSus Revenues & Benefits	(192,094)	(49,709)	12,538	(229,265)	(71,002)	0	**(300,267)**
Housing	(105,042)	(24,000)	4,170	(124,872)	(74,000)	9,678	**(189,194)**
Environmental Health	(10,000)	0	10,000	0	0	0	**0**
Leisure, Community Services & Culture	(495,816)	(185,891)	397,145	(284,562)	(301,720)	269,357	**(316,925)**
Facility Management & Streetscene	(41,064)	(200,000)	9,708	(231,356)	0	91,189	**(140,167)**
Cleansing Services	0	0	0	0	(9,618)	0	**(9,618)**
Legal Services	(4,500)	0	4,500	0	0	0	**0**
Property & Asset Management	(70,191)	(183,938)	46,870	(207,259)	(268,045)	191,821	**(283,483)**
Member Support	(79,366)	(57,253)	19,521	(117,098)	(168,252)	86,202	**(199,148)**
Land Charges	(27,354)	0	12,125	(15,229)	(2,000)	0	**(17,229)**
Strategic Core	(80,000)	0	80,000	0	0	0	**0**
Corporate Funds	(733,439)	(744,436)	55,958	(1,421,917)	(1,188,607)	374,320	**(2,236,204)**
Specific Reserve Total	(2,769,826)	(1,938,042)	1,054,883	(3,652,985)	(2,775,311)	1,761,487	**(4,666,809)**
General Fund Balances	(9,443,013)	(2,687,084)	3,150,917	(8,979,180)	(4,398,837)	2,452,606	**(10,925,411)**
	(12,212,839)	(4,625,126)	4,205,800	(12,632,165)	(7,174,148)	4,214,093	**(15,592,220)**

- Earmarked Specific Reserve – This reserve comprises amounts for particular purposes and for which Member authorisation has been obtained as to how these may be applied.
- General Fund Balances – This includes amounts earmarked for the Capital Programme, amounts provided by developers as commuted sums in lieu of future maintenance, and resources available to meet future running costs for services.

10. Property, Plant and Equipment

Non-current assets are included in the balance sheet at their current value, except for infrastructure and community assets which are included at historical cost or £1 value.

2014/15	Land and Buildings	Vehicles, Plant and Equipment	Infrastructure Assets	Community Assets	Assets Under Construction	Surplus Assets	**Total**	Finance Leased Assets included in Vehicles, Plant & Equipment
	£	**£**	**£**	**£**	**£**	**£**	**£**	**£**
Cost or valuation								
At 1 April 2014	67,207,536	6,235,773	4,093,079	20,279	2,321,843	99,047	**79,977,557**	1,817,402
Additions	328,490	379,038	0	0	2,390,222	0	**3,097,750**	0
Revaluation increase/(decrease) recognised in the Revaluation Reserve	1,730,672	0	0	0	0	0	**1,730,672**	0
Revaluation increase/(decrease) recognised in the Surplus/Deficit on the Provision of Services	(2,572,085)	0	0	0	0	0	**(2,572,085)**	0
Derecognition - disposals	(648,579)	(528,752)	0	0	0	0	**(1,177,331)**	0
Other movements in cost or valuation	4,245,229	0	0	(2)	(4,694,031)	0	**(448,804)**	0
At 31 March 2015	70,291,263	6,086,059	4,093,079	20,277	18,034	99,047	**80,607,759**	1,817,402
Accumulated Depreciation and Impairment								
At 1 April 2014	(500,446)	(3,905,107)	(1,056,127)	0	0	0	**(5,461,680)**	(1,216,456)
Depreciation Charge	(1,218,565)	(643,391)	(176,939)	0	0	0	**(2,038,895)**	(143,020)
Depreciation written out to the Revaluation Reserve	60,500	0	0	0	0	0	**60,500**	0
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	**0**	0
Derecognition - disposals	25,853	528,752	0	0	0	0	**554,605**	0
At 31 March 2015	(1,632,658)	(4,019,746)	(1,233,066)	0	0	0	**(6,885,470)**	(1,359,476)
Net Book Value At 31 March 2015	**68,658,605**	**2,066,313**	**2,860,013**	**20,277**	**18,034**	**99,047**	**73,722,289**	**457,926**
Net Book Value At 31 March 2014	**66,707,090**	**2,330,666**	**3,036,952**	**20,279**	**2,321,843**	**99,047**	**74,515,877**	**600,946**

2013/14	Land and Buildings	Vehicles, Plant and Equipment	Infrastructure Assets	Community Assets	Assets Under Construction	Surplus Assets	**Total**	Finance Leased Assets included in Vehicles, Plant & Equipment
	£	£	£	£	£	£	£	£
Cost or valuation								
At 1 April 2013	64,579,988	6,058,153	4,035,046	20,276	121,752	99,047	**74,914,262**	1,817,402
Additions	1,668,883	452,393	58,033	0	2,200,091	0	**4,379,400**	0
Revaluation increases/(decreases) recognised in the Revaluation Reserve	1,577,388	0	0	3	0	0	**1,577,391**	0
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	130,417	0	0	0	0	0	**130,417**	0
Derecognition - disposals	(746,640)	(274,773)	0	0	0	0	**(1,021,413)**	0
Other movements in cost or valuation	(2,500)	0	0	0	0	0	**(2,500)**	0
At 31 March 2014	67,207,536	6,235,773	4,093,079	20,279	2,321,843	99,047	**79,977,557**	1,817,402
Accumulated Depreciation and Impairment								
At 1 April 2013	(1,381,373)	(3,497,549)	(879,936)	0	0	0	**(5,758,858)**	(1,077,995)
Depreciation Charge	(1,167,898)	(581,454)	(176,191)	0	0	0	**(1,925,543)**	(138,461)
Depreciation written out to the Revaluation Reserve	2,016,295	0	0	0	0	0	**2,016,295**	0
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	**0**	0
Derecognition - disposals	32,530	173,896	0	0	0	0	**206,426**	0
At 31 March 2014	(500,446)	(3,905,107)	(1,056,127)	0	0	0	**(5,461,680)**	(1,216,456)
Net Book Value At 31 March 2014	**66,707,090**	**2,330,666**	**3,036,952**	**20,279**	**2,321,843**	**99,047**	**74,515,877**	**600,946**
Net Book Value At 31 March 2013	**63,198,615**	**2,560,604**	**3,155,110**	**20,276**	**121,752**	**99,047**	**69,155,404**	**739,407**

The non- current assets owned by the Council included in the Balance Sheet are shown in the following table.

	Number as at 31 March 2015	Number as at 31 March 2014
Land and Buildings		
Car Parks	**34**	34
Parks and Recreation Grounds (with sports pitches)	**40**	39
Housing Properties	**1**	1
Halls, Community Centres and Scout Hut Sites	**22**	22
Leisure Centres	**3**	3
Pavilions	**20**	23
Public Conveniences	**7**	8
Office Buildings	**1**	1
Depots and Workshops	**1**	1
Other Operational Assets *	**32**	32
Asset Under Construction		
Woodside Pavilion, Bolnore Village	**-**	1
Bridge Road Starter Units	**1**	1
Recycling & Refuse Depot	**-**	1
Vehicles, Plant and Equipment		
Computer Hardware	**21**	20
Equipment (items over £10,000)	**41**	36
Infrastructure Assets		
Drainage Assets	**54**	54
Highway Land	**80**	80
Permanent Ways	**11**	11
Community Assets		
Parks and Open Spaces (without sports pitches)	**257**	259
Cemeteries	**2**	2
Allotment Sites	**4**	4
Other Community Assets (includes Footpaths, Ponds &Woods)	**15**	15
Heritage Assets		
Historic Buildings	**2**	2
Works of Art, Civic Regalia, Furniture	**17**	17
Surplus Assets		
Other Land	**7**	7
Investment Properties		
Industrial and Other Estate Sites	**5**	5
Central Development Area Sites	**8**	8
Shops	**5**	5
Car Park - Central Development Area Site	**1**	1
Other Investment Assets	**18**	20
Intangible Assets		
Software and Software Licences	**24**	22

* Other operational assets consist mainly of areas of land where third parties have been given permission to build assets (pavilions, club houses etc). In these cases Mid Sussex District Council is the freeholder.

Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation:

- Buildings: straight line allocation over the useful life of the property as estimated by the valuer
- Component Parts of the Leisure Centres, Council Offices and Woodside Pavilion:
  - Structure-Externals 60 years life
  - Roof-Electrical 35 years life
  - Services 20 years life
- Vehicles, Plant and Equipment: straight line
  - Computer equipment 5 year life
  - Playground equipment 5 year life
  - Wheelie Bins 10 year life
  - Car Parking Machines 7 year life
  - Mobile Seating Unit 10 year life
- Infrastructure: straight line over the life of the asset

Capital Commitments

At 31 March 2015, the Authority has authorised expenditure for the construction or enhancement of Property, Plant and Equipment which in 2015/16 - 2018/19 is budgeted to cost £4,841,000. Similar commitments at 31 March 2014 were £5,738,000. The commitments are as follows:

Scheme	2015/16 £	2016/17 £	2017/18 £	2018/19 £	Total £
Bolney Village Hall	52,000	0	0	0	52,000
Finches Field Community Building & Pavilion	478,000	0	0	0	478,000
Leisure Parks, Open spaces & Playgrounds	206,000	51,000	56,000	0	313,000
Business Starter units	1,148,000	0	0	0	1,148,000
Major Capital Renewals	820,000	654,000	561,000	430,000	2,465,000
Other Schemes including ICT	310,000	25,000	25,000	25,000	385,000
Total	3,014,000	730,000	642,000	455,000	4,841,000

At 31 March 2015 the Authority's outstanding contractual commitments for the construction or enhancement of Property, Plant and Equipment totalled £1,562,000. This includes a major commitment of £1,012,705 for the Business Starter Units.

Effects of Changes in Estimates

In 2012/13, the Authority made material changes to its accounting estimates for Property, Plant and Equipment, as detailed in the Revaluations note below.

Revaluations

Since 2012, the Authority has changed from undertaking a full annual revaluation to a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is re-valued at least every five years, as detailed in the Foreword. The valuations of land and buildings are carried out externally by the Chartered Surveyors at Wilkes Head & Eve LLP, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS). The sources of information and assumptions made in producing the various valuations for 1 April 2014 are set out in a valuation certificate and report.

Operational assets are defined as being held, occupied and used by the Authority in the direct delivery of services for which there is a statutory or discretionary responsibility, and valued as Existing Use Value (EUV). For specialised operational properties, depreciated replacement cost (DRC) is used. Further information is in the Statement of Accounting Policies Note 1(p) Property, Plant and Equipment.

An impairment review was conducted for 31 March 2015, by a RICS qualified chartered surveyor at Wilkes Head & Eve LLP, with no further adjustments needed to the asset values.

	Land and Buildings £	Vehicles, Plant, Equipment £	Infrastructure £	Community Assets £	Assets Under Construction £	Surplus Assets £	Total £
Valued at historical cost	0	**2,066,313**	**2,860,013**	**20,277**	**18,034**	**0**	**4,964,637**
Valued at fair value in:							
2014/15	**44,415,996**	**0**	**0**	**0**	**0**	**0**	**44,415,996**
2013/14	7,918,388						7,918,388
2012/13	14,186,451	0	0	0	0	99,047	14,285,498
2011/12	2,137,770	0	0	0	0	0	2,137,770
	68,658,605	2,066,313	2,860,013	20,277	18,034	99,047	73,722,289

11. Heritage Assets

Reconciliation of the carrying Value of Heritage Assets Held by the Authority

	Historic Buildings £	Art Collection and furniture £	Civic Regalia £	**Total Assets £**
Cost or valuation				
At 1 April 2013	700,101	131,050	5,600	**836,751**
Additions	0	0	0	**0**
Disposals	0	0	0	**0**
Revaluations	0	0	0	**0**
Impairment Losses / (reversals) recognised in the Revaluation Reserve	0	0	0	**0**
Impairment Losses (reversals) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	**0**
At 31 March 2014	700,101	131,050	5,600	**836,751**
Cost or valuation				
At 1 April 2014	700,101	131,050	5,600	**836,751**
Additions	0	0	0	**0**
Disposals	0	0	0	**0**
Revaluations	0	0	0	**0**
Impairment Losses / (reversals) recognised in the Revaluation Reserve	0	0	0	**0**
Impairment Losses (reversals) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	**0**
At 31 March 2015	700,101	131,050	5,600	**836,751**

Historic Buildings

The Authority's historic building is Jill Windmill.

Jill Windmill was first built in 1821 on another site on the South Downs and was moved to its present position at Clayton in 1852. It is currently a fully working, functioning windmill grinding corn. The volunteers from the Jack and Jill Windmills Society, a registered charity, www.jillwindmill.org.uk, meet on a regular basis and have carried out the vast majority of the restoration work of the timber construction, and the ongoing maintenance of Jill Windmill. The main renovation took place in 1989 after the structure suffered considerable damage in the storms of 1987.

The windmill is reported in the Balance at replacement cost value. This specialised valuation was updated on 23 January 2012 for the restated balances by an internal valuer, FRICS.

Art Collection and Furniture

The Authority's external valuer for its art work (Gorringes, Lewes) carried out a full valuation of the collection of 13 paintings as at 27 April 2012. The valuations were based on commercial markets including recent transaction information from auctions where similar types of paintings are regularly being purchased. The paintings have been dated from as early as 1831 and are a mixture of portraits, still life and views of the River Thames. In addition there is a map of Sussex dated 1795.

The Authority's collection of Heritage Assets also includes an Edwardian writing desk, which is housed in the Chairman's office at the Council Offices at Oaklands.

Civic Regalia

The Authority's external valuer for its art work (Gorringes, Lewes) carried out a full valuation of the Authority's civic regalia as at 27 April 2012. The items are the Chairman's Chain of Office, the Vice-Chairman's silver gilt chain, and a silver gilt and enamel elliptical badge.

Additions / Disposals of Heritage Assets

The Authority has not purchased or sold any Heritage assets in 2014/15.

12. Investment Properties

The following items of income and expenditure have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The main income received is ground rent for shopping centres and industrial estates.

	2014/15 £	2013/14 £
Rental income from investment property	**(1,782,068)**	(1,229,854)
Direct operating expenses arising from investment property	**392,412**	365,601
Net (gain) / loss	**(1,389,656)**	(864,253)

There are no restrictions on 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 disposal. The Authority has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

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

	2014/15 £	2013/14 £
Balance at 1 April	**18,710,813**	16,512,551
Additions:		
Purchases	**0**	400,000
Subsequent expenditure	**604,623**	0
Disposals	**(1,000,000)**	0
Net gains/(losses) from fair value adjustments	**2,217,257**	1,795,762
Transfers:		
to/from Property, Plant and Equipment	**448,804**	2,500
Balance at 31 March	**20,981,497**	18,710,813

Revaluations

The annual revaluation of Investment Properties measured at fair value, as detailed in the Foreword the annual valuations are carried out by an external RICS qualified chartered surveyor from Wilkes Head Eve LLP, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The sources of information and assumptions made in producing the valuations for 1 April 2014 are set out in a valuation certificate and report.

An impairment review was conducted for 31 March 2015, by Wilkes Head Eve LLP, with no further adjustments needed to the asset values.

The disposals recorded for 2014/15 were for Beacon Heights, £860,000 and Sadlers Yard, £140,000. There were no disposals recorded for 2013/14.

The transfer from Property, Plant and Equipment (Asset Under Construction) expenditure in 2013/14 of £448,804 and the subsequent expenditure in 2014/15 of £604,623 is for the Bridge Road Starter Units in Haywards Heath.

13. Intangible Assets

The Authority accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include both purchased licenses and internally generated software. All software is given a 5 year useful life. The carrying amount of intangible assets are amortised on a straight line basis. The amortisation of £103,870 charged to revenue in 2014/15 (£87,810 in 2013/14) was charged to the appropriate service headings in the Net Cost of Services.

The movement on Intangible Asset balances during the year is as follows:

	2014/15	2013/14
Balance at 1 April	£	£
Gross carrying amounts	**800,892**	1,194,272
Accumulated amortisation	**(544,711)**	(950,783)
Net carrying amount at 1 April	**256,181**	243,489
Additions:		
Purchases	**148,802**	101,623
Disposals	**0**	(1,121)
Amortisation for the year	**(103,870)**	(87,810)
Net carrying amount at end of year	**301,113**	256,181
Comprising:		
Gross carrying amounts	**853,500**	800,892
Accumulated amortisation	**(552,387)**	(544,711)
Balance at 31 March	**301,113**	256,181

14. Financial Instruments

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

	Long Term		Current	
	31 March 2015 £	31 March 2014 £	31 March 2015 £	31 March 2014 £
Investments				
Loans and receivables	**3,000,000**	8,000,000	**22,096,551**	18,157,860
Total Investments	**3,000,000**	8,000,000	**22,096,551**	18,157,860
Debtors				
Loans and receivables	**131,963**	125,409	**975,782**	1,413,412
Cash		0	**1,397,568**	0
Total Debtors	**131,963**	125,409	**2,373,350**	1,413,412
Borrowings				
Financial Liabilties at amortised cost	**(935,826)**	(1,047,045)	**(114,614)**	(131,722)
Total Borrowings	**(935,826)**	(1,047,045)	**(114,614)**	(131,722)
Other Long Term Liabilities				
Finance lease liabilities	**(310,196)**	(457,926)		
Total Other Long Term Liabilities	**(310,196)**	(457,926)		
Creditors				
Cash (Overdraft)	**0**	0	**0**	(69,043)
Financial Liabilties	**0**	0	**(1,730,363)**	(2,179,975)
Total Creditors	**0**	0	**(1,730,363)**	(2,249,018)

Borrowings

Borrowing was arranged with Public Works Loan Board (PWLB) on 4 March 2008 at a fixed interest rate of 4.55% with repayments of £157,610 per year for 15 years. An additional loan was arranged on 27 July 2009 at a fixed rate of 2.23%. Yearly payments were £43,556 for 5 years, the final payment in June 2014.

Income, Expense, Gains and Losses
The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

	Financial Liabilities measured at Amortised Cost 2015 £	Financial Assets: Loans and receivables 2015 £	Total 2015 £	Financial Liabilities measured at Amortised Cost 2014 £	Financial Assets: Loans and receivables 2014 £	Total 2014 £
Interest expense	**69,108**		**69,108**	79,773	0	79,773
Total expense in Surplus or Deficit on the Provision of Services	**69,108**	**0**	**69,108**	79,773	0	79,773
Interest income		**(324,237)**	**(324,237)**	0	(380,411)	(380,411)
Total income in Surplus or Deficit on the Provision of Services		**(324,237)**	**(324,237)**	0	(380,411)	(380,411)
Net (gain)/loss for the year	**69,108**	**(324,237)**	**(255,129)**	79,773	(380,411)	(300,638)

Fair Value of assets and liabilities
Financial assets and liabilities represented by loans and receivables and long-term debtors and creditors are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the financial instruments, using the following assumptions:

- For Public Works Loans Board (PWLB) loans, premature repayment rates from the PWLB have been applied to provide the fair value under PWLB redemption procedures
- For loans receivable prevailing benchmark market rates have been used to provide the fair value
- No early repayment or impairment is recognised
- Where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value
- The fair value of trade or other receivables is taken to be the invoiced or the billed amount.

The fair values are calculated as follows:

	Amortised Cost 31 March 2015	Fair Value 31 March 2015	Amortised Cost 31 March 2014	Fair Value 31 March 2014
Financial Liabilities	£	£	£	£
PWLB debt	**(1,051,092)**	**(1,174,592)**	(1,179,488)	(1,280,370)
Other liabilities	**(2,188,289)**	**(2,188,289)**	(2,277,878)	(2,277,878)
Financial Assets				
Money market investments greater than 1 year	**3,000,000**	**3,101,993**	8,000,000	8,055,060
Money market investments less than 1 year	**22,096,551**	**22,124,105**	18,157,860	18,134,723
Other assets	**2,505,313**	**2,505,313**	1,538,821	1,538,821

Short-term debtors and creditors are carried at cost as this is a fair approximation of their value. Debtor and Creditor amounts relating to such things as council tax, non-domestic rates, general rates etc. are outside the scope of the accounting provisions as they are statutory debts and do not arise from contracts.

15. Long Term Investments

The long-term Treasury Management Investments have maturity dates between December 2018 and January 2019.

	31 March 2015 at Cost £	31 March 2014 at Cost £
Treasury Management Investments	**3,000,000**	8,000,000

16. Long Term Debtors

2014/15	Balance at 1 April 2014 £	Advances in year £	Repayments in year £	Balance at 31 March 2015 £
Mortgages	115,534	0	(395)	**115,139**
Personal Loan Scheme	9,875	18,150	(11,201)	**16,824**
	125,409	18,150	(11,596)	**131,963**

Comparatives for 2013/14	Balance at 1 April 2013 £	Advances in year £	Repayments in year £	Balance at 31 March 2014 £
Mortgages	116,711	0	(1,177)	**115,534**
Loan to Freedom GLL	10,147	0	(10,147)	**0**
Personal Loan Scheme	26,803	3,500	(20,428)	**9,875**
	153,661	3,500	(31,752)	**125,409**

17. Inventories

	31 March 2015 £	31 March 2014 £
ICT - Computer Consumables	**2,941**	3,470
ICT - Telephones	**1,024**	1,162
	3,965	4,632

18. Debtors

	31 March 2015	31 March 2015	31 March 2014	31 March 2014
Amounts falling due within one year	£	£	£	£
Central Government Departments		**1,161,471**		143,255
Other Local Authorities		**343,997**		607,478
Other Entities and Individuals	**5,576,778**		4,925,891	
less Allowance for general Bad Debts	**(1,996,886)**		(1,737,557)	
less Allowance for Collection Fund Bad Debts	**(1,091,163)**		(1,022,178)	
Net Debtors for Other Entities and Individuals		**2,488,729**		2,166,156
Total		**3,994,197**		2,916,889

19. Short Term Investments

Short term investments comprise deposits with other Local Authorities, banks and similar institutions. Maturity is within one year. The balance shown is the outstanding principal receivable (plus accrued interest of £96,551). The total interest received in year from these investments is £320,093 and more detail is given in the explanatory foreword.

	31 March 2015	31 March 2014
	£	£
Treasury Management Investments	**22,096,551**	18,157,860

20. Cash and Cash Equivalents

The balance of Cash, cash on hand and demand deposits, and Cash Equivalents, short-term , highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, is made up of the following elements:

	31 March 2015	31 March 2014
	£	£
Cash held by the Authority	**310**	310
Bank current accounts	**1,397,258**	(69,353)
	1,397,568	(69,043)

21. Assets Held for Sale

The Authority has no assets held for sale at 31 March 2015 or for 31 March 2014.

22. Creditors

	31 March 2015 £	31 March 2014 £
Government Departments	**(1,260,927)**	(2,403,406)
Other Local Authorities	**(2,135,695)**	(1,908,664)
Other entities and individuals	**(2,349,533)**	(2,872,743)
	(5,746,155)	(7,184,813)

23. Provisions

At 31 March 2015 there is a provision for Employee Benefits Accrual. Employees build up an entitlement to be paid holidays as they work. Under the Code, the cost of providing holidays and similar benefits is required to be recognised when employees render services that increase their entitlement to future compensated absences. As a result, the Authority is required to accrue for any annual leave earned but not taken at 31 March each year.

The Other Provisions total of £758,272 at 31 March 2015 is made up of three amounts:

- £11,621 is in relation to MMI, further details are set out in the Foreword.
- £38,296 Termination Benefits Provision. Further details are set out in Note 33.
- £708,355 NNDR Appeals Outstanding Provision, MSDC share, further detail is in the Collection Fund Section 4.

	Employee Benefits Provision £	Other Provisions £	Total Provisions £
Balance at 1 April 2013	**(142,327)**	(17,672)	**(159,999)**
Movement in Year	**4,160**	(886,219)	**(882,059)**
Balance at 31 March 2014	**(138,167)**	(903,891)	**(1,042,058)**
Movement in Year	**(15,489)**	145,619	**130,130**
Balance at 31 March 2015	**(153,656)**	(758,272)	**(911,928)**

24. Usable Reserves

All movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement. Also, full details of the movements in Earmarked Specific Reserve and General Fund Balances are shown in Note 9.

Balance at 1 April 2015 £	Usable Reserves	Purpose of Reserve	Balance at 31 March 2015 £	see below
(3,120,656)	**Capital Grants Unapplied Account**	Contributions available to finance capital expenditure	**(2,813,291)**	(a)
(325,856)	**Usable Capital Receipts Reserve**	Proceeds of non current asset sales available to meet future capital investment	**(1,209,288)**	(b)
(3,652,985)	**Earmarked Specific Reserve**	Amounts for particular purposes and for which Member authorisation has been obtained as to how these may be applied	**(4,666,809)**	Note 9
(8,979,180)	**General Fund Balances**	Resources available to meet future running costs for services	**(10,925,411)**	Note 9
(16,078,677)	**Total Usable Reserves**		**(19,614,799)**	

(a) Capital Grants Unapplied Account

The Capital Grants Unapplied Account (Reserve) represents Section 106 contributions and capital grants with no repayment conditions that are available to finance capital expenditure.

2013/14 £		2014/15 £
(2,439,888)	**Balance brought forward at 1 April**	**(3,120,656)**
(1,020,563)	Capital contributions received during year including transfers from Time Limited Section 106s	**(568,837)**
339,795	less applied for capital financing	**876,202**
(3,120,656)	**Balance carried forward at 31 March**	**(2,813,291)**

(b) Usable Capital Receipts Reserve

The Usable Capital Receipts Reserve represents the capital receipts from the sale of non- current assets that are available to finance future capital expenditure.

2013/14 £	2013/14 £		2014/15 £	2014/15 £
	(1,949,276)	**Balance at 1 April**		**(325,856)**
(76,553)		Capital Receipts during year	**(1,281,044)**	
(1,177)		Mortgage Principal Repaid	**(395)**	
	(77,730)			**(1,281,439)**
58,297		less payment of Pooling of Housing Capital Receipts	**72,151**	
1,642,853		less applied for capital financing	**325,856**	
	1,701,150			**398,007**
	(325,856)	**Balance at 31 March**		**(1,209,288)**

25. Unusable Reserves

Balance at 1 April 2014 £	Unusable Reserves	Purpose of Reserve	Balance at 31 March 2015 £	see below
(29,881,483)	**Revaluation Reserve**	Represents gains on revaluation of Land & Building Assets since 1 April 2007	**(31,033,067)**	(a)
(62,503,769)	**Capital Adjustment Account**	Represents timing differences between consumption of non current assets and financing of capital expenditure	**(63,123,560)**	(b)
(188,594)	**Deferred Capital Receipts Reserve**	Amounts of capital income still to be received	**(188,199)**	(c)
30,050,633	**Pensions Reserve**	Balancing account to allow inclusion of Pensions Liability in the Balance Sheet	**37,243,977**	(d)
168,754	**Collection Fund Adjustment Account**	Balance due to or from Mid Sussex for Deficit / (Surplus)	**389,567**	(e)
138,167	**Accumulated Absences Account**	Balancing account to allow inclusion of Provision for Employee Benefits Accrual	**153,656**	(f)
(62,216,292)	**Total Unusable Reserves**		**(56,557,626)**	

(a) Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment, Intangible Assets and Heritage Assets. 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, or
- disposed of and the 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 balance on the Capital Adjustment Account.

2013/14 £	2013/14 £		2014/15 £	2014/15 £
	(26,658,556)	**Balance at 1 April**		**(29,881,483)**
(3,724,433)		Upward revaluation of assets	**(1,830,947)**	
130,747		Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	**39,775**	
	(3,593,686)	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services		**(1,791,172)**
359,912		Difference between fair value depreciation and historical cost	**441,791**	
10,847		Accumulated gains on assets sold or scrapped	**197,797**	
	370,759	Amount written off to the Capital Adjustment Account		**639,588**
	(29,881,483)	**Balance at 31 March**		**(31,033,067)**

(b) Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangement for accounting for the consumption of non-current assets and for financing the 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 on Investment Properties.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 8 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2013/14 £	2013/14 £		2014/15 £	2014/15 £
	(57,915,161)	**Balance at 1 April**		**(62,503,769)**
		Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
1,925,543		Charges for depreciation and impairment of non-current assets	**2,038,895**	
(130,417)		Revaluation losses/(gains) on Property, Plant and Equipment	**2,572,085**	
87,810		Amortisation of intangible assets	**103,870**	
1,300,082		Revenue expenditure funded from capital under statute	**1,591,249**	
816,110		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	**1,622,726**	
	3,999,128			**7,928,825**
	(370,759)	Adjusting amounts written out of the Revaluation Reserve		**(639,588)**
	3,628,369	Net written out amount of the cost of non-current assets consumed in the year		**7,289,237**
		Capital financing applied in the year:		
(1,642,853)		Use of the Capital Receipts Reserve to finance new capital expenditure	**(325,856)**	
(2,892,080)		Capital expenditure charged against the General Fund balances	**(2,323,328)**	
(1,306,377)		Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	**(1,917,038)**	
(339,795)		Application of grants to capital financing from the Capital Grants Unapplied Account	**(876,202)**	
(240,110)		Statutory provision for the financing of capital investment charged against the General Fund balance	**(249,347)**	
	(6,421,215)			**(5,691,771)**
	(1,795,762)	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement		**(2,217,257)**
	(62,503,769)	**Balance at 31 March**		**(63,123,560)**

(c) Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. They consist of the principal outstanding from mortgage loans on sales of Council houses, advances to Housing Associations, Housing Advances and other miscellaneous loans.

Under statutory arrangements, the Authority does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

2013/14 £		2014/15 £
(189,771)	**Balance at 1 April**	**(188,594)**
	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	
1,177	Mortgage Principal repaid transferred to Capital Receipts Reserve upon receipt of cash	**395**
(188,594)	**Balance at 31 March**	**(188,199)**

(d) Pensions 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 the 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 balance 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.

2013/14 £		2014/15 £
30,056,982	**Balance at 1 April**	**30,050,633**
(1,000,799)	Actuarial gains or losses on pensions assets and liabilities	**6,568,060**
3,200,406	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	**3,188,507**
(2,205,956)	Employer's pensions contributions and direct payments to pensiors payable in the year	**(2,563,223)**
30,050,633	**Balance at 31 March**	**37,243,977**

(e) Collection Fund Adjustment Account

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

2013/14 £		2014/15 £
(94,235)	**Balance at 1 April**	**168,754**
34,251	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	**(77,648)**
228,738	Amount by which business rates income credited to the Comprehensive Income and Expenditure Statement is different from business rates income calculated for the year in accordance with statutory requirements	**298,461**
168,754	**Balance at 31 March**	**389,567**

(f) 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, e.g annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2013/14 £	2013/14 £		2014/15 £	2014/15 £
	142,327	**Balance at 1 April**		**138,167**
(142,327)		Settlement or cancellation of accrual made at the end of the preceding year	**(138,167)**	
138,167		Amounts accrued at the end of the current year	**153,656**	
	(4,160)	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		**15,489**
	138,167	**Balance at 31 March**		**153,656**

26. Trust Funds

The Authority is the sole trustee of and administers a number of Trust Funds which have been consolidated within Service Net Expenditure as follows. The accounts for these charities are subject to independent examination. The Trust Fund Assets are not consolidated within the Authority's Assets.

Total Assets Less Current Liabilities 31 March 15 £	Trust Fund	2014/15 Gross Expenditure £	2014/15 Gross Income £	2014/15 Net Expenditure £	2013/14 Net Expenditure £
1,735,126	Beech Hurst Gardens	146,744	(112,407)	**34,337**	(25,281)
403,862	St.Johns Park	57,064	(48,936)	**8,128**	6,237
62,519	Fairfield Road Recreation Ground	15,003	(15,037)	**(34)**	1,960
176,470	Richard Worsley Recreation Ground	45,821	(39,449)	**6,372**	4,011
2	Lucastes Avenue Open Space	344	(344)	**0**	0
1	West Common Open Space	806	(806)	**0**	0
146,553	Ashurst Wood Recreation Ground	11,857	(10,296)	**1,561**	1,962
1	Brooklands Park	3,072	(3,072)	**0**	0
2,524,534		280,711	(230,347)	**50,364**	(11,111)

27. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

2013/14 £		2014/15 £
(538,197)	Interest received	**(385,546)**
80,153	Interest paid	**69,770**
0	Dividends received	**0**

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

restated 2013/14 £		2014/15 £
(1,925,543)	Depreciation	**(2,038,895)**
130,417	Impairment and downward valuations	**(2,572,085)**
(87,810)	Amortisation of Intangible Assets	**(103,870)**
(786,064)	Increase / (decrease) in impairment for bad debts	**(328,314)**
380	Increase / (decrease) in interest creditors	**662**
(332,920)	Increase / (decrease) in creditors	**1,193,252**
(157,786)	Increase / (decrease) in interest debtors	**(61,309)**
282,473	Increase / (decrease) in debtors	**1,412,571**
(1,501)	Increase / (decrease) in inventories	**(667)**
(994,450)	Movement in pension liability	**(625,284)**
(882,059)	Contributions (to)/from Provisions	**130,130**
(816,110)	Carrying amount of non-current assets sold or de-recognised	**(1,622,726)**
1,795,762	Movement in Investment Property values	**2,217,257**
(3,775,211)		**(2,399,278)**

The surplus or deficit on the provision of services has been adjusted for the following items that are investing or financing activities:

2013/14 £		2014/15 £
2,323,282	Capital grants credited to the surplus or deficit on the provision of services	**2,377,069**
76,553	Proceeds from the sale of non-current assets	**1,281,044**
2,399,835		**3,658,113**

28. Cash Flow Statement – Investing Activities

2013/14 £		2014/15 £
4,502,508	Puchase of property, plant and equipment, investment property and intangible assets	**4,015,773**
30,000,000	Purchase of short-term and long-term investments	**20,000,000**
0	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	**(1,281,439)**
(27,500,000)	Proceeds from short-term and long-term investments	**(21,000,000)**
(2,957,412)	Capital grants and S106 contributions received	**(2,156,929)**
4,045,096	**Net Cashflows from investing activities**	**(422,595)**

29. Cash Flow Statement – Financing Activities

2013/14 £		2014/15 £
0	Cash receipts of short term and long term borrowing	**0**
0	Other receipts from financing activities	**0**
138,461	Cash payments for the reduction of the outstanding liabilities relating to finance leases	**143,020**
144,016	Repayments of short term and long term borrowing	**127,865**
(722,657)	Other payments for financing activities	**80,608**
(440,180)	**Net cash flows from financing activities**	**351,493**

30. 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 2014/15. However, decisions about resource allocation are taken by the Authority's Cabinet on the basis of budget reports analysed across business units. 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 and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement)
- the cost of retirement benefits is based on cash flows (payments of employer's pensions contributions)rather than current service cost of benefits accrued in the year
- expenditure on some support services is budgeted for centrally and not charged to business units.

Further analysis is detailed in the foreword by the Head of Finance which shows the net expenditure breakdown for the year across each Head of Service area compared to the Corporate Plan and Budget Report 2014/15.

Business Unit Income & Expenditure 2014/15	Fees, charges & other service income	Government Grants	Total Income	Employee expenses	Other service expenses	Support service recharges	Total Expenditure	Net Expenditure
	£	£	£	£	£	£	£	£
Performance & Partnerships	(509,938)	0	(509,938)	543,592	460,026	223,254	1,226,872	716,934
Customer Services & Comms	(3,338)	0	(3,338)	356,165	107,669	(433,815)	30,019	26,681
Development Management	(1,145,752)	0	(1,145,752)	830,057	310,893	349,162	1,490,112	344,360
Planning Policy	(427,472)	0	(427,472)	363,481	337,775	205,367	906,623	479,151
Planning Services Support	0	0	0	(3,179)	602	0	(2,577)	(2,577)
Finance Accountancy	0	0	0	441,810	107,058	(585,707)	(36,839)	(36,839)
Finance Corporate	(2,953)	0	(2,953)	1,239,222	186,950	(26,915)	1,399,257	1,396,304
Human Resources & Payroll	(3,511)	0	(3,511)	321,729	75,755	(399,334)	(1,850)	(5,361)
CenSus ICT	0	0	0	105,346	884,523	(911,517)	78,352	78,352
CenSus Revenues & Benefits	(2,840,637)	(39,276)	(2,879,913)	2,987,949	831,019	790,585	4,609,553	1,729,640
Housing	(129,990)	0	(129,990)	359,840	400,219	195,810	955,869	825,879
Environmental Health	(314,588)	0	(314,588)	774,181	142,129	317,763	1,234,073	919,485
Building Control	(477,095)	0	(477,095)	498,280	61,069	141,739	701,088	223,993
Leisure, Community Services & Culture	(37,466)	(16,428)	(53,894)	286,043	934,373	170,457	1,390,873	1,336,979
Parking Services	(2,460,333)	0	(2,460,333)	467,509	550,256	165,159	1,182,924	(1,277,409)
Cleansing Services	(1,623,872)	0	(1,623,872)	250,864	3,806,585	187,938	4,245,387	2,621,515
Facility Mgment & Streetscene	(630,304)	0	(630,304)	395,337	1,546,627	357,668	2,299,632	1,669,328
Legal Services	(99,615)	0	(99,615)	282,965	43,326	(224,649)	101,642	2,027
Property & Asset Management	(1,889,422)	0	(1,889,422)	342,121	961,966	(645,324)	658,763	(1,230,659)
Member Support	(1,719)	(106,425)	(108,144)	230,895	546,047	45,302	822,244	714,100
Land Charges	(185,498)	0	(185,498)	139,078	6,003	132,415	277,496	91,998
Strategic Core	0	0	0	946,280	66,115	(55,358)	957,037	957,037
Benefits	(2,097,604)	(32,335,590)	(34,433,194)	0	34,301,927	0	34,301,927	(131,267)
Total	(14,881,107)	(32,497,719)	(47,378,826)	12,159,565	46,668,912	0	58,828,477	11,449,651

Reconciliation of Business Unit Income and Expenditure to Cost of Services in the CIES

	2014/15 £	2014/15 £
Net expenditure in the business unit analysis		11,449,651
Investment Property within reporting segment but excluded from Net Cost of Service		1,389,656
Grants reported as part of Business Unit Income but shown on CIES as General Government Grant	145,700	
Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the analysis	4,427,247	4,572,947
Cost of Services in Comprehensive Income and Expenditure Statement		17,412,254

Reconciliation to Subjective Analysis

2014/15	Business Unit Analysis £	Amounts not reported to management for decision making & grants reported within business units £	Investment Property within reporting segment but excluded from Net Cost of Service £	Allocation of recharges £	Cost of Services £	Corporate Amounts £	**Total** £
Fees, charges & other service income	(14,881,107)	2,481,709	1,782,068	9,039	(10,608,291)	0	(10,608,291)
Interest and investment income					0	(324,237)	(324,237)
Income from council tax and business rates					0	(13,399,137)	(13,399,137)
Government grants and contributions	(32,497,719)	145,700			(32,352,019)	(7,820,311)	(40,172,330)
Total Income	(47,378,826)	2,627,409	1,782,068	9,039	(42,960,310)	(21,543,685)	(64,503,995)
Employee expenses	12,159,565	(2,064,888)	(146,648)		9,948,029	1,276,467	11,224,496
Other service expenses	46,668,912	538,734	(99,857)		47,107,789	(3,772,152)	43,335,637
Support Service recharges			(145,907)		(145,907)	0	(145,907)
Depreciation, amortisation and impairment		3,471,692		(9,039)	3,462,653	0	3,462,653
Interest Payments					0	69,108	69,108
Precepts & Levies					0	3,324,592	3,324,592
Payment to Housing Capital Receipts Pool					0	72,151	72,151
Gain or loss on disposal of assets					0	506,921	506,921
Total Expenditure	58,828,477	1,945,538	(392,412)	(9,039)	60,372,564	1,477,087	61,849,651
Surplus or deficit on the provision of services	11,449,651	4,572,947	1,389,656	0	17,412,254	(20,066,598)	(2,654,344)

Business Unit Income & Expenditure 2013/14	Fees, charges & other service income	Government Grants	Total Income	Employee expenses	Other service expenses	Support service recharges	Total Expenditure	Net Expenditure
	£	£	£	£	£	£	£	£
Performance & Partnerships	(438,792)	0	(438,792)	504,499	380,825	226,949	1,112,273	673,481
Customer Services & Comms	(4,571)	0	(4,571)	326,264	83,954	(401,922)	8,296	3,725
Development Management	(1,075,899)	0	(1,075,899)	770,997	338,786	371,140	1,480,923	405,024
Planning Policy	(46,220)	0	(46,220)	328,226	205,917	197,899	732,042	685,822
Planning Services Support	0	0	0	(5,890)	651	0	(5,239)	(5,239)
Finance Accountancy	0	0	0	463,714	94,889	(582,492)	(23,889)	(23,889)
Finance Corporate	(2,599)	0	(2,599)	1,180,038	219,331	(38,946)	1,360,423	1,357,824
Human Resources & Payroll	(3,511)	0	(3,511)	316,366	60,748	(391,019)	(13,905)	(17,416)
CenSus ICT	0	0	0	18,637	833,426	(872,649)	(20,586)	(20,586)
CenSus Revenues & Benefits	(2,796,921)	(35,906)	(2,832,827)	2,927,901	888,149	705,160	4,521,210	1,688,383
Housing	(152,555)	(10,141)	(162,696)	353,945	456,791	180,408	991,144	828,448
Environmental Health	(316,215)	0	(316,215)	748,536	122,423	327,868	1,198,827	882,612
Building Control	(463,916)	0	(463,916)	584,999	44,216	127,172	756,387	292,471
Leisure, Community Services & Culture	(129,967)	0	(129,967)	324,143	897,735	227,141	1,449,019	1,319,052
Parking Services	(2,278,047)	0	(2,278,047)	487,451	514,950	158,095	1,160,496	(1,117,551)
Cleansing Services	(1,679,451)	0	(1,679,451)	258,731	3,745,750	202,283	4,206,764	2,527,313
Facility Mgment & Streetscene	(549,593)	0	(549,593)	351,355	1,707,273	323,332	2,381,960	1,832,367
Legal Services	(106,521)	0	(106,521)	257,318	35,314	(220,341)	72,291	(34,230)
Property & Asset Management	(1,351,870)	0	(1,351,870)	371,682	797,656	(555,273)	614,065	(737,805)
Member Support	(3,152)	(16,044)	(19,196)	240,693	499,633	10,582	750,908	731,712
Land Charges	(171,360)	0	(171,360)	142,202	27,781	91,842	261,825	90,465
Strategic Core	(610)	0	(610)	963,668	66,816	(87,229)	943,255	942,645
Benefits	(1,681,962)	(32,425,645)	(34,107,607)	0	34,136,689	0	34,136,689	29,082
Total	(13,253,732)	(32,487,736)	(45,741,468)	11,915,475	46,159,703	0	58,075,178	12,333,710

Reconciliation of Business Unit Income and Expenditure to Cost of Services in the CIES

	2013/14 £	2013/14 £
Net expenditure in the business unit analysis		12,333,710
Investment Property within reporting segment but excluded from Net Cost of Service		864,252
Grants reported as part of Business Unit Income but shown on CIES as General Government Grant	59,281	
Additional provision for Personal Searches in the Comprehensive Income and Expenditure Statement not reported to management in the analysis	170,822	
Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the analysis	1,998,978	2,229,081
Cost of Services in Comprehensive Income and Expenditure Statement		15,427,043

Reconciliation to Subjective Analysis

2013/14	Business Unit Analysis £	Amounts not reported to management for decision making and grants reported within business units £	Investment Property within reporting segment but excluded from Net Cost of Service £	Allocation of recharges £	Cost of Services £	Corporate Amounts £	**Total** £
Fees, charges & other service income	(13,253,732)	2,498,298	1,229,854	9,039	(9,516,541)	0	(9,516,541)
Interest and investment income					0	(380,411)	(380,411)
Income from council tax					0	(13,078,803)	(13,078,803)
Government grants and contributions	(32,487,736)	59,281			(32,428,455)	(7,324,674)	(39,753,129)
Total Income	(45,741,468)	2,557,579	1,229,854	9,039	(41,944,996)	(20,783,888)	(62,728,884)
Employee expenses	11,915,475	(1,801,834)	(149,170)	0	9,964,471	1,343,567	11,308,038
Other service expenses	46,159,703	421,164	(74,378)	0	46,506,489	(2,660,015)	43,846,474
Support Service recharges			(142,054)	(9,039)	(151,093)	0	(151,093)
Depreciation, amortisation and impairment		1,052,172			1,052,172	0	1,052,172
Interest Payments					0	79,773	79,773
Precepts & Levies					0	3,355,600	3,355,600
Payment to Housing Capital Receipts Pool					0	58,297	58,297
Gain or loss on disposal of assets					0	739,556	739,556
Total Expenditure	58,075,178	(328,498)	(365,602)	(9,039)	57,372,039	2,916,778	60,288,817
Surplus or deficit on the provision of services	12,333,710	2,229,081	864,252	0	15,427,043	(17,867,110)	(2,440,067)

31. Agency Services

The Authority provides a Civil Parking Enforcement Service (CPE) and Controlled Parking Zone Service (CPZ) on behalf of West Sussex County Council (WSCC). West Sussex County Council fund any deficit incurred in the operation by the Authority of these services. The deficit remaining in both years relates to non-cash accounting entries in respect of IAS19 Retirement Benefits.

The Authority, as the billing authority, also acts as agent for the Government in collecting Nation Non-Domestic Rates (NNDR). The Government paid an allowance for the cost of this collection of £171,742 in 2014/15 (£172,028 in 2013/14).

	2014/15	2013/14
	£	£
Expenditure incurred in providing a CPE/CPZ service to WSCC	**543,765**	556,182
Fees and charges	**(373,611)**	(372,449)
Management fee payable by WSCC	**(149,191)**	(150,758)
Net (Surplus) / Deficit arising on the agency arrangement	**20,963**	32,975
Government contribution for cost of collection of NNDR	**(171,742)**	(172,028)
Net (Surplus) / Deficit arising on the agency arrangement	**(171,742)**	(172,028)

32. Members' Allowances

The Authority paid the following amounts to Members of the council during the year.

	2014/15	2013/14
	£	£
Allowances	**355,740**	354,492
Expenses	**14,270**	14,212
Total	**370,010**	368,704

33. Officers' Remuneration

The remuneration paid to the Authority's senior employees is as follows:

		Salary (including fees & Allowances)	**Expenses Allowances**	**Pension contributions**	**Total**
		£	£	£	£
Assistant Chief Executive	2014/15	71,795	1,759	12,149	85,703
Assistant Chief Executive (Note a)	2013/14	32,188	397	5,083	37,668
Assistant Chief Executive (Note b)	2013/14	40,253		6,279	46,532
Chief Executive	2014/15	110,000	1,730	18,454	130,184
Chief Executive	2013/14	110,000	1,620	17,413	129,033
Head of Econ.Promotion & Planning	2014/15	60,888		10,057	70,945
Head of Econ. Promotion & Planning	2013/14	60,585	361	9,508	70,454
Head of Finance, HR & ICT	2014/15	76,236	1,360	12,818	90,414
Head of Finance, HR & ICT	2013/14	75,857	1,285	12,034	89,176
Head of Housing Services	2014/15	60,888	0	10,057	70,945
Head of Housing Services	2013/14	60,585	0	9,451	70,036
Head of Leisure & Sustainability	2014/15	68,504	1,605	11,580	81,689
Head of Leisure & Sustainability	2013/14	66,871	1,558	10,675	79,104
Head of Revenues & Benefits (CenSus)	2014/15	64,376	1,147	11,150	76,673
Head of Revenues & Benefits (CenSus)	2013/14	64,056	1,044	10,481	75,581
Solicitor to the Council	2014/15	68,504	0	11,315	79,819
Solicitor to the Council	2013/14	68,163	0	10,633	78,796

(Expenses allowances comprise BUPA Medical Insurance payments only)

Note a: This employee left the Council on 3 September 2013, and their costs were less than £50,000, Therefore they have been excluded from the Remuneration Banding Note below.

Note b: This employee was appointed on 4 September 2013 and the table therefore shows a part year cost. As their costs were less than £50,000, they have been excluded from the Remuneration Banding Note below for 2013/14.

Banding Note

The total number of employees, whose remuneration, excluding employer's pension contributions, was £50,000 or more in bands of £5,000 were:

	Number of Employees	
Remuneration Band	2014/15	2013/14
£110,000 - £114,999	**1**	1
£75,000 - £79,999	**1**	1
£70,000 - £74,999	**2**	0
£65,000 - £69,999	**2**	3
£60,000 - £64,999	**3**	2
£55,000 - £59,999	**3**	1
£50,000 - £54,999	**4**	4

These bandings include all the senior employees listed individually above (unless specifically excluded within the notes). It also includes non-senior employees whose remuneration totals more than £50,000 in the year.

The employee remuneration (not for a senior employee shown in the first table) which is shown in the band £60,000 - £64,999 (2014/15) includes a severance payment being paid in that year only, in addition to normal salary. This post has now been deleted from the establishment.

Exit Packages

The Authority terminated the contracts of a number of employees in 2014/15, incurring gross liabilities of £113,901 (compared to £230,363 in 2013/14). It should be noted that £31,093 of these costs have been recovered from our Census partners giving a net cost to the Authority of £82,808 (compared to £203,688 in 2013/14).

The exit packages included in the table below are those that have been agreed by the authority and include all termination benefits, including all relevant redundancy costs i.e. compulsory and voluntary redundancy costs, lump sum pension contributions, and other departure costs.

These costs are set out below in rising bands of £20,000 up to £100,000 and bands of £50,000 thereafter. However, in accordance with the Code, bands are combined where it is necessary to ensure that individual exit packages cannot be identified (except where disclosure of payments to the individual is required elsewhere under the regulations).

Banding Note

Exit Package Cost Bands (including special payments)	Number of compulsory redundancies (a)		Number of other departures agreed (b)		Total number of exit packages by cost band (a + b)		Total cost of exit packages in each band	
	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14
£150,001 - £200,000	-	-	-	-	-	-	-	-
£40,001 - £150,000*	-	-	-	1	-	1	-	42,050
£20,001 - £40,000	1	-	1	-	2	-	49,895	-
£0,000 - £20,000	-	-	4	3	4	3	44,071	28,032
	1	-	5	4	6	4	93,966	70,082
Provision**	1	-	1	1	2	1	19,935	160,281
Total	2	-	6	5	8	5	113,901	230,363

* 4 bands are combined to maintain confidentially of individual employees.

**For 2014/15, provision was £38,296. This has been reduced by an £18,361 credit which relates to the over provision of the 13/14 provision. The net total is £19,935.

The table above includes £93,966 (£70,082 in 2013/14) for exit packages that have been charged to the Authority's Comprehensive Income and Expenditure Statement in the current year. In addition, in 2014/15, the Statement includes a provision of £38,296** which was agreed for 2 officers (£160,281 in 2013/14 for 1 officer); these costs are not included in the bands and therefore an additional line has been added to reconcile the total cost of termination benefits reported in the Comprehensive Income and Expenditure Statement.

In the Comprehensive Income and Expenditure Statement, the total cost of £113,901 (£230,363 in 2013/14) is included as follows:

Service Net Expenditure	**2014/15**	**2013/14**
Central Services to the Public	£6,194	£42,050
Culture, Environmental and Planning Services	£27,000	£68,374
Highways, Roads and Transport Services	-	£7,444
Housing Services	£28,281	-
Corporate and Democratic Core	£56,248	£9,338
Non Distributed Costs	(£3,822)	£103,157
Financing and Investment Income & Expenditure		
Investment Properties Net Income	-	-

34. External Audit Costs

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Authority's external auditors:

	2014/15 £	Restated 2013/14 £	
Fees payable to Ernst & Young LLP with regard to external audit services carried out by the appointed auditor for the year	70,707	67,389	*
Audit fee Rebate from Audit Commission		0	
Fees payable to the to Ernst & Young LLP for the certification of grant claims and returns for the year	16,710	23,810	**
Fees payable in respect of other services provided by the appointed auditor during the year		0	
	87,417	91,199	

* includes a fee variation of £900 for additional audit procedures undertaken to gain assurance for the 2013/14 financial statements opinion.

**includes a fee variation of £14,922 for additional Audit work relating to the 2013/14 Housing Benefit Subsidy claim

35. Grant Income

The authority credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2014/15.

	2014/15	2013/14
Credited to Taxation and Non Specific Grant Income	£	£
Revenue Support Grant	**(2,242,041)**	(2,813,065)
Council Tax Freeze Grant	**(88,948)**	(88,096)
New Homes Bonus	**(2,501,563)**	(1,617,556)
Housing Benefits Administration Grant	**(396,052)**	(530,959)
Community Right To Challenge	**(8,547)**	(8,547)
Individual Electoral Registration Grant	**(106,424)**	(16,044)
DWP Implementing Welfare Reform	**(12,386)**	(18,296)
DWP LA Data Sharing programme	**(10,123)**	(17,154)
DWP HB Reform Transitional Funding	**0**	(7,787)
DWP Migrants Access To Benefit	**(3,106)**	0
DWP New Burdens Real Time Information	**(5,916)**	0
DWP Single Fraud Investigation Service	**(562)**	0
DWP Fraud and Error Reduction Incentive Scheme	**(7,183)**	0
New Burden Assets Community Value Grant	**(7,855)**	(7,855)
New Burden Council Tax Reform & Business Rates Scheme	**(105,755)**	(49,709)
Small Business and Empty Property Business Rate Relief	**(754,471)**	(435,741)
New Burdens INSPIRE Annex 111	**0**	(7,131)
Capitalisation Provisional Redistribution Grant	**0**	(14,832)
Transparency Code Set Up Grant	**(5,615)**	(2,588)
Local Council Tax New Burdens	**(71,758)**	0
Council Tax Flood Relief Grant	**(4,515)**	0
Repair and Renew Grant	**(720)**	0
Neighbourhood Planning Grant	**(75,000)**	(20,000)
Non-ringfenced government grants	**(6,408,540)**	(5,655,360)
Income from Council Tax	**(11,868,138)**	(11,551,266)
Income from Business Rates Retention Scheme	**(16,446,558)**	(15,928,888)
NDR Top-up Tariff Payment	**14,915,559**	14,401,351
Capital Grants and S106 Receipts	**(1,411,771)**	(1,669,314)
Total credited to Taxation and Non Specific Grant Income	**(21,219,448)**	(20,403,477)
Credited to Services	£	£
DWP Housing Benefit Subsidy	**(32,335,590)**	(32,473,464)
DWP Council Tax Benefit Subsidy	**0**	44,363
DWP Repair and Renew Grant	**(16,428)**	0
Disabled Facilities Grant	**(362,814)**	(352,717)
Council Tax Collection Administration	**(1,837)**	(2,158)
West Sussex County Council Contribution- Civil Parking Enforcement/Controlled Parking Zone	**(149,191)**	(150,758)
West Sussex County Council Contribution- Recycling Credits	**(699,084)**	(746,884)
West Sussex County Council Contribution- Watercourses	**(12,500)**	(25,000)
West Sussex County Council Contribution- Local Assistance Network	**(24,000)**	(24,000)
West Sussex County Council Contribution- Pioneer Places	**0**	(33,986)
West Sussex County Council Contribution-Public Health	**0**	(251,354)
Local Strategic Partnership	**(74,315)**	(50,496)
DWP Grants for Benefits/ Council Tax Collection	**0**	(455)
NNDR Cost of Collection contribution	**(171,742)**	(172,028)
Other	**(52,962)**	(38,496)
Total Credited to Services	**(33,900,463)**	(34,277,433)
Total	**(55,119,911)**	(54,680,910)

The revenue grants that have yet to be recognised as income, as they have conditions attached to them that will require the monies to be returned to the giver, are held as Receipts In Advance within Creditors. The balances at the year-end are as follows:

Grants Receipts in Advance- Revenue Grants	2014/15 £	2013/14 £
Rent Allowance Subsidy	**0**	(910,799)
Non HRA Subsidy	**(15,191)**	(36,990)
Council Tax Benefit Subsidy	**0**	(44,291)
Recession Impact Funding	**0**	(21,064)
Healthy Mid Sussex	**(22,185)**	(27,985)
Local Strategic Partners	**(19,334)**	(20,634)
Community Safety Partners	**(43,078)**	(4,434)
Healthy Walks	**(1,315)**	(3,110)
Balance at 31 March	**(101,103)**	(1,069,307)

Capital Grants and Contributions - Receipts In Advance
The Authority has received a number of grants and contributions that have yet to be recognised as income as they have conditions attached to them that will require the monies to be returned to the giver, including Section 106s, which are time limited.

Section 106 receipts are monies paid to the Council by developers as a result of the grant of planning permission where works are required to be carried out or new facilities provided as a result of that permission (e.g. playgrounds and equipment). The sums are restricted to being spent only in accordance with the agreement concluded with the developer.

	2014/15 £	2013/14 £
Balance at 1 April	**(5,103,183)**	(4,546,783)
Received in year	**(2,031,202)**	(2,389,275)
Applied to Comprehensive Income Expenditure Statement for Capital Financing	**1,808,231**	1,302,719
Applied to Comprehensive Income Expenditure Statement for transfer to Unapplied Capital Grant Account	**430,886**	518,865
Applied to Comprehensive Income Expenditure Statement, or for transfer to General Reserve	**12,225**	11,291
Balance at 31 March	**(4,883,043)**	(5,103,183)

The £4,883,043 year-end balance is from Time Limited Section 106 receipts.

36. 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 Authority. Disclosure of these transactions allows readers to assess the extent to which the Authority 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. In this context, related parties include Central Government, Members, Chief Officers, partnerships.

We have sent a letter for confirmation of any related party transactions to all members and senior officers, and almost all signed declarations have been returned.

Related Parties for the Authority include the following:

Central Government

Central government has significant influence 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 30 on reporting for resources allocation decisions. Grant receipts outstanding at 31 March 2015 are shown in Note 35.

Members

Members of the Authority have direct control over the Authority's financial and operating policies. The total of members' allowances paid in 2014/15 is shown in Note 32. During 2014/15, no works or services were commissioned from companies in which any member had an interest. A review of the Register of Members' Interests has been undertaken to ascertain if any related party interests exist. No material disclosures have been identified. The Register of Members' Interest is open to public inspection at the council office during office hours, on application, and is also available on the Council's website.

Officers

Senior Officers have not disclosed any material transactions with related parties.

Census Partnership

As a result of the Census Partnership Joint arrangement between Adur, Horsham and Mid Sussex District Council, there is an agreement to share costs and benefits in respect of the partnership according to percentage shares which are subject to ongoing review. The agreed shares for 2014/15 for Revenues and Benefits were Adur (28.46%), Horsham (34.98%) and Mid Sussex (36.56%). For ICT, these shares were Adur (45.50%), Horsham (24.74%) and Mid Sussex (29.76%). During the financial year 2014-15, the expenditure costs for ICT CenSus paid to Horsham DC were £777,277. Contributions due for the year in respect of the Revenue and Benefits service were £991,134 for Horsham and £806,550 for Adur. As at 31 March 2015, the following amounts were due in respect of expenditure in that year:

	£		£
Mid Sussex liability to Horsham	**42,519**	Horsham liability to Mid Sussex	**137,595**
Mid Sussex liability to Adur	**0**	Adur liability to Mid Sussex	**36,756**

37. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases), 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.

	2014/15	2013/14
	£	£
Opening Capital Financing Requirement	**1,791,672**	2,031,782
Capital Investment		
Operational Assets and Assets Under Construction	**3,097,750**	4,379,400
Investment Assets	**604,623**	400,000
Intangible Assets	**148,802**	101,623
Revenue expenditure funded from capital under statute / De minimis Assets	**1,591,249**	1,300,082
Source of Finance		
Capital Receipts	**(325,856)**	(1,642,853)
Government Grants and Section 106 receipts in advance	**(1,917,038)**	(1,306,377)
Capital Grants Unapplied Account	**(876,202)**	(339,795)
Sums set aside from Revenue (NB: includes direct revenue financing, MRP and any voluntary set aside)	**(2,572,675)**	(3,132,190)
Closing Capital Financing Requirement	**1,542,325**	1,791,672
Explanation of Movement in Year		
Increase / (Decrease) in underlying need to borrow (supported by Government financial assistance)	**0**	0
Increase / (Decrease) in underlying need to borrow (unsupported by Government financial assistance)	**(249,347)**	(240,110)
Increase/ (Decrease) in Capital Financing Requirement	**(249,347)**	(240,110)

38. Leases

Lessee - Finance Leases

The Authority has a contract with SERCO for the provision of waste collection. The vehicles used to provide the service are shown as Property, Plant and Equipment in the Balance Sheet, with a vehicle life of 10 ½ years.

	31 March 2015	31 March 2014
	£	£
Vehicles, Plant, Equipment	**457,926**	**600,946**
	457,926	**600,946**

The Authority is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the asset acquired by the Authority and finance costs that will be payable by the Authority in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

	31 March 2015 £	31 March 2014 £
Finance lease liabilities (net present value of minimum lease payments)		
current	**160,836**	**160,836**
non- current	**321,672**	**482,508**
Less finance costs payable in future years	**(24,582)**	**(42,398)**
Minimum lease payments	**457,926**	**600,946**

The minimum lease payments will be payable over the following periods:

	Minimum Lease Payments		**Finance Lease Liabilities**	
	31 March 2015 £	31 March 2014 £	31 March 2015 £	31 March 2014 £
Not later than one year	**147,730**	**143,020**	**147,730**	**143,020**
Later than one year and not later than five years	**310,196**	**457,926**	**310,196**	**457,926**
Later than five years	**0**	**0**	**0**	**0**
	457,926	**600,946**	**457,926**	**600,946**

Lessee - Operating Leases

The Authority has operating lease agreements covering equipment, photocopiers and vehicles (for pest control, dog wardens, car parking and leisure). The amounts paid under these arrangements in 2014/15 were £46,013 (£54,145 in 2013/14) and the total commitments at 31 March 2015 amounted to £84,781 (£133,377 in 2013/14).

The future minimum lease payments due under non-cancellable leases in future years are:

	31 March 2015 £	31 March 2014 £
Not later than one year	**20,799**	4,772
Later than one year and not later than five years	**63,982**	128,605
Later than five years	**0**	0
	84,781	133,377

The expenditure charged to the Cultural, Environmental, Regulatory and Planning Services line in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

	31 March 2015 £	31 March 2014 £
Minimum lease payments	**6,081**	**8,665**
	6,081	**8,665**

Lessor – Operating Leases
The Authority owns a few properties which are leased out under the terms of an operating lease. A projection of the current rental income is provided in the table below.

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
	£	£	£	£	£	£
Rental Income Due	**108,496**	105,164	99,489	96,665	96,665	80,336
	108,496	105,164	99,489	96,665	96,665	80,336

The Balance Sheet value of these properties at 31 March 2015 was £1,791,200 (£1,300,585 at 31 March 2014 (restated)).

Lessor – Finance Leases
The Authority does not lease out assets under a finance lease.

39. Impairment Losses

During 2014/15, the Authority has recognised impairment losses of £2,802,407 and credits of £230,322 to give a net loss of £2,572,085 as part of the revaluation for 1 April 2014, completed by the external valuer, Wilks Head & Eve LLP, RICS qualified chartered surveyors. The main changes in valuation are as follows:

- Triangle Leisure Centre, Burgess Hill credit back of previous year impairment loss of £92,163, Dolphin Leisure Centre, Haywards Heath, credit back of previous impairment loss of £109,578, with the impairment credit shown on the Cultural, Environmental, Regulatory and Planning line in the Comprehensive Income and Expenditure Statement,
- An impairment loss of £2,465,222 for Bridge Road Depot building has been charged to Corporate and Democratic Core line in the Comprehensive Income and Expenditure Statement.
- An impairment loss of £252,575 for Woodside Pavilion building has been charged to Cultural, Environmental, Regulatory and Planning line in the CIES.

Details of the revaluation are consolidated in Note 1(q), and Property, Plant and Equipment Note 10.

40. Capitalisation of Borrowing Costs

At 31st March 2015 the Authority has no capitalised borrowing costs.

41. Termination Benefits

The Authority terminated the contracts of a number of employees in 2014/15, incurring gross liabilities of £113,901 (£230,363 in 2013/14) –see Note 33 for the number of exit packages and total cost per band. The payments were made to 8 officers from across the council who took severance as part of the Authority's rationalisation of Services.

42. Defined Benefit Pension Schemes

As part of the terms and conditions of employment of its employees, the Authority makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The Authority contributes to the Local Government Pension Scheme which is administered by West Sussex County Council. This is a funded defined benefit final salary 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.

Census Shared Service

On 1 February 2010 Adur DC and Horsham DC revenues and benefits shared service staff were transferred to Mid Sussex and became our employees. All sums payable to the pension fund now or at any future date arising out of or in connection with any service occurring prior to the that date will be borne by the Authority by whom that employee was employed immediately prior to that date; ie not by Mid Sussex.

Freedom Leisure/Places for People

In July 2009 Leisure Services Staff were transferred to Freedom Leisure under TUPE Regulations. Freedom Leisure were admitted to the LGPS under a 'pass through' arrangement whereby there was a sharing of Pension risks with Mid Sussex District Council (as scheme Employer) as detailed below. This arrangement ceased on 30 June 2014, following a retender of Leisure Services and a new contractor, Places for People being appointed.

- Freedom Leisure was responsible for paying the employer's contribution rate which was fixed for the duration of the contract (5 years) at 15%. Freedom Leisure was also responsible for paying any strain on the pension fund caused by granting early retirements and exercising discretions such as giving members added years, which are not covered by the 15% fixed rate contribution. These contributions of £66,924 are included within the total Employers' contribution estimated by the actuary for 2014/15.

- Mid Sussex was responsible for paying the differential between the 15% and any revised employer's contribution rate following the valuation of the fund as a whole. Mid Sussex is also liable for any deficits on exit that are not met by increased employer contribution payments. As such, Mid Sussex retains the net liability for the transferred staff as reflected in the following statements.

- The deficit on the fund just after the TUPE transfer date was calculated as being £67.8m (calculated on an ongoing funding basis), of which some £2.8m related to the transferred employees. Due to the contract being of a short duration of five years only, Mid Sussex decided to retain the entire deficit on the fund. The financial statements therefore reflect this situation, and no funding deficit was passed on to Freedom Leisure.

New contractors, Places for People, were appointed following a retender of the Leisure Services Contract on 1 July 2014. Places for People have been admitted to the LGPS under a 'cap and collar' arrangement whereby there is a sharing of Pension risks with Mid Sussex District Council (as scheme Employer) as detailed below.

- Places for People are responsible for paying the employers contribution rate in line with the triennial valuation. The increase is capped at 1% every three years. Places for people are also responsible for paying any strain on the pension fund caused by granting early retirements and exercising discretions such as giving members added years, which are not covered by the contribution rate agreed. These contributions of £159,155 are included within the total Employers' contribution estimated by the actuary for 2014/15.

- Mid Sussex is responsible for paying the differential between the capped contribution rate and the revised employer's contribution rate following the valuation of the fund as a whole. Mid Sussex is also liable for any surplus / deficits on exit that are not met by increased employer contribution payments. As such, Mid Sussex retains the net liability for the transferred staff as reflected in the statements.

- The surplus on the fund just after the TUPE transfer date as at 30 June 2014, in relation to the TUPE staff was £2.641m (calculated on an ongoing funding basis).

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 cash payable in year, so the real cost of post employments/retirement benefits is reversed out of the General Fund via the Movement in reserves statement. 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:

Comprehensive Income and Expenditure Statement Costs for the year to 31 March 2015

Analysis of amount charged :	2014/15 £'000	2013/14 £'000
Cost of Services:		
Current Service Cost	**1,828**	1,856
Past Service Cost/ Gain *	**0**	0
Losses/(Gains) on Curtailment and Settlements	**84**	1
Financing and Investment Income and Expenditure:		
Net Interest Expense	**1,276**	1,344
Total Post Employment Benefit Charges to the Surplus or Deficit on the Provision of Services	**3,188**	3,201
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement:		
Remeasurements		
Return on plan assets (excluding the amount included in the net interest expense)	**(7,837)**	(777)
Actuarial (Gains)/Losses arising on changes in demographic assumptions	**0**	4,982
Actuarial (Gains)/Losses arising on changes in financial assumptions	**15,312**	(580)
Other experience (Gains)/Losses	**(907)**	(4,626)
Census Proportional sharing (Gains)/losses		
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	**6,568**	(1,001)
Movement in Reserves Statement		
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	**(3,188)**	(3,201)
Actual amount charged to the General Fund Balance for pensions in the year:		
Employers' contributions payable to the scheme	**2,563**	2,206

The total contributions expected to be paid to the Local Government Pension Scheme by the council in the year to 31 March 2016 is £2,563,000.

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 plan is as follows:

Year ended:	31 March 2015 £ 000	31 March 2014 £ 000
Present value of defined benefit obligation	**(120,451)**	(102,390)
Fair value of plan assets	**83,207**	72,339
Net Liability arising from defined benefit obligation	**(37,244)**	(30,051)

Assets and liabilities in relation to retirement benefits

Reconcilation of the present value of the Scheme Liabilities (Defined Benefit Obligation):

Year ended:	31 March 2015 £ 000	31 March 2014 £ 000
Opening Defined Benefit Obligation	**102,390**	99,303
Current service Cost*	**1,828**	1,856
Interest Cost	**4,381**	4,438
Contributions by Members	**535**	514
Remeasurement		
Actuarial Gains/(Losses) arising on changes in demographic assumptions	**0**	4,982
Actuarial Gains/(Losses) arising on changes in financial assumptions	**15,311**	(580)
Other experience	**(907)**	(4,626)
Census proportional sharing Losses / (Gains)*		0
Past Service Costs / (Gains)		0
Losses/ (Gains) on Curtailments	**84**	1
Liabilities Extinguished on Settlements		0
Liabilities Assumed in a Business Combination		0
Contributions by members		0
Estimated Unfunded Benefits Paid	**(118)**	(115)
Estimated Benefits Paid	**(3,053)**	(3,383)
Closing Defined Benefit Obligation	**120,451**	102,390

Reconciliation of the movements in the Fair Value of Scheme (Plan) Assets:

Year ended:	31 March 2015 £ 000	31 March 2014 £ 000
Opening Fair Value of Employer Assets	**72,339**	69,246
Interest income	**3,104**	3,094
Remeasurement		
Return on plan assets (excluding the amount included in the net interest expense)	**7,837**	777
Contributions by Members	**535**	514
Contributions by the Employer	**2,445**	2,091
Contributions in respect of Unfunded Benefits	**118**	115
Benefits Paid		(3,383)
Unfunded Benefits Paid	**(118)**	(115)
Census proportional sharing (Losses) / Gains*	**(3,053)**	0
Assets Distributed on Settlements		0
Assets Acquired in a Business Combination		0
Exchange Differences		0
Closing Fair Value of Employer Assets	**83,207**	72,339

*The service cost figures include an allowance for administration expenses of 0.3% of payroll. This is recognised within Cost of services along with other Current Service costs.

Local Government pension Scheme Assets comprised:

Year ended:	Fair value of scheme assets 31 March 2015 £ 000	Percentage of Total Assets 31 March 2015 %	Fair value of scheme assets 31 March 2014 £ 000	Percentage of Total Assets 31 March 2014 %
Cash and cash equivalents	**3,688**	**4%**	1,554	2%
Equity Instruments:				
By industry type:				
Consumer	**12,539**	**15%**	12,176	16%
Manufacturing	**7,303**	**9%**	6,476	9%
Energy and Utilities	**3,703**	**4%**	3,729	5%
Financial Institutions	**13,066**	**16%**	11,262	16%
Health and Care	**5,535**	**7%**	5,007	7%
Information Technology	**10,721**	**13%**	8,469	12%
Other	**2,918**	**4%**	1,963	3%
Sub-total equity	**55,785**		49,082	
Bonds:				
Corporate	**0**	**0%**	0	0%
Government	**1,698**	**2%**	1,823	3%
Sub-total Bonds	**1,698**		1,823	
Private Equity:				
All*	**4,532**	**5%**	4,405	6%
Sub-total private Equity	**4,532**		4,405	
Property:				
Uk Property	**5,395**	**6%**	5,638	8%
Overseas property	**46**	**0%**	162	0%
Sub-total Property	**5,441**		5,800	
Investment funds and Unit Trusts:				
Equities	**0**	**0%**	0	0%
Bonds	**11,449**	**14%**	6,502	9%
Other	**614**	**1%**	3,173	4%
Sub-total Investment Funds	**12,063**		9,675	
Derivatives:				
Foreign exchange	**0**	**0%**	0	0%
Sub-total Investment Funds	**0**		0	
Totals	**83,207**	**100%**	72,339	100%

*All scheme assets have quotes prices in active markets except those relating to private equity which have quoted prices not in active markets.

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 dependent on assumptions about mortality rates, salary levels, etc. The pension scheme is assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates being based on the latest full valuation of the scheme as at 31 March 2013.

Financial Assumptions

The assumptions used by the Actuary in preparing the pensions information are:

Year ended:	MSDC 31 March 2015	MSDC 31 March 2014	Census 31 March 2015	Census 31 March 2014
Pension Increase Rate	**2.4%**	2.8%	2.5%	2.9%
Salary Increase Rate	**3.8%**	4.1%	3.9%	4.2%
Discount rate	**3.2%**	4.3%	3.3%	4.3%

Mortality

Life expectancy is based on actuarial tables, which now show an improvement over earlier years' assumptions. The average future life expectancies at age 65 are summarised below:

	Males	Females
Current Pensioners	24.4 years	25.8 years
Future Pensioners	26.9 years	28.5 years

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.

Further information can be found in the West Sussex County Council Pension Fund's Annual Report, which is available on request from County Hall, Chichester, West Sussex.

43. Contingent Liabilities

A contingent liability is a potential liability which depends on the occurrence or non-occurrence of one or more uncertain future events. The Council has identified the following contingent liabilities as at 31 March 2015 that might result in an obligation on the Council.

The Council has guaranteed deposits to private landlords under the Deposit Guarantee Scheme. At 31 March 2015 the amount guaranteed was £61,546 (£67,346 as at 31 March 2014). The Deposit Guarantee is time limited and is equal to the tenancy term that the landlord has granted the tenant which is typically 6 or 12 months (but can be longer), therefore the potential liability will have mostly expired by 31 March 2016.

44. Contingent Assets

There are no contingent assets as at 31 March 2015.

45. Nature and Extent of Risks Arising From Financial Instruments

The Authority's activities expose it to a variety of financial risks:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Authority
- Liquidity risk – the possibility that the Authority might not have funds available to meet its commitments and payments
- Market risk – the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates movements.

The Authority's overall risk management programme focuses on the unpredictability of financial markets, and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by the Adur-Worthing shared service, under policies approved by the Authority in the Treasury Management Strategy Statement and Annual Investment Strategy 2014/15 to 2016/17. The Authority provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposure to the Authority's customers.

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, as laid down by Fitch, Standard & Poor and Moody' Ratings Services. The Annual Investment Strategy also imposes a maximum sum to be invested with a financial institution located within each category.

The credit criteria in respect of financial assets held by the Authority are detailed below, and are set out in more detail in the Treasury Management Strategy Statement and Annual Investment Strategy 2014/15 to 2016/17. In particular, the maximum amounts to be lent to approved investment institutions are:

- Banks - £4M (up to £5M for group) for a maximum of 5 years;
- Buildings Societies - £3M for a maximum of 3 years;
- Money Market Funds (MMF) - £3M (for any one MMF) for short term operational cash flow purposes. Total investments in MMFs shall not exceed £9M or 25% of the total investment portfolio, whichever is the higher.
- Local Authorities - £3M for a maximum of 5 years.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Authority.

The Authority's maximum exposure to credit risk in relation to its investments of £25,000,000 in banks and building societies cannot be assessed generally with certainty as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. The use of historic default rates available for the institutions with which investments were held at the balance sheet date provide a proxy measure of potential future risk, and on this basis would indicate an overall risk to the portfolio of 0.381%, equating in value to approximately £95,000.

However, recent experience has shown that it is rare for investment counterparties with which the Authority holds investments to be unable to meet their commitments. Furthermore, almost 90% of the overall portfolio was invested at the balance sheet date for periods of less than 12 months, for which the historic default rate is reduced. Although the potential risk of irrecoverability applies to all of the Authority's deposits, there was no evidence at the 31 March 2015 that this was likely to crystallise.

The following analysis summaries the Authority's potential maximum exposure to credit risk on other financial assets, based on experience of default and uncollectability over the last five financial years, adjusted to reflect current market conditions.

	Amount at 31 March 2015	Historical experience of default	Historical experience adjusted for market conditions at 31 March 2015	Estimated maximum exposure to default and uncollectability at 31 March 2015	Estimated maximum exposure at 31 March 2014
	£	%	%	£	£
Customers	**171,891**	**4**	**4**	**8,464**	**23,775**
Total	**171,891**	**4**	**4**	**8,464**	**23,775**

The Authority does not generally allow credit for customers, such that £171,891 is past its due date for payment (£385,398 of the £788,192 balance for 31 March 2014). The £171,891 past due but not impaired amount can be analysed by age as follows:

	31 March 2015	31 March 2014
	£	£
Less than three months	**45,450**	240,497
Three to six months	**9,091**	20,145
Six months to one year	**39,893**	42,793
Greater than one year	**77,457**	81,963
Total	**171,891**	385,398

Liquidity risk

The Authority has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. The Authority manages its liquidity positions through the risk management procedures above (the setting and approval of prudential indicators and the approval of the Treasury Management Strategy Statement and Annual Investment Strategy report), as well as through cash flow management procedures required by the Code of Practice.

If unexpected movements happen, the Authority has ready access to borrowings from the Money Markets to cover any day-to-day cash flow need, and whilst the PWLB provides access to longer- term funds, it also acts as a lender of last resort to councils (although it will not provide funding to a council whose actions are unlawful). The Authority is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. As stated earlier in the Statement, reserves form a key part of risk management and help ensure liquidity, as they are cash backed. There is, therefore, no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Authority will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates.

The maturity analysis of financial liabilities is as follows:

	31 March 2015	31 March 2014
	£	£
Less than one year	**262,344**	274,742
Between one and two years	**268,933**	258,950
Between two and five years	**539,736**	675,519
Between five and ten years	**437,353**	570,503
Total	**1,508,366**	1,779,714

All trade and other payables are due to be paid in less than one year.

Market risk

a) Interest Rate Risk

The Authority is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the authority. For instance, a rise in interest rates would have the following effects:

- borrowings at variable rates - the interest expense charged to the Surplus or Deficit on the Provision of Service will rise
- borrowings at fixed rates – the fair value of the liabilities borrowings will fall
- investments at variable rates – the interest income credited to the Surplus of Deficit on the Provision of Services will rise
- Investments at fixed rates – the fair value of the assets will fall.

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

The Authority has a number of strategies for managing interest rate risk. The Treasury Management Team has an active strategy for assessing rate exposure that feeds into the setting of the annual budget. The Treasury Management Strategy Statement and Annual Investment Strategy 2014/15 to 2016/17 draw together the Authority'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. This is monitored throughout the year and changes from the budgeted position are reported in the regular Budget Management reports throughout the year. In addition, a review of Treasury Management Activity is reported to Audit Committee on a six monthly basis allowing adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable.

According to this assessment strategy, at 31 March 2015, if interest rates had been 1% higher with all other variable held constant, the financial effect would be:

	£
Increase in Interest payable on variable borrowings	**0**
Increase in Interest receivable on variable investments	**44,780**
Increase in Surplus or defict on the Provision of Services	**44,780**
Decrease in fair value of fixed rate investment assets	**228,047**
Impact on Other Comprehensive Income and Expenditure	**228,047**
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	**46,104**

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

b) Price Risk

The Authority does not invest in equity shares and does not have shareholdings in joint ventures or local industry. Therefore, the Authority has no exposure to losses arising from movements in the prices of shares.

c) Foreign Exchange risk

The Authority has no financial assets or liabilities denominated in foreign currencies and therefore have no exposure to loss arising from movements in exchange rates.

MID SUSSEX DISTRICT COUNCIL

Collection Fund

Collection Fund

Income and Expenditure Account

2013/14 £ Council Tax	2013/14 £ Business Rates	2013/14 £ Total		Note	2014/15 £ Council Tax	2014/15 £ Business Rates	2014/15 £ Total
			Income				
			Council Tax				
(84,345,486)	0	(84,345,486)	Council Tax Receivable	2	**(86,181,287)**	**0**	**(86,181,287)**
			Business Rates				
0	(41,762,232)	(41,762,232)	Business Rates Receivable	3	**0**	**(42,070,107)**	**(42,070,107)**
		0	**Contribution to Previous Year Deficit**				
0	0	0	West Sussex County Council		**0**	**0**	**0**
0	0	0	Sussex Police & Crime Commissioner		**0**	**0**	**0**
0	0	0	Mid Sussex District Council	5	**0**	**0**	**0**
0	0	0	Central Government		**0**	**0**	**0**
(84,345,486)	(41,762,232)	(126,107,718)			**(86,181,287)**	**(42,070,107)**	**(128,251,394)**
			Expenditure				
			Apportionment of Previous Year Surplus / (Deficit)				
523,050	0	523,050	West Sussex County Council		**345,230**	**13,844**	**359,074**
62,310	0	62,310	Sussex Police & Crime Commissioner		**41,130**	**0**	**41,130**
92,640	0	92,640	Mid Sussex District Council	5	**61,640**	**55,377**	**117,017**
0	0	0	Central Government		**0**	**69,222**	**69,222**
			Demands and Precepts and Shares				
64,370,644	4,039,406	68,410,050	West Sussex County Council		**65,384,364**	**4,172,411**	**69,556,775**
7,668,039	0	7,668,039	Sussex Police & Crime Commissioner		**7,940,724**	**0**	**7,940,724**
11,492,877	16,157,626	27,650,503	Mid Sussex District Council	7	**11,728,850**	**16,689,642**	**28,418,492**
0	20,197,032	20,197,032	Central Government		**0**	**20,862,053**	**20,862,053**
			Charges to Collection Fund				
351,031	366,979	718,010	Write Offs of uncollectable amounts	4	**142,274**	**290,061**	**432,335**
38,765	16,217	54,982	Increase/(decrease)in bad debt allowance	4	**(24,493)**	**105,810**	**81,317**
0	1,384,790	1,384,790	Increase/(decrease) provision for appeals	4	**0**	**386,097**	**386,097**
0	172,028	172,028	Cost of Collection Allowance		**0**	**171,742**	**171,742**
84,599,356	42,334,078	126,933,434			**85,619,719**	**42,816,259**	**128,435,978**
253,870	571,846	825,716	**(Surplus)/Deficit arising in the year**		**(561,568)**	**746,152**	**184,584**
			Collection Fund Balance				
(689,861)	0	(689,861)	(Surplus)/Deficit at 1 April 2014		**(435,991)**	**571,846**	**135,855**
253,870	571,846	825,716	Movement on Fund Balance		**(561,568)**	**746,152**	**184,584**
(435,991)	**571,846**	**135,855**	**(Surplus) / Deficit at 31 March 2015**	6	**(997,559)**	**1,317,998**	**320,439**
			Shares of (Surplus)/Deficit at 31 March 2015				
(335,999)	57,185	(278,814)	West Sussex County Council		**(766,411)**	**131,800**	**(634,611)**
(40,008)	0	(40,008)	Sussex Police & Crime Commissioner		**(93,516)**	**0**	**(93,516)**
(59,984)	228,738	168,754	Mid Sussex District Council		**(137,632)**	**527,199**	**389,567**
0	285,923	285,923	Central Government		**0**	**658,999**	**658,999**
(435,991)	**571,846**	**135,855**		6	**(997,559)**	**1,317,998**	**320,439**

Notes to the Income and Expenditure Account

1. Collection Fund

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates(NDR).

The administrative costs associated with the collection process are charged to the General Fund.

Collection Fund surpluses or deficits declared by the billing authority in relation to Council Tax are apportioned to the relevant precepting bodies in the subsequest financial year. The Council Tax precepting bodies are West Sussex County Council and the Police and Crime Commissioner for Sussex.

In 2013-14, the local government finance regime was revised with the introduction of the retained business rates scheme. The main aim of the scheme is to give councils a greater incentive to grow businesses in the District. It does however, also increase the financial risk due to non-collection and the volatility of the NDR base. The scheme shares are 40% retained by Mid Sussex District Council, 50% share paid to Central Government and 10% share paid to West Sussex County Council.

The NDR surpluses or deficits declared by the billing authority in relation to Business Rates are apportioned to the relevant bodies in the subsequent financial year in their respective proportions detailed above.

2. Council Tax

The Authority is required to calculate a tax base each year and this is divided into the total precept requirement to produce the band D council tax figure.

The tax base is calculated by estimating the number of dwellings in the district in each tax band, taking into account an estimate of additions and deletions during the year, and adjusted for the effects of various reliefs, exemptions and discounts where applicable. Each band total is then adjusted to give band D equivalents. Finally, an adjustment is made to cover non-collection of arrears.

A summary of the calculation, as agreed by council on 26 February 2014, is shown below.

Property Value	Number of Net Dwellings	Ratio to Band D	No of Band D Equivalents	less (0.7%) adjustment for non-collection	**Council Tax Base**
up to £40,000	1,324.83	6/9	883.2		
between £40,001 & £52,000	3,932.02	7/9	3,058.2		
between £52,001 & £68,000	10,184.41	8/9	9,052.8		
between £68,001 & £88,000	14,053.97	9/9	14,054.0		
between £88,001 & £120,000	9,642.49	11/9	11,785.3		
between £120,001 & £160,000	7,360.18	13/9	10,631.4		
between £161,001 & £320,000	3,927.87	15/9	6,546.5		
over £320,000	327.27	18/9	654.5		
			56,665.9	(396.6)	**56,269.3**

The average band D Council Tax can be calculated by estimating the amount of income required to be taken from the Collection Fund by West Sussex County Council, Sussex Police & Crime Commissioner and the Council (including parish and town council requirements) for the forthcoming year and dividing this by the Council Tax Base as below.

Authority	**Demand or Precept** £		**Council Tax Base**		**Band D Council Tax** £	
West Sussex County Council	65,384,364	÷	56,269.3	=	**1,161.99**	
Sussex Police & Crime Commissioner	7,940,724	÷	56,269.3	=	**141.12**	
Mid Sussex District Council	11,728,850	÷	56,269.3	=	**208.44**	(average)
Average Band D Council Tax Charge For 2014/15					**1,511.55**	

To calculate the Council Tax for each band, the band D Council Tax is then multiplied by the ratio specified above for the particular band. There were 24 actual Council Taxes levied for band D properties for each parish area in the district and these ranged from £1,458.87 to £1,566.96.

3. Business Rates Income

The Authority collects Non Domestic Rates (Business Rates) for its area based on local rateable values provided by the Valuation Office Agency (VOA) multiplied by a uniform business rate set nationally by Central Government. The Rateable Value of Non Domestic Properties as at 31 March 2015 was £106,597,000 (£106,450,000 in 2013/14). The standard multiplier for the year was 48.2p, an increase from 47.1p in 2013/14. The Small Business Rate Relief Multiplier for the year was 47.1p, an increase from 46.2p in 2013/14.

Prior to 2013/14, the total amount due, less the cost of collection allowance was paid to a central NNDR Pool administered by Central Government, which in turn distributed to Local Authorities their share of the pool, based on a standard amount per head of the local adult population.

In 2013/14, the administration of NDR changed to the new business rates retention scheme. Instead of paying NDR to the central pool, local authorities retain a proportion of the total collectable rates due. This is 40% for MSDC and 10% for WSCC with the remaining 50% to Central Government.

The business rates shares payable for 2014/15 were estimated before the start of the year as £20,862,053 (£20,197,032 in 2013/14) to Central Government, £16,689,642 (£16,157,626 in 2013/14) for MSDC and £4,172,411 (£4,039,406 in 2013/14) for WSCC. These amounts have been charged to the Collection Fund in year. The final share of income for MSDC is £16,446,558 (£15,928,888 in 2013/14) which is shown on the Comprehensive Income and Expenditure Statement on page 16.

When the scheme was introduced, Central Government set a baseline level for each authority identifying the expected level of retained business rates and a top up or tariff amount to ensure that all authorities receive their baseline amount. Tariffs due from authorities to Central Government are used to finance the top ups of those authorities who do not achieve their targeted baseline funding or receive no monies directly, ie County Councils. The Authoirty made an estimated tariff payment of £14,588,286 (£14,309,529 in 2013/14).

As part of the scheme, a ‘safety net’ figures is calculated at 92.5% of baseline amount to ensure authorities are protected to this level of business rates income. If the income share exceeds the baseline, then a tariff payment is due calculated on the growth amount. The final tariff payment is calculated as £14,915,559 (£14,401,351 in 2013/14), as shown on the Comprehensive Income and Expenditure Statement on page 16.

The calculation adjusts for losses in collection, losses on appeal, transitional protection payments, the cost of collection and revision to Small Business Rate Relief (announced in the Autumn Statement 2012). For the Authority the growth amount is £654,546 (£183,645 in 2013/14) and a tariff payment of 50% of the growth is due to central government.

The total income from business ratepayers collected in 2014/15 was £42,070,107 (£41,762,232 in 2013/14), which is net of transitional protection payments for ratepayers of £44,463 (£88,143 in 2013/14). This sum has to be repaid to Central Government.

The appeals against the NDR rateable values are financed according to the authority’s proportional share. The authority has estimated the value of outstanding appeals which may result in lower collectable rates and made a provision of £1,770,887 (£1,384,790 in 2013/14) in the collection fund.

4. Bad and Doubtful Debts and Provision for NDR Valuation Appeals

Council Tax An allowance has been made for Council Taxpayers’ Bad and Doubtful Debts using an analysis of the recovery position of the debts outstanding as at 31st March 2015. A total of £3,014,159 (£2,827,665 in 2013/14) has been allowed against debts of £4,211,874 (£3,925,476 in 2013/14) outstanding as at 31st March 2015. The Authority’s share of the allowance is £416,592 (£389,932 in 2013/14).

In the year 2014/15, there has been £142,274 of uncollectable amounts written off (£351,031 in 2013-14).

Business Rates An allowance has been made for Business Ratepayers’ Bad and Doubtful Debts using an analysis of the recovery position of the debts outstanding as at 31 March 2015. A total of £1,686,426 (£1,580,616 in 2013/14) has been allowed against debts of £2,267,829 (£1,994,035 in 2013/14) outstanding as at 31 March 2015. The council’s share of the allowance is £674,570 (£632,246 in 2013/14).

In the year 2014/15, there has been £290,061 of uncollectable amounts written off (£366,979 in 2013/14).

A provision for appeals made against the rateable valuation set by the Valuation Office Agency (VOA) not settled as at 31 March 2015 has been made of £1,770,887 (£1,384,790 in 2013/14). The council’s share (40%) is £708,355 (553,916 in 2013/14).

5. Contribution to Previous Year's (Surplus) /Deficit

Council Tax In accordance with legislation, the estimated balance as at 31 March 2014 on the Collection Fund for Council Tax was £448,000 surplus and this was notified to both the County Council and Police & Crime Commissioner. This estimated surplus has been made to each of these principal authorities in proportion to their Council Tax for the year 2014/15, as follows:

Authority	Estimated Surplus at 31 March 2014 £	%	Estimated Surplus at 31 March 2013 £
West Sussex County Council	**(345,230)**	**77.06**	**(523,050)**
Sussex Police & Crime Commissioner	**(41,130)**	**9.18**	**(62,310)**
Mid Sussex District Council	**(61,640)**	**13.76**	**(92,640)**
Estimated Surplus at year end	**(448,000)**	**100.00**	**(678,000)**

Business Rates The estimates surplus is shared as shown below for 2014/15. There was no estimated balance for the first year of the new Business Rates Scheme, 2013/14.

Authority	Estimated Surplus at 31 March 2014 £	%	Estimated Surplus at 31 March 2013 £
Central Government	**(69,222)**	**50.00**	**0**
Mid Sussex District Council	**(55,377)**	**40.00**	**0**
West Sussex County Council	**(13,844)**	**10.00**	**0**
Estimated Surplus at year end	**(138,443)**	**100.00**	**0**

6. Collection Fund Year End (Surplus) / Deficit

Council Tax

At 31 March 2015, the council tax part of the fund has a surplus of £997,559. The contributions to be made to West Sussex County Council and the Sussex Police & Crime Commissioner are included as part of Local Authority Creditors on the Balance Sheet, page 17, detailed in Financial Statements Note 22. The in year movement of £77,648 for Mid Sussex District Council contribution is shown in the Collection Fund Adjustment Account on the Balance Sheet, Note 25(e).

Council Tax Authority Share	31 March 2015 £	%	31 March 2014 £	%	31 March 2013 £
West Sussex County Council	**(766,411)**	76.87	(335,999)	77.06	(532,159)
Sussex Police & Crime Commissioner	**(93,516)**	9.34	(40,008)	9.18	(63,467)
Mid Sussex District Council*	**(137,632)**	13.79	(59,984)	13.76	(94,235)
Actual (Surplus) / Deficit at year end	**(997,559)**	100.00	(435,991)	100.00	(689,861)

Business Rates

At 31 March 2015, the business rates part of the fund has a deficit of £1,317,998 (£571,846 in 2013/14). The contributions to be made from Central Government and West Sussex County Council are included in the Creditors balance on the Balance Sheet, page 17, detailed in Financial Statements Note 22. The Mid Sussex District Council contribution of £527,199 (£228,738 in 2013/14) is shown in the Collection Fund Adjustment Account on the Balance Sheet, Note 25(e).

Business Rates Authority Share	31 March 2015 £	%	31 March 2014 £	%
Central Government	**658,999**	50	285,923	50
Mid Sussex District Council	**527,199**	40	228,738	40
West Sussex County Council	**131,800**	10	57,185	10
Actual (Surplus) / Deficit at year end	**1,317,998**	100	571,846	100

7. Income transferred to Comprehensive Income and Expenditure Statement

Council Tax

The total income for Mid Sussex District Council (MSDC) on the Comprehensive Income and Expenditure Statement on page 16 is made up as follows:

	Income 2014/15 **£**	Income 2013/14 **£**
MSDC Council Tax Demand (note 2)	**(11,728,850)**	**(11,492,877)**
MSDC Contribution to previous year estimated (surplus)/deficit (note 5)	**(61,640)**	**(92,640)**
MSDC change in year of the year end (surplus)/deficit position (note 6)	**(77,648)**	**34,251**
MSDC Total Income from Council Tax	**(11,868,138)**	**(11,551,266)**

Business Rates

The total income for Mid Sussex District Council (MSDC) on the Comprehensive Income and Expenditure Statement on page 16 is made up as follows:

	Income 2014/15 **£**	Income 2013/14 **£**
MSDC share of Estimated Business Rates Income (note 3)	**(16,689,642)**	**(16,157,626)**
MSDC Contribution to previous year estimated (surplus)/deficit (note 5)	**(55,377)**	**0**
MSDC change in year of the year end (surplus)/deficit position (note 6)	**298,461**	**228,738**
MSDC Total Income from Council Tax	**(16,446,558)**	**(15,928,888)**

MID SUSSEX
DISTRICT COUNCIL

Annual Governance Statement

Annual Governance Statement

1. Scope of responsibility

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

In discharging this overall responsibility, the Authority is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and including arrangements for the management of risk.

2. The purpose of the governance framework

The governance framework comprises the systems and processes, and culture and values, by which the Authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Authority to monitor the achievement of its strategic objectives of appropriate, cost effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable, and not absolute, assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks, the achievement of the Authority’s policies, aims and objectives, to evaluate the likelihood of those risks being realised, (and the impact should they be realised), and to manage them efficiently, effectively and economically.

The governance framework has been in place at the Authority for the year ending 31 March 2015 and up to the date of approval of the Statement of Accounts.

3. The Authority’s governance framework

The Authority’s Constitution, which is updated annually, (and last updated November 2014), sets out how the Authority operates. It states what matters are reserved for decision by the whole Council, the responsibilities of the Cabinet and the matters reserved for collective and individual decision, and any powers delegated to other bodies such as the Census Joint Committee.

Decision-making powers not reserved for councillors are delegated to the Chief Executive and Heads of Service. The Monitoring Officer ensured that all decisions made are legal and supports the Standards Committee in promoting high standards of conduct amongst members.

The Scrutiny Committees are dual role in that they offer advice to Cabinet both collectively and to Cabinet members individually and will scrutinise decisions made by the Cabinet, Individual Cabinet members, and Executive decisions taken by officers and published on the Members’ Information Service. Whilst there have been no Call-ins enabling formal re-scrutiny of a decision in the last year, the structure exists within which they can be made.

The overall budget and policy framework of the Authority is set by the Authority and all decisions are made within this framework. The Authority’s overall policy is represented through the Corporate Plan, which is a combination of service and financial plans.

The Corporate Plan is a key reference for the Medium Term Financial Plan, which enables the Authority to forecast forward and make best use of financial, human, technological and other resources available and to enable the continued provision of value for money services that meet the needs of residents, businesses and other stakeholders. At the broadest level, the Authority also works with a number of key strategic partners through the local strategic partnership group of organisations.

From the Corporate Plan, service plans and business plans are developed and individual officer work plans are agreed, with performance targets agreed at every level. More detailed budgets are aligned to corresponding plans following a robust budget challenge process, which challenges managers to demonstrate efficiency and value for money, and performance is monitored and managed at every level on a regular basis.

The Authority also monitors its performance through feedback from its residents and service users. An analysis of complaints raised under the Authority's Corporate Complaints Policy is regularly reported and considered by the Leader and Service Delivery Scrutiny Committee; the last instance being as part of the Corporate Performance report in June 2014. The Authority also has a Whistleblowing Policy, which encourages, staff to report any instances of suspected unlawful conduct, financial malpractice, or actions that are dangerous to the public or environment.

The Authority's financial management arrangements conform to the standards of the Chartered Institute of Public Finance and Accountancy (CIPFA), and have regard to the 'Statement on the Role of the Chief Financial Officer in Local Government'. The Head of Finance has statutory responsibility for the proper management of the Authority's finances and is a key member of the Management Team. The six Heads of Service with the Chief Executive and Assistant Chief Executive sit as a Management Team and may further devolve decision making to Business Unit Leaders through written schemes of management. The Head of Finance will also provide detailed finance protocols, procedures and guidance and training for managers, staff and Members.

The Authority's Risk Management Strategy ensures proper management of the risks to the achievement of the Authority's priorities and helps decision-making. In the Authority's day-to-day operations, a framework of internal controls (e.g. authorisation, reconciliations, separation of duties, etc.) control the risks of fraud or error, and this framework is reviewed by Internal Audit. Partnership working is governed by agreements, protocols or memoranda of understanding relevant to the type of work or relationship involved. The Authority's legal services and procurement teams ensure that all are fit for purpose and the Authority's interests are protected.

The Audit Committee is responsible for monitoring the effective development and operation of corporate governance in the Authority. It provides independent assurance of the adequacy of the Authority's governance arrangements, including the associated control environment, the Authority's financial (and non-financial) performance to the extent that it affects the Authority's exposure to risk and weakens the control environment, oversight of the financial reporting process and scrutiny of the treasury management strategy and policies.

4. Review of effectiveness

The Authority has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the senior managers within the Authority who have responsibility for the development and maintenance of the governance environment, the Internal Audit annual report, and by comments made by the external auditors and other review agencies and inspectorates. The process that has been applied in maintaining and reviewing the effectiveness of the governance framework includes the following:

- The Authority's internal management processes, such as performance monitoring and reporting; the staff performance appraisal framework; monitoring of policies, such as the corporate complaints and health and safety policies; and the corporate budget challenge process;

- The work of the corporate Joint Procurement Board partnered with Horsham DC and Crawley BC;
- The Authority's internal audit coverage (now purchased from Crawley BC under a shared service arrangement), which is planned using a risk based approach. The outcome from the internal audit coverage helps form the Chief Internal Auditor's opinion on the overall adequacy of the Authority's internal control framework, which is reported in his annual report;
- The Chief Internal Auditor's annual report on anti-fraud and corruption activities;
- The annual review of the effectiveness of the internal audit function;
- External audit review of the work of the internal audit service and comment on corporate governance and performance management in their Annual Audit Letter and other reports;
- Workforce assessments and accreditation where appropriate and affordable;
- The External Auditor's opinion on the Council's financial statements;
- The work of the Audit Committee, which reviews the outcomes from the annual audit plan and the annual report of the audit function;
- The work of the Scrutiny Committees;
- An annual review of the constitution by the Constitutional Review Group, which recommends amendments, where appropriate, to the Constitution for agreement by the Authority;
- Work of the Standards Committee, which includes monitoring the operation of the members' Code of Conduct and the Member and Officer Protocol.
- An appraisal of any breaches of the Authority's Officer Code of Conduct as set out in the Constitution; of which there have been none.

Significant governance issues

The review, as detailed above, provides good assurance of the effectiveness of the Authority's system of internal control. There have been no governance issues identified during the year that are considered significant in relation to the Authority's overall governance framework. Specific opportunities for improvement in governance and internal controls identified as part of the assurance processes detailed above have been addressed or are included in action plans for the relevant managers.

Cllr Garry Wall
Leader of Council
September 2015

Kathryn Hall
Chief Executive
September 2015

MID SUSSEX
DISTRICT COUNCIL

Glossary of Terms

Glossary of Terms

Accounting Polices - These are the specific principles, bases, conventions, rules and practices applied by the Authority in preparing and presenting the financial statements.

Accounting Standards - These are set by CIPFA /LASAAC and comprise International Financial Reporting Standards (IFRSs) developed by the Financial Reporting Advisory Board ((FRAB). The Code of Practice on Local Authority Accounting is based on approved Accounting Standards issued by the International Accounting Standards Board (IAS) as well as approved Accounting Standards issued by the International Public Sector Accounting Standards Board (IPSAS) and the UK Accounting Standards Board. Therefore, the IFRS-based Code of Practice on Local Authority Accounting is based on the accounting standards issued by various standard setting bodies, Auditors could expect the guidance to be complied with, and any departure must be disclosed in the published accounts.

Accruals - The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

Actuarial Gains and Losses (Pensions IAS 19)- Actuaries assess financial and non-financial information provided by the Council to project levels of future pension fund requirements. Actuarial gains and losses are the changes in actuarial deficits or surpluses that arise because:

Events have not coincided with actuarial assumptions made for the last revaluation (experience gains or losses) or the actuarial assumptions have changed.

These are recognised by appropriation from the pensions reserve and have no impact on the Comprehensive Income and Expenditure Account.

Agency Services - Services which are performed by or for another authority or public body, where the principal (i.e. the authority responsible for the service) reimburses the agent (i.e. the authority carrying out the work) for the cost of the work carried out.

Allowance for Bad and Doubtful Debts - The amount set aside in the Council's accounts to cover debts which may be un-collectable and written off.

Balances - In general, this is the accumulated surplus of income over expenditure, on any account, at the end of the financial year. Balances form part of the Council's reserves, and the authority may use its revenue balances to reduce the requirement from the council tax.

Band D Equivalent - The weighted number of properties subject to council tax in a local authority's area, calculated on the basis of prescribed proportions in relation to band D.

Billing Authority – This is the local authority responsible for the billing and collection of the council tax from all properties in their areas. In shire areas the District Councils are the billing authorities.

Capital Accounting - The recording in local authority balance sheets of the value of all capital assets and the use of these values to charge services with capital charges.

Capital Adjustment Account – this represents timing differences between the amount of the historical cost of non-current assets consumed and the amount that has been financed.

Capital Expenditure – On the acquisition or construction of assets which have a long-term value to the authority in the provision of its services (e.g. land; purchasing existing buildings or erecting new ones; purchasing furniture or equipment etc.)..

Capital Programme - an authority's plan for capital projects and spending over future years. Included in this category are the purchase of land and buildings, the erection of new buildings, design fees and the acquisition of vehicles and major items of equipment.

Capital Receipts - Income received from the sale of land or other assets, which is available to finance other items of capital (but not revenue) spending, subject to the provisions contained within the Local Government Act 2003, or to repay outstanding debt on assets originally financed from loan.

Chargeable Dwelling – A dwelling which is subject to council tax.

CIPFA (The Chartered Institute of Public Finance and Accountancy) - This is the professional body for accountants working in local government and public bodies and is a Member of the Consultative Committee of Accountancy Bodies. The Institute provides financial and statistical information services for local government and advises central government and other bodies on local government and public finance matters. Members of the Institute are entitled to use the letters CPFA after their names, and membership is by examination. CIPFA is an entirely privately funded body.

Collection Fund - A fund administered by each billing authority (the District Council in shire areas), recording receipts from Council Tax, and payments to the General Fund and other public authorities. It also records receipts of non-domestic rates collected on behalf of Central Government, County Council and MSDC, and payments made to these organisations for their share of the total Business Rates collected.

Community Assets - Assets that the local authority intends to hold in perpetuity, that have no determinable useful life, and that may have restrictions on their disposal. Examples of community assets are parks and historic buildings.

Communities and Local Government - CLG

Contingent Liability and Asset - A contingent liability or asset is a possible loss or gain which is not recognised in the accounts because it cannot be accurately estimated or because the event giving rise to the possible loss or gain is not considered sufficiently certain. This item is disclosed by way of a note to the accounts.

Costs Payable to the Pension Fund and any Payments to Pensioners (Pensions IAS 19) - These are appropriated to the Comprehensive Income and Expenditure Account from the Pensions Reserve, to replace all IAS 19 debits and credits, so that they remain, as previously, the actual amount to be met from government grants and local taxation.

Council Tax - The local tax payable on most residential properties in a local authority's area, in the year. Properties are valued within eight valuation bands (A-H), which determines the amount of council tax payable. See band D equivalents.

Creditors- Amounts owed by the Council for work done, goods received or services rendered, for which payment has not been made at the date of the Balance Sheet.

Current Assets - An asset which will be consumed or realised in the next accounting period e.g. short-term investments, inventories, short term debtors, cash and cash equivalents.

Current Liabilities - An amount which will be payable or could be called in within the next accounting period e.g. creditors, provision for accumulated absences, finance leases payable less than 1 year, cash overdrawn, and borrowing payable less than 1 year.

Current Service Cost (Pensions IAS 19) This represents the increase in present value of the scheme's liabilities expected to arise from employee service in the current period.

Debtors – These are sums of money due to the Council that have not been received at the date of the Balance Sheet.

Discount Rate – A calculation using a specified discount rate to estimate the present value of a future liability.

Depreciation – is provided for on all Property, Plant and Equipment. Depreciation is the measure of the wearing out, consumption, or other reduction in the useful economic life of a non-current asset, whether arising from use, effluxation of time or obsolescence through technological or other changes.

DWP – Department for Work and Pensions

Exceptional Items – These are material items in terms of the authority's overall net expenditure which derive from events or transactions which are not expected to recur frequently or regularly that fall within the ordinary activities of the authority. They are disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

Extraordinary Items - Material items which derive from events or transactions that fall outside the ordinary activities of the authority. It would be rare for an item to be classified as extraordinary and would only be likely where ultra vires transactions occur.

External Audit - The independent examination of the accounts of local authorities. The Mid Sussex audit is carried out by the Ernst &Young LLP.

Fair Value – Fair value is the price at which an asset could be exchanged in an arm's length transaction, less any grants receivable towards the purchase or use of the asset.

Finance Lease - A lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred. Other types of lease are termed "operating leases".

Financial Instruments – A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. This covers both financial simple assets and financial liabilities e.g. trade debtors and trade creditors. In its most complex form these include derivatives and embedded derivatives.

Gains and Losses on Settlements (Pensions IAS 19) - An irrecoverable action that relieves the employer of the primary responsibility for a pension obligation and eliminates significant risks relating to the obligation and the assets used to effect the settlement. This also is charged to Non Distributed Costs.

General Fund Balance- The main revenue fund of a billing authority. Day-to-day spending on services is met from the fund.

Heritage Asset – 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.

Impairment – Impairment occurs when an asset has been re-valued and the valuation is downward. It is caused by a consumption of economic benefits (e.g. physical damage, or deterioration in the quality of service provided by the asset) or a general fall in prices.

Infrastructure Assets – Non-current assets that are inalienable, expenditure on which is recoverable only by continued use of the asset created. Examples of infrastructure assets are highways, footpaths and culverts.

Intangible Assets – Intangible assets are defined as "non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events

Interest Cost (Pensions IAS 19) – The expected increase during the year in the present value of the schemes liabilities because the benefits are one year closer to settlement.

International Financial Reporting Standard (IFRS) – Defined Accounting Standards that must be applied by all reporting entities to all financial statements in order to provide a true and fair view of the entity's financial position, and a standardised method of comparison with financial statements of the other entities.

Minimum Revenue Provision (MRP) – is the minimum amount which must be charged to an Authority's revenue account each year and set aside as provision for credit liabilities, under the Local Government and Housing Act 1989.

National Non-Domestic Rates (NNDR) - Nationally set tax charged on the rateable value of non-domestic properties (also known as business rates). The rate is set by the CLG. The proceeds are pooled nationally and redistributed as a fixed amount per head of resident population.

Net Book Value (NBV)- is the amount at which non-current assets are included in the Balance Sheet, e.g. historical cost or current value less cumulative depreciation.

Net Realisable Value (NRV) – is the existing use value of the non-current asset less any expenses incurred in realising the asset.

Non-current Assets (formally Fixed Assets) – Tangible assets that yield benefits to the local authority and the services it provides for more than one accounting year, e.g. land buildings, vehicles, vehicles plant and equipment, infrastructure assets and Community Assets. Collectively these are now referred to as Property Plant and Equipment.

Operating Lease – is a lease other than a Finance Lease. A type of lease, usually of computer equipment, office equipment, furniture etc., which is similar to renting. Ownership of the asset must remain with the lessor for a lease to be classed as an operating lease.

Past Service Costs (Pensions IAS 19) - The increase or decrease in the present value of the scheme liabilities related to employee service in prior periods, as a result of the introduction of or improvement to retirement benefits or changes in indexation. This is charged or credited within the net cost of services under Non Distributed costs in the Comprehensive Income and Expenditure Account. Discretionary Pension benefits awarded on early retirement are treated as past service costs.

Pension Fund - An employees' pension fund maintained by an authority, or group of authorities, to make pension payments on retirement of participants; it is financed from contributions from the employing authority, the employee and investment income. This Council contributes to the West Sussex Pension Fund.

Precept - The levy made by West Sussex County Council and Police & Crime Commissioner for Sussex on the Collection Fund, and Parish and Town Councils on the General Fund, for their net expenditure requirements.

Provisions and Reserves - Amounts set aside in one year to cover expenditure in the future. Provisions are for liabilities or losses which are likely or certain to be incurred, but the amounts or the dates on which they will arise are uncertain. Reserves are amounts set aside which do not fall within the definition of provisions and include general reserves (or "balances") which every authority must maintain as a matter of prudence. This Council has established the General Reserve, and the Specific Reserve. These are further described in the Statement of Accounts.

Rateable Value (RV) - A value of all non-domestic properties subject to rating, to which rate pound ages are applied to arrive at a rate payable. The value is based on a notional rent that the property could be expected to yield after deducting the cost of repairs.

Related Parties – Related parties are Central Government, other Local Authorities, precepting and levying bodies, subsidiary and associated companies, Elected Members, all senior officers from Heads of Service and above and the Pension Fund. For individuals identified as related parties, the following are also presumed to be related parties:-

- Members of the close family, or the same household; and
- Partnerships, companies, trusts or other entities in which the individual, or member of their close family or the same household, has a controlling interest.

Reserves - See Provisions and Reserves.

Return on Plan Assets (IAS 19) is interest, dividends and other income derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less:

a) Any costs of managing plan assets, and
b) Any tax payable by the plan itself, other than tax included in the actuarial assumptions used to measure the present value of the defined benefit obligation.

Revaluation Reserve – This Reserve records the accumulated gains on the non-current assets held by the Council resulting from inflationary increases in values or upward revaluations resulting from other factors.

Revenue Expenditure – is expenditure on the day-to-day running of Council services. E.g. employee costs, premises costs, transport costs and supplies and services.

Revenue Expenditure Funded From Capital Under Statute (REFCUS) – Expenditure that may be capitalised under statutory provision but that does not result in the creation of a non-current asset that has been charged as expenditure to the Comprehensive Income & Expenditure Statement.

Service Reporting Code of Practice (SeRCOP) – This is Cifpa's authoritive guide that establishes proper practices with regard to consistent financial reporting for services in local authorities.

Surplus – is where income exceeds expenditure.

Transitional Relief – Scheme whereby the Council Tax is reduced for properties which would otherwise have seen a large increase in the Council Tax bill in comparisons with the actual 1992/93 community charge bill for the particular property.