

Pre-Audit

Statement

of

Accounts

2004/2005



WYRE FOREST DISTRICT COUNCIL
STATEMENT OF ACCOUNTS, 2004/2005

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WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS, 2004/2005

1. EXPLANATORY FOREWORD

This foreword provides a brief explanation of the financial aspects of the Council's activities and draws attention to the main characteristics of the Council's financial position.

Council approved the Statement of Accounts 2004/2005 on 28th July 2005. The Accounts and Audit Regulations 2003 introduced an accelerated timetable for approval of the Statement of Accounts to be phased in over the three years commencing in 2003/2004. Local Authorities are required to approve their 2004/2005 Statement of Accounts by 31st July 2005.

The accounts reflect fairly the financial position of Wyre Forest District Council for the financial year ended 31st March 2005. Up to date and proper accounting records have been maintained in accordance with the accounting policies outlined in this document (see page 10). In addition, the Chief Executive and Leader of the Council are required to confirm that the Council's system of internal financial control can be relied upon to produce an accurate statement of account (see page 6).

The Council's accounts for the financial year ended 31st March 2005, that follow, mainly comprise:

(a) **The Consolidated Revenue Account**

This account covers many of the activities that the Council is involved with. It details income and expenditure on each of the major activities. Income from the Council's precept on the Collection Fund is included in this account.

(b) **The Collection Fund Income and Expenditure Account**

This reflects the statutory requirement to maintain a separate Collection Fund. This account records income received from the Council Tax, the old Community Charge and Business Rates. It also shows the distribution of that income to precepting authorities, such as Wyre Forest District Council, Worcestershire County Council and West Mercia Police Authority. The Hereford and Worcester Combined Fire Authority became a precepting authority with effect from 1st April 2004.

(c) **The Consolidated Balance Sheet**

This is fundamental to the understanding of the Council's year end financial position. It shows the balances and reserves at the Council's disposal and its long term indebtedness, the current assets employed in its operations and summarised information on the fixed assets held, but excludes trust funds.

(d) **The Statement of Total Movements in Reserves**

The statement brings together all the recognised gains and losses of the authority during the financial year.

(e) **The Cash Flow Statement**

The statement summarises major changes of the Council Funds over the period of the financial year.

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The Council continued to implement the three year Finance Strategy introduced during 2002/2003 that endeavours to balance service priorities against resources available. The increasing needs of the Community were recognised within the Strategy by setting a target Council Tax increase for the District of 5% per annum and by undertaking a full Budget Consultation exercise.

The main areas of the Council's expenditure are Employee Costs, Running Expenses and Grants & Benefits. This expenditure is funded by Specific Government Grant, Fees & Charges, Council Tax, Business Rates and Revenue Support Grant.

The CIPFA/LASAAC Joint Committee has fully incorporated the requirements of FRS17 (Retirement Benefits) into the SORP for the 2003/2004 financial year onwards. This includes recognition of the net liability and a pensions reserve in the Balance Sheet and entries in the Consolidated Revenue Account for movements in the liability.

2. THE BUDGET

The main components of the budget for the year ended 31st March 2005, and how these compared with actual expenditure, are set out below.

(a) Revenue Expenditure - General Fund Services

| | <i>Estimated Expenditure (Income) £'000</i> | <i>Actual Expenditure (Income) £'000</i> |
|---|---|--|
| Gross Expenditure on Services | 42,882 | 41,597 |
| <u>Less: Income</u> | <u>(30,091)</u> | <u>(29,992)</u> |
| Net Expenditure on Services* | 12,791 | 11,605 |
| <u>Less: Collection Fund and Grant Income</u> | <u>(11,340)</u> | <u>(11,340)</u> |
| Precept to Parish Councils | (314) | (314) |
| <u>Net Deficit/(Surplus) for Year</u> | <u>1,137</u> | <u>(49)</u> |

*The reduced Net Expenditure on Services is accounted for as follows:-

| | <i>£'000</i> |
|--|----------------|
| Net Reduction in Expenditure on Maintenance & Services | (233) |
| Increase in Income from Fees, Charges & Other Income | (105) |
| Increase in Income from Car Parking | (106) |
| Net Movement in Earmarked Reserves | (220) |
| Reduction in Employee & Administration Expenses | (163) |
| Increase in Interest Received | (359) |
| | <u>(1,186)</u> |

The reduction in net expenditure on maintenance and services includes a net reduction in benefits payments of £209,834. The gross reduction in benefits expenditure was £1,192,591. This was significantly offset by a reduction in subsidy of £982,757. These variances are based upon the comparison of Original Budget to Actual Outturn. Gross amounts have been excluded from the above variance analysis to avoid distortion of the figures.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS, 2004/2005

2. THE BUDGET (continued)

(b) Capital Expenditure

During the financial year 2004/2005, the Council spent £3.13 million on capital schemes (£4.79 million 2003/2004). The majority of this expenditure relates to Fixed Assets, Disabled Facilities/Improvement Grants and Grants to Registered Social Landlords.

The capital expenditure was financed by the application of capital receipts of £2.21 million (£3.60 million in 2003/2004). Following the introduction of the Prudential Code from 1st April 2004 the Council approved the use of internal borrowing to finance the vehicle and equipment renewals. In 2004/2005 this amounted £0.69 million. The balance was financed by Government Grants Applied of £0.23 million (£0.62 million in 2003/2004). There was no significant contribution from revenue (as in 2003/2004).

The total external loans outstanding stood at £0.16 million at the end of the financial year (£0.14 million 2003/2004).

3. ACCOUNTING POLICIES

The accounting policies adopted by the Council comply with the relevant recommended accounting practices. The notes to the accounts form part of the accounts.

Keith Bannister, C.P.F.A., F.C.C.A.
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Worcestershire
DY10 2JX

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS, 2004/2005

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority's Responsibilities

The authority is required:

- (a) 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 Financial Services;
- (b) to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- (c) to approve the Statement of Accounts.

The Head of Financial Services' Responsibilities

The Head of Financial Services is responsible for the preparation of the authority's statement of accounts in accordance with proper practices as set out in the CIPFA Statement of Recommended Practice (SORP).

In preparing this statement of accounts, the Head of Financial Services has:

- (a) selected suitable accounting policies and applied them consistently;
- (b) made judgements and estimates that were reasonable and prudent;
- (c) complied with the SORP.

The Head of Financial Services has also:

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

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS, 2004/2005

STATEMENT ON INTERNAL CONTROL

1. Scope of Responsibility

Introduction

- 1.1 With effect from 1st April 2003 the Accounts and Audit Regulations 2003 require a Statement of Internal Control, prepared in accordance with proper practices to be included with Wyre Forest District Council's annual statement of accounts. The statement will be revised and updated on an annual basis.
- 1.2 Wyre Forest District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively. The District Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.3 In discharging this overall responsibility, the District Council is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of the District Council's functions and which includes arrangements for the management of risk.

2. The Purpose of the System of Internal Control

- 2.1 The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to:
- identify and prioritise the risks to the achievement of the District Council's policies, aims and objectives
 - to evaluate the likelihood of those risks being realised and the impact should they be realised, and
 - to manage them efficiently, effectively and economically.
- 2.2 The system of internal control has been in place at the District Council for the year ended 31st March 2005 and up to the date of approval of the annual report and accounts.

3. The Internal Control Environment

- 3.1 The scope of internal control spans the whole range of the District Council's activities and includes those controls designed to ensure:
- implementation of the district council's policies
 - the district council's values are applied
 - compliance with laws and regulations
 - adherence to required processes
 - financial statements and other published information are accurate and reliable
 - human, financial and other resources are managed efficiently and effectively, and
 - quality services are delivered efficiently and effectively.
- 3.2 The Council's internal control environment comprises the following elements:
- 3.3 There is a hierarchy of plans setting out work for the next three years and beyond. The top level plan is "Helping to Transform Your Life" – the District's Community Strategy 2004 - 2014.
- 3.4 The Council's Corporate Plan 2003-2008 sets out the overall aims and objectives aimed at progressing the Community Strategy. Agreed Council policies/commitments and local priorities influenced the plan's development, which are underpinned by the Council's statutory duties, responsibilities and obligations to deliver particular services. The plan provides the framework from which community and corporate objectives can be delivered within an effective internal control environment. This framework incorporates the Council's vision, its values, four organisational themes and four service themes.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS, 2004/2005

STATEMENT ON INTERNAL CONTROL (CONTINUED)

- 3.5 The Council agrees annual priorities for improvement as part of the budget process. These are priorities for improvement over the year in addition to the maintenance of other statutory and non-statutory services and are reflected in Divisional Service Business Plans. Priorities are communicated internally including through Employee Development Reviews to cascade objectives to an individual level.
- 3.6 To facilitate policy development and decision making the Council has a clear and open constitution, which sets out the basic rules governing its business including its committee structure, codes of conduct, and scheme of delegation. This is regularly reviewed by officers to ensure that it reflects best practice.
- 3.7 Scrutiny work programmes are determined by the Cabinet Scrutiny Committee and the respective Policy and Scrutiny Panels.
- 3.8 The Ethics and Standards Committee promotes high standards of conduct by members, reviewing policies and legislation relating to Members Conduct. A corporate governance framework based on the CIPFA/SOLACE model was adopted in 2003 and is reviewed annually. Recommendations for further action were approved in March 2005 by the Cabinet to safeguard the Council's arrangements for demonstrating openness, integrity and accountability.
- 3.9 The Corporate Management Team are responsible for ensuring compliance with established policies, procedures, laws and regulations and for ensuring that risk management is embedded in the activity of the authority. A risk management strategy has been agreed and steps are being taken to develop a risk management culture. A corporate risk register and divisional risk registers are in place. A corporate Risk Management Officer Working Group has been formed to manage this process and there is a nominated officer responsible for advising on Corporate Risk management matters.
- 3.10 The Chief Executive, as the Head of Paid Service, the Head of Legal & Democratic Services, as the Monitoring Officer and the Head of Financial Services each have an obligation to ensure that high standards of Corporate Governance are achieved and maintained. The Head of Financial Services has a statutory duty under Section 151 of The Local Government Act 1972 to ensure that there are proper arrangements in place to administer the Council's financial affairs.
- 3.11 The Council's budget setting process establishes the resources available to deliver services; this includes a review of the overall use of resources and links to annual priorities. Scrutiny reviews are conducted and the Council's Best Value Performance Plan is produced annually in accordance with Best Value requirements. A Procurement Strategy has been approved to ensure that the Council uses its resources efficiently and effectively. The Procurement Strategy will continue to be informed by the National Procurement Strategy and the West Midlands Regional Centre of Procurement Excellence.
- 3.12 A three-year Finance Strategy has been introduced into the budget setting process to provide a framework for balancing service priorities against available resources. This is reflected in the Council's budget, covering both revenue and capital investment over a three-year period.
- 3.13 Budgets and corporate risks are monitored regularly and members receive financial information, which is relevant, understandable and consistent with underlying financial records. The level of financial reserves is kept under review.
- 3.14 The Council's responsibilities under Regulation 6 of The Accounts and Audit Regulations 2003 to maintain an adequate and effective system of internal audit are delegated to the Head of Financial Services. The Internal Audit section led by the Financial Services Manager (Audit & Benefits) who is the Council's Chief Internal Auditor, reports to the Head of Financial Services. Internal audit is an independent appraisal function designed to add value and to support and promote the achievement of the Council's objectives. It examines, evaluates and reports on the effectiveness of controls and processes as a contribution to securing the economic, efficient and effective use of resources. The work of the Internal Audit section is reported quarterly to the Audit Panel.
- 3.15 Internal Audit and External Audit work together to review and provide annual opinions on, the control framework, governance and validity of the annual accounts. Various other external inspection agencies such as the Audit Commission also look at specific areas of Council business.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2004/2005

STATEMENT ON INTERNAL CONTROL (CONTINUED)

3.16 The Council adopted a Performance Management Framework in 2002 to show how standards (i.e. minimum service levels), targets (for improvement) and indicators (of actual performance) featured in overall performance management. Currently annual priorities are monitored by the Cabinet and corporate management team monthly. Divisional targets and performance indicators are monitored monthly by management and reported to Cabinet Scrutiny Committee quarterly. The Framework is being developed to make performance information more accessible and clearer for members, officers and service users.

3.17 The combined corporate financial and performance monitoring reports considered by members and the corporate management team are the means by which management of all the critical aspects of the Council's work - which are to be highlighted in this statement of internal control - will be kept under review.

4. Review of Effectiveness

4.1 The District Council has responsibility for conducting, at least, annually, a review of the effectiveness of the system of internal control. The review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the Corporate Management Team within the Council who have responsibility for the development and maintenance of the internal control environment and also by comments made by the external auditors and other review agencies and inspectorates in their annual audit letter and other reports.

4.2 A review undertaken for the 2004/05 statement was carried out by the Corporate Management Team on 21st July 2005. This review took into account:

- the annual report on the Council's Internal Control Environment considered by Cabinet on 30th June 2005;
- comments of external auditors;
- comments of other review agencies, inspectorates and external bodies;
- the findings and recommendations of the External Audit's Annual Audit & Inspection Letter 2003/4 reported to the Cabinet 13th January 2005;
- work on the Council's improvement plan arising from the Comprehensive Performance Assessment (CPA) reported to the Cabinet 14th April 2005;
- the findings of the annual review of Corporate Governance considered by the Cabinet on the 17th March 2005.

4.3 We have been advised on the implications of the result of the review of the effectiveness of the system of internal control by the Corporate Management Team, and a plan to ensure continuous improvement of the system is in place.

5. Significant Internal Control Issues

5.1 In our judgement no significant internal control issues (see paragraph 3.19 of CIPFA guidance) were highlighted but a number of actions need to be carried out during the 2005/2006 financial year to strengthen the control framework.

These are:

- The plans for improvement identified from the annual review of the Corporate Governance Framework in March 2005 are actioned
- The risk management process is to be embedded in the culture of the Council, together with the compilation of full risk registers both corporately and for the divisions to enable a review of the risk register to be completed
- The development of procurement arrangements, including e-procurement
- The development of a Branding / Customer Services Strategy
- Monitoring the Shared Services agenda
- External funding / exit strategies, and
- Managing the risks / challenges identified in the Audit & Inspection Plan 2005/06:-

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS, 2004/2005

STATEMENT ON INTERNAL CONTROL (CONTINUED)

High

- Operation of the new Financial management System
- Strengthening the Council's Performance Management Framework
- Presentation of Accounts in accordance with BVACOP
- Management of budget pressures
- Securing improvement through post-CPA improvement planning
- Achieving 'Gershon' efficiencies

Medium

- Meeting the requirements of the Civil Contingencies Act
- Compliance with the Freedom of Information Act
- Earlier closedown of Accounts
- Control and monitoring of the legality of transactions and contracts
- Reviewing the Council's partnership arrangements
- Planning future leisure services provision
- Production and implementation of the Statement of Internal Control
- Progressing e-government and the Worcestershire Hub

Low

- Measures to combat money laundering

Chief Executive

Leader of the Council

Date: 28th July 2005

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS, 2004/2005

ACCOUNTING POLICIES

1. General

The accounts have been drawn up in accordance with the Code of Practice on Local Authority Accounting in Great Britain recognised by statute as representing proper accounting practices. This has been supplemented by the Best Value Accounting Code of Practice that establishes proper practice for consistent financial reporting.

2. Fixed Assets

All expenditure on the acquisition, creation or enhancement of fixed assets has been capitalised on an equivalent to an accruals basis.

Fixed Assets are valued in accordance with the Statements of Asset Valuation Principles and Guidance Notes issued by the Royal Institution of Chartered Surveyors (RICS). Fixed Assets are classified into groupings required by the Code of Practice on Local Authority Accounting.

- Properties regarded by the authority as operational were valued on the basis of existing use value or, where this could not be assessed because there was no market for the subject asset, the depreciated replacement cost.
- Properties regarded by the authority as non-operational have been valued on the basis of open market value; community and other assets have been valued at cost except where a revaluation has taken place during the financial year.

The Council provides for depreciation on operational assets, one community asset, vehicles, plant and equipment in accordance with their useful lives, having regard to the estimated residual values.

The current asset values used in the accounts are based on valuations provided by K Moore, BSc, MSc, F.R.I.C.S., the Council's own Estate Surveyor, as at 31st March 2005. Assets are revalued on a five year rolling programme.

3. Depreciation and Impairment Charges

Depreciation is provided for all fixed assets with a finite useful life and calculated using the straight line method. This excludes freehold land and investment properties. Impairment charges have been calculated in accordance with proper practice where there is reason to believe that the value of an asset has changed materially in the period. It is Council Policy to charge 50% in the year of acquisition.

4. Capital Charges

The capital charges made to service revenue accounts and central support services are based on a 3.5% interest charge for assets carried at current value and a 4.625% charge for assets carried at historical cost. These charges are calculated on the opening net value of the assets as included in the balance sheet. It is Council Policy to charge 50% in the year of acquisition.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS, 2004/2005

ACCOUNTING POLICIES (continued)

5. Government Grants

Government grants are accounted for on the equivalent to an accruals basis and income has been credited, in the case of revenue grants, to the appropriate revenue account or, in the case of capital grants, to a government grants-deferred account.

6. Leasing

Where assets are obtained under operating leases, the leasing rentals payable are charged to revenue. The cost of the assets and the related liability for future rentals payable are not shown in the balance sheet but are disclosed in the notes.

7. Debtors and Creditors

The revenue accounts of the Council are maintained on an expenditure and income basis in accordance with the Code of Accounting Practice and FRS 18. That is, sums due to or from the Council during the year are included whether or not the cash has actually been received or paid in the year of account. Exceptions to this principle relate to quarterly payments, which are charged at the date of the account rather than being apportioned between financial years. This policy is consistently applied each year.

8. Stocks and Work in Progress

Stocks are valued at the latest price paid, with an allowance made for obsolescent and slow-moving items. This is a departure from the requirements of the Code and SSAP 9, but the effect of the different treatment is immaterial.

Work in progress on uncompleted jobs is valued at cost including an allocation of overheads.

9. Central Support Services

In order to comply with the requirements in the Best Value Accounting Code of Practice, support service costs are either charged to the Corporate and Democratic Core, Non Distributed Costs or, as previously are fully recharged to services.

10. Interest and Investment Income

Investments of surplus resources are carried out in accordance with regulations. Interest is credited to the General Fund based on the actual interest earned on investments during the year. Funds are managed in accordance with the Council's Treasury Management Strategy.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS, 2004/2005

ACCOUNTING POLICIES (continued)

11. Provisions, Reserves and Contingent Liabilities

Provisions and Reserves are kept in accordance with Section 41(3)(b) and Schedule 5, Section 63 of the Local Government and Housing Act 1989. FRS 12 redefined a provision as "a liability that is of uncertain timing or amount, to be settled by the transfer of economic benefits". It also stated that, "a provision should be recognised when an entity has a present obligation (legal or constructive) as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Unless these conditions are met, no provision should be recognised". The provision is therefore required to be measurable.

Reserves are amounts set aside for purposes falling outside the definition of provisions. The Council maintains a General Reserve and several Earmarked Reserves as set out in the Notes to the Consolidated Balance Sheet. Capital Reserves are not normally available for revenue purposes. For example, the Fixed Asset Restatement Reserve, Capital Financing Reserve and Usable Capital Receipts Reserve can only be used for capital purposes and Government approved revenue.

Contingent Liabilities are not recognised in the accounting statements but are disclosed by way of notes if there is a possible obligation which may require a payment or transfer of economic benefits.

12. Accounting Convention

The Accounts are prepared on an historic cost basis.

13. Other Accounting Principles

- (a) Investments have been recorded in the accounts at cost.
- (b) Capital receipts from the sale of assets are treated in accordance with the requirements prescribed in part IV of the Local Government Housing Act 1989. Capital receipts below £10,000, in accordance with the Regulations, are taken to revenue.

14. Pension Costs

In preparing these financial statements the Authority has adopted FRS 17 "Retirement Benefits". The impact on the financial statements of the Authority as a result of the introduction of this standard is disclosed in Note 9.

The pension costs are assessed in accordance with the advice of an independent qualified Actuary using the projected unit method. Following the introduction of FRS17 the Actuarial assumptions that have the most significant effect on the valuation and other relevant data as at 31st March 2005 are as follows:

| <u>Financial Assumptions</u> | Beginning of year | End of year |
|--|-------------------|-------------|
| Rate of inflation | 2.80% | 2.90% |
| Rate of increase in salaries | 4.05% | 4.40% |
| Rate of increase in pensions | 2.80% | 2.90% |
| Discount rate | 6.30% | 5.40% |
| <u>Expected rate of return on assets</u> | | |
| Equities | 7.50% | 7.50% |
| Government Bonds | 4.70% | 4.70% |
| Other Bonds | 5.50% | 5.40% |
| Property | 6.50% | 6.50% |
| Cash/Liquidity | 4.00% | 4.75% |

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS, 2004/2005

ACCOUNTING POLICIES (continued)

14. Pension Costs (continued)

| | Beginning of year | End of year |
|--|-------------------|--|
| <u>Split of assets between investment categories</u> | | |
| Equities | 79.8% | 79.8% |
| Government Bonds | 7.4% | 13.2% |
| Other Bonds | 7.1% | 5.5% |
| Property | 0.9% | 0.0% |
| Cash/Liquidity | 4.8% | 1.5% |
| <u>Market value of total fund assets (£millions)</u> | 800.4 | 912.2 |
| | | (as at 31 st December 2004) |

Market value of the assets at the date of the
last full Actuarial valuation on 31st March 2004

£800.4m

The end of year figures for the market value of the assets and split of assets between investment categories have been calculated as at 31st December 2004.

The actuarial assumptions used in the calculations are based on the 2004 actuarial valuation assumptions, other than the financial assumptions that are shown above.

15. Intangible Assets (Deferred Charges)

Intangible Assets represent capital expenditure which does not result in the acquisition of a fixed asset. The intangible assets are written off in the year they are incurred in accordance with recommended local authority accounting practice (LAAP27).

16. Exceptional Items

Exceptional Items deriving from events or transactions that fall within the ordinary activities of the Authority are disclosed separately on the face of the Consolidated Revenue Account, by virtue of their size or incidence, in order to give a fair presentation of the accounts.

17. Borrowing

In accordance with the Capital and Treasury Management Strategies the Authority has made use of the new prudential borrowing regime. The renewals schedule contained within the capital programme is being financed through borrowing, with a voluntary revenue provision being made equivalent to the writing down period of the assets. The result being that the Capital Financing Requirement (CFR) will increase. The CFR is kept under review with the possibility of external borrowing being available if required.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2004/2005

CONSOLIDATED REVENUE ACCOUNT

| <i>2003/2004</i> | | | | <i>2004/2005</i> |
|--------------------|--|--------------------|---------------|--------------------|
| <i>Net</i> | | <i>Gross</i> | <i>Income</i> | <i>Net</i> |
| <i>Expenditure</i> | <i>Expenditure on Services</i> | <i>Expenditure</i> | | <i>Expenditure</i> |
| <i>(Income)</i> | | | | <i>(Income)</i> |
| <i>£'000</i> | | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> |
| | Central Services to the Public | | | |
| 1,431 | Local Tax Collection | 7,366 | 6,233 | 1,133 |
| 184 | Elections | 209 | 3 | 206 |
| (160) | Local Land Charges | 144 | 298 | (154) |
| | Cultural, Environmental and Planning Services | | | |
| | Cultural and Related Services: | | | |
| 290 | Culture and Heritage | 352 | 41 | 311 |
| 2,892 | Recreation and Sport | 2,896 | 400 | 2,496 |
| 935 | Open Spaces | 1,196 | 74 | 1,122 |
| 166 | Tourism | 162 | 3 | 159 |
| | Environmental Services: | | | |
| 122 | Cemeteries | 203 | 68 | 135 |
| 796 | Environmental Health | 1,062 | 186 | 876 |
| 257 | Consumer Protection | 225 | 22 | 203 |
| 1,041 | Waste Collection | 2,155 | 307 | 1,848 |
| | Planning and Development Services: | | | |
| 39 | Building Control | 360 | 273 | 87 |
| 200 | Development Control | 632 | 316 | 316 |
| 373 | Planning Policy | 406 | 20 | 386 |
| 137 | Economic Development | 167 | - | 167 |
| | Highways, Roads and Transport Services | | | |
| | Highways, Roads and Transport Services: | | | |
| 792 | Highways/Roads (Routine) | 879 | 1 | 878 |
| (135) | Parking Services | 1,120 | 1,118 | 2 |
| 371 | Public Transport | 395 | 46 | 349 |
| | Housing Services | | | |
| | General Fund Housing: | | | |
| (7) | Housing Advances | - | 5 | (5) |
| 562 | Private Sector Housing Renewal | 1,775 | 318 | 1,457 |
| 520 | Homelessness | 658 | - | 658 |
| 608 | Housing Benefits Payments | 15,653 | 15,701 | (48) |
| 201 | Housing Benefits Administration | 508 | 378 | 130 |
| - | Other Welfare Services | - | - | - |
| - | Exceptional Items | - | - | - |
| | Corporate and Democratic Core | | | |
| 764 | Democratic Representation and Management | 953 | - | 953 |
| 829 | Corporate Management | 1,913 | 159 | 1,754 |
| 533 | Non Distributed Costs | 243 | 251 | (8) |
| 13,741 | NET COST OF SERVICES | 41,632 | 26,221 | 15,411 |

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2004/2005

CONSOLIDATED REVENUE ACCOUNT (cont)

| 2003/2004 | | 2004/2005 |
|-------------|--|-------------|
| Net | | Net |
| Expenditure | | Expenditure |
| (Income) | | (Income) |
| £'000 | | £'000 |
| 13,741 | NET COST OF SERVICES (brought forward) | 15,411 |
| 303 | Parish Council Precepts | 314 |
| | Trading Account Surpluses and Deficits (Note 2) | |
| 50 | Markets | 18 |
| 437 | Industrial Estates | (20) |
| (1,411) | Asset Management Revenue Account (Note 7) | (1,414) |
| (1,022) | Interest and Investment Income | (1,278) |
| 1,459 | Pensions Interest Cost & Expected Return on Pension Assets | 1,136 |
| 13,557 | NET OPERATING EXPENDITURE | 14,167 |
| (1,992) | Contribution from Capital Financing Reserve | (2,100) |
| 44 | Contribution to/(from) Renewals Reserve | (114) |
| 870 | Contribution to/(from) Earmarked Reserves | (253) |
| (274) | Contribution to/(from) the Pensions Reserve | (95) |
| 12,205 | AMOUNT TO BE MET FROM GOVERNMENT GRANT, NNDR AND LOCAL TAXATION | 11,605 |
| (3,381) | NNDR Redistribution | (2,653) |
| (2,952) | Revenue Support Grant | (2,963) |
| (5,691) | Precept demanded from the Collection Fund | (6,038) |
| 181 | DEFICIT/(SURPLUS) FOR THE YEAR | (49) |
| | General Fund Balance | |
| 3,937 | Balance at 1st April | 3,944 |
| (181) | (Deficit) / Surplus for the year | 49 |
| 188 | Release of Earmarked Reserve approved at Council Budget Meeting | - |
| 3,944 | Balance carried forward at 31st March | 3,993 |

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS, 2004/2005

NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

Note 1 **AUDIT & INSPECTION FEES**

| | 2003/2004 | 2004/2005 |
|---|----------------|---------------|
| | £ | £ |
| Fees payable to the Council's External Auditor; KPMG, LLP: | | |
| External Audit Services | 84,560 | 66,300 |
| Certification of Grant Claims | 15,664 | 15,745 |
| | <u>100,224</u> | <u>82,045</u> |
| Fees payable to the Audit Commission (in England and Wales) in respect of Statutory Inspection | 18,170 | 12,551 |

Note 2 **TRADING UNDERTAKINGS**

| | 2003/2004 | 2004/2005 |
|-------------------------------|---------------|---------------|
| | £'000 | £'000 |
| Market Undertaking | | |
| Income | 59 | 18 |
| Expenditure | (109) | (36) |
| Net Income/(Expenditure) | <u>(50)</u> | <u>(18)</u> |
| Industrial Estates | 2003/2004 | 2004/2005 |
| | £'000 | £'000 |
| Income | 1,053 | 946 |
| Expenditure | (1,490) | (926) |
| Net Income/(Expenditure) | <u>(437)</u> | <u>20</u> |

Note 3 **SECTION 137 EXPENDITURE**

Section 137 of the Local Government Act 1972 (as amended by Schedule 2 of the Local Government and Housing Act 1989) enables this Council to spend up to £1.90 per head for a relevant population of 97,900 (equivalent to £186,010 in 2004/2005) for the benefit of the people in their area on activities or projects not specifically authorised by other powers. Expenditure amounted to £9,123 in 2004/2005 (£9,483 in 2003/2004).

Note 4 **PUBLICITY EXPENDITURE**

During the year the Council spent £348,551 on publicity as defined under Section 5 of the Local Government Act 1986 (£430,987 in 2003/2004). The main items of expenditure were Tourism and Tourist Information Centres at £159,399 (£167,603 in 2003/2004), Leisure Advertising at £36,717 (£94,046 in 2003/2004), Staff Advertising at £59,991 (£62,280 in 2003/2004) and Strategy & Performance Unit Advertising at £43,292 (£57,643 in 2003/2004).

Note 5 **LOCAL AUTHORITY (GOODS AND SERVICES) ACT 1970**

The Council is empowered by this Act to provide goods and services to other public bodies. The Authority provided grounds maintenance, building works and vehicle maintenance mainly for Worcestershire County Council. Income from these services amounted to £183,967 (£182,236 in 2003/2004).

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS, 2004/2005

NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

| <i>Note 6</i> | <u>RELATED PARTY TRANSACTIONS</u> | Receipts £'000 | Payments £'000 |
|---------------|--|-------------------|-------------------|
| | Central Government | | |
| | Revenue Grants: | | |
| | Revenue Support Grant | 2,963 | |
| | Housing Benefit Grant | 21,838 | |
| | Contribution from the Non Domestic Rate Pool | 2,653 | |
| | Revenue Payments: | | |
| | Contribution to the Non Domestic Rate Pool | | 21,410 |
| | Disabled Facilities Grant | 230 | |
| | Reinstatement Grant | 89 | |
| | Implementing Electronic Government Grant | 350 | |
| | DEFRA Recycling Grant | 54 | |
| | Liveability Fund Grant | 177 | |
| | Planning Delivery Grant | 158 | |
| | Priority Needs Order Funding | 67 | |
| | West Mercia Police Authority | | 4,683 |
| | The Hereford & Worcester Combined Fire Authority | | 1,910 |
| | Worcestershire County Council | | 28,068 |
| | Parish Councils - precepts | | 314 |
| | Chief Officers: | | |
| | Car loans advanced and repayments received under District Schemes | 13 | 22 |
| | Lump sum car allowances | | 14 |
| | Worcestershire County Council Pension Fund | | 2,595 |
| | Payment of employers contributions | 28,592 | 59,016 |

In addition to the above there are financial transactions between Wyre Forest District Council and The Wyre Forest Community Housing Group Limited of which six District Councillors are members of the Board of Management.

| <i>Note 7</i> | <u>ASSET MANAGEMENT REVENUE ACCOUNT</u> | 2003/2004 £'000 | 2004/2005 £'000 |
|---------------|---|--------------------|--------------------|
| | Income | | |
| | Capital charges: | | |
| | General Fund | 1,398 | 1,375 |
| | Depreciation of assets | 712 | 846 |
| | Impairment | 781 | - |
| | Government Grants Deferred | 44 | 87 |
| | | <u>2,935</u> | <u>2,308</u> |
| | Expenditure | | |
| | External interest paid | 11 | 13 |
| | Provision for depreciation | 712 | 846 |
| | Provision for impairment | 781 | - |
| | Debt management expenses paid | 20 | 35 |
| | | <u>1,524</u> | <u>894</u> |
| | Balance transferred to Consolidated Revenue Account | <u>1,411</u> | <u>1,414</u> |

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS, 2004/2005

NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

Note 8 BUILDING CONTROL TRADING ACCOUNT

The Local Authority Building Control Regulations require the disclosure of information regarding the setting of charges for the administration of the building control function. However, certain activities performed by the Building Control Unit cannot be charged for, such as providing general advice and liaising with other statutory authorities. The chargeable account is required to break-even over a three year rolling programme. The statement below shows the total cost of operating the building control unit divided between the chargeable and non-chargeable activities.

Building Regulations Charging Account:

| 2003/2004 (Surplus)/Deficit for year £ | | Expenditure £ | Income £ | 2004/2005 (Surplus)/Deficit for year £ |
|---|------------------------|------------------|------------------|---|
| (29,152) | Chargeable | 262,103 | (267,493) | (5,390) |
| 77,411 | Non Chargeable | 84,871 | - | 84,871 |
| <u>48,259</u> | Total Building Control | <u>346,974</u> | <u>(267,493)</u> | <u>79,481</u> |

Note 9 PENSION COSTS

In 2004/2005 the Council paid an employer's contribution of £1,721,976 into Worcestershire County Council's Pension Fund representing 24.50% of employees' pensionable pay. The contribution is determined by the Fund's Actuary based on triennial actuarial valuations, the last review being at 31st March 2004. Under Pension Fund Regulations contributions are set to meet the overall liabilities of the Fund.

In addition, the Council is responsible for all pension payments relating to added years benefits it has awarded, together with the related increases. In 2004/2005 these amounted to £450,000.

The capital cost of discretionary increases in pensions payments agreed by the Authority in the current year was £12,592 and the capital cost for earlier years for which payments are still being made was £2,294,459.

The Fund's Actuary has confirmed that the pension costs paid are in accordance with SSAP24 'Accounting for pension costs'.

The Employer contribution rate paid is consistent with a target funding level of 100% although this level is not expected to be achieved for a period of 12 years. The Employer contribution rate and the period to achieve a 100% funding level may vary following the results of the valuations to be carried out during this period.

In accordance with FRS17 the following Pension Fund disclosures are required:

| | |
|--|-----------------|
| Nature of Scheme: | Defined Benefit |
| Date of last full Actuarial Valuation: | 31 March 2004 |

| | 31 March 2004 £'000 | 31 March 2005 £'000 |
|------------------------|------------------------|------------------------|
| Market Value of Assets | 35,832 | 38,516 |
| Liabilities | <u>59,700</u> | <u>73,482</u> |
| Surplus/(Deficit) | <u>(23,868)</u> | <u>(34,966)</u> |

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS, 2004/2005

NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

Note 9 PENSION COSTS (continued)

Analysis of Assets

| | Assets at 31st March 2004 | | Assets at 31st March 2005 | |
|------------------|---------------------------|-------|---------------------------|-------|
| | £'000 | % | £'000 | % |
| Equities | 28,594 | 79.8% | 30,736 | 79.8% |
| Government Bonds | 2,652 | 7.4% | 5,084 | 13.2% |
| Other Bonds | 2,544 | 7.1% | 2,118 | 5.5% |
| Property | 322 | 0.9% | 0 | 0.0% |
| Other | 1,720 | 4.8% | 578 | 1.5% |
| Total | 35,832 | | 38,516 | |

Movement in Surplus/(Deficit) during the year

| | 2003/2004 | 2004/2005 |
|--|-----------------|-----------------|
| | £'000 | £'000 |
| Surplus/(Deficit) at 1st April | (28,845) | (23,868) |
| Current Service Cost | (796) | (1,128) |
| Employer Contributions | 2,009 | 2,169 |
| Past Service Cost/Curtailment Cost | (28) | 0 |
| Net Interest/Return on Assets | (1,459) | (1,136) |
| Actuarial Gain/(Loss) | 5,251 | (11,003) |
| Surplus/(Deficit) at 31st March | (23,868) | (34,966) |

Revenue Items

| | 2003/2004 | 2004/2005 |
|----------------------|------------|--------------|
| | £'000 | £'000 |
| OPERATING | | |
| Current Service Cost | 796 | 1,128 |
| Past Service Cost | 9 | 0 |
| Curtailment Cost | 19 | 0 |
| Total Cost | 824 | 1,128 |

| | 2003/2004 | 2004/2005 |
|---------------------------------|----------------|----------------|
| | £'000 | £'000 |
| FINANCE | | |
| Expected Return on Assets | 1,976 | 2,489 |
| Interest on Pension Liabilities | (3,435) | (3,625) |
| Net Gain/(Cost) | (1,459) | (1,136) |

STATEMENT OF ACTUARIAL GAINS AND (LOSSES)

| | £'000 | £'000 |
|------------------------|------------------------------------|--------------------------------------|
| Asset Gain/(Loss) | 5,251 (14.7% of Assets) | 1,382 (3.6% of Assets) |
| Liability Gain/(Loss) | 0 (0% of Liabilities) | (1,798) (2.4% of Liabilities) |
| Change in Assumptions | 0 (0% of Liabilities) | (10,587) (14.4% of Liabilities) |
| Net Gain/(Loss) | 5,251 (8.8% of Liabilities) | (11,003) (15% of Liabilities) |

Actuary Notes

1. Deferred taxation has been ignored.
2. Compensatory Added Years benefits which are recharged to the employer have been included in the liabilities and contributions for the purpose of FRS17 calculations.
3. Disclosures required in relation to assumptions, assets and expected returns on assets are provided in the Accounting Policies.
4. No specific investigations have been carried out in relation to whether the average age of the membership has increased, but there are no reasons to believe that there have been substantial changes since the 2004 actuarial valuation.

The Pension Fund deficit is currently too large to be funded from the Council's overall reserves and will be taken into account by the Pension Scheme Actuaries with a view to recovery over a number of years.

Further information can be found in Worcestershire County Council's Pension Fund Annual Report which is available upon request from Mr M Weaver, MSc, CPFA, County Treasurer, County Hall, Spetchley Road, Worcester, WR5 2NP.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2004/2005

THE COLLECTION FUND INCOME AND EXPENDITURE ACCOUNT

| 2003/2004 | | | 2004/2005 |
|-----------------|--|--------------|-----------------|
| £'000 | <u>Income</u> | | £'000 |
| (32,729) | Income from Council Tax | (Note 10) | (35,374) |
| | Transfers from General Fund: | | |
| (4,674) | Council Tax Benefits | (5,514) | |
| 1 | Transitional Relief | <u>2</u> | (5,512) |
| (19,904) | Non-Domestic Rates | (Note 11) | (21,551) |
| - | Adjustment for previous year | (Note 12) | - |
| <u>(57,306)</u> | | | <u>(62,437)</u> |
| | <u>Expenditure</u> | | |
| | Precepts and Demands | | |
| 27,436 | Worcestershire County Council | 27,888 | |
| 3,997 | West Mercia Police Authority | 4,657 | |
| - | Hereford & Worcester Combined Fire Authority | 1,910 | |
| 5,645 | Wyre Forest District Council (including parishes) | <u>5,998</u> | 40,453 |
| | Non-Domestic Rates | (Note 11) | |
| 19,764 | Payment to National Pool | 21,410 | |
| 140 | Cost of Collection Allowance | <u>141</u> | 21,551 |
| 92 | Provision for Non-Payment of Council Tax | | 47 |
| | Contributions towards previous year's estimated Collection Fund Balance | | |
| 199 | Worcestershire County Council | 180 | |
| 23 | West Mercia Police Authority | 26 | |
| 46 | Wyre Forest District Council | <u>40</u> | 246 |
| <u>36</u> | (Surplus)/Deficit for the Year | (Note 13) | <u>(140)</u> |
| <u>(289)</u> | Balance as at 1st April 2004 | | <u>(253)</u> |
| <u>(253)</u> | Surplus as at 31st March 2005 | (Note 13) | <u>(393)</u> |

INFORMATION ABOUT THIS ACCOUNT

This statement represents the transactions of the Collection Fund, a statutory fund separate from the General Fund of the Council. The Collection Fund accounts independently for income relating to Council Tax and Non-Domestic Rates on behalf of those bodies (including the Council's own General Fund) for whom the income has been raised. The costs of administering collection are accounted for in the General Fund.

The Hereford and Worcester Combined Fire Authority became a Precepting Authority with effect from 1st April 2004.

Council Tax, NNDR and Benefit in-house systems were replaced by IBS software during 2002/03. Conversion has led to minor variances which are currently allocated to suspense accounts.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2004/2005

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2005

| 2003/2004 | | | 2004/2005 |
|-----------|--|---------|-----------|
| £'000 | | £'000 | £'000 |
| | FIXED ASSETS | | |
| | (Notes 14 and 15) | | |
| | Operational Assets: | | |
| 25,770 | Other Land & Buildings | 26,105 | |
| 659 | Community & Infrastructure Assets | 657 | |
| | Non-operational Assets: | | |
| 12,696 | General | 13,037 | |
| | Vehicles, Plant & Equipment: | | |
| 931 | Vehicles & Equipment | 1,395 | |
| 40,056 | TOTAL FIXED ASSETS | | 41,194 |
| | | | |
| 10 | Investments | | 10 |
| | Long Term Debtors: | | |
| 299 | Mortgages | 245 | |
| 223 | Other | 186 | |
| | | | 431 |
| 80,644 | TOTAL LONG TERM ASSETS | | 41,635 |
| | | | |
| | CURRENT ASSETS | | |
| 18,025 | Temporary Investments | 20,400 | |
| 117 | Stock and W.I.P. | 92 | |
| 8,198 | Debtors | 5,188 | |
| 26,340 | | | 25,680 |
| 66,928 | TOTAL ASSETS | | 67,315 |
| | | | |
| | CURRENT LIABILITIES | | |
| (84) | Temporary Loans | (110) | |
| (3,683) | Creditors | (2,398) | |
| (588) | Receipts in Advance | (666) | |
| (10) | Contractors and Other Deposits | (9) | |
| (805) | Cash | (1,415) | |
| (5,170) | | | (4,598) |
| 61,758 | TOTAL ASSETS LESS CURRENT LIABILITIES | | 62,717 |
| | | | |
| | LONG TERM LIABILITIES | | |
| (52) | Long Term Borrowing | | (49) |
| (63) | Provisions | | (53) |
| (23,868) | Liability Related to Defined Benefit Pension Scheme (Note 9) | | (34,966) |
| 37,775 | TOTAL ASSETS LESS LIABILITIES | | 27,649 |
| | | | |
| | FINANCED BY: | | |
| (23,458) | Fixed Asset Restatement Account | | (23,030) |
| 63,006 | Capital Financing Account | | 63,063 |
| 567 | Government Grants Deferred | | 480 |
| 14,563 | Usable Capital Receipts Reserve | | 15,114 |
| (23,868) | Pensions Reserve | | (34,966) |
| 1,884 | Earmarked Reserves | | 1,517 |
| 883 | Capital Contributions Unapplied | | 1,084 |
| 1 | Other Balances | | - |
| 33,578 | | | 23,262 |
| | Revenue Balances | | |
| 700 | General Fund: -Working Balance | 700 | |
| 3,244 | -Earmarked Revenue Balance | 3,293 | |
| 253 | Collection Fund | 393 | |
| | | | 4,386 |
| 37,775 | TOTAL NET WORTH | | 27,648 |

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2004/2005

STATEMENT OF TOTAL MOVEMENTS IN RESERVES FOR THE YEAR ENDED 31ST MARCH 2005

| | CAPITAL RESERVES | | | REVENUE RESERVES | | TOTAL |
|---|--|--|--|-----------------------------------|--|--------------|
| | <i>Fixed asset restatement account £'000</i> | <i>Capital financing account £'000</i> | <i>Usable capital receipts £'000</i> | <i>General fund £'000</i> | <i>Specific reserves £'000</i> | <i>£'000</i> |
| Balance at 1st April 2004 | (23,458) | 63,006 | 14,563 | 3,944 | 2,767 | 60,822 |
| Net movement in other reserves and capital contributions unapplied | - | - | - | 49 | (751) | (702) |
| Unrealised gains/(losses) on revaluation of fixed assets | (591) | - | - | - | - | (591) |
| Transfer to earmarked reserve | - | - | - | - | 585 | 585 |
| Addition/purchase of fixed assets | 889 | - | - | - | - | 889 |
| Effects of disposals of fixed assets: | | | | | | |
| Cost or value of assets disposed of | - | - | - | - | - | - |
| Set-aside Capital Receipts | - | - | - | - | - | - |
| Proceeds of disposals | - | - | 2,761 | - | - | 2,761 |
| Net surplus/(deficit) | - | - | 2,761 | - | - | 2,761 |
| Repayments of long term debts | - | (54) | - | - | - | (54) |
| Voluntary Revenue Provision | - | 3 | - | - | - | 3 |
| Government Grants Deferred | - | 87 | - | - | - | 87 |
| Financing of fixed assets | - | 2,210 | (2,210) | - | - | - |
| Financing of other capital | - | (1,337) | - | - | - | (1,337) |
| Depreciation charge in year | - | (852) | - | - | - | (852) |
| Depreciation written back in year | 130 | - | - | - | - | 130 |
| Balance at 31st March 2005 | (23,030) | 63,063 | 15,114 | 3,993 | 2,601 | 61,741 |

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2004/2005

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2005

| 2003/2004 £'000 (Restated) | | | £'000 | £'000 | 2004/2005 £'000 |
|----------------------------------|--|-----------|--------|--------|--------------------|
| | <u>Revenue Activities</u> | | | | |
| | <u>Cash Outflows</u> | | | | |
| 9,595 | Cash paid to and on behalf of employees (Note 31) | | 11,186 | | |
| 11,636 | Other operating cash payments (Note 32) | | 11,955 | | |
| 14,125 | Housing Benefit paid out | | 15,558 | | |
| 22,457 | National Non-Domestic Rate payments to national pool | | 21,744 | | |
| 31,958 | Precepts paid | | 34,976 | | |
| 89,771 | | | | 95,419 | |
| | <u>Cash Inflows</u> | | | | |
| 32,774 | Council Tax income | | 35,255 | | |
| 3,381 | National Non-Domestic Rate receipts from national pool | | 2,653 | | |
| 20,019 | Non-domestic rate receipts | | 21,563 | | |
| 2,952 | Revenue Support Grant | | 2,963 | | |
| 20,924 | DSS Grants for benefits | | 20,673 | | |
| 352 | Other government grants (Note 33) | | 164 | | |
| 3,852 | Cash received for goods and services | | 3,842 | | |
| 3,282 | Other operating cash receipts | | 8,782 | | |
| 87,536 | | | | 95,895 | |
| | | (Note 34) | | | 476 |
| | <u>Servicing of Finance</u> | | | | |
| | <u>Cash outflows</u> | | | | |
| 26 | Interest paid | | | 29 | |
| | <u>Cash inflows</u> | | | | |
| 1,059 | Interest received | | | 1,310 | |
| 1,033 | | | | | 1,281 |
| | <u>Capital Activities</u> | | | | |
| | <u>Cash outflows</u> | | | | |
| 3,664 | Purchase of fixed assets | | 1,562 | | |
| 1,122 | Other capital cash payments | | 1,918 | 3,480 | |
| 4,786 | | | | | |
| | <u>Cash inflows</u> | | | | |
| 3,295 | Sale of fixed assets | | 2,761 | | |
| 1,242 | Capital grants received | | 704 | | |
| - | Other capital cash receipts | | - | 3,465 | |
| 4,537 | | | | | (15) |
| (1,451) | Net cash inflow/(outflow) before financing | | | | 1,742 |
| | <u>Management of Liquid Resources</u> | | | | |
| 1,500 | Net (increase)/decrease in short term deposits | | | | (2,375) |
| | <u>Financing</u> | | | | |
| | <u>Cash Outflows</u> | | | | |
| 2 | Repayments of amounts borrowed | | | 3 | |
| | <u>Cash Inflows</u> | | | | |
| (8) | New short-term loans | | | (26) | 23 |
| 39 | Increase/(Decrease) in cash (Note 35) | | | | (610) |

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2004/2005

NOTES TO THE ACCOUNTS

Note 10 Council Tax

Council Tax income derives from charges raised according to the value of residential properties, which have been classified into eight valuation bands estimating 1st April 1991 values for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by the Council, Worcestershire County Council, West Mercia Police Authority and The Hereford and Worcester Combined Fire Authority for the forthcoming year and dividing this by the Council Tax base. This basic amount of Council Tax for a band D property (£1,186.73 for 2004/2005) is multiplied by the proportion specified for the particular band to give an individual amount due. Council Tax written off in the year amounted to £33,019 (£88,438 in 2003/2004).

The Council taxbase, which is used in the calculation of the Council Tax, is based upon the number of dwellings in each valuation band on the listing produced by the Listing Officer. This is adjusted for exemptions, discounts, disabled banding changes and appeals. The taxbase estimate for 2004/2005 was 33,824, calculated as follows:

| | <i>Number of Dwellings Per Valuation List</i> | <i>Adjustment for Disabled Banding Appeals, Discounts & Exemptions</i> | <i>Full Charge Equivalent</i> | <i>Approximate Ratio to Band D charge</i> | <i>Band D Equivalent</i> |
|-----------------------------------|---|--|-----------------------------------|---|------------------------------|
| Band A | 10,013 | (1,899.85) | 8,113.15 | 6/9 | 5,408.77 |
| Band B | 10,369 | (1,146.75) | 9,222.25 | 7/9 | 7,172.87 |
| Band C | 10,577 | (896.75) | 9,680.25 | 8/9 | 8,604.67 |
| Band D | 5,717 | (425.00) | 5,292.00 | 1 | 5,292.00 |
| Band E | 3,064 | (187.50) | 2,876.50 | 11/9 | 3,515.72 |
| Band F | 1,592 | (86.25) | 1,505.75 | 13/9 | 2,174.97 |
| Band G | 1,084 | (52.00) | 1,032.00 | 15/9 | 1,720.00 |
| Band H | 103 | (7.75) | 95.25 | 2 | 190.50 |
| Total | <u>42,519</u> | <u>(4,701.85)</u> | <u>37,817.15</u> | | 34,079.50 |
| Less Allowance for Non Collection | | | | | <u>(255.50)</u> |
| District Taxbase | | | | | <u>33,824.00</u> |

The income of £ 40,887,000 for 2004/2005 is receivable from the following sources:

| | £ |
|--|-------------------|
| Billed to council tax payers | 35,375,000 |
| Transferred from General Fund: | |
| Council tax benefits | 5,514,000 |
| Less: Transitional Relief adjusted from previous years | <u>(2,000)</u> |
| | <u>40,887,000</u> |

Note 11 National Non-Domestic Rates (Business Rates)

NNDR is organised on a National basis. A five-yearly revaluation is carried out by the Government, the latest coming into effect from 2002/2003. The Government specifies an amount (45.6p in 2003/2004 and 42.2p in 2004/2005) and, subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying their rateable value by that amount. The Council is responsible for collecting rates due from the ratepayers in its area but pays the proceeds into an NNDR pool administered by the Government. The Government redistributes the sums paid into the pool back to local authorities' General Funds on the basis of a fixed amount per head of population.

The Non-Domestic rateable value of the Council's area at 31st March 2005 was £57,252,390 (31st March 2004; £58,518,301).

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS, 2004/2005

NOTES TO THE ACCOUNTS (CONTINUED)

Note 12 Adjustments for Previous Years' Community Charge

Although Council Tax replaced Community Charge from 1st April 1993, the Council continued to account for residual adjustments in relation to the community charges raised in earlier years in the Collection Fund. Continuing collection in 2004/2005 of outstanding community charge debts reduced the outstanding balance from £18 as at 31st March 2004 to zero as at 31st March 2005.

Note 13 Contributions to Collection Fund Surpluses and Deficits

The surplus of £393,000 on the Collection Fund at 31st March 2005 will be distributed in subsequent financial years to the Council, Worcestershire County Council, West Mercia Police Authority and Hereford and Worcester Combined Fire Authority in proportion to the value of the respective precepts and demand made by the four Authorities on the Collection Fund.

Note 14 Fixed Assets

A) Movements in fixed assets during the year were as follows :

| | <i>Other Land & Buildings £'000</i> | <i>Community & Infrastructure £'000</i> | <i>General Assets £'000</i> | <i>Vehicles, Plant & Equipment £'000</i> | <i>Total £'000</i> |
|--|---|---|-------------------------------------|--|------------------------|
| <i>Cost as at 1st April 2004</i> | 26,426 | 661 | 12,696 | 995 | 40,778 |
| <i>Additions</i> | 761 | 13 | 111 | 788 | 1,673 |
| <i>Disposals</i> | - | - | - | - | - |
| <i>Non-enhancing Expenditure</i> | (761) | (13) | - | (10) | (784) |
| <i>Impairment</i> | - | - | - | - | - |
| <i>Revaluations & Restatements</i> | 877 | - | 230 | (136) | 971 |
| <i>Cost as at 31st March 2005</i> | 27,303 | 661 | 13,037 | 1,637 | 42,638 |
| <i>Depreciation at 1st April 2004</i> | (656) | (2) | - | (64) | (722) |
| <i>Depreciation written off</i> | 130 | - | - | - | 130 |
| <i>Depreciation for the year</i> | (672) | (2) | - | (178) | (852) |
| <i>Depreciation at 31st March 2005</i> | (1,198) | (4) | - | (242) | (1,444) |
| <i>Net Book Value as at 31st March 2005</i> | 26,105 | 657 | 13,037 | 1,395 | 41,194 |

The Council's assets are usually revalued on a five year rolling programme. Plant and machinery is included in the valuation of the buildings. Depreciation has been provided on operational assets, one community asset, vehicles, plant and equipment and the values as at 31st March 2005 are shown net of depreciation charges. The useful lives of the Council's assets range from three years (for example, computer equipment) to ninety years (for example, various operational buildings).

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2004/2005

NOTES TO THE ACCOUNTS (CONTINUED)

Note 14 Fixed Assets (continued)

B) The additions to the fixed asset portfolio were: £'000

| | |
|---|------------|
| Vehicle & Equipment Renewals | 642 |
| Financial Management System | 136 |
| Assets not previously recognised on the Balance Sheet | <u>111</u> |
| | <u>889</u> |

The main items of capital expenditure were :

| | |
|--|--------------|
| | £'000 |
| Vehicle & Equipment Renewals | 642 |
| Duke House Refurbishment & I T Systems | 271 |
| Play Equipment | 202 |
| Financial Management System | 136 |
| Car Parks Emergency & Remedial Works | 121 |
| Wyre Forest Glades Wave Machine | 48 |
| Demolition Costs – Kidderminster Town Centre | 48 |
| Improvement works for disabled (DDA) | 29 |
| General Fund Other | <u>65</u> |
| | <u>1,562</u> |

C) The capital expenditure was financed as follows :

| | |
|---|--------------|
| | £'000 |
| i) Financing: | |
| Capital Receipts (Usable) | 2,210 |
| Grants | 230 |
| Capital Contributions Applied | 350 |
| Prudential Borrowing | 690 |
| Revenue contribution towards capital expenditure | <u>-</u> |
| | <u>3,480</u> |
| ii) Type of Capital Expenditure: | |
| Fixed Assets | 1,562 |
| Grants to Registered Social Landlords | 768 |
| Disabled Facilities Grants | 658 |
| Implementing Electronic Government | 226 |
| Discretionary Grants | 122 |
| CCTV Kidderminster Town Centre | 83 |
| Liveability Schemes – Brinton Park & QE11 Gardens | 41 |
| Borrington Road Capital Grant | <u>20</u> |
| | <u>3,480</u> |

D) Contractual Commitments

At 31st March, 2005 the following Capital contracts had been entered into, with the following sums remaining to be paid.

| | |
|---|------------|
| | £'000 |
| Disabled Facilities Grants | 215 |
| Grants to Registered Social Landlords | 162 |
| Other Capital Works | 16 |
| Discretionary Home Repair Assistance Grants | <u>16</u> |
| | <u>409</u> |

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2004/2005

NOTES TO THE ACCOUNTS (CONTINUED)

Note 15 Leases

The Council has provided vehicles and computer equipment through operating leases. Following the introduction of the Prudential Code there were no assets acquired by lease during 2004/05. The outstanding obligations amount to £444,648. Lease payments for the year amount to £385,436 (2003/2004 £464,938).

Note 16 Long Term Investments

| The Investments consist of: | 31st March | |
|----------------------------------|------------|-----------|
| | 2004 | 2005 |
| | £'000 | £'000 |
| Association of District Councils | | |
| - Debenture Stock | <u>10</u> | <u>10</u> |

Note 17 Deferred Charges

| | 2003/2004 | 2004/2005 |
|--|--------------|--------------|
| | £'000 | £'000 |
| Balance at 1 st April | - | - |
| Expenditure in the year: | | |
| Improvement/Private Sector Renewal Grants | 885 | 780 |
| Grants to Registered Social Landlords | - | 768 |
| Capitalised Pension Costs | 83 | - |
| Borrington Road Capital Grant | - | 20 |
| Written Off : Consolidated Revenue Account | (542) | (1,338) |
| Income: | | |
| Government Contribution | <u>(426)</u> | <u>(230)</u> |
| Balance at 31st March | <u>-</u> | <u>-</u> |

Note 18 Other Long Term Debtors

| | 2003/2004 | 2004/2005 |
|------------------------------|------------|------------|
| | £'000 | £'000 |
| Assisted Car Purchase Scheme | 223 | 186 |
| | <u>223</u> | <u>186</u> |

Note 19 Stock and Work in Progress

| Work in Progress | 31st March | |
|----------------------------|------------|-----------|
| | 2004 | 2005 |
| | £'000 | £'000 |
| Stocks - at central stores | 88 | 82 |
| - other | <u>29</u> | <u>10</u> |
| | <u>117</u> | <u>92</u> |

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2004/2005

NOTES TO THE ACCOUNTS (CONTINUED)

Note 20 Debtors

| | <i>31st March</i> | |
|-------------------------------------|-------------------|--------------|
| | <i>2004</i> | <i>2005</i> |
| | <i>£'000</i> | <i>£'000</i> |
| Amounts receivable within one year: | | |
| Government Departments | 3,018 | 537 |
| Mortgagors | 4 | 4 |
| Sundry Debtors | 4,943 | 4,365 |
| Council Tax and Rate Payers | <u>1,117</u> | <u>1,314</u> |
| | <u>9,082</u> | <u>6,220</u> |
| Less Provision for Bad Debts | | |
| Houses in Possession | 4 | 4 |
| Sundry Debtors | 342 | 411 |
| Collection Fund | <u>538</u> | <u>617</u> |
| | <u>884</u> | <u>1,032</u> |
| | <u>8,198</u> | <u>5,188</u> |

Note 21 Creditors

| | <i>31st March</i> | |
|---|-------------------|--------------|
| | <i>2004</i> | <i>2005</i> |
| | <i>£'000</i> | <i>£'000</i> |
| Government Departments | 1,302 | 84 |
| Sundry Creditors | 1,641 | 1,498 |
| Council Taxpayers/National Non Domestic Ratepayers in Advance | 729 | 808 |
| Inland Revenue | <u>11</u> | <u>8</u> |
| | <u>3,683</u> | <u>2,398</u> |

Note 22 Long Term Borrowing

| | <i>31st March</i> | |
|--------------------------------------|-------------------|--------------|
| | <i>2004</i> | <i>2005</i> |
| | <i>£'000</i> | <i>£'000</i> |
| Source of Loan | | |
| Individuals | - | - |
| Mortgages | <u>52</u> | <u>49</u> |
| | <u>52</u> | <u>49</u> |
| An analysis of loans by maturity is: | | |
| Maturing within one year | - | - |
| Maturing in 1-2 years | - | - |
| Maturing in 2-5 years | - | - |
| Maturing in 5-10 years | - | - |
| Maturing in more than 10 years | <u>52</u> | <u>49</u> |
| | <u>52</u> | <u>49</u> |

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2004/2005

NOTES TO THE ACCOUNTS (CONTINUED)

Note 23 Fixed Asset Restatement Account

This account is written down by the net book value of assets as they are disposed of and debited or credited with the deficits or surpluses arising on revaluations.

| | <i>2004</i> <i>£'000</i> | <i>2005</i> <i>£'000</i> |
|---|-----------------------------|-----------------------------|
| Balance at 1 st April | (30,636) | (23,458) |
| Assets not previously recognised on Balance Sheet | - | 111 |
| Surplus/ (Deficit) on revaluation and restatement of fixed assets | 9,425 | 971 |
| Non-enhancing Capital Expenditure | (2,549) | (784) |
| Disposal of fixed assets/accumulated depreciation written off | 302 | 130 |
| Balance at 31 st March | <u>(23,458)</u> | <u>(23,030)</u> |

Note 24 Capital Financing Account

The Capital Financing Account contains the amounts required by statute to be set aside from capital receipts for the repayment of external loans and the amount of capital expenditure financed from revenue and capital receipts.

| | <i>2004</i> <i>£'000</i> | <i>2005</i> <i>£'000</i> |
|--|-----------------------------|-----------------------------|
| Balance at 1st April | 61,478 | 63,006 |
| Capital Receipts Applied | 3,596 | 2,210 |
| Government Grants Deferred | 44 | 87 |
| Depreciation | (712) | (852) |
| Impairment | (781) | - |
| Repayments of Long Term Debts | (76) | (54) |
| Appropriation of Voluntary Revenue Provision | - | 4 |
| Appropriations to Consolidated Revenue Account | (543) | (1,338) |
| Balance at 31st March | <u>63,006</u> | <u>63,063</u> |

Note 25 Usable Capital Receipts Reserve

These are capital receipts which are available for financing new capital expenditure but have yet to be applied for that purpose.

| | <i>2004</i> <i>£'000</i> | <i>2005</i> <i>£'000</i> |
|--|-----------------------------|-----------------------------|
| Balance of usable receipts at 1st April | 14,864 | 14,563 |
| Receipts from sales of assets, etc. | 3,295 | 2,761 |
| Receipts applied for new Capital Expenditure | (3,596) | (2,210) |
| Balance of Usable Receipts at 31st March | <u>14,563</u> | <u>15,114</u> |

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2004/2005

NOTES TO THE ACCOUNTS (CONTINUED)

Note 26 Provisions

| | <i>1st April 2004 £'000</i> | <i>Provided in Year £'000</i> | <i>Less Payment in Year £'000</i> | <i>31st March 2005 £'000</i> |
|----------------------------------|-------------------------------------|---------------------------------------|---|--------------------------------------|
| Severn Trent Superannuation Fund | 58 | - | (5) | 53 |
| Other | 5 | - | (5) | - |
| | <u>63</u> | <u>-</u> | <u>(10)</u> | <u>53</u> |

The Severn Trent Superannuation Fund consists of income received from Severn Trent pending its payment to Worcestershire County Council, the Superannuation Fund managers for the Council.

The small provision held for the maintenance of graves in perpetuity was written back to revenue in the year.

Note 27 Reserves

| | <i>1st April 2004 £'000</i> | <i>Receipt in Year £'000</i> | <i>Less Payment in Year £'000</i> | <i>31st March 2005 £'000</i> |
|---------------------------|-------------------------------------|--------------------------------------|---|--------------------------------------|
| Repairs and Renewals Fund | 120 | - | (114) | 6 |
| Other | 68 | 16 | (14) | 70 |
| Restructuring Reserve | 301 | - | (3) | 298 |
| Earmarked Reserves | 1,395 | 523 | (775) | 1,143 |
| | <u>1,884</u> | <u>539</u> | <u>(906)</u> | <u>1,517</u> |

Note 28 Capital Contributions Unapplied

| | <i>2003/2004 £'000</i> | <i>2004/2005 £'000</i> |
|----------------------------------|----------------------------|----------------------------|
| Balance at 1 st April | 523 | 883 |
| Income | 568 | 584 |
| Expenditure | <u>(208)</u> | <u>(383)</u> |
| Balance at 31st March | <u>883</u> | <u>1,084</u> |

Included in the above balances are Section 106 contributions totalling £503,137 (£479,730 in 2003/04).

Note 29 Contingent Liabilities

The Council is currently in the process of appointing agents to market the sale of Rushock Trading Estate. If unsuccessful there will be a liability in respect of major repairs and maintenance to the Estate, eg replacement sewage works on the site.

Following the relocation of staff from the Vicar Street offices negotiations to surrender the lease are continuing. Should the negotiations prove to be abortive a liability for rentals of £300,000 over six years will be payable along with a payment for dilapidations.

Note 30 Post Balance Sheet Events

A payment of £193,916 was received on 16th May 2005 from the Department of Works & Pensions (DWP). This was in respect of additional Housing Benefit Subsidy for the years 2000/2001 and 2001/2002. The Authority prudently had not previously accounted for the additional subsidy, as it was not clear whether the DWP would re-open the subsidy claims for the two years. The receipt will be treated as an exceptional item in 2005/06.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2004/2005

NOTES TO THE ACCOUNTS (CONTINUED)

Note 31 Remuneration of Officers

The number of officers whose remuneration for the year exceeded £50,000 (including salary, redundancy payments and other minor allowances):

| <i>Total Remuneration</i> | <i>2003/2004</i> | <i>2004/2005</i> |
|---------------------------|------------------|------------------|
| £50,000 - £60,000 | 7 | 6 |
| £60,000 - £70,000 | - | - |
| £70,000 - £80,000 | - | - |
| £80,000 - £90,000 | 1 | 1 |

Note 32 Members' Allowances

Members' Allowances paid during the year are as follows:

| | <i>2003/2004</i> | <i>2004/2005</i> |
|------------------------------------|------------------|------------------|
| | £ | £ |
| Allowances | 188,453 | 231,746 |
| Travel & Subsistence | 6,696 | 5,863 |
| Telephone & Miscellaneous Training | <u>17,551</u> | <u>22,917</u> |
| | <u>212,700</u> | <u>260,526</u> |

Note 33 Analysis of Other Government Grants for Cashflow Statement

| | <i>2003/2004</i> | <i>2004/2005</i> |
|--------------------------------|-------------------|------------------|
| | £'000 | £'000 |
| | <i>(Restated)</i> | |
| DEFRA Recycling Grant | 263 | 54 |
| Housing subsidy | 76 | 76 |
| Planning Delivery Grant | - | 12 |
| Improvement Grant subsidy | 13 | 13 |
| Section 56 Grant (car parking) | <u>-</u> | <u>9</u> |
| | <u>352</u> | <u>164</u> |

Note 34 Reconciliation of Deficit to Net Cashflow

| <i>2003/2004</i> | | <i>2004/2005</i> |
|--|----------------|------------------|
| £'000 | £'000 | £'000 |
| (217) Revenue Surplus/(Deficit) | | 190 |
| <u>Non-cash transactions</u> | | |
| (62) (Increase)/Decrease in provisions set aside | (10) | |
| 712 Depreciation | 846 | |
| (509) Other non-cash transactions | (930) | |
| 1,086 Contributions from/(to) reserves | <u>(166)</u> | (260) |
| <u>Items on an accruals basis</u> | | |
| (27) (Increase) / decrease in stock | 25 | |
| (3,152) Decrease/(increase) in debtors | 3,010 | |
| 967 Increase / (decrease) in creditors | <u>(1,208)</u> | 1,827 |
| <u>Items classified in another classification in the cash flow statement</u> | | |
| (1,033) Interest transactions | (1,281) | |
| - Revenue contributions to capital | <u>-</u> | (1,281) |
| <u>(2,235) Net cash flow from revenue activities</u> | | <u>476</u> |

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2004/2005

NOTES TO THE ACCOUNTS (CONTINUED)

Note 35 Analysis of Changes in Net Debt

| <i>Movement in the Year 2003/2004 £'000</i> | | <i>Balance 1st April 2004 £'000</i> | <i>Balance 31st March 2005 £'000</i> | <i>Movement in the Year 2004/2005 £'000</i> |
|---|--|---|--|---|
| 39 | Cash | (805) | (1,415) | (610) |
| (1,500) | Temporary investments | 18,025 | 20,400 | 2,375 |
| <u>(1,461)</u> | Increase / (Decrease) in cash and cash equivalents | | | <u>1,765</u> |
| (2) | Long term borrowing | 52 | 49 | (3) |
| (8) | Temporary loans | 84 | 110 | 26 |
| <u>(10)</u> | Increase / (Decrease) in external financing | | | <u>23</u> |

Note 36 Reconciliation of Net Cashflow to movement in Net Debt

| | <i>£'000</i> | <i>£'000</i> |
|--|--------------|---------------|
| Increase/(decrease) in cash in the year | (610) | |
| Cash used to repay long term debt | (23) | |
| Increase/(decrease) in liquid resources | <u>2,375</u> | |
| | | 1,742 |
| Net funds at 1 st April 2004 | | <u>17,084</u> |
| Net funds at 31 st March 2005 | | <u>18,826</u> |

Note 37 Trust Funds

The Council acts as trustee for the Kidderminster Educational Foundation. This Fund has not been consolidated with the accounts of the Council and is invested in the money market. The capital balance invested during the year was £296,209 (£296,209 at 31st March 2004) whilst the revenue balance was £54,427 at 31st March 2005 (£85,411 at 31st March 2004).

The Council became trustee of the Bewdley Museum Trust in May 1975, and operates the Museum as a local service under powers contained in the Public Libraries and Museums Act 1964. The Council sets the entrance fees to the Museum and retains the shop profits to partially offset the gross expenditure incurred in running the Museum. There is, therefore, no income or expenditure accruing directly to the Trust.

Note 38 European Monetary Union and the Euro

The United Kingdom Government have decided not to take part in the first wave of participation in European Monetary Union. Therefore, it is unlikely that there will be any UK involvement in the near future and consequently there has been no material expenditure recorded in these accounts. Financial provision for Euro preparations will be made to comply with a national timetable when determined.

Note 39 Group Accounts

The Authority has determined, in accordance with UK GAAP, it has no controlling interests in subsidiaries, associates or joint ventures.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS. 2004/2005

HEAD OF FINANCIAL SERVICES' AND LEADER'S CERTIFICATE

The Statement of Accounts on pages 14 to 32 is prepared and published in accordance with the Accounts and Audit Regulations 2003.

The accounts have been prepared on a historic cost basis, in accordance with the Code of Practice on Local Authority Accounting and the Best Value Accounting Code of Practice issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), and also with the guidance notes issued by CIPFA on the application of Accounting Standards. They present fairly the position of the Authority at the accounting date and its income and expenditure for the year ended 31st March 2005.

KEITH BANNISTER, CPFA, FCCA
HEAD OF FINANCIAL SERVICES

COUNCILLOR MR S J M CLEE
LEADER OF THE COUNCIL

28th July 2005

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2004/2005

GLOSSARY OF FINANCIAL TERMS

ACCOUNTING POLICIES

The policies and concepts used in the preparation of the accounts.

ACCRUALS

Sums included in the accounts to cover income and expenditure attributable to the accounting period, but for which payment has not been received or made by 31st March.

ASSET MANAGEMENT REVENUE ACCOUNT

This account is credited with the capital charges made to services for the use of their assets. It is debited with the cost of external interest paid and depreciation charges. The balance on this account is transferred to the Consolidated Revenue Account which ensures capital charges do not impact on the level of Council Tax.

ASSET REGISTER

Each Local Authority is required to compile a register of all its capital assets. Each asset must be professionally valued, generally at replacement cost, every five years. Capital charges for the use of assets are calculated on the values contained in the Asset Register.

BEST VALUE ACCOUNTING CODE OF PRACTICE (BVACOP)

This code of practice details standard definitions of services and total cost which enables spending comparisons to be made with other Local Authorities.

BUDGET

A statement detailing the Council's financial policy over a specified period of time.

CAPITAL CHARGES

Charges to services to reflect the cost of fixed assets used in the provision of services.

CAPITAL EXPENDITURE

Expenditure on acquisition, construction or improvement of assets which have a value to the authority for more than one year e.g. land and buildings.

CAPITAL GUIDELINES

The sum set by the Government as their view of appropriate capital spending levels on services.

CAPITAL PROGRAMME

The Authority's plan of capital expenditure on capital schemes/projects for current and future financial years, including details on the funding of the programme.

CAPITAL RECEIPTS

Income from the sale of capital assets, such as land or buildings, which may also be available to finance other items of capital (but not revenue) expenditure.

CENTRAL SUPPORT SERVICES

The provision of services by the central divisions of the Council in respect of finance, personnel, legal, policy, administration, information technology and property.

CORPORATE AND DEMOCRATIC CORE (CDC)

The Corporate and Democratic Core consists of two elements, Democratic Representation and Management (DRM) and Corporate Management.

DRM includes all aspects of members' activities including corporate programme and service policy making, together with officer time in support of these functions. Examples of costs charged to DRM includes all members allowances and expenses.

Corporate Management concerns those activities and costs which allow services to be provided, whether by the authority or not, and the information which is required for public accountability. Costs properly charged to this heading include time spent in allocating corporate resources and producing the annual accounts, treasury management activities and external audit fees for the statutory audit.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2004/2005

GLOSSARY OF FINANCIAL TERMS (continued)

COUNCIL TAX

A tax collected by the District Council which is payable at the same rate by each household in the same valuation band in the same area. There are eight Council Tax bands and how much each household pays depends upon the value of the homes. Council tax income is distributed to Precepting Authorities.

COUNCIL TAX DISCOUNTS AND EXEMPTIONS

Discounts are available to people who live alone and owners of homes that are not anyone's main home. Council Tax is not charged for certain properties, known as exempt properties, like those lived in only by students.

COUNCIL TAXBASE

The Council Tax base of an area is equal to the number of band D equivalent properties. To calculate this, the Government counts the number of properties in each band and works out an equivalent number of band D properties. For example, one band H property is equivalent to two band D properties, because it pays twice as much tax.

COUNCIL TAX BENEFIT

Amounts deducted from the bills of council tax payers whose incomes fall below prescribed amounts which take into account the financial circumstances of the taxpayer. The majority of the cost of this scheme is met by Central Government which reimburses authorities for the reduction made in bills by means of a direct grant known as council tax benefit subsidy.

CREDITORS

Amounts owed by the District Council for work done, goods or services received but for which payment has not been made by the end of the accounting period.

DEBTORS

Amounts due to the District Council but unpaid by the end of the accounting period.

DEFERRED CHARGES

Capital expenditure for which no tangible fixed asset exists is classified as deferred charges in the balance sheet and written off over a suitable period.

DEPRECIATION

The fall in value of an asset, as recorded in the financial records, due to wear and tear, age and obsolescence.

FEES AND CHARGES

In addition to income from the Government, Local Authorities charge for numerous services including car parking.

FINANCIAL REGULATIONS

The rules that the Council's financial affairs are operated within.

F.T.E.

Full-time equivalent – relates to employee numbers.

FIXED ASSET

A tangible asset which is intended to be used for several years, such as a vehicle or building.

FIXED ASSET RESTATEMENT ACCOUNT

This account represents the balance of the surpluses or deficits arising on the revaluation of fixed assets. This account is also adjusted for the value of assets sold.

GOVERNMENT GRANTS

Payments by Central Government towards the cost of Local Authority services. These are either for particular purposes or services (specific grants) or in aid of local services generally (revenue support grant).

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2004/2005

GLOSSARY OF FINANCIAL TERMS (continued)

GROSS AND NET TOTAL COST

The gross total cost of a service includes all expenditure relating to the service/activity including employee costs, transport, support services and capital charges. Net total cost is the gross total cost of a service less income other than specific grants.

HEREDITAMENT

A property appearing in a valuation list upon which business rates are levied. Applies to non-domestic property.

HOUSING ADVANCES

Loans by an Authority to individuals towards the cost of acquiring or improving their homes.

HOUSING ASSOCIATION

A non-profit making body concerned with the construction, improvement or management of houses.

HOUSING BENEFIT

This scheme provides financial assistance towards the domestic rent payments of tenants in registered social landlord or privately owned accommodation, whose incomes fall below prescribed amounts. Income Support claimants may claim Housing Benefit at the same time as they claim Income Support from Central Government. Income Support claimants may also claim direct to the District Council for Housing Benefit. All other claimants must make their claim to the District Council. In the case of private tenants, a payment (rent allowance) is made to the tenant or to the landlord if requested by the claimant.

The District Council is reimbursed by the Government for 95% of the cost of benefits to private sector tenants. The Government also contributes towards the costs of administering the scheme. Some Authorities may choose to operate a 'local scheme' whereby allowances in excess of the standard payments are granted. This extra cost is borne by the District Council.

HOUSING INVESTMENT PROGRAMMES (HIPS)

These are submitted annually to the Office of the Deputy Prime Minister by the District Council which details its capital plans. Approved expenditure is allocated in one block to cover all the following items of capital expenditure:

Slum Clearance

Private sector improvement grants

Support to Registered Social Landlords for both new house building and renovation schemes

LIQUID RESOURCES

These are assets that are readily converted into cash without significant loss, eg. short term investments.

NATIONAL NON-DOMESTIC RATES (BUSINESS RATES)

A tax collected locally by District Councils and paid to Central Government. It is then redistributed to County, Unitary, Borough and District Councils on the basis of the resident population.

OPERATING LEASES

This is where the rewards and risks of ownership of the asset remain with the leasing company and the annual rental is charged directly to the revenue account.

OUT-TURN

Actual income and expenditure

PRECEPT

This is the amount of council tax income County Councils, Police Authorities, District Councils, Parish Councils and some Fire Authorities need to provide their services. The amounts for all Local Authorities providing services in an area appear on one council tax bill which is issued by the District Council.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2004/2005

GLOSSARY OF FINANCIAL TERMS (continued)

PROVISIONS

These are monies set aside to meet any liabilities or losses which are likely or will be incurred, but the amounts or the dates on which they will arise are uncertain e.g. provision for bad debts.

PRUDENTIAL CODE FOR CAPITAL FINANCE IN LOCAL AUTHORITIES

CIPFA developed a professional code of practice to support local authorities in taking capital investment decisions. The key objectives of the code are to ensure, within a clear framework, that local authorities' capital investment decisions are affordable, prudent and sustainable; that treasury-management decisions are taken in accordance with good professional practice; and that local strategic planning, asset management planning and proper option appraisal are supported. The code was implemented with effect from 1st April 2004.

RATEABLE VALUE

A value placed on all non-domestic properties subject to business rates to which a uniform rate poundage is applied to arrive at rates payable. The value is based on a notional rent that property could be expected to yield after deducting the cost of repairs.

RESERVES

These are monies set aside to meet the cost of specific future expenditure.

REVENUE BALANCES

The accumulated surplus of income over expenditure on the General Fund.

REVENUE CONTRIBUTION TO CAPITAL EXPENDITURE

The amount of capital expenditure to be financed directly from the annual revenue budget.

REVENUE EXPENDITURE

This is expenditure incurred on the provision of services and consists principally of salaries and wages, capital charges and general running expenses.

REVENUE SUPPORT GRANT

This is paid by the Government in respect of Local Authority expenditure generally. The grant is distributed so that if each Authority were to spend at the level of its Standard Spending Assessment (SSA) all charging Authorities could set the same council tax known as the Council Tax for Standard Spending.

SECTION 137 EXPENDITURE

Section 137 of the Local Government Act 1972 allows Local Authorities to spend an amount of £1.90 per head for the benefit of its inhabitants on projects not specifically authorised by other powers.

SPECIFIC GRANTS

Government grants to Local Authorities in aid of particular projects or services e.g. Disabled Facilities Grants.

STANDING ORDERS

Rules and procedures determined by the Council to assist in the efficient performance of its activities.

STATEMENT OF RECOMMENDED PRACTICE (SORP)

This relates to the Code of Practice on Local Authority accounting which is published by the Chartered Institute of Public Finance and Accountancy.

UNAPPORTIONABLE CENTRAL OVERHEADS

These are costs which cannot reasonably be charged to the cost of individual services and include, for example, contributions to meet pension fund deficits.

VIREMENT

The authorised transfer of an underspend in one budget head to another head