

STATEMENT OF ACCOUNTS

Pre Audit

2004/05

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EXPLANATORY FOREWORD

This section identifies and briefly explains each part of the document and includes an overview of the Council's financial performance during 2004/05 and its final position as at 31st March 2005.

INTRODUCTION FROM THE STRATEGIC DIRECTOR OF FINANCE AND PROPERTY

I am pleased to introduce the Council's Statement of Accounts for 2004/5. Once again the accounts have been produced to the earlier statutory deadline and to a high standard. This would not have been possible without the hard work of staff across the Council. My thanks go to all staff for their assistance in preparation of these accounts and for their support throughout the year.

The Council's accounts have been prepared in accordance with the 2004 Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (SORP) developed by CIPFA/LASAAC Joint Committee.

This foreword explains briefly the Council's financial activities during 2004/5 and its position at 31st March 2005. The pages which follow are the Council's final statutory accounts for 2004/5 and comprise:

- i) ***The Statement of Responsibilities***, which is the statement by the Strategic Director of Finance and Property that the accounts present fairly the financial position of the authority.
- ii) ***Statement of Accounting Policies***. This details the legislation and principles that are used in compiling the accounts. The accounts can be best appreciated if the policies followed in dealing with material items are understood. The Statement of Accounting Policies and the notes to the statements form an integral part of the accounts.
- iii) ***The Consolidated Revenue Account (CRA)*** details the income and expenditure on all services of the Council including Housing.
- iv) ***The Consolidated Balance Sheet***, which sets out the financial position of the Council as at 31st March 2005. The Collection Fund (see viii below) is included in the Consolidated Balance Sheet.
- v) ***The Statement of Total Movements in Reserves***, which brings together all the recognised gains and losses of the Authority during 2004/05.
- vi) ***The Cash Flow Statement***, which summarises the inflows and outflows of cash arising from both revenue and capital transactions with third parties during the year.
- vii) ***The Housing Revenue Account (HRA)***, which shows the income and expenditure on Council housing during the year.
- viii) ***The Collection Fund***, which records income and expenditure in respect of Council Tax, National Non-Domestic Rates, Community Charge adjustments and precepts for the year.
- ix) ***Glossary of Financial Terms***. This explains financial terms used in the accounts.
- x) ***List of Abbreviations***. This provides the full description for abbreviations used in this document.

FINANCIAL PERFORMANCE 2004/05

Amongst the financial achievements for the year, it is pleasing to note that:

Planned spending overall was in line with the revenue budget.

Balances at 31st March exceeded the planned level.

The Council received the top mark possible in the Comprehensive Performance Assessment for Use of Resources.

Treasury management costs and other corporate costs were significantly below budget, thus helping to contain pressures arising in services and releasing resources to assist the future budget strategy.

2004/05 marked a successful budget cycle where, despite reduced resources as a result of the Office of National Statistics (ONS) estimating that Slough's population was decreasing, the Council still set an affordable Council Tax. Growth amounted to £9.7m which was partly funded by savings of £4.3m, of which £3.1m was efficiency related.

The transfer of Property into the new Finance and Property Department was completed during 2004/05.

The Council implemented the new CIPFA Financial Management Model during 2004/05 as a process for continuing improvement. Initial findings from the survey ranked Financial Management particularly strong on stewardship with high scores in supporting performance and transformation of services.

OTHER ACHIEVEMENTS

Slough has been rated as a 'good council' in the latest round of independent government inspections for 2004. The achievements reported in the year include:-

Social Services moved up to two stars with prospects for older people rated as excellent.

Cultural Services were rated as good.

The Education Psychology and Looked After Children's Services were rated the best in the country.

Slough Focus – Slough's local strategic partnership agreed joint objectives for public, private and voluntary organisations for the town.

The Aurat Enterprise, which was launched to help women from minority ethnic communities, was acknowledged as best practice by the Learning & Skills Council.

The alternative Education programme was described as excellent by OFSTED.

3 new children's centres provided with Surestart funding became operational.

The LEA now has 3 Beacon Schools, 2 Leading Edge Schools, 1 Designated Training College and 6 Specialist Schools

Many awards have been won by the Authority during 2004/5 including Slough being named as the Enterprise capital of the South East by SEEDA and the Slough Citizen being named as the public service newspaper of the year. The Slough Business Community Partnership was accredited in the Partnership awards and the Keep Slough Green and tidy campaign won both regional and national awards.

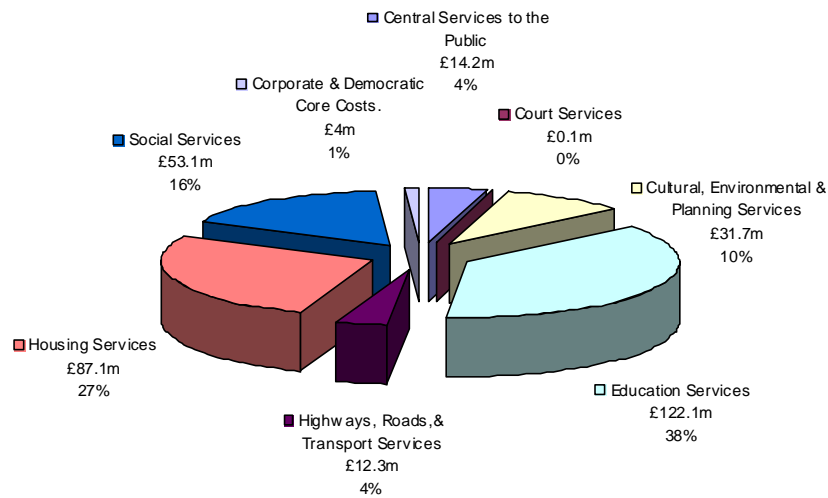
CONSOLIDATED REVENUE ACCOUNT

General Fund

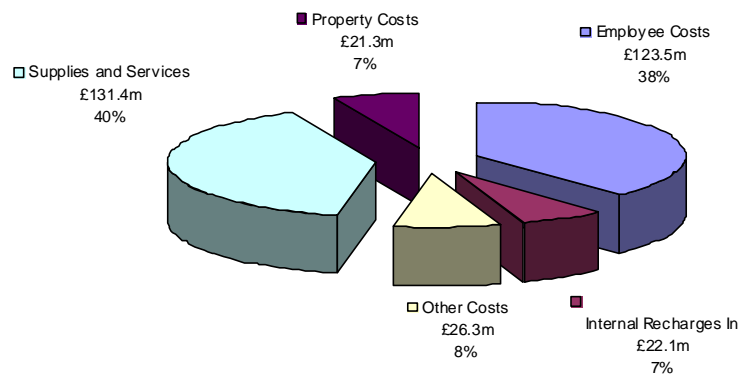
The CRA statement on page 16 is analysed in accordance with the Best Value code of practice and includes HRA services.

The Council's gross expenditure was £324.6m, and the following diagrams show this on a service by service basis and by category of expenditure.

Gross Expenditure on Services 2004/05

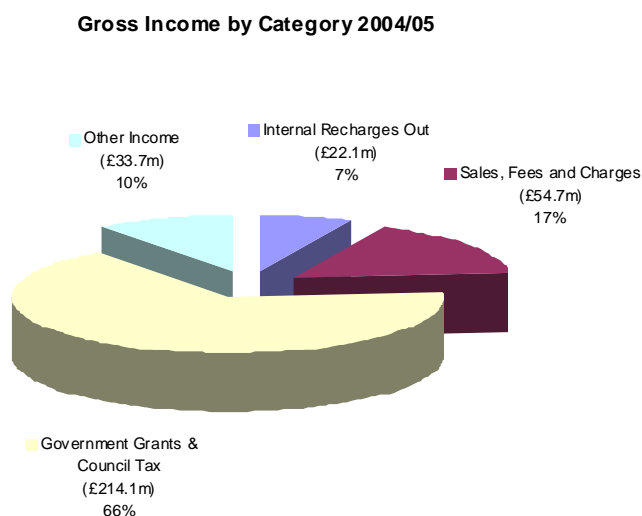


Gross Expenditure by Category 2004/05



Employee costs include the full cost of employing teachers.
 Other costs include capital financing charges and transfer payments for benefit payments and rent rebates.

The funding of the above expenditure is shown in the following diagram:



The Council set a revenue budget for 2004/05 of £145.7m including a planned contribution to balances of £756k and £192k for parish precepts. During the year departments have drawn on earmarked reserves which had been set aside in previous years and following the review of balances and reserves as part of the budget process for 2005/06 contingency items no longer considered needed were released to balances.

The outturn position is net expenditure of £143.8m, an underspend of £1.9m.

The table below reflects the Council's departmental structure which was the basis for budgetary control responsibility.

	Base Budget	Latest budget	Actual	Variance to latest Budget
	£000s	£000s	£000s	£000s
Learning & Cultural	91,115	91,581	94,539	2,958
Social Services	34,729	34,870	35,043	173
Housing & Neighbourhood Services	17,336	18,144	16,839	(1,305)
Legal & Democratic & Development Services	10,713	11,638	12,125	487
Central Departments	3,454	3,490	4,303	813
Net cost of services	157,347	159,723	162,849	3,126
Treasury Management	(16,241)	(16,324)	(17,607)	(1,283)
Balances & Contingencies	4,226	1,933	(1,810)	(3,743)
Levies & Parishes	402	402	398	(4)
Total	145,734	145,734	143,830	(1,904)

The main areas of variation from the amended budget were:

Reasons for variation	Amount £000
Special Educational Need costs including out of borough placements in independent special schools, additional therapy, and transport costs	870
Increase in costs and numbers for out of borough placements in LEA maintained schools	100
Standard fund shortfalls in match funding	780
Additional free school meals in schools' catering service	150
Restructure of Youth Service	100
Additional cost for sessional staff across the board for adult learning - increasing participation	100
Vacant posts & underspends in Corporate & Member Services	(219)
On and off street parking - anticipated income not generated	723
Collection of housing overpayments for past years	(324)
Additional housing benefit subsidy	(284)
Additional responsive property maintenance	231
Reduction in rental income due to empty properties, offset by revaluation of business rates and vacant staff posts within Property Services	295
Savings from vacant staff posts & capitalisation of staff working on the e-Government project during the year	(400)
Redundancy costs	188
Additional investment income	(1,633)
Release of former Berkshire County Council balances	(200)
Release of contingency and miscellaneous items	(2,381)
Total	(1,904)

General Fund Balances

The Council has a policy of maintaining a prudent General Fund balance for unforeseen requirements.

In setting the 2004/05 budget, the recommended level was agreed at £6m with a planned contribution of £756k. The level of balances was reviewed as part of the 2005/06 estimates process. Based on the projected increase in contribution to balances for 2004/05, the Council have agreed to use £2.1m from balances to maintain an affordable Council Tax for 2005/06.

The fund balance as at 31st March 2005 is shown below:

	Base budget £000s	Latest budget £000s	Actual £000s	Variance £000s
Balance brought forward	(5,620)	(5,955)	(5,955)	0
Budgeted contributions to balances in year	(756)	(756)	(756)	0
Further contributions from/(to) balances			(1,903)	(1,903)
Balance carried forward	(6,376)	(6,711)	(8,614)	(1,903)

The Council also has a number of provisions and reserves. Details about the nature and purpose of these, together with their movements in the year, are described on pages 40 and 41.

Schools Balances

Locally managed schools are also allowed to carry forward unspent balances of delegated budgets. The changes in the level of school reserves were:

	2003/04 £000	2004/05 £000
Balances as at 1st April	(3,021)	(3,181)
Movement in the year: From Reserves Fund	1,086	2107
To Reserves Fund	(1,246)	(3,580)
Balances as at 31st March	(3,181)	(4,654)

Housing Revenue Account

The original budget for the HRA for 2004/05 approved an increase in rents of 3.96%, which was in line with the government guideline increase. During 2004/05 the Council put forward proposals for setting up an Arms Length Management Organisation (ALMO) to carry out the management of the Council's housing stock with the view to invest in excess of £45m for decent homes; the Council will remain the owner and landlord of the stock. The tenants were balloted in November to ascertain their view on the proposals and the overwhelming vote was in favour of the ALMO. The ALMO plans to 'go live' in December 2005 and subject to a 2 star rating the Council will be able to draw down the £45m from Central Government. The ALMO programme will invest in works to meet the decent homes standard by the date set by the Government.

The main components of the HRA budget and how these compared with the actual outturn for the year are shown below.

	Base Budget £000	Latest Budget £000	Actual £000	Variance £000
Expenditure				
Management	8,186	8,135	7,292	(843)
Repairs	5,236	5,236	5,234	(2)
Depreciation	4,609	4,609	4,625	16
Government Subsidy	5,193	5,193	5,143	(50)
Capital Financing	1,372	1,372	1,356	(16)
Revenue Contribution to Capital (RCCO)	1,067	1,051	0	(1,051)
Income				
Dwelling Rents	(22,179)	(22,179)	(21,286)	893
Non-Dwelling Rents	(1,449)	(1,449)	(1,402)	47
Charges for Services and Facilities	(992)	(992)	(2,146)	(1,154)
Investment Income	(919)	(919)	(849)	70
Net (surplus)/ deficit for year	124	57	(2,033)	(2,090)
Balance brought forward	(831)	(831)	(2,652)	(1,821)
Balance carried forward	(707)	(774)	(4,685)	(3,911)

The main reasons for variations from the estimate for 2004/05 are shown below.

Reasons for variation

**Amount
£000**

Management – there have been a number of vacancies in the Neighbourhood Housing team that have not been recruited to during the year; most of the vacancies have occurred due to the teams required for

the ALMO.	(843)
Revenue Contribution to Capital Outlay – due to slippage in the Capital Programme the revenue contribution was not required in 2004/05; this funding will be carried forward in HRA balances for use on Capital projects in future years.	(1,051)
Dwelling Rents – In 2004/05 Service Charges were un-pooled from tenants' rents; the budget included service charges in the rent calculation.	893
Charges for Services and Facilities – The service charges that were previously part of the tenants' rent were un-pooled and appear as a charge for services. Income received for aerials was also higher than budget.	(1,154)
Other Expenditure/Income items	66
Total	(2,089)

Balances carried forward into 2005/6 amount to £4.7m, however, £2.3m of these balances is earmarked for capital purposes.

COLLECTION FUND

In setting the 2005/06 Council Tax during January 2005 a surplus/deficit balance on the Collection Fund was estimated to be zero. As at 31st March 2005 there is a deficit of £326k of which the Council's share is £275k. This amount will be taken into account when setting the 2006/07 Council Tax.

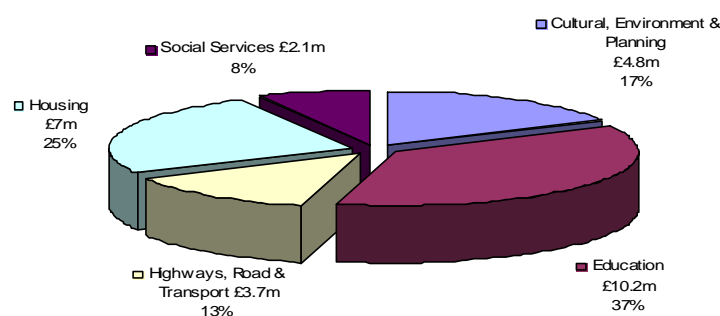
The collection rate of collectable Council Tax bills was 94.4% for 2004/05. The collection rate is expected to improve during 2005/06 as the relatively new team gain experience and more staff are recruited to vacant posts.

The collection rate of collectable Business Rate bills was 97.8% for 2004/05 (96.7% for 2003/04). This rate is expected to be maintained during 2005/06, although the introduction of a new rating list will provide challenges.

CAPITAL EXPENDITURE AND THE PRUDENTIAL SYSTEM OF CAPITAL FINANCE

The Council implemented the new prudential system of Capital Finance and approved the 5 year Capital Programme and the prudent borrowing limits. The revised Capital Programme for the year including slippage from 2003/04 was £41m. The actual capital spend in the year was £27.8m (£27.1m for 2003/04) analysed on the following page:

Capital Expenditure in Best Value Format



Further details can be found in note 3 to the Consolidated Balance Sheet.

BORROWING

The Council's long term debt outstanding as at 31st March 2005 is £49.8m (compared to £48m as at 31st March 2004). This includes the Council's share of the debt inherited from Berkshire County Council following the local government reorganisation which Reading Borough Council managed until July 2004, when the outstanding debt of £19.4m was transferred for "in house" management. £34.8m of the long term debt is owed to the Public Works Loans Board, an arm of the Government and £15m is owed to the Money Market Institutions i.e. banks and similar institutions.

The Council's ability to borrow, apart from internal prudent management considerations, is governed by regulations arising from the local Government Act 2003 and the CIPFA's Code of Practice on Prudential System of Capital Finance. The Council also incorporates adherence to the CIPFA Code of Practice on Treasury Management in its own internal treasury management policy statements.

INVESTMENTS

The investments shown within the accounts are managed "in-house" and are a result of the general management of the Council's financial reserves. They consist of the Council's reserves, unapplied capital receipts, grants and contributions.

GROUP ACCOUNTS

The SORP 2004 requires local authorities to consider all their interests and to prepare a full set of group financial statements where they have material interests in subsidiaries, associates or joint ventures. The Council has undertaken a full review of all relationships the Authority has with external organisations and then assessed

them against the requirements for group accounts. The conclusion is that there are no interests during 2004/05 which necessitate the production of group accounts.

LONG TERM CONTRACTS

The Council has participated in the following long term contracts during 2004/05:

Long term partnership to deliver the Council's building maintenance and cleaning services

The second year of a 15 year contract to deliver environmental services

A partnership to deliver an e-Government programme

PUBLIC SERVICE AGREEMENT (PSA)

The council signed a PSA in 2002 by which it agreed to improve performance in 12 key service areas over a three year period. The Council received a "pump priming" grant of £860k. If all targets are achieved by the end of March 2005 the Council could receive a performance grant from the government of up to £3m from 2005/06 onwards. It is anticipated approximately half of this will be revenue and half capital.

A second PSA has been submitted to the ODPM in 2005/06.

PUBLIC FINANCE INITIATIVE (PFI)

The PFI scheme will re-provide three schools and a range of other resources and community facilities. PFI credits of £47.9m in total were awarded to the authority. The Invitation to Negotiate (ITN) was issued in July 2004 with the three bids being submitted in November 2004. Following this Best and Final Offers were invited from bidders in December 2004 and received in January 2005 and Last and Final Offers were invited from bidders with final submissions received on May 23rd 2005. Evaluation is now in process. The aim is to select a preferred bidder by the end of June 2005.

THE MAIN CHANGES IN THE 2004/05 ACCOUNTS

As required under the 2004 SORP the following changes have been included in the 2004/05 accounts:-

The Fixed Asset Restatement Reserve (FARR) and Capital Financing Reserve (CFR) have been renamed as Fixed Asset Account (FAA) and Capital Financing Account (CFA).

Deferred charges have been deleted from the balance sheet.

Intangible assets have been included in the balance sheet for 2004/05 with full details in note 1 to the balance sheet.

The discount rate for defined benefit pension scheme liabilities has been changed from a rate determined each year by the Government Actuaries

Department to the current rate of return on a high quality bond of equivalent currency and term to the scheme liabilities (AA Corporate Bond Rate).

The HRA has been amended to reflect:

- Changes to the HRA subsidy system comprising removal of rent rebates and the item 5 debit for sums payable for negative housing subsidy.
- Abolition of the Housing Set Aside (Minimum Revenue Provision).
- The extension of the use of the Majors Repairs Reserve to include debt repayment and credit liabilities.

The CRA has been amended to reflect the introduction of the Housing pooled Capital Receipts arrangements from 1st April 2004.

The Provision for Credit Liabilities note has been removed.

Other significant events to note in respect of the 2004/05 accounts are:

The transfer of debt in respect of the Council's share of former Berkshire Council's debt from Reading to be managed "in house" – see Borrowing note above.

A large increase in the total for debtors was due to final settlement in respect of over contribution to the NNDR (National Non Domestic Rate) pool of £5m due to revaluation of business properties.

One of the Foundation schools has sold some playing fields. They will be using the money to build sports facilities. This is shown as receipts in advance which is reflected by a significant increase in the creditors' figures for 2004/05.

CHANGES IN ACCOUNTING POLICIES AND FRS17

The Authority fully implemented the pensions liability treatment under Financial Reporting Standards 17(FRS17) in the 2003/04 accounts. Full details are given in notes to the accounts. For 2004/05 the discount rate used has been changed to the AA Corporate Bond Rate as referred to in the paragraph above.

FUTURE DEVELOPMENTS

Future developments include Slough continuing to lobby on a number of fronts in relation to funding due to particular circumstances, in particular in relation to the mid year population estimates that impacted on the Slough Revenue Support Grant (RSG) settlement from the government as a result of the Office of National Statistics revising down the Slough population estimates from the 2001 census.

In light of the recommendations from the Laming Committee, the Council is forming a new department for Education & Children services. The Authority is using the opportunity to restructure all the front line services and 2005/06 will also see the creation of departments for Adults & Community and Green & Built Environment.

STATEMENT OF INTERNAL CONTROL

In line with the best practice outlined in the CIPFA Finance Advisory Network (FAN) document, Statement of Internal Control – Rough Guide for Practitioners, Slough Borough Council is in the process of gathering assurance to support the Statement of Internal Control. In order to ensure that the statement is current it is intended to seek formal approval of the Statement of Control by the Chief Executive and Leader before being taken to Cabinet. It will then be included in the Authority's published Financial Statements.

FURTHER INFORMATION

Further information about the accounts is available from

The Strategic Director of Finance and Property
Town Hall,
Bath Road,
Slough,
Berkshire,
SL1 3UQ.

(Tel: 01753 875300)

Email address: enquiries@slough.gov.uk

The audited Statement of Accounts will also appear on the Slough Borough Council website: www.slough.gov.uk

PUBLIC INSPECTION

From 25th July 2005 to 19th August 2005, any person interested will be able to inspect and make copies of the accounts of the Council for the year ended 31st March 2005. Questions may be put to our auditors, the Audit Commission, North Wing, Southern House, Sparrowgrove, Otterbourne, Hampshire, SO21 2RU, from 22nd August 2005 until the audit is completed.

Mike Suarez
Strategic Director of Finance and Property

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STATEMENT OF ACCOUNTS
2004/05

Reserved for Auditors' opinion (1)

This will be provided following completion of the audit.

Reserved for Auditors' opinion (2)

This will be provided following completion of the audit.

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STATEMENT OF RESPONSIBILITIES

This is the statement by the Strategic Director of Finance and Property that the accounts present fairly the financial position of the authority. Also in this section are the signatures of chair and the leader of the Council when the Statement of Accounts are approved.

APPROVAL OF THE STATEMENT OF ACCOUNTS

Members of the Council approved the Statement of Accounts on 26th July 2005.

Councillor Latif Khan, Mayor

Chair of Meeting

Councillor Richard Stokes, Leader of the Council

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 during 2004/05 was Mike Suarez, Strategic Director of Finance and Property.

to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

under the Local Government Act 1999 to make arrangement to secure continuous improvement in the way its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

THE STRATEGIC DIRECTOR OF FINANCE AND PROPERTY'S RESPONSIBILITIES

The Strategic Director of Finance Officer and Property is responsible for the preparation of the Authority's Statement of Accounts which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain (the Code of Practice), is required to present fairly the financial position of the Authority at the accounting date and its income and expenditure for the year ended 31st March 2005.

I certify that in preparing this Statement of Accounts, I have:

selected suitable accounting policies and then applied them consistently,

made judgements and estimates that were reasonable and prudent,

complied with the Code of Practice,

kept proper accounting records which were up to date,

taken reasonable steps for the prevention and detection of fraud and other irregularities

and certify that the Statement of Accounts set out on the following pages present fairly the financial position of the Authority as at 31st March 2005.



Mike Suarez
Strategic Director of Finance and Property

Date: 21st June 2005

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STATEMENT OF ACCOUNTING POLICIES

The purpose of the Statement of Accounting Policies is to explain the basis for the recognition, measurement and disclosure of transactions and other events in the accounts. In certain circumstances, where more than one accounting basis or estimation technique is acceptable, the accounting policy and/or estimation techniques followed can significantly affect an authority's reported results and financial position. The view presented in published accounts can only be appreciated properly if the policies that have been followed for material (large or significant) items and estimation techniques that have been used in applying those policies are explained.

The financial statements have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2004: A Statement of Recommended Practice (SORP) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) in June 2004. This includes, where appropriate, the Financial Reporting Standards (FRS) used by accountants in both the public and private sector.

There are no instances in the accounts where the fundamental accounting concepts of Chapter 2 of the SORP have not been followed.

The Council has reviewed its accounting policies in accordance with FRS18, Accounting Policies.

1. ACCOUNTING CONVENTION

The accounting convention adopted is historical cost modified by the revaluation of certain categories of asset.

The Housing Revenue Account (HRA) is prepared using Resource Accounting principles. Resource Accounting is a form of accounting that the Central Government has adopted for its accounts. The Major Repairs Reserve (MRR) is used to fund capital expenditure for HRA purposes. The HRA is consolidated into the appropriate sections within the Consolidated Revenue Account.

2. GENERAL PRINCIPLES

Fundamental accounting concepts or principles are the qualitative characteristics of financial information: relevance, reliability, comparability and understandability; materiality; and pervasive concepts: accruals, going concern and primacy of legislative requirements.

Accounting policies are the principles, bases, conventions, rules and practices applied by an authority that specify how the effects of transactions and other events are reflected in its financial statements through recognising, selecting measurement bases for and presenting assets, liabilities, gains, losses and changes in reserves.

Estimation techniques are the methods used when there is uncertainty over the monetary amount derived from applying a particular accounting policy.

ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES

3.1 Provisions and Reserves

The Council operates the following provisions and reserves

- (a) Provisions are amounts set aside by an authority for liabilities or losses whose exact amount or date on which it will arise is uncertain. They are only used for the purpose for which they are established, and any expenditure is charged directly to the provision.
- (b) Earmarked reserves are amounts set aside for earmarked purposes out of the balance of the Council's funds. Details of these reserves held at 31st March 2005 are shown as a note to the Consolidated Balance Sheet.
- (c) General reserves are amounts set aside for general purposes out of the balances of the Council's funds.
- (d) The fixed asset restatement account represents principally the balance of surpluses & deficits arising on the periodic revaluation of assets.
- (e) The capital financing account represents the amounts set aside from revenue resources or capital receipts to finance expenditure on fixed assets or for the repayment of external loans.

3.2 Tangible fixed assets

All expenditure on the acquisition, creation or enhancement of fixed assets is capitalised on an accrual basis. Expenditure on fixed assets is capitalised, provided that the fixed asset yields benefits to the Authority, and the services it provides, for a period of more than one year. This excludes expenditure on routine repairs and maintenance of fixed assets, which is charged direct to service revenue accounts.

Fixed assets are valued on the basis recommended by CIPFA and in accordance with the Statements of Asset Valuation Principles and Guidance Notes issued by the Royal Institute of Chartered Surveyors (RICS). Fixed assets are classified into the groupings required by the Code of Practice on Local Authority Accounting in Great Britain as follows:

Land, operational properties and other operational assets are included in the balance sheet at the lower net current replacement cost or net realisable value in existing use.

Non-operational assets and assets that are surplus to requirements are included in the balance sheet at the lower net current replacement cost or net realisable value. Investment properties are held at open market value.

Vehicles, plant and equipment are included at historic cost less depreciation.

Infrastructure assets and community assets are included in the balance sheet at historical cost, net of depreciation, where appropriate.

Revaluation of fixed assets is planned at five yearly intervals, although material changes to asset valuations for each asset category, including reductions in value due to impairment, will be adjusted in the financial year in which they occur.

Depreciation: Depreciation is provided for all assets with a finite useful life, which can be determined at the time of acquisition or revaluation, apart from freehold land and non-operational investment properties. Provision for depreciation is made by allocating the cost (or revalued amount) less estimated residual value of the assets to the periods expected to benefit from their use. Details of the basis of charging are shown in the notes to the Consolidated Revenue Accounts.

Charges to Revenue for the use of assets: Service revenue accounts, central support services and statutory trading accounts are charged with a capital charge for all fixed assets used in the provision of services. The total charge covers the annual provision for depreciation plus a capital financing charge determined by applying a notional rate of interest specified by CIPFA. The aggregate charge to individual services is determined on the basis of the capital employed in each service. All expenditure on repairs and maintenance relating to fixed assets is charged to the appropriate service revenue account. Capital charges to the HRA are in accordance with statutory provision.

Finance costs and provisions for depreciation are charged to the Asset Management Revenue Account; Capital charges to services are credited to this account. Capital charges therefore have a neutral impact on the amounts required to be raised from local taxation.

Amounts set aside from revenue for the repayment of external loans, to finance capital expenditure or as transfers to other earmarked reserves, are disclosed separately as appropriations, on the face of the Consolidated Revenue Account, below Net Operating Expenditure.

Deferred Charges: Deferred charges represent expenditure of a capital nature which may properly be deferred, but which does not result in, or remain matched, with assets controlled by the Authority. All expenditure is amortised to revenue as it is incurred. In 2004/05 deferred charges have been deleted from the Balance Sheet as required by the SORP.

Reserves: The system of capital accounting requires two reserve accounts to be kept in the Consolidated Balance Sheet. A description of these can be found below under the heading of Provisions, Earmarked and General Reserves

3.3 Receipts arising from the sale of tangible fixed assets

Income from the disposal of fixed assets is accounted for on an accruals basis. Income which has not been used for financing purposes is included in the Balance Sheet as Usable Capital Receipts.

3.4 Grants

Grants and subsidies from Government have been credited to the appropriate revenue and capital accounts and accruals have been made for balances receivable in the period when the conditions for their receipt have been complied with.

As the accountable body for the purposes of S.R.B. Grant, Slough Borough Council has accounted for the relevant expenditure and the grant income within the Housing and Policy Renewals Service of the General Fund in accordance with LAAP 50. There are no known liabilities existing where S.R.B. grant income has to be repaid back to the government body that issues the grant.

3.5 Interest charges

Interest payable on external borrowing and interest income is accrued and accounted for in the relevant accounting period, on a basis that reflects the overall economic effect of borrowings.

3.6 The redemption of debt

All loans raised by the Council are paid into the Loans Pool from which the advances are made to finance capital expenditure where required.

3.7 Leases and covenants

The Council has acquired a variety of assets, mainly vehicles and equipment, by means of operating leases. In accordance with current accounting procedures, the leased assets are not stated in the Balance Sheet. Rentals are charged to revenue on a straight-line basis over the life of the lease. The Council did not enter into any finance lease agreements during the year.

3.8 Long term contracts

Details of long-term contracts and PFI projects can be found in the explanatory foreword. Operating charges by providers of PFI facilities are charged to revenue in the appropriate accounting period following Accounting for PFI Transactions and Similar Contracts in the Code of Practice. Suppliers' costs relating to the long-term contract for e-Government that cannot be capitalised are charged to revenue as they fall due for payment.

3.9 Significant estimates included in debtors and creditors

Any major significant estimates included in debtors and creditors are highlighted in the Explanatory Foreword.

3.10 Stocks and work in progress

The value of stocks, stores and work in progress is shown in the Balance Sheet at the lower of cost and net realisable value.

3.11 Overheads

All overheads, support service and service management costs are fully recharged or apportioned to services.

The costs of Corporate & Democratic Core and Non-distributable Costs are service heads and not allocated to any other head.

3.12 Pensions

As part of the terms and conditions of employment of its officers and other employees, the Authority offers retirement benefits. The Council, since becoming a Unitary Authority, has two different pension schemes.

The first is a funded scheme for non-teaching employees who are eligible (subject to meeting the qualifying criteria of the scheme) to join the Local Government Superannuation Scheme.

The second is a separate scheme for teachers. This is an unfunded scheme administered by the Department for Education and Skills (DfES).

The cost of providing pensions for employees is charged to the accounts in accordance with the statutory requirements governing the particular pension schemes or funds to which the authority contributes. The Financial Reporting Standard on Retirement Benefits (FRS 17) has been applied using the AA

Corporate Bond rate for 2004/05 (Note: AA refers to a particular level of credit rating, AAA being the highest and BBB being the lowest)

3.13 Financial relationships with companies

The Council has reviewed its relationship with other organisations in accordance with the Group Accounting requirements. It has no relationship with a company that would require Group reporting.

3.14 Other investments

Investments are shown at cost less provision, where appropriate, for loss in value. All investments are transacted through the London Money Markets. Long-term investments are identified separately within the Balance Sheet.

3.15 Income and Expenditure

Purchases of supplies and services are accounted for in the year in which they are consumed or received. Accruals are made for all material sums unpaid at the year-end in respect of goods or services received or work completed, including estimates where appropriate.

Customer and client receipts in the form of sales, fees, charges and rents are accrued and accounted for in the period to which they relate.

Employee costs are charged to the accounts of the period within which the employees worked. Accruals are made for wages earned but unpaid at the year-end.

Premiums and discounts incurred as a result of early repayment and/or refinancing of the long term debt are amortised and charged/credited to revenue over an appropriate period in accordance with the CIPFA Code of Practice on Treasury Management.

3.16 Value Added Tax

VAT is included in the income and expenditure accounts, whether of a capital or revenue nature, only to the extent that it is irrecoverable. VAT has been accounted for to the HM Customs and Excise on a monthly basis.

3.17 Foundation Schools

Fixed assets and long-term liabilities of the Council's 11 Foundation Schools remain vested in the Governing bodies of individual Foundation Schools and therefore values and amounts have not been consolidated in the Balance Sheet.

CONSOLIDATED REVENUE ACCOUNT

The Summary Revenue Account brings together the transactions in the year on the Council's General Fund and Housing Revenue Account. It summarises the total expenditure incurred by the Authority in the provision of services and demonstrates how the expenditure has been financed, via Council Tax, Revenue Support Grant, and Non-Domestic Rate income.

CONSOLIDATED REVENUE ACCOUNT

2003/04

2004/05

2004/05

2004/05

CONSOLIDATED REVENUE ACCOUNT

Net £000		Notes Expenditure £000	Income £000	Net £000	
1,617	Central Services to the Public		14,208	(9,685)	4,523
96	Court Services		102	0	102
19,830	Cultural, Environmental and Planning Services		31,713	(9,068)	22,645
80,102	Education Services		122,142	(37,500)	84,642
7,902	Highways, Roads and Transport Services		12,306	(3,131)	9,175
20,893	Housing Services		87,076	(69,257)	17,819
30,762	Social Services		53,124	(17,808)	35,316
(648)	Exceptional Item	(2)	0	(200)	(200)
3,014	Corporate and Democratic Core Costs		3,313	(1)	3,312
710	Non Distributed Costs		680	(524)	156
164,278	Net cost of services		324,664	(147,174)	177,490
193	Parish Council Precepts				192
(1)	Trading Undertakings	(3)			39
(22,434)	Asset Management Revenue Account	(4)			(24,806)
	Contribution of Housing Capital Receipts to Government Pool				8,307
(3,444)	Interest and Investment Income	(5)			(4,687)
3,991	Levies	(6)			207
1,152	Pension Interest Cost & Expected return on Pensions Assets	(11)			(110)
143,735	Net operating expenditure				156,632
542	Transfer (from)/to HRA balances & Housing Repairs Fund				2,033
3,373	Transfers to Earmarked Reserves				2,070
(625)	Transfers from Earmarked Reserves				(601)
160	Contributions (from)/to Schools Reserves				1,473
	Transfer from Usable Capital Receipts equal to the contribution to Housing Pooled Capital Receipts				(8,307)
40	Contributions from/(to) Capital Reserves				(401)
204	Capital Expenditure Financed from Revenue				361
(1,575)	Deferred Charges				(1,274)
1,390	Amortised Premiums				1,773
(7,420)	Minimum Revenue Provision transfer	(7)			(6,799)
(2,663)	Contribution from the Pension Reserve	(11)			(3,130)
137,161	Amounts to be met from Government Grants & Local Taxation				143,830
	SOURCES OF FINANCE				
(33,595)	Council Tax Payers				(34,047)
(100)	Collection Fund Surplus				(400)
(70,589)	General Government Grant				(69,424)
(36,065)	Non Domestic Rate Income				(42,618)
(140,349)	Total income from Grants and Taxpayers				(146,489)
(3,188)	Net General Fund deficit / (surplus)				(2,659)

	GENERAL FUND BALANCE				
(2,767)	Balance at 1st April				(5,955)
(3,188)	Net General Fund deficit / (surplus)				(2,659)
(5,955)	Balance at 31st March				(8,614)

NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

GENERAL FUND SERVICES

The Consolidated Revenue Account (CRA) on the previous page has been analysed in the services expenditure analysis set out in the Best Value Code of Practice and includes Housing Revenue Account (HRA) services.

The expenditure against budget for both General Fund and HRA is shown in the Foreword

EXCEPTIONAL ITEM

£200k has been received in respect of the distribution of the former Berkshire County Council reserves.

TRADING ACCOUNTS

The Council operated the following trading accounts during 2004/05:

	Notes	2003/04 £000	2004/05 £000
<u>Printing</u>	(i)		
Income		(666)	(648)
Expenditure		665	687
Deficit/(Surplus)		(1)	39
<u>Cemetery & Crematorium</u>	(ii)		
Income		(738)	(783)
Expenditure		656	589
Deficit /(Surplus)		(82)	(194)
Net Deficit/(Surplus) on all trading units		(83)	(155)

- (i) **Printing** – the Council operates a printing section that supports all Council Departments and works occasionally for associated external bodies. This section is also responsible for the Council’s photocopiers.
- (ii) **The Cemetery and Crematorium** – the figures disclosed above are included in the CRA within the net cost of services. The Cemetery and Crematorium provide a service for all the groups within the local community and surrounding districts and during a typical year perform over 1800 cremations and 380 burials.

ASSET MANAGEMENT REVENUE ACCOUNT

This account includes the reversal of capital charges made to revenue accounts for the use of fixed assets and the Housing Revenue Account (see note 7 to the HRA). The balance on this account is transferred to the Consolidated Revenue Account to offset any impact of capital charges on local taxation.

	2003/04 £000	2004/05 £000
Income		
Capital Charges		
- General Fund	(15,923)	(16,763)
- Housing Revenue Account	(17,459)	(18,708)
Total Income	(33,382)	(35,471)
Expenditure		
Provision for Depreciation*	7,953	7,606
External Interest Charges	2,995	3,059
Total Expenditure	10,948	10,665
Balance to Consolidated Revenue Account	(22,434)	(24,806)

* Net of Capital Grants adjustment

The basis of valuation and depreciation for different classes of assets are set out in Notes 5 and 6 to the Consolidated Balance Sheet respectively.

INVESTMENT INCOME

The majority of investment and interest income earned by the Authority arises from the day to day management of its financial reserves.

	2003/04 £000	2004/05 £000
Investment and Miscellaneous Income		
Interest on Deposits	(3,323)	(4,422)
Miscellaneous	(82)	(220)
Sub Total Income	(3,405)	(4,642)
Housing Revenue Account		
Interest on Sale of Council Houses & Mortgages	(39)	(45)
Total Income	(3,444)	(4,687)

LEVIES

Levies paid in the year were as follows:

	2003/04 £000	2004/05 £000
Combined Fire Authority	3,275	(3)
Environmental Agency	583	66
Magistrates' Courts	133	144
Total Levies	3,991	207

Notes:

Funding for the Fire Service was transferred to the Royal Berkshire Fire Authority from 1st April 2004. The credit of £3k received in 2004/05 is an overpayment from the previous year.

For Environmental Agency the main funding for flood defence will come from the Department of Environment , Food and Rural Affairs (Defra) from 2004/05.

PROVISION FOR THE REPAYMENT OF DEBT

The Authority is required to set aside a sum each year for the repayment of outstanding debt. The sum to be set aside is equal to a specified proportion of the Authority's own net credit liabilities, known as the "Capital Financing Requirement" (previously known as "credit ceiling"). In addition, the Authority is also required to set aside a sum each year for the repayment of debt transferred from the former Berkshire County Council.

As shown below, the depreciation charged has resulted in a charge to the revenue accounts of approximately £6,799k in compliance with the current accounting requirements for 2004/05. Following the implementation of the Local Government Act 2003, the Council has ceased the commutation adjustment.

	2003/04 £000	2004/05 £000
Amount charged as depreciation*	(7,953)	(7,606)
Commutation adjustment	(307)	0
Sub Total	(8,260)	(7,606)
BCC Transferred debt	840	807
Transfer to Consolidated Revenue Account	(7,420)	(6,799)

* Net of Capital Grants adjustment

AUDITORS' FEES.

In 2004/05 Slough Borough Council incurred the following fees relating to external audit and inspection:

	2003/04 £000	2004/05 £000
Fees payable with regard to external audit services carried out by the appointed auditor	305	327
Fees payable in respect of statutory inspection	88	60
Fees payable for the certification of grants and returns	86	85
Fees payable in respect of other services provided by appointed auditor	1	1
	480	473

The fees for other services 2003/04 related to specialist advice on accounting for goodwill. Other services in 2004/05 related to work on the National Fraud Initiative.

FINANCE AND OPERATING LEASES

The Authority uses vehicles and equipment financed under the terms of operating leases. The Authority did not have any new finance leases at the start of the year and did not enter into any new finance leases during the year. The amount paid under the operating lease was as follows:

	2003/04 £000	2004/05 £000
Expenditure on leases	119	153

The estimated future payments under the current lease agreements are as set out below.

	£000
2005/2006	174
2006/2007	124
2007/2008	110
2008/2009	65
2009/2010	14

LOCAL AUTHORITIES (GOODS AND SERVICES) ACT 1970

Councils are empowered by the Act to provide goods and services to other public bodies. Recoupment receipts and payments for special educational needs are the only items in respect of this Act for 2004/05.

	2003/04 £000	2004/05 £000
Expenditure	996	1,126
Income	(520)	(720)

PENSIONS

Brief notes of the two pension schemes to which the Council and its employees contribute are shown in the Statement of Accounting Policies. The information below relates to the pension costs included in the Revenue Accounts.

1. Local Government Pension Scheme

The authority participates in the Royal County of Berkshire Pension Fund, administered by the Royal Borough of Windsor and Maidenhead.

This is a funded 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.

Although these benefits will not actually be payable until employees retire, the authority has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

The Authority has fully implemented FRS17 and recognised the costs of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the Consolidated Revenue Account (CRA) after Net Operating Expenditure. The following transactions have been made in the CRA during the year:

	2003/04 £000	2004/05 £000
Net cost of Services		
Current service cost	4,174	6,210
Past service costs	7	0
Curtailment settlements	0	140
Net Operating Expenditure		
Interest cost	7,770	7,830
Expected return on assets in the scheme	(6,618)	(7,940)
Net Operating Expenditure/(Income) Sub total	1,152	(110)
Amounts to be met from Government grants & local taxation		
Movement on pensions reserve	(2,663)	(3,130)
Actual amount charged against council tax for pensions in the year		
Employers' contributions payable to scheme	2,770	3,110

Further information can be found in the Balance Sheet note 16, Movement in Reserve note 2 or the Royal County of Berkshire Pension Fund's Annual Report, which is available upon request from the Royal Borough of Windsor and Maidenhead.

2. Teachers

Pension costs are charged into the accounts using the contribution rate set by the Department for Education and Skills (DfES). The Council paid the following amounts to the DfES in respect of teachers' pension costs. In addition the Council is responsible for a share of the pension payments related to added years for former Berkshire County Council teachers.

CONSOLIDATED REVENUE ACCOUNT

	2003/04 £000s	2004/05 £000s
Employers Contribution	4,503	4,815
Added Years	159	63
Percentage of Teachers' Pensionable Pay	13.5%	13.5%

RELATED PARTY TRANSACTIONS

The Council is required to disclose any material transactions that have taken place with parties that could affect the decision making process within the Council.

Members are required to register their financial interests and to notify the monitoring officer of any changes to those interests. In addition Members are required to disclose any personal interest in a matter being considered at meetings.

There were no disclosed interests relating to Slough Borough Council

All material and relevant transactions with precepting Authorities, levies to other bodies, Government departments and other parties are shown in the Explanatory Forward and elsewhere within these accounts. There are no further material transactions for 2004/05.

MEMBERS' ALLOWANCES

The total of Members' allowances paid during 2004/05 was £286k (£283k for 2003/04). Further information is available in the Member Services section of the Legal & Corporate Governance Department.

OFFICERS' REMUNERATION

Detailed below are the number of employees including schools, in the accounting period to which the accounts relate, whose remuneration fell in each bracket of a scale in multiples of £10,000 starting with £50,000.

£000	2003/04 Number	2004/05 Number
£100+	1	3
£90-£99	0	4
£80-£89	6	13
£70-£79	9	10
£60-£69	20	27
£50-£59	55	87

These figures also include Retirement Compensation Payments, leased car and essential user taxable allowances.

These amounts exclude pension contributions.

PUBLICITY

Publicity covers all forms of communication addressed to the public at large and includes advertisements for job vacancies as well as press notices and other publications within this definition. Expenditure on publicity is included in the Consolidated Revenue Account but it has been separately identified below to comply with Section 5 of the Local Government Act, 1986.

	2003/04 £000	2004/05 £000
Staff Advertising	742	711
Corporate Advertising	140	82
Civic Newspapers - Slough Citizen	48	42
Publicity	12	170
Total Expenditure	942	1,005

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 statement below shows the total cost of operating the Building Control unit divided between the chargeable and non-chargeable activities.

Total 2003/04 £000		Chargeable 2004/05 £000	Non-chargeable 2004/05 £000	Total 2004/05 £000
	<u>Expenditure</u>			
417	Employee Expenses	327	153	480
3	Premises	29	13	42
17	Transport	13	6	19
36	Supplies and Services	28	10	38
163	Central and Support Service Charges	63	49	112
636	Total Expenditure	460	231	691
	<u>Income</u>			
(448)	Building Regulations Charges	(464)	0	(464)
(5)	Miscellaneous Income	(1)	(10)	(11)
(453)	Total Income	(465)	(10)	(475)
183	(Surplus)/Deficit for Year	(5)	221	216

DECRIMINALISED PARKING ENFORCEMENT ROAD TRAFFIC ACT 1991 - PARKING PLACES ACCOUNT

The Decriminalised Parking Enforcement operation commenced in May 2003, following the approval of the Secretary of State to transfer delegated powers from the Thames Valley Police. The Authority is required to provide details to the Department of Transport of income, expenditure and the surplus or deficit for the on-street parking within its area. The outturn included in the 2004/05 accounts is shown in the table below:

	2003/04 £000	2004/05 £000
Balance brought forward 1 st April	0	0
Expenditure	828	867
Income	(814)	(964)
Gross (surplus)/deficit for year	14	(97)
Support service recharges	19	23
Net (surplus)/deficit for year	33	(74)
Taken to General Balances	(33)	33
Carried forward 31st March	0	(41)

SECTION 137 EXPENDITURE

As a result of the changes in the Local Government Act 2000, the only part of Section 137 that still applies to this Council is Section 137(3). This retains the power for councils to contribute to the funds of charities in the UK, where in its opinion, they are for the benefit of people in its area on activities or projects not specifically authorised by other powers. Section 137(4), which imposes the expenditure limit, no longer applies to this Council.

	2003/04 £000	2004/05 £000
Grants to voluntary organisations	239	285

POOLED BUDGETS

The Council has two pooled budget agreements which were signed during 2003/04:

Intermediate Care Services

The agreement commenced on 1st April 2003 and is between the Council and Slough Primary Care Trust to provide intermediate care services to help with delayed discharges.

	2003/04	2004/05
	£000	£000
Gross Funding		
Slough Borough Council	209	220
Slough Primary Care Trust	130	220
Total Funding	339	440
Expenditure	394	440
Over Spend	55	0
Funding of Overspend		
Slough Borough Council	29	0
Slough Primary Care Trust	26	0
Total	55	0

Joint Stores Services

This agreement commenced on 1st February 2004 and exists between the six Berkshire Unitary Authorities and six Berkshire Primary Care Trusts for the provision of joint store and equipment services using the Royal Berkshire Ambulance NHS Trust as an agent to provide the services.

	2003/04	2004/05
	£000	£000
Gross Funding		
Slough Borough Council	68	203
Other Berks Councils	309	577
Berkshire Primary Care Trusts	0	593
Total Funding	377	1,373
Expenditure		
Royal Berkshire Ambulance Trust		
Paid via Slough Borough Council	344	1,372
Further contractual obligations due	33	1
Total Expenditure	377	1,373

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CONSOLIDATED BALANCE SHEET

The Consolidated Balance Sheet summarises the Council's financial position as at 31st March 2005. It reflects the assets and liabilities of all the Council's activities including the Collection Fund, but excluding any Trust Funds as shown in note 21.

CONSOLIDATED BALANCE SHEET		Notes	31st March 2005	
31st March 2004			£000	£000
£000				
	Long Term Assets			
	Fixed assets			
	<i>Intangible Fixed Assets</i>	(1)		
0	Software Licence	(1)(a)	237	
(584)	Deferred Asset	(1)(b)	(607)	
	<i>Tangible Fixed Assets</i>	(2,5,6,7)		
	<i>Operational Assets:</i>			
484,171	Council Dwellings		513,892	
160,831	Other Land & Buildings		179,889	
3,827	Vehicles, Plant & Equipment		8,373	
25,469	Infrastructure Assets		27,777	
2,177	Community Assets		0	
22,512	<i>Non Operational Assets</i>		31,303	
698,987	Total Fixed Assets			760,864
2,528	Deferred Charges	(1)		0
948	Long-term debtors	(9)		762
701,879	Total Long-Term Assets			761,626
	Current Assets			
148	Stocks and work in progress		179	
24,998	Debtors and Advance Payments	(10)	30,738	
85,609	Investments		83,927	
1,204	Cash and Bank		4,323	
111,959	Total Current Assets			119,167
813,838	Total Assets			880,793
	Current Liabilities			
(2,142)	Short Term Borrowing	(11)	(2,872)	
(30,648)	Creditors and Advance Receipts	(12)	(36,905)	
(32,790)	Total Current Liabilities			(39,777)
781,048	Total Assets less Current Liabilities			841,016
	Long Term Liabilities			
(24,936)	Long Term Borrowing	(11)		(46,904)
(7,707)	Deferred Liabilities	(13)		10,953
(801)	Provisions	(14)		(1,739)
(2,447)	Other Grants and Contributions	(15)		(2,412)
(24,756)	Retirement Benefit Liabilities	(16)		(10,476)
720,401	Total Assets less Liabilities			790,438
	Financed by:			
	Equity			
(546,016)	Fixed Asset Restatement Account		(595,704)	
(142,941)	Capital Financing Account		(142,105)	
(27,902)	Government Grants/Capital Contribution	(17)	(32,315)	
(1,905)	Major Repairs Reserve		(2,317)	
(865)	Deferred Credits	(18)	(664)	
(7,986)	Usable Capital Receipts Reserve		(3,353)	
24,756	Pensions Reserve		10,476	
(5,827)	Earmarked Reserves	(19)	(6,829)	
(708,686)				(772,811)
	Balances			
(5,955)	- General Fund		(8,614)	
(3,181)	- School Reserves		(4,654)	
(2,652)	- Housing Revenue Account		(4,685)	
73	- Collection Fund		326	
(11,715)				(17,627)
(720,401)	Total Net Worth	(8)		(790,438)

NOTES TO THE CONSOLIDATED BALANCE SHEET

INTANGIBLE FIXED ASSETS

(a) Software Licence

There was expenditure of £237k in the year on purchased software licences, which have been capitalised as assets in the Council's accounts. The balance will be written off to revenue on a straight-line basis over the economic life of the licences, which is five years, commencing in 2005/2006.

	Software Licences
	£000
Original Cost	
Amortisations to 1 st April 2004	
Balance at 1 st April 2004	0
Expenditure in year	237
Written off to revenue in year	0
Balance at 31st March 2005	237

(b) Deferred Asset

Deferred Assets represent the debt discounts gained as a result of repurchase of borrowing that was coupled with debt restructuring. Debt discounts gained have been amortised and credited to the revenue account over the life of the loan.

	Debt Discounts
	£000
Original Discounts	
Amortisations to 1 st April 2004	
Balance at 1 st April 2004	(584)
Discounts gained in the year	(105)
Written off to revenue in year	82
Balance at 31st March 2005	(607)

Note: From 2004/05 deferred charges are no longer shown as a separate item on the Balance Sheet in accordance with the CIPFA 2004 Accounting Code of Practice.

2. TANGIBLE FIXED ASSETS

	Valuation at 31-Mar-04 £000	Accumulated Depreciation £000	Net Book Value at 31-Mar-04 £000	Transactions During the Year				Net Book Value at 31-Mar-05 £000
				Revaluations & Restatements £000	Additions £000	Disposals £000	Depreciation £000	
Operational Assets								
Council Dwellings	498,636	(14,465)	484,171	39,141	5,032	(9,842)	(4,610)	513,892
Other Land & Buildings	188,646	(27,815)	160,831	14,960	10,816	(180)	(6,538)	179,889
Vehicles, Plant & Equipment	7,470	(3,643)	3,827	451	5,339	0	(1,244)	8,373
Infrastructure Assets	28,525	(3,056)	25,469	0	3,021	0	(713)	27,777
Community Assets	2,180	(3)	2,177	(2,177)	0	0	0	0
Sub Total	725,457	(48,982)	676,475	52,375	24,208	(10,022)	(13,105)	729,931
Non Operational Assets								
Investment Properties	19,829	(101)	19,728	7,482	442	(15)	(70)	27,567
Assets under Construction	2,784	0	2,784	0	952	0	0	3,736
Sub Total	22,613	(101)	22,512	7,482	1,394	(15)	(70)	31,303
Total	748,070	(49,083)	698,987	59,857	25,602	(10,037)	(13,175)	761,234

The council dwelling disposals relate mainly to the disposal of properties under the right to buy scheme .

A review of the council dwellings was carried out as at the 1st April 2004 and the values adjusted to reflect the increase in property values.

A revaluation was carried out as at the 1st April 2004 to the original Slough Borough Council assets and the changes in values are reflected above.

3. CAPITAL EXPENDITURE AND SOURCES OF FINANCE

	2003/04	2004/05
	£000	£000
<u>Capital Investment</u>		
Intangible Fixed Assets (note 1)	0	237
Tangible fixed Assets (note 2)	22,844	25,602
Deferred charges	1,312	1,079
Housing Association Loan	2,988	888
	27,144	27,806
<u>Sources of Finance</u>		
Borrowing (credit approvals)	6,367	0
Capital receipts	8,436	7,712
Capital grants and contributions	8,230	11,703
Revenue contributions (including Major Repairs Reserve)	3,019	4,230
Creditors unfinanced	1,092	4,161
	27,144	27,806

4. CAPITAL COMMITMENTS

The Council has authorised expenditure in future years of £191m under its capital programme. This includes £76m in respect of housing stock improvements and grants to housing associations, £33m for education and leisure works, £18m in respect of transport and highways capital schemes, £15m for social services schemes and £32m for corporate schemes. £14m was contractually committed at the 31st March 2005 in respect of housing stock improvement, housing association grants, corporate and educational schemes.

The Heart of Slough is a major regeneration initiative to redevelop the centre of the town. It aims to deliver a focus for creative, cultural and technology based businesses in the Thames Valley, and to act as a major catalyst for economic, social and environmental revitalisation. There was no contractual financial commitment at the 31st March 2005 in respect of the project.

5. VALUATION INFORMATION

The freehold and leasehold properties comprising the Authority's property portfolio at the 31st March 2005 are a mixture of original Slough Borough Council and inherited former Berkshire County Council properties. The original Slough Borough Council stock was revalued as at the 1st April 2004 by external valuers Wilks, Head & Eve.

The majority of the former County properties were revalued as at 1st April 2001 by external valuers Wilks, Head & Eve. Some valuations were carried out by the Council's internal Valuation Service as part of the Property Division headed by Andy Algar FRICS.

The Council's operational housing stock was revalued as at 1st April 2001 by external valuers King Sturge. Under Housing Resource Accounting requirements, the stock was valued on the basis of existing use value for social housing.

Properties are valued on the following basis:

Properties regarded by the Authority as operational (i.e. assets held and occupied, used or consumed by an organisation in the direct delivery of services for which it has either statutory or discretionary responsibility, or for the service or strategic objectives of the authority) are valued on the basis of open market value for the existing use or, where this cannot be assessed because there is no market for the subject asset, the depreciated replacement cost.

Properties regarded by the Authority as non-operational are valued on the basis of open market value.

VALUATIONS OF FIXED ASSETS CARRIED FORWARD AT CURRENT VALUE

The following statement shows the progress of the Council's programme for the fixed assets which need to be revalued. Infrastructure and Community Assets are shown at historical cost in the balance sheet.

Value of Assets as at 31st March 2005	Council Dwellings	Land & Buildings	Vehicles, Plant & Equipment	Non Operational Assets	Total
Net Book Value	£000	£000	£000	£000	£000
Valued at historical cost	0	6,358	8,373	3,751	18,482
Assets valued in 2004/2005	513,892	59,265	0	22,469	595,626
Assets valued during 2001/2002	0	114,266	0	5,083	119,349
Total	513,892	179,889	8,373	31,303	733,457

A review of the council dwellings was carried out at the 1st April 2004 and the values adjusted to reflect the increase in property values.

6. DEPRECIATION

Depreciation has been charged on the value of the fixed assets as at 1st April 2004 on the basis shown below.

Land and Buildings

Charged on the value of the buildings only, over the useful life of the buildings, which varies between 1 and 35 years, on a straight-line basis.

Vehicles

Depreciated over the life of the vehicles, which varies between 5 and 10 years on a straight-line basis.

Plant, Furniture and Equipment

Depreciated on a straight-line basis over 5 years.

Infrastructure

Depreciated on a straight-line basis over 40 years.

Non-Operational Assets

No depreciation was charged except in respect of the leasehold properties, which were depreciated on a straight-line basis over the life of the leases. The other assets consist of land or investment properties and there is no requirement to depreciate these assets.

Housing Stock

Depreciation equivalent to the Major Repairs Allowance has been charged in respect of the housing stock in the year.

ASSETS HELD

The fixed assets held by the Council include the assets shown below:

	Number as at 31 st March 04	Number as at 31 st March 05
Council Dwellings		
Council Dwellings	6,858	6,745
Shared Ownership Dwellings	2	2
Operational Land and Buildings	5	16
Non-operational Assets	132	135
Land and Buildings		
Town Hall	1	1
Other Offices	1	1
Community Halls & Playleadership Centres	12	12
Leisure Centres and Pools	6	6
Youth & Community Centres	9	9
Libraries	4	4
Schools and Education Properties	45	45
Social Services Homes and Hostels	18	18
Off-street Car Parks	10	10
Bus Station	1	1
Public Conveniences	8	7
Cemetery/Crematorium	1	1
Depots and Workshops	3	3
Waste Transfer Station	1	1
Parks and Open Spaces	48	48
Allotments	10	10
Vehicles, Plant and Equipment		
Vehicles, Plant and Equipment Capitalised	35	48
Infrastructure Assets		
Highways (Km)	300	320
Bridges	46	50
Non-operational Assets		
Commercial Land & Property	159	157

8. ANALYSIS OF NET WORTH

The net worth of the Council represents the value of its total assets less its liabilities and these have been split across the main funds of the Council as follows:

	31 March 04 £000	31 March 05 £000
General Fund	181,560	212,485
Housing Revenue Account	538,944	577,897
Trading Accounts	(103)	56
Total	720,401	790,438

9. LONG TERM DEBTORS

These relate mainly to mortgage advances for the purchase of Council houses.

	31-Mar-04 £000	31-Mar-05 £000
Council house sale mortgages	728	557
Other	220	205
Total	948	762

10. DEBTORS AND ADVANCE PAYMENTS

	31-Mar-04 £000	31-Mar-05 £000
Government Departments*	9,145	13,007
Other Local Authorities	2,663	2,209
Housing Rents	1,971	1,992
Investment Accrual	821	1,362
Collection Fund	10,879	10,456
Payments in Advance	643	1,234
Other	10,816	13,340
	36,938	43,600
Provision for Bad Debts	(11,940)	(12,862)
Total	24,998	30,738

* The increase in Government Department debtors for 2004/05 was because of the final settlement in respect of over contribution to the NNDR (National Non Domestic Rate) pool of £5m due to revaluation of business properties.

11. BORROWING

During 2004, the Council's share of former Berkshire County Council's debt, totalling £19.4m was transferred from Reading Borough Council who was managing the debt on behalf of the Berkshire Unitary Authorities. This debt is now managed "in house" and is included in the table below.

	31 Mar 04 £000	31 Mar 05 £000
Long-term loans:		
- PWLB (Public Works Loans Board)	(9,936)	(31,904)
- Market loans	(15,000)	(15,000)
Total long-term loans	(24,936)	(46,904)
Temporary/Short-term loans:		
- PWLB (Public Works Loans Board)	(2,142)	(2,872)
Total temporary/short-term loans	(2,142)	(2,872)
Total Loans Outstanding	(27,078)	(49,776)
<u>An analysis of loans by maturity:</u>		
Less than 12 months	(2,142)	(2,872)
More than 1 year, less than 2 years	(92)	(1,225)
More than 2 years, less than 5 years	(268)	(3,237)
More than 5 years, less than 10 years	(13,515)	(13,451)
Over 10 years	(11,061)	(28,991)
Total	(27,078)	(49,776)

12. CREDITORS AND ADVANCE RECEIPTS

	31 Mar 04 £000	31 Mar 05 £000
Government Departments	(4,578)	(6,417)
Other Local Authorities	(5,045)	(3,249)
Housing Rents in advance	(647)	(587)
Collection Fund	(1,216)	(1,410)
Refundable deposits	(38)	(50)
Receipts in advance*	(889)	(8,529)
Interest payable	(318)	(338)
Other	(17,917)	(16,325)
Total	(30,648)	(36,905)

The increase in receipts in advance is due to one of the Foundation schools selling some playing fields. This money will be used for building sports facilities.

13. DEFERRED LIABILITIES

The balance of deferred liabilities as at 31st March 2004 included debt taken over from Berkshire County Council that was being managed by Reading Borough Council on behalf of the Berkshire Unitary Authorities. During 2004-05, Slough Borough Council's share of the debt was transferred from Reading Borough Council for "in house" management and is therefore included within the Council's overall long term borrowing shown in note 11 above. The balance of deferred liabilities include a residual sum of transferred debt relating to 1974 Local Government Reorganisation and the Premiums incurred as a result of repurchase of borrowing that was coupled with debt restructuring. In compliance with the CIPFA Code of Practice, Premiums incurred are being amortised for a period equivalent to either the remaining life of the loan (or a maximum period of 10 years in respect of Housing Revenue Account debt). Premiums incurred in the year for refinancing ex BCC debt amounted to £363k.

	2003/04 £000	2004/05 £000
Debt transferred from BCC	(20,143)	0
Pre 1974 transferred debt	(26)	(24)
Premiums as a result of debt restructuring	12,462	10,977
Total	(7,707)	10,953

Premiums

	Ex Berkshire CC Premiums £000	SBC Premiums £000	Total £000
Original Premiums incurred			
Amortisations to 1 st April 2004			
Balance at 1 st April 2004	1,920	10,542	12,462
Premiums incurred in the year	363	0	363
Written off to revenue in year	(476)	(1,372)	(1,848)
Balance at 31st March 2005	1,807	9,170	10,977

14. PROVISIONS

	31 Mar 04 £000	Expenditure from Fund 2004/05 £000	Transfer to Fund 2004/05 £000	31 Mar 05 £000
Insurance Provision	(635)	271	(300)	(664)
Other Provisions	(166)	75	(984)	(1,075)
Total	(801)	346	(1,284)	(1,739)

The insurance provision provides for known claims and also for predicted future claims for all past periods.

15. OTHER GRANTS AND CONTRIBUTIONS

These are various grants and contributions received from external organisations. The funds are donated by outside bodies for expenditure on specific projects. Any external funds that are not utilised need to be returned to the donating body at the end of the project. Section 106 agreements are where the Authority has a legally binding agreement with a land developer, for example to cover future maintenance of land..

	31 Mar 04 £000	Expenditure from Fund 04/05 £000	Transfer to Fund 04/05 £000	31 Mar 05 £000
Commuted Sums	(708)	72	(36)	(672)
External funds & S106	(1,739)	462	(463)	(1,740)
Total	(2,447)	534	(499)	(2,412)

16. PENSIONS

a) Local Government Pension Scheme

Note 11 to the CRA contains details of the Authority's participation in the Royal County of Berkshire Pension Fund (administered by the Royal Borough of Windsor and Maidenhead).

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

	31 Mar 04 £000	31 Mar 05 £000
Estimated Employer assets in scheme	116,700	156,000
Present value of scheme liabilities	(137,956)	(166,476)
Present value of unfunded liabilities	(3,500)	0
Total Value of liabilities	(141,456)	(166,476)
Net Pension (Liability)/Asset	(24,756)	(10,476)

The scheme liabilities comprise of:

	31 Mar 04 £000	31 Mar 05 £000
Employee members	79,313	90,146
Deferred pensioners	18,155	29,670
Pensioners	40,488	46,660
Total	137,956	166,476

The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits.

The impact of the total liability of £10.5m (£24.8m for 2003/04) on the net worth of the authority as recorded in the balance sheet is a reduction in the net worth of the authority of 1.3% for 2004/05 (3% for 2003/04). However, statutory arrangements for funding the deficit mean that the financial position of the authority remains healthy, as the Authority will look to steadily increase employer contributions as part of the medium term financial plan using the actuary's recommendations..

The deficit on the local government scheme will therefore be made good by increased contributions over the remaining working life of employees, as assessed by the scheme Actuary.

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 fund liabilities have been assessed by Hymans Robertson, the independent firm of actuaries, for the Royal County of Berkshire Pension Fund based on the full valuation of the scheme as at 31st March 2004.

The main assumptions used in these calculations have been:

	31 Mar-04 % per annum	31 Mar-05 % per annum
Rate of inflation	2.9	2.9
Rate of increase in salaries	4.9	4.4
Rate of increase in pensions	2.9	2.9
Rate for discounting scheme liabilities	6.5	5.4

Assets in the Fund are valued at fair value, principally market value for investments. The long term return rate and categories of the assets are given below:

	as at 31st Mar 04		as at 31st Mar 05	
	Long term return	Assets	Long term return	Assets
	% per annum	£000	% per annum	£000
Equities	7.7	78,400	7.7	110,900
Bonds	5.1	18,800	4.8	23,900
Property	6.5	11,600	5.7	15,000
Cash	4.0	7,900	4.8	6,200
	6.9	116,700	6.9	156,000

b) Teachers' Pension Scheme

The scheme is a defined benefit scheme, administered by the Teachers' Pension Agency (TPA).

Although the scheme is unfunded, the TPA uses a notional fund as the basis for calculating the employers' contribution rate paid by local education authorities (LEAs). However it is not possible for the authority to identify a share of the underlying liabilities in the scheme attributable to its own employees. For the purposes of this statement of accounts it is therefore accounted for on the same basis as a defined contribution scheme.

The authority is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These benefits are fully accrued in the pensions liability described above.

17. GOVERNMENT GRANTS AND CAPITAL CONTRIBUTIONS

The balance on this account represents the value of capital grants and contributions received, which have been applied to finance the acquisition or enhancement of fixed assets. The balance is released to revenue over the life of the asset taking into account depreciation.

	2003/04 £000	2004/05 £000
Balance as at 1st April	(19,145)	(27,902)
Amounts received in the year	(9,480)	(6,844)
Transfer to Asset Management Revenue Account (AMRA)	723	2,431
Balance as at 31st March	(27,902)	(32,315)

18. DEFERRED CREDITS

Deferred Credits are amounts derived from sales of assets which will be received in instalments over agreed periods of time. They arise principally from mortgages on sales of council houses. The table below shows the amounts of capital income still to be received where mortgages have been provided for the purchase of council houses.

	2003/04 £000	2004/05 £000
Income due from sale of council houses	(865)	(664)
Total	(865)	(664)

19. EARMARKED RESERVES

	31 Mar 04 £000	Reclass- ified £000	Transfers		31 Mar 05 £000
			from £000	to £000	
General Fund Reserves					
Insurance Reserve	(733)	0	0	(193)	(926)
Department Reserves	(1,278)	793	486	(425)	(424)
Trading Accounts	(125)	0	51	(60)	(134)
Miscellaneous Reserves	(2,650)	(305)	0	(1,049)	(4,004)
E Government	(65)	(488)	64	(343)	(832)
Revenue Sub Total	(4,851)	0	601	(2,070)	(6,320)
Capital Reserves	(40)	0	401	(361)	0
GF Reserves Total	(4,891)	0	1002	(2,431)	(6,320)
SRB Reserve	(281)	0	132	0	(149)
Housing Reserves	(655)	0	350	(55)	(360)
Grand Total	(5,827)	0	1,484	(2,486)	(6,829)

The Insurance Reserve provides for:

- (i) Outstanding sums due in relation to former insurance arrangements, i.e., any liability from Berkshire County Council and Municipal Mutual Insurance Ltd.
- (ii) Any risks not currently insured, e.g. terrorism.
- (iii) Very long tail claims, e.g. asbestos related, child abuse or failure to educate claims.
- (iv) Policy excesses.

Department Reserves are sums of money set aside by departments to finance future projects.

Trading Accounts shows the surplus made in the year from the Council's trading accounts.

Miscellaneous Reserves are sums set aside corporately to finance future projects. These include Berkshire Liabilities, future debt and capital requirements, PFI & feasibility and Statutory Property Function.

E Government Reserve is to meet the costs of upgrading or replacing IT equipment, systems and infrastructure thereby ensuring that the Council is utilising the latest technology to its fullest potential.

Capital Reserve is to be used for the financing of capital expenditure.

The SRB Reserve will be contributed to SRB projects, which are largely funded by Central Government.

Housing Reserve covers major renewals and repair work.

20. FOUNDATION SCHOOLS

Fixed assets and long-term liabilities remain vested in the governing bodies of individual Foundation Schools and therefore values and amounts have not been consolidated in this Balance Sheet. The values are not available.

21. TRUST FUNDS

These are monies owned by an individual or organisation, which is administered by the Authority. The funds administered by the Council are summarised below. In accordance with accounting recommendations, these sums are excluded from the Consolidated Balance Sheet.

	Balance as at 31 Mar 04 £000	Payments/ Transfers in year £000	Receipts in year £000	Balance as at 31 Mar 05 £000
War Memorial Garden	90	(5)	3	88
Thames Valley Athletic	25	(25)	0	0
Miscellaneous Funds	18	(7)	2	13
Total Trust Funds	133	(37)	5	101

22. CONTINGENT LIABILITIES

The Council received a goodwill payment of £1.4m from Accord PLC during 2002/03 as part of the letting of the integrated environmental services contract. The contract commenced on 1st December 2002 for 15 years. In the event that the contract is terminated within the 15 year period, the Council is liable for repayment of the goodwill on a reducing balance over the period of the contract. The 2004/05 balance is approximately £1.2m.

The Authority faces possible legal fees in the region of £50k from an employment tribunal.

23. POST BALANCE SHEET EVENT

A highways works claim carried out in Bracknell by Berkshire County Council has been outstanding for over 7 years. The tribunal settled in May 2005 and the share attributable to Slough Borough Council is £1m. This will be accounted for in the capital accounts for 2005/06.

The Planning and Licensing Committee have a number of threatened and pending enquiries. The cost of defending these has been estimated at £200k to £300k.

24. EURO

The Council is continually monitoring the situation relating to the Euro. Plans are being prepared to deal with the implications, in particular that all necessary systems can accommodate the Euro. The Authority has incurred no expenditure in respect of the Euro prior to 31st March 2005.

THE STATEMENT OF TOTAL MOVEMENTS IN RESERVES

The Statement of Total Movements in Reserves brings together all the recognised gains and losses of the Authority during the financial year. The statement distinguishes between movements on revenue reserves (HRA and General Fund) and capital reserves.

The purpose of the statement is to reflect all gains and losses, both those that have been recognised in the consolidated revenue account and those that, under the current accounting framework, have not. Thus it includes profits/losses upon disposal of fixed assets and unrealised gains/losses on the revaluation of fixed assets.

STATEMENT OF TOTAL MOVEMENTS IN RESERVES

2003/04 £000		Notes	2004/05 £000
	Surplus/(deficit) for the year		
3,188	General Fund	(1)	2,659
542	Housing Revenue Account	(1)	2,033
(469)	Collection Fund	(1)	(253)
160	School Reserves	(1)	1,473
2,895	<i>add</i> Earmarked Reserves	(1)	1,002
(2,663)	<i>deduct</i> Appropriations from Pensions Reserve	(1 & 2)	(3,130)
7,647	Actuarial Gains and Losses relating to Pensions	(1 & 2)	17,410
11,300	Total increase/(decrease) in revenue resources		21,194
(3,349)	Increase/(decrease) in usable capital receipts	(3)	(4,633)
1,608	Increase in unapplied capital grants and contributions	(3)	(4,403)
(220)	Increase/(decrease) in Deferred Credits		(201)
(1,961)	Total increase / (decrease) in realised capital resources		(9,237)
151,996	Gains / (losses) on revaluation of fixed assets	(4)	59,725
151,996	Total increase/ (decrease) in unrealised value of fixed assets		59,725
(11,335)	Value of assets sold, disposed of or decommissioned	(4)	(10,037)
16,603	Capital Receipts set aside	(5)	8,436
(10,594)	Revenue resources set aside	(5)	(9,272)
7,149	Movement on Government Grants deferred	(5)	8,816
1,905	Movement on Major Repairs Reserve		412
15,063	Total increase in amounts set aside to finance capital investment		8,392
165,063	TOTAL RECOGNISED GAINS & LOSSES		70,037

NOTES TO THE STATEMENT OF TOTAL MOVEMENTS IN RESERVES

MOVEMENTS IN REVENUE RESOURCES

	General Fund Balances £000	HRA Balances £000	Collection Fund Balances £000	School Reserves £000	Earmarked Revenue Reserves £000	Pensions Reserve £000
Surplus/(deficit)	(2,659)	(2,033)	253	(1,473)	0	0
Appropriations to/from revenue	0	0	0	0	(1,002)	3,130
Actuarial gains and losses relating to pensions	0	0	0	0	0	(17,410)
Sub Total	(2,659)	(2,033)	253	(1,473)	(1,002)	(14,280)
Balance brought forward at 1 st April 2004	(5,955)	(2,652)	73	(3,181)	(5,827)	24,756
Balance carried forward at 31st March 2005	(8,614)	(4,685)	326	(4,654)	(6,829)	10,476

Earmarked Reserves – see note 19 to the Consolidated Balance Sheet.

Pensions Reserve – see note 16 to the Consolidated Balance Sheet.

ACTUARIAL GAINS/(LOSSES) ON THE PENSIONS RESERVE

The actuarial gains as movements on the pensions reserve in 2004/05 can be analysed into the following categories measured as absolute amounts and as a percentage of assets or liabilities as at 31st March 2005.

	2003/04		2004/05	
	£000	%	£000	%
Differences between the expected and actual return on assets	13,627	11.7	5,090	3.3
Differences between actuarial assumptions about liabilities and actual experience	(5,980)	4.2	36,910	22.3
Changes in the demographic and financial assumptions used to estimate liabilities			(24,590)	0
	7,647		17,410	

3. MOVEMENTS IN REALISED CAPITAL RESOURCES

	Usable Capital Receipts	
	2003/04 £000	2004/05 £000
Amounts Receivable	5,347	3,803
Amounts applied to finance new Capital Investments	(8,696)	(8,436)
Total increase/(decrease) in realised capital resources	(3,349)	(4,633)
Balance brought forward as at 1st April	11,335	7,986
Balance carried forward at 31st March	7,986	3,353

Capital Receipts received in the year are allocated between usable and pooled proportions. The usable proportion is available to finance new capital expenditure. The pooled proportion has to be paid over to the Government.

Unapplied Capital Grants and Contributions/Government Grants Deferred

The balance on these accounts represents the value of capital grants and contributions received which have been applied to finance the acquisition or enhancement of fixed assets. The balance is released to revenue over the life of the asset, taking into account depreciation.

	Unapplied Capital Grants & Contributions	
	2003/04 £000	2004/05 £000
Amounts Receivable	9,480	6,845
Amounts applied to Finance new Capital Investments	(7,872)	(11,248)
Total increase/(decrease) in realised capital resources	1,608	(4,403)
Balance brought forward as at 1st April	6,388	7,996
Balance carried forward at 31st March	7,996	3,593

4. FIXED ASSET RESTATEMENT ACCOUNT

	2003/04 £000	2004/05 £000
Total increase/(decrease) in unrealised capital resources	151,996	59,725
Amounts written off fixed asset balances for disposals	(11,335)	(10,037)
Total Movement on Account	140,661	49,688
Balance brought forward as at 1st April	405,355	546,016
Balance carried forward at 31st March	546,016	595,704

The Fixed Asset Restatement Account represents principally the balance of the surpluses or deficits on the periodic revaluation of fixed assets.

5. MOVEMENTS IN AMOUNTS SET ASIDE TO FINANCE CAPITAL INVESTMENT

The capital financing reserve contains the amounts which are 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. It also contains the difference between amounts provided for depreciation and that required to be charged to revenue to repay the principal element of external loans.

See details on next page.

	<u>Capital Financing Reserve</u> 2003/04 £000	<u>Govt Grants Deferred</u> 2003/04 £000	<u>Total</u> 2003/04 £000	<u>Capital Financing Reserve</u> 2004/05 £000	<u>Govt Grants Deferred</u> 2004/05 £000	<u>Total</u> 2004/05 £000
Capital Receipts set aside						
reserved receipts	7,907			0		
usable receipts applied	8,696			8,436		
Total Capital Receipts set aside	16,603	0	16,603	8,436	0	8,436
Revenue Resources set aside						
capital expenditure financed from revenue	3,229			4,598		
reconciling amount for provisions for loan repayment	(13,823)			(13,870)		
Total Revenue Resources set aside	(10,594)	0	(10,594)	(9,272)	0	(9,272)
Grants applied to Capital Investment		7,872			11,248	
Amounts credited to AMRA		(723)			(2,432)	
Movement on Government Grants Deferred		7,149	7,149		8,816	8,816
TOTAL INCREASE/(DECREASE) IN AMOUNTS SET ASIDE TO FINANCE CAPITAL INVESTMENT			13,158			7,980
Total Movement on Reserves	6,009	7,149		(836)	8,816	
Balance brought forward 1st April	136,932	12,756		142,941	19,905	
Balance carried forward at 31st March	142,941	19,905		142,105	28,721	

CASH FLOW STATEMENT

The cash flow statement summarises all cash inflows and outflows arising from financial transactions with third parties for revenue and capital purposes.

CASH FLOW STATEMENT		Notes	2004/05	
2003/04			£000	£000
£000				
	Revenue activities			
	Cash outflows			
111,461	Cash paid to and on behalf of employees		120,727	
111,382	Other operating cash payments		122,287	
18,651	Housing benefit paid out		22,173	
68,654	NNDR payments to the National Pool		69,334	
4,252	Precept paid		6,493	
3,991	Levies paid		207	
0	Payments to the Capital Receipts Pool		<u>5,596</u>	
318,391				346,817
	Cash inflows			
(11,379)	Rents		(11,484)	
(31,569)	Council Tax receipts		(34,441)	
(36,065)	National Non Domestic Rate grant		(33,858)	
(72,176)	NNDR receipts		(72,346)	
(575)	NNDR receipts from the National Pool		(2,425)	
(70,589)	Revenue Support Grant		(78,185)	
(24,697)	DWP Grants for Benefits	(3)	(28,593)	
(45,485)	Other Government grants	(3)	(36,481)	
(15,143)	Other operating cash receipts		(34,841)	
(25,140)	Cash received for goods and services		<u>(25,833)</u>	
(332,818)				(358,487)
(14,427)	Revenue activities net cash (inflow)/outflow	(1)		(11,670)
	Returns on Investment and Servicing of finance			
3,986	Interest paid		4,596	
(3,168)	Interest received		<u>(4,085)</u>	
818				511
	Capital activities			
	Cash outflows			
22,222	Purchase of fixed assets		28,300	
4,300	Other capital cash payments		<u>1,966</u>	
26,522				30,266
	Cash inflows			
(16,474)	Sale of fixed assets		(10,362)	
(9,479)	Capital grants received		<u>(6,844)</u>	
(25,953)				(17,206)
(13,040)	Net cash (inflow)/outflow before financing			1,901
	Management of Liquid Resources			
7,700	Net decrease in short term deposits		(6,064)	
1,899	Net increase in other liquid resources		<u>4,382</u>	
9,599				(1,682)
	Financing			
	Cash Outflows			
1,087	Repayments of amounts borrowed		<u>4,662</u>	
				4,662
	Cash Inflows			
0	Loans raised - long term		(8,000)	
				<u>(8,000)</u>

(2,354)	Decrease/(Increase) in cash and cash equivalents	(2)	(3,119)
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NOTES TO THE CASH FLOW STATEMENT

1. RECONCILIATION OF NET (SURPLUS) / DEFICIT ON THE CONSOLIDATED REVENUE ACCOUNT TO MOVEMENT IN CASH

	2003/04 £000	2004/05 £000
General fund (surplus)/deficit	(3,188)	(2,659)
Collection fund (surplus)/deficit	469	253
Housing revenue account (surplus)/deficit	(542)	(2,033)
Net (surplus) /deficit	(3,261)	(4,439)
<u>Non Cash Transactions</u>		
Provisions set aside	220	(938)
Contribution to / (from) Reserves		
Other Grants and Liabilities	(405)	35
Earmarked Reserves	(2,895)	(1,002)
Major Repairs Reserves	(1,905)	(412)
School Reserves	(160)	(1,473)
Internal Capital Financing & other non cash transactions	(3,424)	(4,732)
Total non-cash transactions	(8,569)	(8,522)
<u>Items on an accruals basis</u>		
(Increase)/decrease in revenue creditors	(4,981)	(1,681)
Increase/(decrease) in stocks	(19)	31
Increase /(decrease) in debtors	3,221	3,452
Total items on an accruals basis	(1,779)	1,802
Less items within another classification		
Servicing of Finance	(818)	(511)
Net cash (inflow)/ outflow from revenue activities	(14,427)	(11,670)

2. MOVEMENT IN CASH AND CASH EQUIVALENT

	As at 31 Mar 04 £000	As at 31 Mar 05 £000	Movement 2003/04 £000
Increase in cash and cash equivalent	1,204	4,323	3,119

See also note 4 Liquid Resources

3. GRANTS

	2003/04		2004/05	
		£000		£000
DWP grants for benefits		24,697		28,593
Education				
Standards Fund	7,932		8,924	
Schools Standard	2,113		2,275	
Learning & Skills Council Sixth Forms	5,176		5,985	
Teachers Pay Reform	1,544		1,571	
Other Education Grants	3,293		3,540	
Social Services				
Children Services	2,592		797	
Other Social Services Grants	3,472		4,102	
Other				
DWP HRA Subsidy*	6,526		0	
Supporting People	4,943		5,026	
Asylum Seekers	4,937		853	
Miscellaneous	2,957		3,408	
		45,485		36,481
Total		70,182		65,074

* Refer to Housing Revenue Account Note 9.

4. LIQUID RESOURCES

	As at 31 Mar 04 £000	As at 31 Mar 05 £000	Movement 2004/05 £000
Short term deposits	83,700	77,636	(6,064)
Money on Call/Notice	1,909	6,291	4,382
Increase in liquid resources	85,609	83,927	(1,682)

Liquid Resources represent short-term deposits that mature within 364 days and money on call that can be readily converted into cash.

HOUSING REVENUE ACCOUNT

Local housing authorities are required by the Local Government and Housing Act 1989 to keep a Housing Revenue Account (HRA). This records revenue income and expenditure in relation to Council houses and its tenants, such as repairs and maintenance, management expenses, capital financing costs, rent rebates, rent income, other income for charges for services and subsidy receivable from the Government. The HRA must be self-supporting without contributions from other funds (e.g. the General Fund).

HOUSING REVENUE ACCOUNT

2003/04		2004/05
£000	Notes	£000
INCOME		
Gross Rental Income		
(21,841)		(21,286)
(1,367)		(1,402)
(1,050)		(2,112)
(34)		(34)
(51)		0
(6,966)	(9)	0
(31,309)		(24,834)
Total Income		
EXPENDITURE		
5,288	(4)	5,234
6,809		7,247
70		25
12,520		0
0	(11)	89
0	(9)	5,143
464		80
17,459	(7)	18,692
4,930	(7)	4,625
47,540		41,135
16,231		16,301
Net Cost of Services		Net HRA income on the asset management revenue account
(17,459)		(18,708)
39		(5)
1,390		1,372
(653)		(849)
(452)		(1,889)
Net Operating Expenditure		(1,889)
(90)		(144)
(542)		(2,033)
Total Deficit/(Surplus) for year		(2,033)

HOUSING REVENUE ACCOUNT BALANCE		
(2,110)		(2,652)
(542)		(2,033)
(2,652)		(4,685)
Balance at 31 March carried forward		(4,685)

NOTES TO THE HOUSING REVENUE ACCOUNT

HOUSING STOCK

The Council was responsible for managing 6,747 dwellings as at 31 March 2005 (6,860 as at 31 March 2004). The stock was made up as follows:

	Number as at 31 Mar 04	Number as at 31 Mar 05
Houses	3,015	2,939
Flats	3,154	3,116
Bungalows	588	589
Other	103	103
As at 31st March	6,860	6,747

The change in stock can be summarised as follows:

	2003/04	2004/05
Stock at 1st April	7,009	6,860
Properties sold	(118)	(116)
Properties transferred (other services)	(1)	0
Properties acquired	2	3
Properties disposed of	(31)	0
New and converted properties	(1)	0
As at 31st March	6,860	6,747

During 2004/05 three properties were built on unused land at Stratfield Road; two of the properties are one bedroom flats and the other is a two bedroom bungalow, designated for use by the disabled.

ASSET VALUES

	As at 31 Mar 04 £000	As at 31 Mar 05 £000
Operational Assets:		
Dwellings	484,171	513,892
Other Land & Buildings	0	1,246
Non-operational Assets:		
Investments Properties	0	7,628
Total Housing Assets	484,171	522,766

Vacant possession value of dwellings

884,093

952,652

A revaluation of the other land and property assets was carried out during the year and the assets, which were previously under council dwellings, have been reclassified.

The value of the council dwellings was reviewed during 2004/05 and adjusted to reflect capital expenditure, inflation, depreciation and impairment on each property.

The net book value of dwellings is based on their existing use as social housing. As such the valuations are lower than those reflecting vacant possession on the open market. The difference between the vacant possession value and the balance sheet value of dwellings within the HRA shows the economic cost to Government of providing housing at less than open markets rents.

3. MAJOR REPAIRS RESERVE

The Accounts and Audit Regulations 1996 require authorities to establish and maintain a Major Repairs Reserve for houses. The credit to the reserve is an amount equivalent to the total depreciation charge for HRA assets which can only be used for capital expenditure on HRA assets.

	2003/04	2004/05
	£000	£000
Balance Brought Forward 1 st April	0	(1,905)
Depreciation of HRA Assets	(4,930)	(4,610)
Capital Expenditure		
Housing	2,951	4,164
Other Property	74	34
Balance Carried Forward 31 st March	(1,905)	(2,317)

4. HOUSING REPAIRS ACCOUNT

The majority of building repairs and maintenance to the housing stock is carried out by the Authority's contractor. The contract includes day to day repairs, cyclical external decoration, void properties prior to re-letting, internal decorations on certain tenants' properties and non domestic stock repairs. Gross repairs and maintenance expenditure for 2004/05 was £5.2m (2003/04 £5.3m).

CAPITAL EXPENDITURE AND SOURCES OF FINANCE

	2003/04	2004/05
	£000	£000
Expenditure		
Council Houses	3,433	5,032
Other Property	126	50
Generation of Affordable Housing (non HRA)	2,988	888
	6,547	5,970
Sources of Finance		
Useable Capital Receipts	2,255	409
Capital Grants and Contributions	1,109	922
Major Repairs Reserve	2,815	3,829
Creditors Unfinanced	368	810
	6,547	5,970

CAPITAL RECEIPTS

Total capital receipts from the disposal of housing assets were £11.9m in 2004/05 (£12.55m 2003/04) of which £3.6m (£4.64m) were usable capital receipts.

	2003/04 £000	2004/05 £000
Disposals of		
Land	252	462
Right To Buy Housing	10,542	11,266
Other Property	1,757	176
	12,551	11,904

COST OF CAPITAL AND DEPRECIATION CHARGE

A key feature of the introduction of resource accounting as part of the New Financial Framework is the inclusion of capital asset charges within the HRA.

The Cost of Capital Charge for 2004/05 of £18.7m is calculated as 3.5% (3.5% for 2003/4) of the value of HRA operational assets, carried out in accordance with the *Guidance on Stock Valuation* published by DETR in May 2000. It is included in the net costs of services in the HRA and acts as an important signal in the new style HRA, showing the cost of capital tied up in housing assets. However, it does not impact on the amount of income generated to achieve a balanced budget, i.e., in rents from council tenants. The cost of capital is reversed out of the HRA through the Asset Management Revenue Account (AMRA) below the net cost of services and the HRA's share of the authority's debt financing and management continues, as in previous years, to be borne by the HRA.

Depreciation charges also form part of the New Financial Framework. They reflect the consumption of HRA assets over their useful life and the annual provision for 2004/5 of £4.6m (£4.9m in 2003/04) is in respect of the operational assets (Housing). This is split over the houses of £4.610m and other property of £0.015m.

8. IMPAIRMENT

Impairment relates to physical damage or determination in the quality of the service provided by a fixed asset. There was no impairment charge in 2004/05. The impairment charge in 2003/04 relating to dwellings damaged by fire is £28k.

9. HRA SUBSIDY

This is a Government grant received towards the cost of management, maintenance and financing of dwellings. The amount of grant payable is based on a formula which uses the dwelling numbers and calculates the estimated 'notional' costs and assumed rental income. It also includes the major repairs allowance which is the Government's estimate of the long-term average amount of capital spending required to maintain the housing stock in its present condition. In previous years the Authority's income was lower than its expenditure and subsidy was received. In 2004/05 Rent Rebates (Housing Benefits) were

transferred from the Housing Revenue Account to the General Fund. Due to this, Slough moved to a negative subsidy position and paid an amount equivalent to the deficit from its Housing Revenue Account across to the Government.

Subsidy payable is made up of the following elements:

	2003/04 £000	2004/05 £000
Management & Maintenance	(9,040)	(9,303)
Major Repairs Allowance	(4,930)	(4,609)
Charges for Capital	(1,330)	(1,406)
Interest on Receipts	96	46
Guideline Rent Income	20,752	20,385
Housing Element Entitlement	5,548	5,113
Rent Rebate Entitlement	(12,540)	See above
Prior Year Adjustment	(6,992)	5,113
	26	30
HRA Subsidy (Received)/Payable	(6,966)	5,143

RENT ARREARS

	2003/04 £000	2004/05 £000
Total Arrears as at 31 st March	1,815	1,726
Current Tenant Arrears	1,153	1,049
Former Tenants	662	677
Provision for Doubtful Debts	1,455	1,383
Arrears Written Off	241	177

SUMS DIRECTED BY SECRETARY OF STATE

The Secretary of State issued a direction for £88,500 to be debited to the HRA in respect of Housing Benefits Transitional Protection. This amount was credited to the General Fund.

FRS17 RETIREMENT BENEFITS

Further the note in the Consolidated Revenue Account, the following transactions in respect of Pension Costs have been included in the Housing Revenue Account.

	2003/04 £000s	2004/05 £000
Net Cost of Services (includes current and past service costs of pensions and gains and losses arising on settlement or curtailment of pension liabilities)	51	149
Net Operating Expenditure		
Interest Cost	265	377
Expected Return on Pension Assets	(226)	(382)
Appropriations		

HOUSING REVENUE ACCOUNT

Transfer to/(from) Pension Reserve	(90)	(144)
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COLLECTION FUND

There is a legal requirement for charging authorities to maintain a separate Collection Fund account that holds details of transactions relating to Council Tax, Non-Domestic Rates, Precept Demands and any residual Community Charge adjustments, together with details of how any balances have been distributed. Although it is kept separate from the Consolidated Revenue Account, the Collection Fund balances do form part of the Consolidated Balance Sheet.

COLLECTION FUND ACCOUNT

2003/04		Notes	2004/05
£000	INCOME		£000
	<u>Council Tax</u>		
(32,181)	Income from Council Tax Payers	(2)	(34,595)
	<u>Business Rates</u>		
(68,162)	Income from Business Rate Payers	(3)	(64,613)
	<u>Community Charge</u>		
0	Adjustment to Prior Years		3
	<u>Transfers from the General Fund</u>		
(5,814)	Council Tax Benefits	(2)	(6,609)
(56)	Discretionary Relief	(3)	(54)
(106,213)	Total Income		(105,868)
	EXPENDITURE		
	<u>Precepts & Demands</u>		
33,595	Slough Borough Council		34,047
4,049	Thames Valley Police Authority		4,609
0	Fire Service *		1,682
	<u>Business Rates</u>		
66,229	Payment to National Pool	(3)	63,753
244	Interest Payable on Revaluation	(3)	382
241	Cost of Collection Allowance	(3)	244
	<u>Share of Previous Year's Surplus</u>		
100	Slough Borough Council		400
10	Thames Valley Police Authority		10
	<u>Provision for Bad Debts</u>		
1,504	Non Domestic Rates	(3)	288
710	Council Tax		706
106,682	Total Expenditure		106,121
469	Deficit for the year		253

	COLLECTION FUND BALANCE		
(396)	Balance at 1st April		73
469	Deficit for the year		253
73	Balance at 31st March	(4)	326

* Funding for Fire Service now transferred to Royal Berkshire Fire Authority 1 April 2004

NOTES TO THE COLLECTION FUND

1. GENERAL

The Council's demand on the Collection Fund represents the balance of spending for the year to be met from local taxes.

The year-end (surplus)/deficit on the Collection Fund, in so far as it relates to Council Tax transactions, has to be distributed between the billing authority (Slough Borough Council) and precepting authorities (Thames Valley Police and the Fire Service). The distribution is made on the basis of estimates as at the 15th January each year.

COUNCIL TAX

The Council Tax is a charge on domestic property. Each property has been independently valued and put into one of eight bands (A to H). The charge for each property is calculated by reference to the 'band' charge. Specific reductions are made, in accordance with government regulations, for persons on lower incomes (Council Tax Benefits). Government grant is received for this reduction.

In order to calculate the charge to be levied the estimated number of properties for each band for the year is converted to Band D equivalent figure (e.g. 20 band H properties is equivalent to 40 band D properties – 20 x 18/9). This gives the tax base for the Council.

The valuation bands and the Band D equivalent figures estimated for 2004/05 are as follows:

Band	No. of Chargeable dwellings (after discounts)	Ratio	Band "D" Equivalent No. of Dwellings	2004/05 Council Tax
Band A	739.50	6/9	493.00	699.76
Band B	7,555.75	7/9	5,876.69	816.39
Band C	17,363.25	8/9	15,434.00	933.01
Band D	10,441.50	9/9	10,441.50	1,049.64
Band E	3,514.75	11/9	4,295.81	1,282.89
Band F	1,425.00	13/9	2,058.33	1,516.14
Band G	251.00	15/9	418.33	1,749.40
Band H	5.25	18/9	10.50	2,099.28
Totals	41,296.00		39,028.16	
	Less: - adjustment of 2% to allow for changes in the valuation list and for non-collection of tax.		(780.56)	
	Council Tax Base 2004/05		38,247.60	

The Council Tax contribution required (not including parishes) for 2004/05 services and including Fire and Police Authorities precepts was £40,146k

i.e. $38,247.60 \times £1,049.64 = £40,146k$

The income received from taxpayers is reduced by benefits transferred from the General Fund and other adjustments made throughout the year.

INCOME FROM BUSINESS RATES

The Council collects Non-Domestic Rates for its area based on local rateable values (R.V.) multiplied by the national uniform rate (NNDR rate multiplier). The total amount, less certain reliefs and discounts, is paid to a central pool managed by Central Government, which, in turn pays back to authorities their share of the pool based on a standard amount per head of the local adult population.

Under these arrangements the amounts included can be analysed as follows: -

	2003/04	2004/05
Total Slough Borough Council RV at 31 Mar	£192,556,015	£190,229,771
NNDR rate multiplier	44.4	45.6
	£000	£000
Income due from ratepayers	68,162	64,613
Discretionary relief from General Fund	56	54
less:- Provision for bad debts	(1,504)	(288)
Interest on refunds	(244)	(382)
Cost of Collection Allowance	(241)	(244)
National Pool contribution	66,229	63,753

DISTRIBUTION OF COLLECTION FUND SURPLUS OR DEFICIT

The Collection Fund at the 31st March 2005 shows a deficit of £326k. The position will be reviewed in January 2005 as part of the budget setting process.

	2004/05 £000
:	
Distribution of deficit	
Slough Borough Council	275
Thames Valley Police Authority	37
Fire Service	14
Total	326

Accruals

Sums included in the final accounts to cover income or expenditure attributable to the accounting period but for which payment has not been made or received at the balance sheet date.

Actuarial Gains & Losses

Changes in actuarial deficits or surpluses that arise because:

- (a) Events have not coincided with the actuarial assumptions made for the last valuation (known as 'experience gains and losses').
- (b) The actuarial assumptions have changed.

Amortise

To pay off a debt by using a sinking fund.

Appropriations

Amounts transferred to or from revenue or capital reserves.

ALMO

Arms Length Housing Management Organisation – a 100% owned local authority company.

Asset

An item owned by the authority, which has a monetary value. Assets are defined as current or fixed:

- (a) Current assets will be consumed or cease to have value within the next financial year, examples are stock and debtors.
- (b) Fixed assets provide benefits to the authority and to the services it provides for a period of more than one year; examples are land and buildings, vehicles & equipment.

Asset Management Revenue Account (AMRA)

This is a holding account introduced as a result of the new system of capital accounting which enables authorities to ensure that the capital charges have a neutral impact on the amounts required to be raised from local taxation.

Bad or Doubtful Debts

It is practice for an organisation to create a provision for bad debts representing the estimated amount of debt existing at the 31st March, which is deemed irrecoverable.

Balances

Revenue reserves & provisions available to the Council.

Best Value

A system of best practice that facilitates accurate comparison between both services and authorities. It strengthens the arrangement for recharging support services costs to front line services so that they are comparable.

Budgets

A statement of an authority's plans for net revenue expenditure over a specified period of time.

Capital Charge

A charge to services for the use of fixed assets, which comprises:

- (a) A capital financing charge equivalent to notional interest on the net value of the assets and,
- (b) A depreciation charge based on the remaining finite life of the asset.

Capital Expenditure

Expenditure on the acquisition of fixed assets which will be of use or benefit to the authority in providing its services beyond the year of the accounts.

Capital Grants

Grants received towards capital outlay on a particular service or project.

Capital Receipts

Money received from the sale of surplus assets such as land and buildings, a proportion of which may be used to supplement the authority's Credit Approvals and finance capital expenditure.

Capital Reserve

An internal fund of the authority which is used as an alternative to borrowing or leasing to finance capital expenditure.

Collection Fund

The Collection Fund records transactions in respect of the council tax, community charges, non-domestic rates and illustrates the way in which these have been distributed.

Community Assets

Fixed assets that an authority intends to hold in perpetuity and have no determinable useful life.

Contingent Liability

A contingent liability is either:

- (a) A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the authority's control.
- (b) A present obligation arising from past events where it is not probable that a transfer of economic benefits will be required or the amount cannot be measured with sufficient reliability.

Corporate and Democratic Core

The corporate and democratic core comprises all activities which local authorities engage in specifically because they are elected multi-purpose authorities. The cost of these activities are thus over and above those which would be incurred by a series of independent, single-purpose, nominated bodies managing the same services. There is therefore no logical basis for apportioning these costs to services.

Creditors

Amounts owed by the authority for work done, goods received or services rendered within an accounting period, but for which payment was not made at the balance sheet date.

Credit Approval

Notification from central government as to the amount of capital expenditure which may be financed from loan or other forms of credit.

Current Service Cost

The increase in the present value of the pension scheme liabilities expected to arise from employee service in the current period.

Curtailement

Curtailements will show the cost of the early payment of pension benefits if any employee has been made redundant in the previous financial year.

Debtors

Sums of money due to the Council within the accounting period, but which are unpaid at the date of the balance sheet.

Debt Rescheduling/ Refinancing

The process of restructuring the existing long term debt, for a premium or discount, in order to achieve a more favourable rate of interest and thus reduce the overall total cost of the debt.

Deferred Charges

Deferred Charges represent either expenditure which has been capitalised but does not create a tangible fixed asset for the authority i.e., improvement grants, or premiums relating to long-term debt.

Deferred Liabilities

These are liabilities which are payable beyond the next year; they are primarily mortgage repayments.

Depreciation

An amount charged to revenue accounts to represent the reducing value of fixed assets.

Direct Financing of Capital**Expenditure**

Refers to the financing of capital expenditure directly from revenue in one year rather than from loan or other sources.

Direct Services Organisation

An organisation which consists of workers directly employed by the authority to carry out specified tasks.

Discounts

Penalty payment received by the borrower for agreeing to the lender's request to repay a debt before the maturity/due date.

Exceptional Items

Material Items which derive from events or transactions that fall within the ordinary activities of the authority and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

Expected Rate of Return on Assets

The average rate of return expected over the remaining life of the related obligation on the actual assets held by the Pension Scheme.

Finance Lease

A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee.

Fixed Assets

Tangible assets that yield benefits to the local authority and the services it provides for a period of more than one-year.

Funding Spending Share (FSS)

Central Government's assessment of what an individual authority needs to spend in order to provide a standard level of service. The FSS is used to calculate the authority's revenue support grant and capping limit.

General Fund

The main revenue account of the Council into which the Council's precept from the Collection Fund and specific government grants are paid and from which is met the cost of providing services.

Government Grants

Payments by central government towards local authority expenditure. They may be specific, for example Housing Benefits, or general, for example, Revenue Support Grant.

Gross Expenditure

The total cost of providing the authority's services before taking into account income.

Housing Act Advances

Loans made by an authority to individuals or Housing Associations towards the cost of constructing, acquiring or improving dwellings. Loans to individuals are termed mortgages.

Housing Revenue Account

An account, which the Council must produce by law to show the cost of providing and maintaining its housing stock and the rent income derived therefrom.

Impairment

Weakening or damaging of an asset which reduces its value.

Income

Amounts which the authority receives or expects to receive, from any source. Income includes fees and charges, sales and government grants. The term 'income' implies that the figures concerned relate to amounts due within the financial year irrespective of whether or not they were actually received during that year, (that is, on an accruals basis).

Infrastructure Assets

Those fixed assets from which benefit can be obtained only by continued use of the asset created for example, highways, footpaths and bridges.

Interest on Pension Scheme Liabilities

The expected increase during the period in the present value of the scheme liabilities because the benefits are one year closer to settlement.

Irrecoverable Surplus

(Pension Scheme)

The employer may not control or be able to benefit from the whole of a surplus- it may be so large that the employer cannot absorb it all through reduced contributions. The amount recoverable through reduced contributions reflects the maximum possible to be recovered without assuming an increase in the number of employees covered by the scheme.

Liability

A liability is where the authority owes payment to an individual or another organisation:

- (a) A current liability is an amount which will become payable or could be called in within the next accounting period, for example, creditors or cash overdrawn.
- (b) A deferred liability is an amount which, by arrangement, is payable beyond the next year at some point in the future, or to be paid off by an annual sum over a period of time.

Liquid Resources

Current asset investments that are readily disposable by the authority without disrupting its business and are either readily convertible to known amounts of cash at or close to the carrying amount, or traded in an active market.

Minimum Revenue Provision (MRP)

The amount that has to be charged to revenue to provide for the repayment of debt.

NNDR

The means by which businesses contribute to the cost of local authority services. National non-domestic rates are otherwise known as Business Rates.

NNDR Pool

A fund administered nationally by the Office of the Deputy Prime Minister (ODPM) into which are paid business rates collected by local authorities. The ODPM pay out of the fund a per capita amount to all local authorities.

Net Book Value

The amount at which fixed assets are included in the balance sheet, that is, their historical cost or current value less the cumulative amounts provided for by depreciation.

Non Operational Assets

Fixed assets held in the local authority but not directly occupied, used or consumed in the delivery of services. Examples of non-operational assets are investment properties and assets that are surplus to requirements held pending sale or redevelopment.

Operational Assets

Fixed assets held and occupied, used or consumed by the local authority in the direct delivery of those services for which it has a statutory or discretionary responsibility.

Past Service Cost

(Pension Scheme)

Discretionary benefits awarded on early retirement are treated as past service costs. This included added years and unreduced pension benefits awarded before the "rule of 85" age.

Post balance Sheet Events

Those events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the responsible financial officer signs the Statement of Accounts.

Precept

The amount levied by one authority, which is collected on its behalf by another.

Premiums

Penalty payment required by the lender for early repayment of long-term debt.

Prior Year Adjustment

An adjustment in the year's accounts that relates to the previous financial year.

Projected Unit Method

(Pension Scheme)

An accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings. An accrued benefits valuation method is a valuation method in which the scheme liabilities at the valuation date relate to:

- (a) The benefits for pensioners and deferred pensioners and their dependants, allowing where appropriate for future increases, and
- (b) The accrued benefits for members in service on the valuation date.

Provisions

Amounts set aside by an authority for liabilities or losses whose exact amount or date on which it will arise is uncertain. They are only used for the purpose for which they are established, and any expenditure is charged directly to the provision.

Public Works Loan Board (PWLB)

A government agency, which lends money to public bodies for capital purposes. At present nearly all borrowers are local authorities. Monies are drawn

from the National Loan Funds and the Treasury determines rates of interest. An annual maximum quota based on capital expenditure determines the amount each local authority can borrow in any one year, outstanding debt and amounts set aside as provision to meet credit liabilities.

Reserves

Amounts set aside for general contingencies, to provide working balances or earmarked to specific future expenditure.

Revenue Expenditure

Recurring expenditure on day to day expenses such as employees, running expenses of buildings, equipment and capital financing costs.

Revenue Support Grant (RSG)

This is a Central Government Grant in aid of Local Authority services generally. It is based on the Government's assessment of how much an authority needs to spend in order to provide a standard level of service.

Rule Of 85 Age

(Pension Scheme)

The date on which the sum of-

- (a) The member's age in whole years on the date his local government employment ends or the date he elects for payment, if later,
- (b) His total membership in whole years, and
- (c) In a case where he elects after his local government employment ends, the period beginning with the end of that employment and ending with the date he elects for payment, equals 85 years.

The rule of 85 can be reached prior to age 60, however benefits can only be paid prior to age 60 if the employer permits it. Therefore, generally for all our calculations, we assume a minimum of age 60 for the rule of 85.

Section 106

Section 106 of the Town & Country Planning Act 1990 (see extract below) allows a local Planning Authority (LPA) to enter into a legally binding agreement (planning obligation) with a land developer over a related issue. The obligation is sometimes termed as a 'Section 106 Agreement'.

Such agreements can cover almost any relevant issue and can include sums of money. Possible examples of S106 agreements could be:

- The developer will transfer ownership of an area of woodland to a LPA with a suitable fee to cover its future maintenance.
- The local authority will restrict the development of an area of land or permit only specified operations to be carried out on it in the future (e.g. amenity use).
- The developer will plant a specified number of trees and maintain them for a number of years.
- The developer will create a nature reserve.

Settlement

Settlements will take account of outgoing bulk transfers and will show the difference between the FRS 17 liability and the amount paid to settle the liability.

Sinking Fund

A fund where regular or periodic instalments are saved or invested to ensure payments can be made at a future time.

Stocks

Items of raw materials and stores an authority has procured to use on a continuing basis and which it has not yet used.

Trust Funds

Funds administered by the Council on behalf of others, for purposes such as prizes, charities and specific projects and on behalf of minors.

Unapportionable Central Overheads

These are overheads for which no user now benefits and should not be apportioned to services.

ACOP	Accounting Code of Practice
ALMO	Arms Length Housing Management Organisation
AMRA	Asset Management Revenue Account
BVACOP	Best Value Accounting Code of Practice
BCC	Berkshire County Council
CCT	Compulsory Competitive Tendering
CFA	Capital Financing Account
CFR	Capital Financing Reserve
CIPFA	Chartered Institute of Public Finance and Accountancy
CRA	Consolidated Revenue Account
Defra	Department of Environment, Food and Rural Affairs
DETR	Department of Environment, Transport & the Regions
DfEE	Department for Employment and Education
DfES	Department for Education and Skills
DPE	Decriminalised Parking Enforcement
DSO	Direct Service Organisation
DTLR	Department of Transport, Local Government and the Regions
DWP	Department of Work & Pensions
FAA	Fixed Asset Account
FAN	CIPFA Finance Advisory Network
FARR	Fixed Asset Restatement Account
FRICS	Fellow of The Royal Institute Of Chartered Surveyors
FRS	Financial Reporting Standard
FSS	Funding Spending Share
GMP	Guaranteed Minimum Pension
HA	Housing Association
HRA	Housing Revenue Account
IDeA	Improvement and Development Agency
ISB	Individual Schools Budget
IT	Information Technology
ITN	Invitation to Negotiate
LAAP	Local Authority Accounting Panel
LASAAC	Local Authority (Scotland) Accounts Advisory Committee
LEA	Local Education Authority
LGR	Local Government Reorganisation
LSC	Learning Skills Council
MRR	Major Repairs Reserve
NHS	National health Service

NNDR	National Non-Domestic Rate
ODPM	Office Of The Deputy Prime Minister
Ofsted	Office for Standards in Education
ONS	Office for National Statistics
PCL	Provision For Credit Liabilities
PFI	Public Finance Initiative
PSA	Public Service Agreement
PWLB	Public Works Loans Board
RICS	Royal Institute of Chartered Surveyors
RSG	Revenue Support Grant
RV	Rateable Value
SBC	Slough Borough Council
SCA	Supplementary Credit Approval
SEEDA	South East England Development Agency
SOCH	Sale of Council Houses
SORP	Statement of Recommended Practice
SRB	Single Regeneration Budget
SSAP	Statement of Standard Accounting Practice
SSG	Schools Standard Grant
TPA	Teachers' Pension Agency