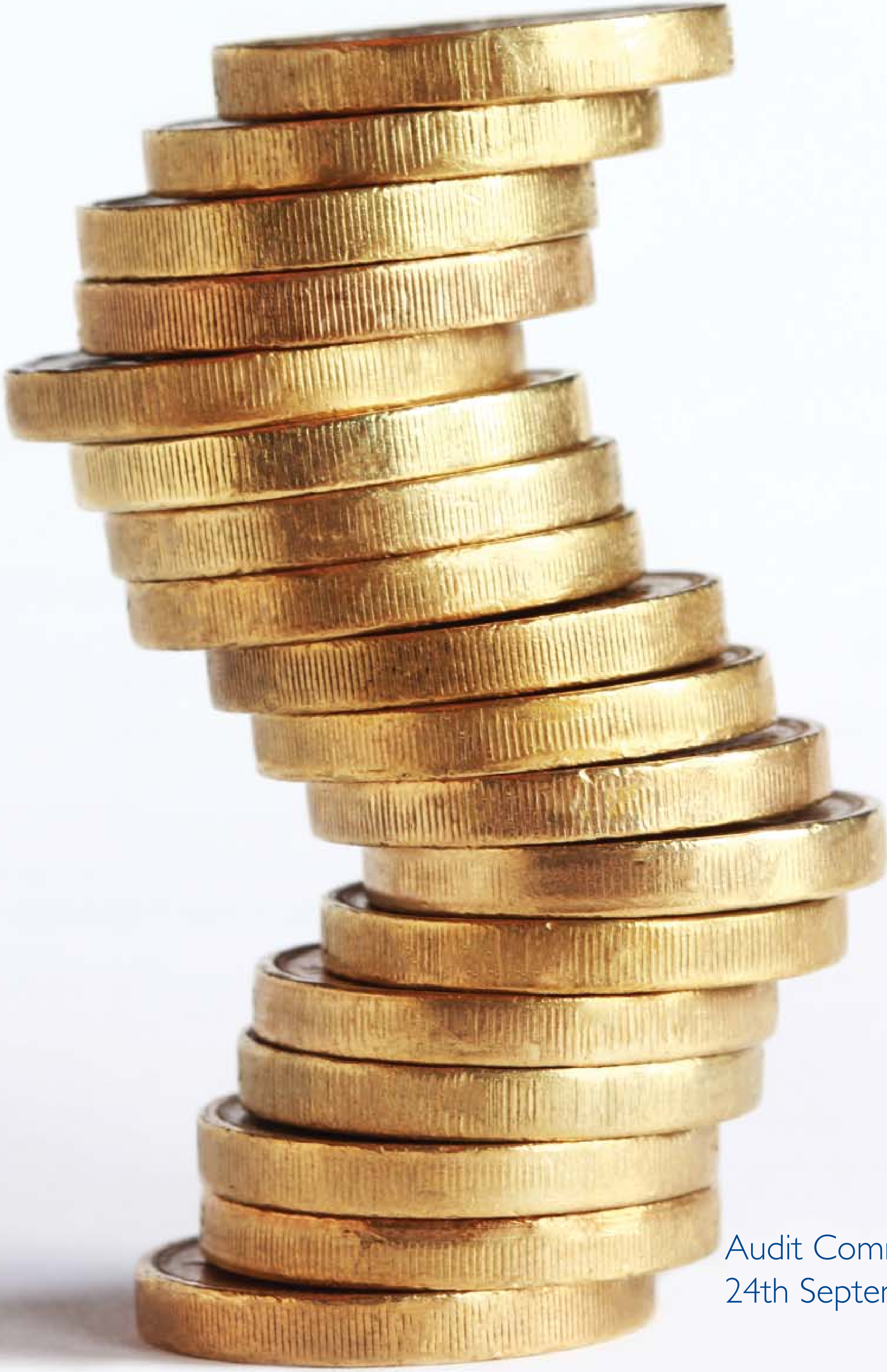
Statement of Accounts
2012 - 2013

MID SUSSEX
DISTRICT COUNCIL



Audit Committee
24th September 2013

Statement of Accounts for the Year Ended 31st March 2013

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DISTRICT COUNCIL

Statement of Responsibility and Foreword

Statement of Responsibilities for the Statement of Accounts

The Authority's Responsibilities

The authority is required:

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

The Head of Finance, ICT and HR's Responsibilities

The Head of Finance, ICT and HR is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices. These practices comprise the Chartered Institute of Public Finance and Accountancy (CIPFA), Local Authority (Scotland) Accounts Advisory Committee (LASAAC) Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 (the Code), and the Service Reporting Code of Practice for Local Authorities 2012/13 (SeRCOP), supported by International Financial Reporting Standards (IFRS).

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

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

Foreword by the Head of Finance, ICT and HR

1. Introduction

The purpose of this foreword is to provide a guide to the most significant matters reported in the accounts. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 and the Service Reporting Code of Practice 2012/13, supported by International Financial Reporting Standards (IFRS), and are in respect of the financial year ended 31 March 2013.

The pages that follow are the Council's Accounts for 2012/13. These comprise:

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

Each of the main Financial Statements are explained further below:

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

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

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

2. Outturn for 2012/13

Revenue

The revenue and capital outturn for 2012/13 was reported to Cabinet on 3rd June 2013.

During 2012/13 Cabinet received five full Budget Management reports. Over the year, the budget has continued to be managed in order to ensure that financial targets are met without compromising service performance. Were this report to be read alongside the Performance Report, one could see that this has been achieved, and that performance across the range of services is very strong. Added to that, Mid Sussex has an embedded culture of seeking efficiencies, which has helped achieve this year's underspend of £8,000, after allowing for transfers to Specific Reserves totalling £575,000 and financing capital schemes totalling £35,000.

This outturn position is set out in the table overleaf.

Interest

For 2012/13, interest receipts for the year totalled £523,000 against an original budget of £300,000. Of the total received, £2,000 has been transferred to the Personnel and Payroll Specific Reserve for employee benefits. This is in accordance with existing practice to part-pay employees' professional qualification subscriptions. The revenue budget underspend position means that no interest was required to support the outturn. Therefore, the remaining balance of £521,000 was transferred to General Reserve.

Specific Items and Reserves

Specific items financed from the Specific Reserves and General Reserve for 2012/13 totalled £2,169,000. The largest utilisation from General Reserve amounted to £1.162m to finance the Capital Programme of 2012/13.

In addition, just over £3.7m has been transferred into Reserves in 2012/13 (£1.2m to Specific Reserve and £2.5m to General Reserve). In summary the largest contributions to General Reserve in the year include:

- £796,000 grant relating to New Homes Bonus Allocation;
- £523,000 interest receipts generated mainly from treasury management activity;
- £450,000 being the annual contribution budgeted to be paid to General Reserve, to fund the authority's Major Capital Renewals programme; and
- £425,000 being the annual contribution budgeted to be paid to General Reserve, to meet the cost of Disabled Facilities Grant which forms part of the Capital Programme.
- £219,000 being commuted sums received for public spaces in Pease Pottage.

Overall there has been a net increase of £1.6m in the level of Reserves as at 31st March 2013.

Further details are contained within the Transfers to /from Earmarked Specific Reserves note (Note 8) to the accounts, and are also set out in the Appendix C of the Outturn Report to Cabinet 3rd June 13.

Revenue Expenditure 2012/13 Service Area	Outturn Summary Estimate 2012/13 £'000	Actual 2012/13 £'000	Variation* 2012/13 £'000	Reconciliation of Outturn to Statement of Accounts Transfer to/from Reserves 2012/13 £'000	Total Net Expenditure (Note 31) 2012/13 £'000
Performance and Partnerships	688	686	(2)	6	692
Customer Services and Communications	7	4	(3)	(2)	2
Development Management	702	438	(264)	2	440
Planning Policy & Economic Development	596	566	(30)	144	710
Planning Service Support	0	(22)	(22)	2	(20)
Finance Accountancy	(29)	(39)	(10)	2	(37)
Finance Corporate	1,201	1,160	(41)	55	1,215
Personnel & Payroll	0	4	4	5	9
CenSus ICT	(144)	(125)	19	(23)	(148)
CenSus Revenues & Benefits	1,177	1,145	(32)	56	1,201
Housing	888	788	(100)	38	826
Environmental Health	951	946	(5)	0	946
Building Control	220	245	25	(6)	239
Leisure, Community Services & Culture	1,734	1,733	(1)	(385)	1,348
Parking Services	(950)	(1,034)	(84)	72	(962)
Cleansing Services	2,641	2,594	(47)	(158)	2,436
Facility Management & Streetscene	2,091	2,087	(4)	(38)	2,049
Legal Services	15	17	2	(5)	12
Property and Asset Management	(1,059)	(925)	134	186	(739)
Member Support	784	768	(16)	(57)	711
Land Charges	73	56	(17)	7	63
Strategic Core	1,126	1,151	25	(94)	1,057
Benefits	(93)	(93)	0	(389)	(482)
Drainage levies	13	13	0		
Balance Unallocated	35	0	(35)		
	12,667	12,163	(504)	(582)	11,568
Capital schemes financed from revenue	0	0	0		
Contribution to Disabled Facilities Grant	425	425	0		
Council Tax Freeze Grant	(218)	(216)	2		
Contribution to Employee Benefits Reserve	0	4	4		
Total Revenue Expenditure 2012/13	12,874	12,376	(498)	(582)	11,568
less transfer to Specific Reserves (previously reported)	0	455	455		
less transfer to Capital (previously reported)	0	35	35		
Total Revenue Expenditure 2012/13	12,874	12,866	(8)	(582)	11,568

*Variations are explained in the Outturn Report to Cabinet on 3 June 2013.

Figures are subject to roundings to nearest £'000

Capital
Capital expenditure usually generates an asset that has a useful life of more than one year. Actual Capital Spending for the year amounted to £2,508,000 including £442,000 relating to non-programmed projects which are projects that do not form part of the planned Capital Programme, but which are authorised under delegated authority. This was £132,000 less than the updated 2012/13 programme of £2,640,000 (being £574,000 when excluding the non-programmed projects). Of this variation, £328,000 relates to slippage. The majority of the slippage relates to delays in various Leisure projects totalling £179,000, including £143,000 for the Bolnore Leisure site. In addition, slippage to the Major Capital Renewals schemes amounted to £111,000, with the remainder being a range of smaller schemes which have yet to be completed. In addition, delays in Affordable Housing projects have meant that this budget was underspend by £70,000, which has been rolled over and added to the Capital Programme for 2013/14.

The main items of expenditure in the year were:

Capital Expenditure 2012/13

Property, Plant and Equipment	**2012/13**
Land and Buildings	**£**
Leisure Centres	316,010
Oaklands Office	100,185
Car Parks	59,709
Pavilions	32,254
Community Centres & Halls	16,583
Asset Under Construction	
Public Convenience	143,692
Recycling & Refuse Depot	64,967
Bolnore Village Recreational Hall	56,784
Plant / Vehicles / Equipment	
Playground Equipment	195,189
ICT Hardware	122,904
Intangible Assets	
Software and software licences	136,445
Community Asset	
Land	20,000
Revenue Expenditure funded from Capital Under Statute	
Housing - Disabled Facilities Grants (DFG)	746,784
Housing - Affordable Housing	0
Other expenditure	496,504
Total	**2,508,010**

The capital expenditure in the year was financed by:

Usable Capital Receipts	£144,967
General Fund Balances (General Reserve £1,162,275 & Specific Reserve £53,094)	£1,215,369
Government Grants & Section 106s Receipts in Advance	£778,306
Capital Grants Unapplied Account	£369,368

Usable capital receipts for 2012/13 totalled £91,485 (refer Note 25). Other receipts received in 2012/13 totalled £1,544,468 (refer Note 36 Grant Income – receipts in advance), as shown below:

Time Limited Section 106 agreements	£1,115,675
Renovation Grant	£428,793

The available year end balance of Usable Capital Receipts is £1,949,276 (refer Note 25), Capital Grants Unapplied Account is £2,439,888 (refer Note 25) and Section 106 Contributions and Capital Grants Receipts in Advance is £4,622,639 (refer Note 36).

3. Local Taxpayers

During the year, the Council collected £81.546m in Council Tax (net of council tax benefit) on behalf of West Sussex County Council, Police and Crime Commissioner for Sussex and Mid Sussex District Council and its towns and parishes. All but £8.632m of this was passed on to the other authorities. The collection rate for the year was 98.5% of the total amount due and most of the remainder will be collected in the first few months of 2013/14.

4. Pensions

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

The pension liability has increased to £30,056,982 as at 31st March 2013, from £24,126,000 as at 31st March 2012. This includes a net asset of £173,000 for the CenSus Joint Committee. This is mainly a result of the financial assumptions used by the actuary at 31 March 2013 being less favourable than as at 31 March 2012, particularly in relation to the lower expected return on the pension fund assets. Full details of the movement in the liability are shown in the Notes to the Accounts, Note 41.

Readers of the statements may like to note that this increase in the liability on the pension fund accounts for most of the reduction in the Council's 'net worth' as shown in the Total Reserves line of the Balance Sheet on page 17.

5. Other Significant items

In 2012/13, there have been no material and unusual items of expenditure or income in the accounts.

6. Changes in accounting policy

For this year's accounts,

- MSDC will change from annual valuations for all assets to a 5 year rolling programme
- Cash and cash equivalents are now cash equivalents that mature in one month or less from the date of acquisition, in accordance with International Accounting Standards

7. Borrowing

The Council has not entered into any borrowing in 2012/13.

8. Provisions / Material Write-offs

Employee Benefits Accrual

At 31st March 2013 there is a £142,327 provision for Employee Benefits Accrual. Employees build up an entitlement to paid holidays as they work. Under the Code, the council is required to accrue for any annual leave or flexitime earned but not taken at 31 March each year.

Municipal Mutual Insurance (MMI)

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

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

As at the 31st March 2012, based on information from MMI, the estimated amount liable to clawback if the scheme is triggered is £63,672 (based on estimated outstanding claims payments less £50,000) and a provision of £13,672 has been included in the Council's accounts in recognition of this for the first time in

2012/13. This forms part of the "Other Operating Expenditure" shown on the face of the Comprehensive Income and Expenditure Statement.

Property Searches Claims

At 31st March 13 there is a £4,000 provision relating to Property Searches claims against MSDC. Further detail is set out in Note 24.

NNDR Write-offs

During 2012/13 there has been a significant level of NNDR write-offs totalling £1,734,329 as detailed in the Collection Fund Section 4.

9. Material Events after the reporting date

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

10. Impact of the current economic climate

The financial climate remained challenging in 2012/13. Despite this, income levels were above target in a number of key areas and careful management of expenditure by budget holders resulted in a satisfactory end of year position.

In addition, the level of Reserves increased during 2012/13, mainly from the receipt of New Homes Bonus (NHB) grant (£796k) and investment interest (£523k). As the importance of Revenue Support Grant diminishes, the NHB funding has become more important.

The Council's level of General Reserves held as at 31st March 2013 stands at £9.44m and is considered adequate for withstanding future financial pressures arising from the continuing squeeze on local government finance, in particular, the changes the Coalition Government has made in how local authorities are funded from 2013/14.

Overall, the financial statements show that the downturn in the world economy and that of the UK, is having only a marginal effect on the Council's finances. We have, however, become increasingly prudent in our budgeting process and take great care in setting budgets for income, and carefully scrutinise our spending plans to ensure that they are realistic, affordable and offer best value for money.

We are confident that such an approach will set us in good stead when considering, and setting, budgets for future years and will enable the Council to cope with any but the most drastic reductions in government grant support.

11. Rates Retention Scheme (RRS)

For 2013-14, the Coalition Government is allowing local authorities to retain a proportion of the business rates generated in their areas. The stated intention of the policy is to encourage councils to promote business growth by incentivising them to increase the total rateable value of the business premises in the district. A baseline has therefore been set based on the average of the last two year's income and we can keep a proportion of the increase in income generated each year. Whilst this is a welcome innovation, it is not without risk since the income could go down as well as up, and it is unlikely that Mid Sussex will be actively increasing the business rate base in the short to medium term.

12. Council Tax Support Scheme (CTSS)

For 2013-14, the Council has adopted a new, local scheme as the Government has passed responsibility almost completely to local authorities for scheme design, setup and administration. The scheme is designed to be funded entirely by the grant received and the effect on our financial plans is neutral overall.

13. Further Information

Interested members of the public have a statutory right to inspect the accounts from 15th July 2013 to 9th August 2013. The availability of the accounts for inspection was advertised in the local newspapers, Mid Sussex Times, The Mid Sussex Leader and East Grinstead Observer. The Notice was also placed on the MSDC website, under the Finance Publications section. Further information about any aspect of the accounts is available from both the Head of Finance, Peter Stuart 01444 477315 (Peter.Stuart@midsussex.gov.uk), and the Chief Accountant, Cathy Craigen 01444 477384 (Cathy.Craigen@midsussex.gov.uk), at Mid Sussex District Council, Oaklands Road, Haywards Heath, RH16 1SS. It is our intention to be open with the information that we hold and we encourage local stakeholder enquiries.

MID SUSSEX
DISTRICT COUNCIL

Statement of Accounts 2012/13

This Statement of Accounts is that upon which the auditor should enter his certificate and opinion and has been prepared under the Accounts and Audit (England) Regulations 2011.

I hereby certify that the Statement of Accounts presents a true and fair view of the financial position of the Authority at the reporting date and its income and expenditure for the year ended 31st March 2013.

P Stuart, CPFA
Head of Finance, ICT and HR
24 September 2013

Certificate by Chairman

I confirm that the Statement of Accounts were approved by the Audit Committee at a meeting held on 24 September 2013.

Cllr Forbes
Chairman Audit Committee

Financial Statements

Movement in Reserves Statement

	General Fund Balance	Earmarked Specific Reserve	Usable Capital Receipts	Capital Grants Unapplied Account	Total Usable Reserves	Total Unusable Reserves	Total Authority Reserves
	£	£	£	£	£	£	£
Balance at 1 April 2012	**(8,140,830)**	**(2,467,471)**	**(2,011,373)**	**(1,990,953)**	**(14,610,627)**	**(53,228,048)**	**(67,838,675)**
(Surplus)/ deficit on provision of services (accounting basis)	4,196,506	0	0	0	4,196,506	0	**4,196,506**
Other Comprehensive Expenditure and Income	0	0	0	0	0	(7,618,248)	**(7,618,248)**
Total Comprehensive Income and Expenditure	**4,196,506**	**0**	**0**	**0**	**4,196,506**	**(7,618,248)**	**(3,421,742)**
Adjustments between accounting basis and funding basis under regulation (refer Note 7)	(5,801,044)	0	62,097	(448,935)	(6,187,882)	6,187,882	**0**
Net Increase / Decrease before Transfers to Earmarked Reserves	(1,604,538)	0	62,097	(448,935)	(1,991,376)	(1,430,366)	(3,421,742)
Transfers to /(from) Earmarked Reserves (refer Note 8)	302,355	(302,355)	0	0	0	0	0
Increase / Decrease in Year	(1,302,183)	(302,355)	62,097	(448,935)	(1,991,376)	(1,430,366)	(3,421,742)
Balance at 31 March 2013	**(9,443,013)**	**(2,769,826)**	**(1,949,276)**	**(2,439,888)**	**(16,602,003)**	**(54,658,414)**	**(71,260,417)**

	General Fund Balance	Earmarked Specific Reserve	Usable Capital Receipts	Capital Grants Unapplied Account	Total Usable Reserves	Total Unusable Reserves	Total Authority Reserves
	£	£	£	£	£	£	£
Balance at 1 April 2011	**(6,718,194)**	**(2,191,961)**	**(242)**	**(1,330,412)**	**(10,240,809)**	**(63,964,185)**	**(74,204,994)**
(Surplus)/ deficit on provision of services (accounting basis)	(784,042)	0	0	0	(784,042)	0	**(784,042)**
Other Comprehensive Expenditure and Income	0	0	0	0	0	7,150,361	**7,150,361**
Total Comprehensive Income and Expenditure	**(784,042)**	**0**	**0**	**0**	**(784,042)**	**7,150,361**	**6,366,319**
Adjustments between accounting basis and funding basis under regulation (refer Note 7)	(914,104)	0	(2,011,131)	(660,541)	(3,585,776)	3,585,776	**0**
Net Increase / Decrease before Transfers to Earmarked Reserves	(1,698,146)	0	(2,011,131)	(660,541)	(4,369,818)	10,736,137	6,366,319
Transfers to / (from) Earmarked Reserves (refer Note 8)	275,510	(275,510)	0	0	0	0	0
Increase / Decrease in Year	(1,422,636)	(275,510)	(2,011,131)	(660,541)	(4,369,818)	10,736,137	6,366,319
Balance at 31 March 2012	**(8,140,830)**	**(2,467,471)**	**(2,011,373)**	**(1,990,953)**	**(14,610,627)**	**(53,228,048)**	**(67,838,675)**

Comprehensive Income and Expenditure Statement

restated 2011/12 Gross Expenditure £	restated 2011/12 Gross Income £	2011/12 Net Expenditure £		Note	2012/13 Gross Expenditure £	2012/13 Gross Income £	2012/13 Net Expenditure £
			Service Net Expenditure (31)				
10,095,291	(8,702,596)	1,392,695	Central Services to the Public		9,786,498	(8,590,588)	**1,195,910**
5,481,948	(778,310)	4,703,638	Culture and Related Services		9,681,771	(1,012,964)	**8,668,807**
6,490,297	(3,051,113)	3,439,184	Environmetal Regulatory Services		6,145,582	(2,044,917)	**4,100,665**
3,104,690	(1,367,151)	1,737,539	Planning and Development Services		3,104,428	(1,518,481)	**1,585,947**
1,808,023	(2,252,689)	(444,666)	Highways, Roads and Transport Services		1,630,231	(2,392,661)	**(762,430)**
34,854,873	(32,221,466)	2,633,407	Housing Services		36,139,695	(33,971,510)	**2,168,185**
2,990,560	(99,259)	2,891,301	Corporate and Democratic Core		3,165,269	(73,820)	**3,091,449**
757,184	0	757,184	Non Distributed Costs		307,353	0	**307,353**
65,582,866	(48,472,584)	17,110,282	**Net Cost of Services**		69,960,827	(49,604,941)	**20,355,886**
			Other Operating Expenditure				
		15,088	(Gain)/ loss on disposal of Property Plant & Equipment				**(4,191)**
		3,163,991	Parish and Town Council Precepts & Drainage Levies				**3,258,066**
		14,955	Amount payable to Housing Capital Receipts Pool(Note 7)				**8,615**
		3,194,034					**3,262,490**
			Financing and Investment Income & Expenditure				
		114,513	Interest Payable (Note 15)				**88,935**
		(379,179)	Interest and Investment Income (Note 20)				**(522,881)**
		(1,010,995)	Investment Properties Net Income (Note 13)				**(870,961)**
		65,000	Investment Properties (Gain)/Loss on Disposal (Note 13)				**125,000**
		(1,009,050)	Movement in Fair Value of Investment Properties (Note 13)				**270,852**
		114,000	Pensions interest cost & expected return on pension assets (Note 43)				**589,207**
		(2,105,711)					**(319,848)**
			Taxation and Non-Specific Grant Income				
		(11,733,066)	Income from Council Tax (Collection Fund Note 6)				**(11,963,019)**
		(3,675,760)	Non-domestic rates redistribution (Note 36)				**(4,217,730)**
		(2,622,053)	Non-ringfenced government grants (Note 36)				**(1,947,479)**
		(951,768)	Capital Grants & S106 receipts used for financing (Note 36)				**(973,794)**
		(18,982,647)					**(19,102,022)**
		(784,042)	**(Surplus) / Deficit on Provision of Services**				**4,196,506**
		1,065,361	(Surplus)/ Loss arising on revaluation of Property, Plant, Equipment assets (Note 26a)				**(13,560,053)**
		6,085,000	Actuarial (gains) / losses on pension fund assets and liabilities (Note 43)				**5,941,805**
		7,150,361	**Other Comprehensive Income and Expenditure**				**(7,618,248)**
		6,366,319	**Total Comprehensive Income and Expenditure**				**(3,421,742)**

Balance Sheet

restated As at 31st March 2012 £		Note	As at 31st March 2013 £
55,419,214	Land and Buildings		**63,198,615**
2,820,754	Vehicles, Plant & Equipment		**2,560,604**
3,331,082	Infrastructure Assets		**3,155,110**
275	Community Assets		**20,276**
54,192	Assets Under Construction		**121,752**
0	Surplus Assets		**99,047**
61,625,517	**Property, Plant & Equipment**	11	**69,155,404**
836,751	Heritage Assets	12	**836,751**
16,992,857	Investment Properties	13	**16,512,551**
282,135	Intangible Assets	14	**243,489**
1,000,000	Long Term Investments	16	**0**
228,977	Long Term Debtors	17	**153,661**
80,966,237	**Long Term Assets**		**86,901,856**
16,155,203	Short Term Investments	20	**23,815,646**
5,653	Inventories	18	**6,133**
4,111,341	Short Term Debtors	19	**3,393,405**
3,479,120	Cash & Cash Equivalents	21	**0**
23,751,317	**Current Assets**		**27,215,184**
0	Bank Overdraft	21	**(279,570)**
(5,690,666)	Creditors	23	**(5,674,680)**
(234,385)	Provisions	24	**(159,999)**
(134,047)	Finance Lease Payable Less 1 Year	39	**(138,461)**
(143,576)	Borrowing Payable Less 1 Year	15	**(148,434)**
(6,202,674)	**Current Liabilities**		**(6,401,144)**
(4,491,871)	Capital Grants & Contributions Receipts In Advance	36	**(4,622,639)**
(739,407)	Finance Lease Payable Longer 1 Year	39	**(600,946)**
(1,318,927)	Borrowing Payable Longer 1 Year	15	**(1,174,912)**
(24,126,000)	Liability related to Defined Benefit Pension Scheme	43	**(30,056,982)**
(30,676,205)	**Long Term Liabilities**		**(36,455,479)**
67,838,675	**Net Assets**		**71,260,417**
(13,475,898)	Revaluation Reserve	26	**(26,658,556)**
(63,855,660)	Capital Adjustment Account	26	**(57,915,161)**
(201,256)	Deferred Capital Receipts Reserve	26	**(189,771)**
24,126,000	Pension Reserve	26	**30,056,982**
129,627	Accumulated Absences Account	26	**142,327**
49,139	Collection Fund Adj Ac Deficit / (Surplus)	26	**(94,235)**
(53,228,048)	**Unusable Reserves**	26	**(54,658,414)**
(1,990,953)	Capital Grants Unapplied Account	25	**(2,439,888)**
(2,011,373)	Usable Capital Receipts Reserve	25	**(1,949,276)**
(2,467,471)	Earmarked Specific Reserve	8	**(2,769,826)**
(8,140,830)	General Fund Balances	8	**(9,443,013)**
(14,610,627)	**Usable Reserves**	25	**(16,602,003)**
(67,838,675)	**Total Reserves**		**(71,260,417)**

Cash Flow Statement

restated 2011/12 £		Note	2012/13 £
(784,042)	**Net (surplus) / deficit on the provision of services**	CIES	**4,196,506**
(6,497,601)	Adjustments to net surplus or deficit on the provision of services for non cash movement	28	**(9,123,528)**
5,977,679	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	28	**1,664,680**
(1,303,964)	**Net cash flows from Operating Activities**		**(3,262,342)**
(1,027,262)	**Investing Activities**	29	**6,083,310**
615,186	**Financing Activities**	30	**937,722**
(1,716,040)	**Net (increase) / decrease in cash and cash equivalents**		**3,758,690**
1,763,080	Cash and cash equivalents at 1st April	21	**3,479,120**
3,479,120	Cash and cash equivalents at 31st March	21	**(279,570)**
1,716,040	Movement in year increase / (decrease)		**(3,758,690)**

Notes to the Accounts

Notes to the Accounts

1. Accounting Policies

(a) General Principles

The Statement of Accounts summarises the Authority's transactions for the 2012/13 financial year and its position at the year-end of 31 March 2013. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2011 which require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 and the Service Reporting Code of Practice 2012/13 (SeRCOP), supported by International Financial Reporting Standards (IFRS).

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

(b) Accruals of Income and Expenditure

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

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

Exceptions to this principle relate to:

- Quarterly and monthly payments for utilities are charged at the date of meter reading each year rather than being apportioned between financial years;
- Council Taxpayers, where no account is taken for possible changes arising from new entries, late notification from Council Taxpayers and amendments to the valuation list until the transaction is actioned. This means late changes in the year may not be accounted for until the following year.
- Housing and Council Tax Benefit payments, where payments are made in conformity with the legislative requirements.
- Members Allowances, where payments are made in the year claims from councillors are processed.
- Employee overtime and car mileage claims, where payments are made in the year claims are processed following overtime worked or mileage incurred.
- Garden Waste, where annual fee income is accounted for in the year received, although renewal dates vary throughout the year and service is provided for a year from renewal.
- Car Park Penalty Notice income is recorded as income on the date the cash is received.
- Mobile phone payments are charged monthly allowing for 12 payments each year. This covers the period March 2012 to February 2013 rather than April 2012 to March 2013.
- Refunds relating Sports pitch bookings fee income for the year are accounted for in May of the following year, being the end of the season.

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

(c) Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in one month or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. This is a change in accounting policy from last year where "cash equivalents were investments that were on call and were readily convertible to known amounts of cash with insignificant risk of change in value and no fixed term investments were treated as cash equivalents," and ensures we are compliant with IAS7.

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

(d) Exceptional Items

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

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

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

(f) Charges to Revenue for Non- Current Assets

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

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

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

(g) Employee Benefits

Benefits Payable During Employment

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

Termination Benefits
Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the appropriate service, or where applicable, to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement when the Authority is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

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

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

The West Sussex Local Government Pension Scheme

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

The liabilities of the West Sussex County Council pension scheme attributable to the council are included in the Balance Sheet on an actuarial basis using the projected unit method, that is, an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, and projections of projected earnings for current employees. Liabilities are discounted to their value at current prices, using a nominal discount rate of 4.5% (based on the indicative rate of return on a high quality corporate bond).

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

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

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

- Current service cost – the increase in liabilities as a result of years of service earned this year –allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
- Past service costs – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
- Interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- Expected return on assets – the annual investment return on the fund assets attributable to the Authority, based on an average of the expected long-term return – credited to Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- Gains/losses on settlements and curtailments – the result of actions to relieve the Authority of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
- Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve
- Contributions paid to the West Sussex pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

Discretionary Benefits

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

(h) Events After the Reporting Period

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

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

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

(i) Financial Instruments

Financial Liabilities

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument.

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

Financial Assets

Financial assets are classified into two types:

- Loans and receivables - assets that have fixed or determinable payments but are not quoted on an active market.
- Available-for-sale assets - assets that have a quoted market price and/or do not have affixed or determinable payments.

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

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

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

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

There are no assets held as available for sale.

(j) Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Authority when there is reasonable assurance that

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

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

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

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

(k) Heritage Assets

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

- **Historical Buildings**

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

- **Art Collection and Civic Regalia**

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

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

Heritage Assets – General
The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets. Eg where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Authority's general policies on impairment (see note 1(r)) in this summary of significant accounting policies. The Authority will occasionally dispose of heritage assets which have a doubtful province or are unsuitable for display. The proceeds of such items are accounted for in accordance with the Authority's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts (see notes 1(u) and 1(r))

(l) Intangible Assets

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

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

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

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

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

(m) Inventories and Long Term Contract

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

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

(n) Investment Property

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

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

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

(o) Jointly Controlled Operations and Jointly Controlled Assets

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

Jointly controlled assets are items of property, plant or equipment that are jointly controlled by the Authority and other venturers, with the assets being used to obtain benefits for the venturers. The joint venture does not involve the establishment of a separate entity. The Authority accounts for only its share of the jointly controlled assets, the liabilities and expenses that it incurs on its own behalf or jointly with others in respect of its interest in the joint venture and income that it earns from the venture.

(p) Leases

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

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

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

The Authority as Lessee

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

Lease payments are apportioned between

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

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

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

The Authority as Lessor

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

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

(q) Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principle of the CIPFA Service Reporting Code of Practice 2012/13 (SeRCOP). The total absorption costing principle is used - the budgeted cost of over heads and support services are shared between users in proportion to the benefits received with the exception of:

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

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

(r) Property, Plant and Equipment

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

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

Measurement: assets are initially measured at cost, comprising

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

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

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

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

Assets included in the Balance Sheet at fair value are revalued on a five year rolling programme, to ensure that their carrying amount is not materially different from their fair value at the year-end. This is a change in accounting policy from last year where assets were revalued annually. The asset valuations, as at 1st April 2012, were carried out by an external RICS qualified chartered surveyor employed by Wilkes Head Eve LLP. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

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

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

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

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

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

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

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

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

Depreciation is calculated on the following bases:

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

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

Componentisation

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

- All assets with values of over £500,000 before depreciation have been deemed to be material and considered for componentisation. i.e. It has been considered whether any part of these assets should have a different useful life or method of depreciation.
- Each asset has been reviewed individually. The assets that are required to be componentised in line with our policy are the Leisure Centres, Civic Halls and 'Oaklands' Council Offices. These 6 assets have been split into the following four components:
  - Land,
  - Structure/externals with 60 year life,
  - Roof/electrical with 35 year life, and
  - Services (including boilers, heating systems, lifts) with 20 year life.

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

Pavilions:

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

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

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

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

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

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government. The balance of receipts is required to be credited to the Capital Receipts

Reserve, and can then only be used for new capital investment (or set aside to reduce the Authority's underlying need to borrow –the capital financing requirement-). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

(s) Provisions, Contingent Liabilities and Contingent Assets

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

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

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

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

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

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

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

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

(t) Reserves and Balances

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

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

(u) Revenue Expenditure Funded from Capital under Statute

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

(v) VAT

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

(w) Officer Personal Loan Scheme

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

(x) Borrowing Costs

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

(y) Redemption of Debt

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

(z) Carbon Reduction Commitment Allowances

The authority is required to participate in the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme. This scheme is currently in its introductory phase, which will last until 31 March 2014. The authority is required to purchase and surrender allowances, currently retrospectively, on the basis of emissions i.e. carbon dioxide produced as energy is used. As carbon dioxide is emitted (i.e. as energy is used), a liability and an expense are recognised. The liability will be discharged by surrendering allowances. The liability is measured at the best estimate of the expenditure required to meet the obligation, normally at the current market price of the number of allowances required to meet the liability at the reporting date. The cost to the authority is recognised and reported in the costs of the authority's services and is apportioned to services on the basis of energy consumption.

2. Accounting Standards That Have Been Issued But Have Not Yet Been Adopted

The Code of Practice on Local Council Accounting in the United Kingdom 2013/14 (the Code) will introduce several changes in accounting policies which will be required from 1 April 2013, the following changes are not considered to have a significant impact on the Statement of Accounts as demonstrated below:

- IAS 1 Presentation of Financial Statements – The changes require authorities to disclose separately the gains or losses re-classifiable into the Surplus or Deficit on the Provision of Services. The gains and losses are separately identified on the Comprehensive Income and Expenditure Statement and therefore no further disclosure required.
- IAS 12 Income taxes – This change in the accounting policy particularly affects investment properties. It is not considered that this change will affect the Statement of Accounts.
- IFRS 7 Financial Instruments Disclosures – The change in accounting policy is in relation to the offsetting of financial assets and liabilities. Within the cash and cash equivalents line on the balance sheet there is a bank overdraft, as shown in note 21.

There have been several significant changes in relation to IAS 19 Employee Benefits. IAS19 is changing for accounting years starting on or after 1 January 2013 and this will affect the budgeted pension expense for the next financial year. The main changes affecting Local Government Pension Service (LGPS) employers relates to the expected return on assets. Advance credit for anticipated outperformance of return seeking assets e.g. equities, will no longer be permitted. The expected return on assets is currently credited to profit and loss. However, from 2013 this is effectively replaced with an equivalent figure calculated using the discount rate (as opposed to that calculated using the Expected Return on Assets assumption). There is no impact of this change on the accounts covering the 2012/13 financial year. The changes will be implemented in the 2013/14 financial year, so the projected 2013/14 pension expense shown will include this change.

The changes to IAS19 will retrospectively applied for the 2012/13 financial year, at the time the 2013/14 accounts are prepared. This is in accordance with IAS8. Essentially, this means that the 2012/13 income statement disclosed in the 2013/14 accounts will be rebased onto the IAS19 (Revised) reporting basis. For 2012/13 this would result in a £606k expense increase in the CIES.(of which £41k relates to MSDC's share of Census partnership costs). IAS19 entries are mitigated through the Movements in Reserve Statement and does not impact on the setting on the General Fund Balance.

3 Critical Judgements in Applying Accounting Policies

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

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

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

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Authority's Balance Sheet at 31 March 2013 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Property, Plant and Equipment : Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relations to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets. If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £45,000 if the life of the assets was reduced by one year.

Provisions : The Authority has made a provision of £4,000 for the possible settlement of claims for repayment of personal search fees. It is not certain if more claims will materialise. An increase over the forthcoming year in the number of claims will have the effect of increasing the provision needed.

Pension Liability: Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied. The effects on the net pensions liability of changes in individual assumptions can be measured. For instance a 0.5% decrease in the discount rate assumption would result in an increase in the pension liability of £9.8m. In addition, a 0.5% increase in the Pension Increase Rate would increase liabilities by £7.1m. However, the assumptions interact in complex ways. During 2012/13, the Authority's actuaries advised that the net pensions liability had decreased by £5.6m, as a result of estimates being corrected as a result of experience and increased by £10.6m attributable to updating of the assumptions.

Pension Liability (IAS19 disclosures): In terms of the pension liability, the substance of the arrangement with Freedom Leisure who run our leisure services contract, is that the transferred staff are being treated as though they are employees of the Council and are included as part of IAS19 disclosures.

Arrears: The council has provided within its financial statements an impairment of doubtful debts of £1,973,671 as set out in Note 19. This allowance is considered adequate to cover future bad debts, but is by its nature an estimate. If collection rates were to deteriorate an increase in the amount of the impairment of doubtful debts would be required.

5. Material Items of Income and Expense

For the purposes of this note, the Authority considers material items to be those greater than £1m. Where material items are not disclosed on the face of the Comprehensive Income and Expenditure Statement, the nature and amount of these items would be separately disclosed. For 2012-13 there are no material items not already disclosed on the face of the Comprehensive Income and Expenditure Statement.

6. Events After The Reporting Period

The Statement of Accounts was authorised for issue by the Head of Finance, ICT & HR on 28 June 2013. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2013, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

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

7. Adjustments between Accounting Basis and Funding Basis Under Regulations

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

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

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

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

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

2012-13	Usable Reserves			
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Account	Movement in Unusable Reserves
Adjustments primarily involving the Capital Adjustment Account	£	£	£	£
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non current assets	**(2,065,129)**	**0**	**0**	**2,065,129**
Revaluation losses on Property Plant and Equipment	**(5,157,297)**	**0**	**0**	**5,157,297**
Movements in the fair value of Investment Properties	**(270,852)**	**0**	**0**	**270,852**
Amortisation of intangible assets	**(119,753)**	**0**	**0**	**119,753**
Capital grants and contributions applied	**778,306**	**0**	**0**	**(778,306)**
Revenue expenditure funded from capital under statute	**(1,243,288)**	**0**	**0**	**1,243,288**
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	**(200,809)**	**0**	**0**	**200,809**
	(8,278,822)	**0**	**0**	**8,278,822**
Insertions of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment	**231,224**	**0**	**0**	**(231,224)**
Capital expenditure charged against the General Fund	**1,215,369**	**0**	**0**	**(1,215,369)**
	1,446,593	**0**	**0**	**(1,446,593)**

2012-13	Usable Reserves			
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Account	Movement in Unusable Reserves
Adjustments primarily involving the Capital Receipts Reserve	£	£	£	£
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Transfer of cash sales proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	**80,000**	**(80,000)**		
Use of the Capital Receipts Reserve to finance new capital expenditure		**144,967**	**0**	**(144,967)**
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	**(8,615)**	**8,615**		
Transfer from Deferred Capital Receipts Reserve upon receipt of cash		**(11,485)**	**0**	**11,485**
	71,385	**62,097**	**0**	**(133,482)**
Adjustments primarily involving the Capital Grants Unapplied Account				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	**818,303**		**(818,303)**	**0**
Application of grants to capital financing transferred to the Capital Adjustment Account	**0**	**0**	**369,368**	**(369,368)**
	818,303	**0**	**(448,935)**	**(369,368)**
Adjustments primarily involving the Pensions Reserve				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement:	**(2,100,287)**			**2,100,287**
Employer's pensions contributions and direct payments to pensioners payable in the year	**2,111,110**			**(2,111,110)**
	10,823	**0**	**0**	**(10,823)**
Adjustments primarily involving the Collection Fund Adjustment Account				
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	**143,374**			**(143,374)**
	143,374	**0**	**0**	**(143,374)**
Adjustments primarily involving the Accumulated Absences Account				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	**(12,700)**			**12,700**
	(12,700)	**0**	**0**	**12,700**
Total Adjustments shown on Movement In Reserves Statement	**(5,801,044)**	**62,097**	**(448,935)**	**6,187,882**

2011-12	Usable Reserves			
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Account	Movement in Unusable Reserves
Adjustments primarily involving the Capital Adjustment Account	£	£	£	£
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non current assets	(2,724,215)	0	0	2,724,215
Revaluation losses on Property Plant and Equipment	(1,030,899)	0	0	1,030,899
Movements in the fair value of Investment Properties	1,009,050	0	0	(1,009,050)
Amortisation of intangible assets	(177,336)	0	0	177,336
Capital grants and contributions applied	1,091,201	0	0	(1,091,201)
Revenue expenditure funded from capital under statute	(1,592,876)	0	0	1,592,876
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(4,138,088)	0	0	4,138,088
	(7,563,163)	0	0	7,563,163
Insertions of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment	222,676	0	0	(222,676)
Capital expenditure charged against the General Fund	1,492,685	0	0	(1,492,685)
	1,715,361	0	0	(1,715,361)

2011-12	Usable Reserves			
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Account	Movement in Unusable Reserves
Adjustments primarily involving the Capital Receipts Reserve	£	£	£	£
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Transfer of cash sales proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	**4,058,000**	**(4,058,000)**		
Use of the Capital Receipts Reserve to finance new capital expenditure		**59,483**		**(59,483)**
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	**(14,955)**	**14,955**		
Contribution from the Capital Receipts Reserve to finance the repayment of loan		**2,000,000**		**(2,000,000)**
Transfer from Deferred Capital Receipts Reserve upon receipt of cash		**(27,569)**	**0**	**27,569**
	4,043,045	**(2,011,131)**	**0**	**(2,031,914)**
Adjustments primarily involving the Capital Grants Unapplied Account				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	**828,478**	**0**	**(828,478)**	**0**
Application of grants to capital financing transferred to the Capital Adjustment Account	**0**	**0**	**167,937**	**(167,937)**
	828,478	**0**	**(660,541)**	**(167,937)**
Adjustments primarily involving the Pensions Reserve				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement:	**(2,398,000)**			**2,398,000**
Employer's pensions contributions and direct payments to pensioners payable in the year	**2,523,000**			**(2,523,000)**
	125,000	**0**	**0**	**(125,000)**
Adjustments primarily involving the Collection Fund Adjustment Account				
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	**(27,159)**			**27,159**
	(27,159)	**0**	**0**	**27,159**
Adjustments primarily involving the Accumulated Absences Account				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	**(35,666)**			**35,666**
	(35,666)	**0**	**0**	**35,666**
Total Adjustments shown on Movement In Reserves Statement	**(914,104)**	**(2,011,131)**	**(660,541)**	**3,585,776**

8. Transfers To/From Earmarked Specific Reserves

This note sets out the amounts set aside from the General Fund balance in earmarked specific reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2012-13. The net movement in the year is shown on the Movement In Reserves Statement.

Further explanation of each item included in Specific Reserve is set out in the Outturn Report 2012-13, to Cabinet on 3rd June 2013.

	Balance at 1st April 2011 £	Transfers In 2011-12 £	Transfers Out 2011-12 £	Balance at 31st March 2012 £	Transfers In 2012-13 £	Transfers Out 2012-13 £	Balance at 31st March 2013 £
Specific Reserve							
Performance & Partnerships	0	(6,650)	0	(6,650)	0	6,101	**(549)**
Customer Services & Communications	0	0	0	0	(2,450)	0	**(2,450)**
Development Management	(124,552)	(2,000)	56,801	(69,751)	0	4,247	**(65,504)**
Planning Policy & Economic Development	(427,721)	(239,273)	16,037	(650,957)	(50,614)	147,086	**(554,485)**
Finance Accountancy	(5,000)	0	0	(5,000)	(2,500)	5,000	**(2,500)**
Finance Corporate	(622,723)	(65,905)	317,750	(370,878)	(108,777)	239,515	**(240,140)**
Personnel & Payroll	(9,191)	(21,299)	5,972	(24,518)	(12,517)	14,716	**(22,319)**
CenSus ICT	(10,820)	(9,180)	0	(20,000)	(25,000)	1,987	**(43,013)**
CenSus Revenues & Benefits	(445,844)	(174,375)	68,819	(551,400)	(473,235)	99,102	**(925,533)**
Housing	(105,281)	0	0	(105,281)	0	239	**(105,042)**
Environmental Health	(836)	0	836	0	(10,000)	0	**(10,000)**
Leisure, Community Services & Culture *	(288,611)	(249,054)	118,726	(418,939)	(170,062)	93,185	**(495,816)**
Facility Management & Streetscene	(26,000)	0	0	(26,000)	(200,000)	184,936	**(41,064)**
Legal Services	0	0	0	0	(4,500)	0	**(4,500)**
Property & Asset Management **	(42,483)	(133,057)	19,836	(155,704)	(35,000)	120,513	**(70,191)**
Member Support	(42,679)	(42,228)	62,734	(22,173)	(57,193)	0	**(79,366)**
Land Charges	(34,356)	0	0	(34,356)	0	7,002	**(27,354)**
Strategic Core	0	0	0	0	(80,000)	0	**(80,000)**
Better Mid Sussex	(5,864)	0	0	(5,864)	0	5,864	**0**
Specific Reserve Total	(2,191,961)	(943,021)	667,511	(2,467,471)	(1,231,848)	929,493	**(2,769,826)**
General Fund Balances	(6,718,194)	(2,976,619)	1,553,983	(8,140,830)	(2,542,223)	1,240,040	**(9,443,013)**
	(8,910,155)	(3,919,640)	2,221,494	(10,608,301)	(3,774,071)	2,169,533	**(12,212,839)**

* The 2011-12 Client Leisure Operations reserve has been re-grouped to show within the Leisure, Community Services & Culture reserve.
** The 2011-12 Property reserve and the Building & Asset Maintenance reserve have been re-grouped to show within the Property & Asset Management Reserve.

- Earmarked Specific Reserve – This reserve comprises amounts for particular purposes and for which Member authorisation has been obtained as to how these may be applied.

- General Fund Balances – This includes amounts earmarked for the Capital Programme, amounts provided by developers as commuted sums in lieu of future maintenance, and resources available to meet future running costs for services.

9. Prior Period Adjustments

As detailed in Note 1.(c), the council has amended the cash and cash equivalent accounting policy that impacts on the comparative figures for 2011-12 in the Balance Sheet as shown below, but do not impact on the Comprehensive Income and Expenditure Account:

Cash and Cash Equivalents / Short Term Investments

Details of the Cash and Cash Equivalents are shown in Note 21, Short Term Investments are shown in Note 20 and Short Term Debtors in Note 19.

31 March 2012 Balance Sheet	2011/12 Statements £	Adjustments Made £	Restated 2011/12 Balance £
Cash and Cash Equivalents	(270,880)	3,750,000	3,479,120
Short Term Investments	19,750,000	(3,594,797)	16,155,203
Short Term Debtors	4,266,544	(155,203)	4,111,341

Census Joint Partnership Prior Period Adjustment

The council has restated the income and expenditure for Census partnership to show only the proportional share for Mid Sussex with the impact on the Comprehensive Income and Expenditure Statement as shown below. The previously reported figures had shown the full expenditure incurred by Mid Sussex and the contributions received from the partners were included in the gross income.

Comprehensive Income and Expenditure Statement

Service Net Expenditure	2011/12 Statements Gross Expenditure £	Adjustments Made £	Restated 2011/12 Gross Expenditure £
Central Services to the Public	11,366,453	(1,271,162)	10,095,291
Housing Services	36,296,593	(1,441,720)	34,854,873

Service Net Expenditure	2011/12 Statements Gross Income £	Adjustments Made £	Restated 2011/12 Gross Income £
Central Services to the Public	(9,973,758)	1,271,162	(8,702,596)
Housing Services	(33,663,186)	1,441,720	(32,221,466)

The impact on the comparative figures for 2011-12 in the Balance Sheet have been included as an adjustment of £919,000 in 2012/13 to increase the Net Liability in respect of CenSus Shared Services Partnership. This is detailed in the Pension Note 43, Assets and Liabilities, in the tables referenced Proportional Share Gains/Losses, in order to reflect our true proportional share of jointly controlled assets and liabilities in accordance with IAS31.

10. Exceptional Items

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

There are no exceptional items as at 31 March 2013 and were none for the previous financial year.

11. Property, Plant and Equipment

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

2012-13	Land and Buildings	Vehicles, Plant and Equipment	Infrastructure Assets	Community Assets	Assets Under Construction	Surplus Assets	**Total**	Finance Leased Assets included in Vehicles, Plant & Equipment
	£	£	£	£	£	£	**£**	£
Cost or valuation								
At 1 April 2012	57,414,430	5,751,999	4,035,046	275	54,192	0	**67,255,942**	1,817,402
Additions	524,741	318,093	0	20,000	265,443	0	**1,128,277**	0
Revaluation increases/(decreases) recognised in the Revaluation Reserve	12,142,874	0	0	1,281	10,847	26,823	**12,181,825**	0
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(5,055,651)	0	0	0	(89,416)	(12,230)	**(5,157,297)**	0
Derecognition - disposals	(567,000)	(11,939)	0	0	0	0	**(578,939)**	0
Other movements in cost or valuation	120,594	0	0	(1,280)	(119,314)	84,454	**84,454**	0
At 31 March 2013	64,579,988	6,058,153	4,035,046	20,276	121,752	99,047	**74,914,262**	1,817,402
Accumulated Depreciation and Impairment								
At 1 April 2012	(1,995,216)	(2,931,245)	(703,964)	0	0	0	**(5,630,425)**	(943,948)
Depreciation Charge	(1,311,385)	(577,772)	(175,972)	0	0	0	**(2,065,129)**	(134,047)
Depreciation written out to the Revaluation Reserve	1,378,228	0	0	0	0	0	**1,378,228**	0
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	**0**	0
Derecognition - disposals	547,000	11,468	0	0	0	0	**558,468**	0
At 31 March 2013	(1,381,373)	(3,497,549)	(879,936)	0	0	0	**(5,758,858)**	(1,077,995)
Net Book Value At 31 March 2013	**63,198,615**	**2,560,604**	**3,155,110**	**20,276**	**121,752**	**99,047**	**69,155,404**	**739,407**
Net Book Value At 31 March 2012	**55,419,214**	**2,820,754**	**3,331,082**	**275**	**54,192**	**0**	**61,625,517**	**873,454**

2011-12	Land and Buildings	Vehicles, Plant and Equipment	Infrastructure Assets	Community Assets	Assets Under Construction	Total	Finance Leased Assets included in Vehicles, Plant & Equipment
	£	£	£	£	£	£	£
Cost or valuation							
At 1 April 2011	60,257,820	5,540,120	4,035,046	275	0	**69,833,261**	1,817,402
Additions	722,960	284,057	0	0	54,192	**1,061,209**	0
Disposals	(16,000)	(72,178)	0	0	0	**(88,178)**	0
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(2,519,451)	0	0	0	0	**(2,519,451)**	0
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(1,030,899)	0	0	0	0	**(1,030,899)**	0
At 31 March 2012	57,414,430	5,751,999	4,035,046	275	54,192	**67,255,942**	1,817,402
Accumulated Depreciation and Impairment							
At 1 April 2011	(1,445,282)	(2,481,201)	(506,906)	0	0	**(4,433,389)**	(814,175)
Charge for current year	(2,004,935)	(522,222)	(197,058)	0	0	**(2,724,215)**	(129,773)
Depreciation written out on disposal	912	72,178	0	0	0	**73,090**	0
Depreciation written out to the Revaluation Reserve	1,454,089	0	0	0	0	**1,454,089**	0
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	0	0	0	0	**0**	0
At 31 March 2012	(1,995,216)	(2,931,245)	(703,964)	0	0	**(5,630,425)**	(943,948)
Net Book Value At 31 March 2012	**55,419,214**	**2,820,754**	**3,331,082**	**275**	**54,192**	**61,625,517**	**873,454**
Net Book Value At 31 March 2011	**58,812,538**	**3,058,921**	**3,528,140**	**275**	**0**	**65,399,874**	**1,003,227**

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

	Number as at 31st March 13	Number as at 31st March 12
Land and Buildings		
Car Parks	**34**	34
Parks and Recreation Grounds (with sports pitches)	**39**	39
Housing Properties	**1**	1
Halls, Community Centres and Scout Hut Sites	**22**	22
Leisure Centres	**3**	3
Pavilions	**23**	23
Public Conveniences	**9**	8
Office Buildings	**2**	3
Depots and Workshops	**1**	1
Other Operational Assets *	**32**	32
Asset Under Construction		
Public Conveniences	**-**	1
Bolnore Recreational Hall	**1**	-
Recycling & Refuse Depot	**1**	-
Vehicles, Plant and Equipment		
Computer Hardware	**14**	13
Equipment (items over £10,000)	**33**	27
Infrastructure Assets		
Drainage Assets	**53**	53
Highway Land	**80**	80
Permanent Ways	**11**	11
Community Assets		
Parks and Open Spaces (without sports pitches)	**256**	255
Cemeteries	**2**	2
Allotment Sites	**4**	4
Other Community Assets (includes Footpaths, Ponds &Woods)	**15**	14
Heritage Assets		
Historic Buildings	**2**	2
Works of Art, Civic Regalia, Furniture	**17**	17
Surplus Assets		
Other Land	**7**	-
Investment Properties		
Industrial and Other Estate Sites	**5**	5
Central Development Area Sites	**8**	9
Shops	**5**	5
Car Park - Central Development Area Site	**1**	1
Other Investment Assets	**16**	23
Intangible Assets		
Software and Software Licences	**33**	33

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

Depreciation

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

- Buildings: straight line allocation over the useful life of the property as estimated by the valuer
- Component Parts of the Leisure Centres and Council Offices:

Structure-Externals	60 years life
Roof-Electrical	35 years life
Services	20 years life

- Vehicles, Plant and Equipment: straight line

Computer equipment	5 year life
Playground equipment	5 year life
Wheely Bins	10 year life
Car Parking Machines	7 year life
Mobile Seating Unit	10 year life (reducing balance)

  ,
- Infrastructure: straight line over the life of the asset

Commitments under Capital Contracts

At 31 March 2013, the Authority has authorised expenditure for the construction or enhancement of Property, Plant and Equipment which in 2013/14 - 2016/17 is budgeted to cost £7,844,000. Similar commitments at 31 March 2012 were £6,298,000. The commitments are as follows:

Scheme	2013/14 £	2014/15 £	2015/16 £	2016/17 £	Total £
Bolnore Leisure Site	779,000				779,000
Energy Efficiency (Dolphin CHP)	350,000				350,000
Leisure Parks & Playgrounds	351,000	91,000	61,000	42,000	545,000
Replacement Refuse & Recycling Depot	2,295,000				2,295,000
Business Starter units	570,000	1,302,000			1,872,000
Major Capital Renewals	541,000	400,000	400,000	400,000	1,741,000
Other Schemes including ICT	157,000	55,000	25,000	25,000	262,000
Total	5,043,000	1,848,000	486,000	467,000	7,844,000

Effects of Changes in Estimates

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

The revaluation of the council offices have been shown in component parts of Land, Structure-Externals with 60 year life, Roof-electrical with 35 year life, and Services with 20 year life. The effect of the change in method and life of the component parts has resulted in the land value showing as £1,095,405 with a corresponding increase in the Revaluation Reserve of £1,046,278 and the building gross carrying values reducing from £3,866,000 to £2,409,920 with an impairment entry shown in Net Cost of Services of £817,407. The net book values at 1 April 2012 totalled £3,183,391 and the closing net book values at 31 March 2013 totalled £3,443,059.

As part of the revaluation of the leisure centres and halls there has been a change of life for their component parts to Land, Structure-Externals with 60 year life, Roof-electrical with 35 year life, and Services with 20 year life. The result is a reduction in the value of land from £9,768,320 to £4,335,704 with an impairment entry shown in Net Cost of Services of £5,455,386. The increase in the value of the buildings from £28,075,790 to £38,620,939 has a corresponding increase in the Revaluation Reserve of £10,184,579. The net book values at 1 April 2012 totalled £36,753,128 and the closing net book values at 31 March 2013 totalled £42,013,173.

Revaluations

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

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

An impairment review was conducted for 31 March 2013, by a RICS qualified chartered surveyor at Wilkes Head & Eve LLP, with no further adjustments needed to the asset values.

	Land and Buildings £	Vehicles, Plant, Equipment £	Infrastructure £	Community Assets £	Assets Under Construction £	Surplus Assets £	Total £
Valued at historical cost		2,560,604	3,155,110	20,276	121,752	0	5,857,742
Valued at fair value in:							
2012/13	**55,760,667**	**0**	**0**	**0**	**0**	**99,047**	**55,859,714**
2011/12	7,437,948	0	0	0	0	0	7,437,948
	63,198,615	2,560,604	3,155,110	20,276	121,752	99,047	69,155,404

12. Heritage Assets

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

	Historic Buildings £	Art Collection and furniture £	Civic Regalia £	**Total Assets £**
Cost or valuation				
At 1 April 2011	700,101	131,050	5,600	**836,751**
Additions	0	0	0	**0**
Disposals	0	0	0	**0**
Revaluations	0	0	0	**0**
Impairment Losses / (reversals) recognised in the Revaluation Reserve	0	0	0	**0**
Impairment Losses (reversals) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	**0**
At 31 March 2012	700,101	131,050	5,600	**836,751**
Cost or valuation				
At 1 April 2012	700,101	131,050	5,600	**836,751**
Additions	0	0	0	**0**
Disposals	0	0	0	**0**
Revaluations	0	0	0	**0**
Impairment Losses / (reversals) recognised in the Revaluation Reserve	0	0	0	**0**
Impairment Losses (reversals) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	**0**
At 31 March 2013	700,101	131,050	5,600	**836,751**

Historic Buildings

The Authority's historic building is Jill Windmill.

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

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

Art Collection and Furniture

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

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

Civic Regalia

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

Additions / Disposals of Heritage Assets

The Authority has not purchased or sold any Heritage assets in 2012/13.

Heritage Assets: Five –Year Summary of Transactions

	2008/09 £	2009/10 £	2010/11 £	2011/12 £	2012/13 £
Value of Heritage assets Acquired by Donation					
Historic Buildings	700,101	700,101	700,101	700,101	**700,101**
Art Collection & Furniture	131,050	131,050	131,050	131,050	**131,050**
Civic Regalia	5,600	5,600	5,600	5,600	**5,600**
Carrying Value	836,751	836,751	836,751	836,751	**836,751**

13. Investment Properties

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

	2012-13 £	2011-12 £
Rental income from investment property	**(1,212,440)**	(1,275,702)
Direct operating expenses arising from investment property	**341,479**	264,707
Net gain / (loss)	**(870,961)**	(1,010,995)

There are no restrictions on the Authority's ability to realise the value inherent in its investment property or on the Authority's right to the remittance of income and the proceeds of disposal. The Authority has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

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

	2012-13 £	2011-12 £
Balance at 1 April	**16,992,857**	20,094,856
Additions:		
Purchases	**0**	0
Subsequent expenditure	**0**	11,951
Disposals	**(125,000)**	(4,123,000)
Net gains/(losses) from fair value adjustments	**(270,852)**	1,009,050
Transfers:		
to/from Property, Plant and Equipment	**(84,454)**	0
Balance at 31 March	**16,512,551**	16,992,857

Revaluations

The annual revaluation of Investment Properties measured at fair value, as detailed in the Foreword the annual valuations are carried out by an external RICS qualified chartered surveyor from Wilkes Head Eve LLP, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The sources of information and assumptions made in producing the valuations for 1 April 2012 are set out in a valuation certificate and report.

An impairment review was conducted for 31 March 2013, by Wilkes Head Eve LLP, with no further adjustments needed to the asset values.

The disposal recorded for 2012-13 is for the demolition of Sadlers Yard Workshop. The disposal recorded for 2011-12 is mostly for the sale of The Brow, Queen Elizabeth Avenue, Burgess Hill for £4,058,000.

14. Intangible Assets

The Authority accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include both purchased licenses and internally generated software. All software is given a 5 year useful life. The carrying amount of intangible assets are amortised on a straight line basis. The amortisation of £119,753 charged to revenue in 2012/13 (£177,336 in 2011/12) was charged to the appropriate service headings in the Net Cost of Services.

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

	2012-13	2011-12
Balance at 1 April	£	£
Gross carrying amounts	**1,446,376**	1,490,403
Accumulated amortisation	**(1,164,241)**	(1,176,203)
Net carrying amount at 1 April	**282,135**	314,200
Additions:		
Purchases	**136,445**	145,271
Disposals	**(55,338)**	0
Amortisation for the year	**(119,753)**	(177,336)
Net carrying amount at end of year	**243,489**	282,135
Comprising:		
Gross carrying amounts	**1,194,272**	1,446,376
Accumulated amortisation	**(950,783)**	(1,164,241)
Balance at 31 March	**243,489**	282,135

15. Financial Instruments

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

	Long Term		Current	
				restated
	31st March 2013	31st March 2012	31st March 2013	31st March 2012
	£	£	£	£
Investments				
Loans and receivables	**0**	1,000,000	**23,815,646**	16,155,203
Total Investments	**0**	1,000,000	**23,815,646**	16,155,203
Debtors				
Loans and receivables	**153,661**	228,977	**1,505,716**	1,306,190
Cash	**0**	0	**0**	3,479,120
Total Debtors	**153,661**	228,977	**1,505,716**	4,785,310
Borrowings				
Financial Liabilties at amortised cost	**1,174,912**	1,318,927	**148,434**	143,576
Total Borrowings	**1,174,912**	1,318,927	**148,434**	143,576
Other Long Term Liabilities				
Finance lease liabilities	**600,946**	739,407		
Total Other Long Term Liabilities	**600,946**	739,407		
Creditors				
Cash	**0**	0	**279,570**	0
Financial Liabilties	**0**	0	**1,607,889**	1,825,402
Total Creditors	**0**	0	**1,887,459**	1,825,402

Borrowings

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

Reclassifications

At 31 March 2012 the authority had £3,750,000 of fixed rate investments with two banks which have been reclassified as Cash and Cash Equivalents as the maturity of the investments was within one month.

Income, Expense, Gains and Losses

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

	Financial Liabilities measured at Amortised Cost 2013 £	Financial Assets: Loans and receivables 2013 £	Total 2013 £	Financial Liabilities measured at Amortised Cost 2012 £	Financial Assets: Loans and receivables 2012 £	Total 2012 £
Interest expense	**88,935**	**0**	**88,935**	114,513	0	114,513
Total expense in Surplus or Deficit on the Provision of Services	**88,935**	**0**	**88,935**	114,513	0	114,513
Interest income	**0**	**(522,881)**	**(522,881)**	0	(379,179)	(379,179)
Total income in Surplus or Deficit on the Provision of Services	**0**	**(522,881)**	**(522,881)**	0	(379,179)	(379,179)
Net (gain)/loss for the year	**88,935**	**(522,881)**	**(433,946)**	114,513	(379,179)	(264,666)

Fair Value of assets and liabilities

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

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

The fair values are calculated as follows:

	Amortised Cost 31st March 2013 £	Fair Value 31st March 2013 £	restated Amortised Cost 31st March 2012 £	restated Fair Value 31st March 2012 £
Financial Liabilities				
PWLB debt	**1,324,131**	**1,661,551**	1,463,359	1,635,879
Other liabilities	**2,644,538**	**2,644,538**	2,803,614	2,803,614
Financial Assets				
Money market investments greater than 1 year	**0**	**0**	1,000,000	1,037,669
Money market investments less than 1 year	**23,815,646**	**23,915,026**	16,155,203	16,193,311
Other assets	**1,659,377**	**1,659,377**	5,285,167	5,285,321

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

16. Long Term Investments

The previous long-term Treasury Management Investment has a maturity date of 12 April 2013 and has been shown at 31 March 13 as part of the Short Term Investments.

	31st March 2013 at Cost £	31st March 2012 at Cost £
Treasury Management Investments	**0**	1,000,000

17. Long Term Debtors

2012-13	Balance at 1st April 2012 £	Advances in year £	Repayments in year £	Balance at 31st March 2013 £
Mortgages	128,196	0	(11,485)	**116,711**
Loan to Freedom GLL	53,624	0	(43,477)	**10,147**
Personal Loan Scheme	47,157	4,742	(25,096)	**26,803**
	228,977	4,742	(80,058)	**153,661**

Comparatives for 2011-12	Balance at 1st April 2011 £	Advances in year £	Repayments in year £	Balance at 31st March 2012 £
Mortgages	155,765	0	(27,569)	**128,196**
Loan to Freedom GLL	96,142	0	(42,518)	**53,624**
Personal Loan Scheme	82,698	312	(35,853)	**47,157**
	334,605	312	(105,940)	**228,977**

18. Inventories

	31st March 2013 £	31st March 2012 £
ICT - Computer Consumables	**3,838**	3,682
ICT - Telephones	**1,349**	1,357
Catering - Vending Machine	**946**	614
	6,133	5,653

19. Debtors

	31st March 2013	restated 31st March 2012	
Amounts falling due within one year, net of impairment for bad debt	£	£	
Central Government Departments	**356,535**	1,857,584	
Other Local Authorities	**916,889**	628,162	
Other Entities and Individuals	**2,119,981**	1,625,595	*
	3,393,405	4,111,341	

* 2012 has been restated to show net of impairment for bad debt of £2,035,232 and the interest accrual of £155,203 has been restated as part of the balance for short term investments at 31 March 2013.
The total impairment for bad debt at 31 March 2013 is £1,973,671.

20. Short Term Investments

Short term investments comprise deposits with other Local Authorities, banks and similar institutions. Maturity is within one year. The balance shown is the outstanding principal receivable (plus accrued interest of £315,546). The total interest received in year from these investments is £512,661 and more detail is given in the explanatory foreword. The 31 March 2012 balance has been restated to exclude £3,750,000 which has been restated in the Cash & Cash Equivalents balance in Note 21 and to include interest accrued of £155,203, as detailed in the Prior Period Adjustments Note 9.

	31st March 2013	restated 31st March 2012
	£	£
Treasury Management Investments	**23,815,646**	16,155,203

21. Cash and Cash Equivalents

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

	31st March 2013	restated 31st March 2012
	£	£
Cash held by the Authority	**320**	322
Bank current accounts	**(279,890)**	(271,202)
Short-term deposits with financial institutions	**0**	3,750,000
	(279,570)	3,479,120

The Short-term deposits with financial institutions balance for 31 March 12 has been restated to include £3,750,000 previously stated as part of the Short Term Investments balance in Note 20, as detailed in Prior Period Adjustments Note 9.

22. Assets Held for Sale

The council has no assets held for sale at 31 March 2013 or for 31 March 2012.

23. Creditors

	31st March 2013	31st March 2012
	£	£
Government Departments	**(1,029,438)**	(2,277,686)
Other Local Authorities	**(2,838,306)**	(1,627,757)
Public corporations and trading funds	**0**	(28,483)
Other entities and individuals	**(1,806,936)**	(1,756,740)
	(5,674,680)	(5,690,666)

24. Provisions

At 31st March 2013 there is a provision for Employee Benefits Accrual. Employees build up an entitlement to paid holidays as they work. Under the Code, the cost of providing holidays and similar benefits is required to be recognised when employees render services that increase their entitlement to future compensated absences. As a result, the council is required to accrue for any annual leave earned but not taken at 31 March each year.

The Other Provisions total of £17,672 at 31st March 2013 is made up of two amounts:

- £13,672 is in relation to MMI, further details are set out in the Foreword.
- Mid Sussex District Council is a defendant in proceedings brought by a group of Property Search Companies for refunds of fees paid to Council to access land charges data. In the current litigation the Council faces a claim of £4,000 including interest and costs.

	Employee Benefits Accrual £	Other Provisions £	Total Provisions £
Balance at 1 April 2011	**(93,961)**	0	**(93,961)**
Movement in Year	**(35,666)**	(104,758)	**(140,424)**
Balance at 31 March 2012	**(129,627)**	(104,758)	**(234,385)**
Movement in Year	**(12,700)**	87,086	**74,386**
Balance at 31 March 2013	**(142,327)**	(17,672)	**(159,999)**

25. Usable Reserves

All movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement. Also, full details of the movements in Earmarked Specific Reserve and General Fund Balances are shown in Note 8.

Balance at 1st April 2012 £	**Usable Reserves**	**Purpose of Reserve**	Balance at 31st March 2013 £	see below
(1,990,953)	**Capital Grants Unapplied Account**	Contributions available to finance capital expenditure	**(2,439,888)**	(a)
(2,011,373)	**Usable Capital Receipts Reserve**	Proceeds of non current asset sales available to meet future capital investment	**(1,949,276)**	(b)
(2,467,471)	**Earmarked Specific Reserve**	Amounts for particular purposes and for which Member authorisation has been obtained as to how these may be applied	**(2,769,826)**	Note 8
(8,140,830)	**General Fund Balances**	Resources available to meet future running costs for services	**(9,443,013)**	Note 8
(14,610,627)	**Total Usable Reserves**		**(16,602,003)**	

(a) Capital Grants Unapplied Account

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

2011/12 £		2012/13 £
(1,330,412)	**Balance brought forward at 1st April**	**(1,990,953)**
(839,043)	Capital contributions received during year including transfers from Time Limited Section 106s	**(818,303)**
178,502	less applied for capital financing	**369,368**
(1,990,953)	**Balance carried forward at 31st March**	**(2,439,888)**

(b) Usable Capital Receipts Reserve

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

2011/12 £		2012/13 £	2012/13 £
(242)	**Balance brought forward at 1st April**		**(2,011,373)**
(4,058,000)	Capital Receipts during year	**(80,000)**	
(27,569)	Mortgage Principal Repaid	**(11,485)**	
(4,085,811)			**(91,485)**
14,955	less payment of Pooling of Housing Capital Receipts	**8,615**	
2,000,000	less repayment loan	**0**	
59,483	less applied for capital financing	**144,967**	
2,074,438			**153,582**
(2,011,373)	**Balance carried forward at 31st March**		**(1,949,276)**

26. Unusable Reserves

Balance at 1st April 2012 £	**Unusable Reserves**	**Purpose of Reserve**	Balance at 31st March 2013 £	see below
(13,475,898)	**Revaluation Reserve**	Represents gains on revaluation of Land & Building Assets since 1-4-07	**(26,658,556)**	(a)
(63,855,660)	**Capital Adjustment Account**	Represents timing differences between consumption of non current assets and financing of capital expenditure	**(57,915,161)**	(b)
(201,256)	**Deferred Capital Receipts Reserve**	Amounts of capital income still to be received	**(189,771)**	(c)
24,126,000	**Pensions Reserve**	Balancing account to allow inclusion of Pensions Liability in the Balance Sheet	**30,056,982**	(d)
49,139	**Collection Fund Adjustment Account**	Balance due to or from Mid Sussex for Deficit / (Surplus)	**(94,235)**	(e)
129,627	**Accumulated Absences Account**	Balancing account to allow inclusion of Provision for Employee Benefits Accrual	**142,327**	(f)
(53,228,048)	**Total Unusable Reserves**		**(54,658,414)**	

(a) Revaluation Reserve

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

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

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

2011/12 £		2012/13 £	2012/13 £
(14,811,129)	**Balance brought forward at 1st April**		**(13,475,898)**
(1,013,960)	Upward revaluation of assets	**(14,236,153)**	
2,079,321	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	**676,100**	
1,065,361	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services		**(13,560,053)**
269,870	Difference between fair value depreciation and historical cost	**357,395**	
0	Accumulated gains on assets sold or scrapped	**20,000**	
269,870	Amount written off to the Capital Adjustment Account		**377,395**
(13,475,898)	**Balance carried forward at 31st March**		**(26,658,556)**

(b) Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangement for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties.

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

Note 7 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2011/12 £		2012/13 £	2012/13 £
(67,206,172)	**Balance brought forward at 1st April**		**(63,855,660)**
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
2,724,215	Charges for depreciation and impairment of non-current assets	**2,065,129**	
1,030,899	Revaluation losses on Property, Plant and Equipment	**5,157,297**	
177,336	Amortisation of intangible assets	**119,753**	
1,592,876	Revenue expenditure funded from capital under statute	**1,243,288**	
4,138,088	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	**200,809**	
9,663,414			**8,786,276**
(269,870)	Adjusting amounts written out of the Revaluation Reserve		**(377,395)**
9,393,544	Net written out amount of the cost of non-current assets consumed in the year		**8,408,881**
	Capital financing applied in the year:		
(59,483)	Use of the Capital Receipts Reserve to finance new capital expenditure	**(144,967)**	
(2,000,000)	Use of the Capital Receipts Reserve for repayment of loan	**0**	
(1,492,685)	Capital expenditure charged against the General Fund balances	**(1,215,369)**	
(1,091,201)	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	**(778,306)**	
(167,937)	Application of grants to capital financing from the Capital Grants Reserve	**(369,368)**	
(222,676)	Statutory provision for the financing of capital investment charged against the General Fund balance	**(231,224)**	
(5,033,982)			**(2,739,234)**
(1,009,050)	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement		**270,852**
(63,855,660)	**Balance carried forward at 31st March**		**(57,915,161)**

(c) Deferred Capital Receipts Reserve

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

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

2011/12 £		2012/13 £
(228,825)	**Balance at 1 April**	**(201,256)**
	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	
27,569	Mortgage Principal repaid transferred to Capital Receipts Reserve upon receipt of cash	**11,485**
(201,256)	**Balance at 31 March**	**(189,771)**

(d) Pensions Reserve

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

2011/12 £		2012/13 £
18,166,000	**Balance at 1 April**	**24,126,000**
6,085,000	Actuarial gains or losses on pensions assets and liabilities	**5,941,805**
2,398,000	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	**2,100,287**
(2,523,000)	Employer's pensions contributions and direct payments to pensiors payable in the year	**(2,111,110)**
24,126,000	**Balance at 31 March**	**30,056,982**

(e) Collection Fund Adjustment Account

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

2011/12 £		2012/13 £
21,980	**Balance at 1 April**	**49,139**
27,159	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	**(143,374)**
49,139	**Balance at 31 March**	**(94,235)**

(f) Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, eg annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2011/12 £	2011/12 £		2012/13 £	2012/13 £
	93,961	**Balance at 1 April**		**129,627**
(93,961)		Settlement or cancellation of accrual made at the end of the preceding year	**(129,627)**	
129,627		Amounts accrued at the end of the current year	**142,327**	
	35,666	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		**12,700**
	129,627	**Balance at 31 March**		**142,327**

27. Trust Funds

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

Total Assets Less Current Liabilities 31 March 13 £		2012/13 Gross Expenditure £	2012/13 Gross Income £	2012/13 Net Expenditure £	2011/12 Net Expenditure £
1,744,182	Beech Hurst Gardens	133,220	(124,982)	**8,238**	1,765
429,384	St.Johns Park	117,038	(110,730)	**6,308**	6,308
50,725	Fairfield Road Recreation Ground	17,494	(15,656)	**1,838**	1,237
54,666	Richard Worsley Recreation Ground	41,493	(39,576)	**1,917**	1,994
2	Lucastes Avenue Open Space	339	0	**339**	339
1	West Common Open Space	593	0	**593**	593
150,076	Ashurst Wood Recreation Ground	13,237	(11,275)	**1,962**	1,962
2,429,036		323,414	(302,219)	**21,195**	14,198

28. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

restated 2011/12 £		2012/13 £
(300,678)	Interest received	**(362,438)**
122,997	Interest paid	**89,322**
0	Dividends received	**0**

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

restated 2011/12 £		2012/13 £
(2,724,215)	Depreciation	**(2,065,129)**
(1,030,899)	Impairment and downward valuations	**(5,157,297)**
(177,336)	Amortisation of Intangible Assets	**(119,753)**
(78,070)	Increase / (decrease) in impairment for bad debts	**61,561**
8,484	Increase / (decrease) in interest creditors	**387**
(969,975)	Increase / (decrease) in creditors	**(771,673)**
78,501	Increase / (decrease) in interest debtors	**160,443**
1,376,097	Increase / (decrease) in debtors	**(843,328)**
(673)	Increase / (decrease) in inventories	**480**
125,000	Movement in pension liability	**10,823**
(140,424)	Contributions to/(from) Provisions	**74,386**
(4,138,088)	Carrying amount of non-current assets sold or de-recognised	**(200,809)**
1,009,050	Movement in Investment Property values	**(270,852)**
164,947	Other non-cash items charged to the net surplus or deficit on the provision of services	**(2,767)**
(6,497,601)		**(9,123,528)**

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

restated 2011/12 £		2012/13 £
1,919,679	Capital grants credited to the surplus or deficit on the provision of services	**1,584,680**
4,058,000	Proceeds from the sale of non-current assets	**80,000**
5,977,679		**1,664,680**

29. Cash Flow Statement – Investing Activities

restated 2011/12 £		2012/13 £
1,583,123	Puchase of property, plant and equipment, investment property and intangible assets	**1,391,890**
31,000,000	Purchase of short-term and long-term investments	**26,000,000**
(4,085,569)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	**(91,485)**
(27,500,000)	Proceeds from short-term and long-term investments	**(19,500,000)**
(2,024,816)	Capital grants and S106 contributions received	**(1,717,095)**
(1,027,262)	**Net Cashflows from investing activities**	**6,083,310**

30. Cash Flow Statement – Financing Activities

2011/12 £		2012/13 £
0	Cash receipts of short term and long term borrowing	**0**
(1,648,018)	Other receipts from financing activities	**0**
129,773	Cash payments for the reduction of the outstanding liabilities relating to finance leases	**134,047**
2,133,431	Repayments of short term and long term borrowing	**138,614**
0	Other payments for financing activities	**665,061**
615,186	**Net cash flows from financing activities**	**937,722**

31. Amounts Reported For Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice 2012/13. However, decisions about resource allocation are taken by the Authority’s Cabinet on the basis of budget reports analysed across business units. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- no charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement)
- the cost of retirement benefits is based on cash flows (payments of employer’s pensions contributions)rather than current service cost of benefits accrued in the year
- expenditure on some support services is budgeted for centrally and not charged to business units.

Further analysis is detailed in the foreword by the Head of Finance which shows the net expenditure breakdown for the year across each Head of Service area compared to the Corporate Plan and Budget Report 2012/13.

Business Unit Income & Expenditure 2012-13	Fees, charges & other service income	Government Grants	Total Income	Employee expenses	Other service expenses	Support service recharges	Total Expenditure	Net Expenditure
	£	£	£	£	£	£	£	£
Performance & Partnerships	(331,136)	(685)	(331,821)	455,988	336,148	232,013	1,024,149	692,328
Customer Services & Comms	(5,155)	0	(5,155)	324,575	79,267	(396,785)	7,057	1,902
Development Management	(1,006,271)	0	(1,006,271)	804,787	238,040	403,891	1,446,718	440,447
Planning Policy	(26,616)	(10,000)	(36,616)	281,110	248,178	217,788	747,076	710,460
Planning Services Support	0	0	0	(20,596)	863	0	(19,733)	(19,733)
Finance Accountancy	(19)	0	(19)	455,600	104,638	(597,081)	(36,843)	(36,862)
Finance Corporate	0	0	0	1,030,987	245,308	(60,931)	1,215,364	1,215,364
Personnel & Payroll	(3,511)	0	(3,511)	319,929	76,912	(383,870)	12,971	9,460
CenSus ICT	0	0	0	277,061	459,048	(884,521)	(148,412)	(148,412)
CenSus Revenues & Benefits	(416,851)	(608,335)	(1,025,186)	1,092,931	422,605	710,496	2,226,032	1,200,846
Housing	(156,144)	(86,655)	(242,799)	403,709	490,460	174,557	1,068,726	825,927
Environmental Health	(322,248)	0	(322,248)	773,446	167,001	327,771	1,268,218	945,970
Building Control	(458,983)	0	(458,983)	509,864	55,095	132,549	697,508	238,525
Leisure, Community Services & Culture	(228,940)	0	(228,940)	407,028	947,928	222,101	1,577,057	1,348,117
Parking Services	(2,226,939)	0	(2,226,939)	454,457	660,674	149,411	1,264,542	(962,397)
Cleansing Services	(1,630,144)	0	(1,630,144)	203,169	3,644,279	218,376	4,065,824	2,435,680
Facility Mgment & Streetscene	(467,385)	0	(467,385)	430,503	1,825,930	260,441	2,516,874	2,049,489
Legal Services	(54,594)	0	(54,594)	249,217	49,109	(231,418)	66,908	12,314
Property & Asset Management	(1,304,550)	0	(1,304,550)	382,370	815,419	(632,339)	565,450	(739,100)
Member Support	(3,784)	0	(3,784)	190,791	501,998	21,716	714,505	710,721
Land Charges	(143,812)	0	(143,812)	99,475	9,444	97,402	206,321	62,509
Strategic Core	(410)	0	(410)	1,004,565	34,515	18,433	1,057,513	1,057,103
Benefits	(3,312,898)	(38,090,192)	(41,403,090)	0	40,920,855	0	40,920,855	(482,235)
Total	(12,100,390)	(38,795,867)	(50,896,257)	10,130,966	52,333,714	0	62,464,680	11,568,423

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

	2012/13 £	2012/13 £
Net expenditure in the business unit analysis		11,568,423
Investment Property within reporting segment but excluded from Net Cost of Service		870,961
Grants reported as part of Business Unit Income but shown on CIES as General Government Grant	703,339	
Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the analysis	7,213,163	7,916,502
Cost of Services in Comprehensive Income and Expenditure Statement		20,355,886

Reconciliation to Subjective Analysis

	Business Unit Analysis	Amounts not reported to management for decision making and grants reported within business units	Investment Property within reporting segment but excluded from Net Cost of Service	Allocation of recharges	Cost of Services	Corporate Amounts	**Total**
2012-13	£	£	£	£	£	£	£
Fees, charges & other service income	(11,926,574)	(624,463)	1,212,440	9,039	(11,329,558)	0	(11,329,558)
Interest and investment income					0	(522,881)	(522,881)
Income from council tax					0	(11,963,019)	(11,963,019)
Government grants and contributions	(38,969,683)	703,339			(38,266,344)	(7,139,003)	(45,405,347)
Total Income	(50,896,257)	78,876	1,212,440	9,039	(49,595,902)	(19,624,903)	(69,220,805)
Employee expenses	10,130,966	(587,330)	(127,159)	0	9,416,477	589,207	10,005,684
Other service expenses	52,333,714	1,243,614	(86,860)	0	53,490,468	(475,109)	53,015,359
Support Service recharges			(127,460)	(9,039)	(136,499)	0	(136,499)
Depreciation, amortisation and impairment		7,181,342			7,181,342	0	7,181,342
Interest Payments					0	88,935	88,935
Precepts & Levies					0	3,258,066	3,258,066
Payment to Housing Capital Receipts Pool					0	8,615	8,615
Gain or loss on disposal of assets					0	(4,191)	(4,191)
Total Expenditure	62,464,680	7,837,626	(341,479)	(9,039)	69,951,788	3,465,523	73,417,311
Surplus or deficit on the provision of services	11,568,423	7,916,502	870,961	0	20,355,886	(16,159,380)	4,196,506

Business Unit Income & Expenditure 2011-12	Fees, charges & other service income	Government Grants	Total Income	Employee expenses	Other service expenses	Support service recharges	Total Expenditure	Net Expenditure
	£	£	£	£	£	£	£	£
Performance Scrutiny & Partnerships	(60,177)	(2,601)	(62,778)	330,348	133,593	222,855	686,796	624,018
Development Control	(822,255)	0	(822,255)	791,028	297,011	402,766	1,490,805	668,550
Planning Policy	(10,087)	(140,000)	(150,087)	277,718	104,725	271,963	654,406	504,319
Finance Accountancy	0	0	0	541,270	104,330	(651,607)	(6,007)	(6,007)
Finance Corporate	(2,534)	0	(2,534)	1,041,237	292,756	(29,577)	1,304,416	1,301,882
ICT	0	0	0	5,888	723,028	(996,482)	(267,566)	(267,566)
Revenues & Benefits	(220,962)	(800,155)	(1,021,117)	1,386,061	425,844	769,530	2,581,435	1,560,318
Housing	(197,684)	(117,073)	(314,757)	354,748	588,162	205,639	1,148,549	833,792
Environmental Health	(328,237)	0	(328,237)	741,567	129,851	377,439	1,248,857	920,620
Building Control	(456,093)	0	(456,093)	488,538	55,204	131,785	675,527	219,434
Land Charges	(151,943)	0	(151,943)	95,838	2,618	103,000	201,456	49,513
Legal Services	(75,143)	0	(75,143)	259,340	30,220	(232,295)	57,265	(17,878)
Property	(1,362,430)	0	(1,362,430)	100,562	87,424	145,320	333,306	(1,029,124)
Building & Asset Maintenance	(5,979)	0	(5,979)	19,406	543,449	(838,154)	(275,299)	(281,278)
Cleansing Services	(2,508,914)	0	(2,508,914)	218,098	3,931,841	251,576	4,401,515	1,892,601
Community Services & Culture	(84,072)	(153,988)	(238,060)	350,455	556,766	233,279	1,140,500	902,440
Facility Mgment & Streetscene	(486,203)	0	(486,203)	406,951	1,633,001	251,669	2,291,621	1,805,418
Parking Services	0	0	0	452,120	508,764	173,934	1,134,818	1,134,818
Customer Services & Comms	(2,030,287)	0	(2,030,287)	415,966	91,265	(570,863)	(63,632)	(2,093,919)
Personnel & Payroll	(7,760)	0	(7,760)	295,535	67,046	(349,599)	12,982	5,222
Corporate Organisational Devel	(3,511)	0	(3,511)	32,807	12,569	(4,500)	40,876	37,365
Better Mid Sussex	0	0	0	163,911	859	42,254	207,024	207,024
Strategic Core	0	0	0	1,071,011	29,047	2,703	1,102,761	1,102,761
Leisure Operations Client	(90,611)	0	(90,611)	136,858	356,362	56,492	549,712	459,101
Member Support	(42,963)	0	(42,963)	229,722	591,835	30,873	852,430	809,467
Benefits	(3,134,824)	(36,294,458)	(39,429,282)	0	39,161,902	0	39,161,902	(267,380)
Total	(12,082,669)	(37,508,275)	(49,590,944)	10,206,983	50,459,472	0	60,666,455	11,075,511

The above table has been restated for Census Revenues and Benefits to show net expenditure and income in respect of the true proportional shares of the partnership, as opposed to showing both the gross income and gross expenditure in 2011/12.

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

	2011/12 £	2011/12 £
Net expenditure in the business unit analysis		11,075,511
Investment Property within reporting segment but excluded from Net Cost of Service		1,010,995
Grants reported as part of Business Unit Income but shown on CIES as General Government Grant	841,095	
Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the analysis	4,182,681	5,023,776
Cost of Services in Comprehensive Income and Expenditure Statement		17,110,282

Reconciliation to Subjective Analysis

	Business Unit Analysis	Amounts not reported to management for decision making and grants reported within business units	Investment Property within reporting segment but excluded from Net Cost of Service	Allocation of recharges	Cost of Services	Corporate Amounts	Total
2011-12	£	£	£	£	£	£	£
Fees, charges & other service income	(14,794,178)	(998,436)	1,275,702	(5,995,301)	(20,512,213)	0	(20,512,213)
Interest and investment income					0	(379,179)	(379,179)
Income from council tax					0	(11,733,066)	(11,733,066)
Government grants and contributions	(37,509,648)	841,095			(36,668,553)	(7,249,581)	(43,918,134)
Total Income	(52,303,826)	(157,341)	1,275,702	(5,995,301)	(57,180,766)	(19,361,826)	(76,542,592)
Employee expenses	12,503,534	(208,140)	(94,990)	0	12,200,404	114,000	12,314,404
Other service expenses	50,875,803	1,456,807	(35,103)	0	52,297,507	(1,955,045)	50,342,462
Support Service recharges			(134,614)	5,995,301	5,860,687	0	5,860,687
Depreciation, amortisation and impairment		3,932,450			3,932,450	0	3,932,450
Interest Payments					0	114,513	114,513
Precepts & Levies					0	3,163,991	3,163,991
Payment to Housing Capital Receipts Pool					0	14,955	14,955
Gain or loss on disposal of assets					0	15,088	15,088
Total Expenditure	63,379,337	5,181,117	(264,707)	5,995,301	74,291,048	1,467,502	75,758,550
Surplus or deficit on the provision of services	11,075,511	5,023,776	1,010,995	0	17,110,282	(17,894,324)	(784,042)

32. Agency Services

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

The council, as the billing authority, also acts as agent for the Government in collecting Nation Non-Domestic Rates (NNDR). The Government paid an allowance for the cost of this collection of £172,858 in 2012/13 (£171,638 in 2011/12).

	2012/13	2011/12
	£	£
Expenditure incurred in providing a CPE/CPZ service to WSCC	**542,729**	469,114
Fees and charges	**(351,416)**	(363,701)
Management fee payable by WSCC	**(183,446)**	(94,572)
Net (Surplus) / Deficit arising on the agency arrangement	**7,867**	10,841
Government contribution for cost of collection of NNDR	**(172,858)**	(171,638)
Net (Surplus) / Deficit arising on the agency arrangement	**(172,858)**	(171,638)

33. Members' Allowances

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

	2012/13	restated 2011/12
	£	£
Allowances	**354,725**	372,074
Expenses	**14,487**	14,318
Total	**369,212**	386,392

34. Officers' Remuneration

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

		Salary (including fees & Allowances)	Compensation for loss of office	Expenses Allowances	Pension contributions	Total
		£	£	£	£	£
Assistant Chief Executive	2012/13	50,491		390	8,908	59,789
Assistant Chief Executive	2011/12	74,123		52	11,127	85,302
Better Mid Sussex Planning Leader (Note a)	2012/13	0		0	0	0
Better Mid Sussex Planning Leader	2011/12	64,176	71,272	0	10,011	145,459
Chief Executive	2012/13	110,000		1,646	17,417	129,063
Chief Executive	2011/12	107,600		1,546	17,027	126,173
Head of Econ. Promotion & Planning	2012/13	59,438		1,119	9,447	70,004
Head of Econ.Promotion & Planning (Note b)	2011/12	53,561		1,052	8,520	63,133
Head of Finance, HR & ICT	2012/13	75,857		1,317	12,039	89,213
Head of Finance, HR & ICT	2011/12	75,857		1,237	12,027	89,121
Head of Housing Services	2012/13	60,585		0	9,451	70,036
Head of Housing Services	2011/12	59,438		0	9,265	68,703
Head of Leisure & Sustainability	2012/13	65,586		1,646	10,488	77,720
Head of Leisure & Sustainability	2011/12	64,292		1,546	10,259	76,097
Head of Revenues & Benefits (CenSus)	2012/13	64,056		1,026	10,478	75,560
Head of Revenues & Benefits (CenSus)	2011/12	64,056		964	10,468	75,488
Solicitor to the Council	2012/13	68,163		0	10,633	78,796
Solicitor to the Council	2011/12	68,163		0	10,633	78,796

(Expenses allowances comprise BUPA Medical Insurance payments only)

Note a: This employee left the Council on 31st March 2012, The post of Better Mid Sussex Planning Leader was deleted w.e.f. 1st April 2012.

Note b: This employee worked 30 hours per week until 4th September 2011. W.e.f. 5th September 2011 this employee increased to full time employment. The whole time equivalent is £58,289 for 2011/12. This employee is therefore included in the Remuneration Banding Note below for 2011/12.

Banding Note

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

	Number of Employees	
Remuneration Band	2012/13	2011/12
£135,000 - £139,999	**0**	1
£110,000 - £114,999	**2**	0
£105,000 - £109,999	**0**	1
£95,000 - £99,999	**0**	1
£75,000 - £79,999	**1**	1
£70,000 - £74,999	**0**	1
£65,000 - £69,999	**3**	3
£60,000 - £64,999	**2**	0
£55,000 - £59,999	**1**	2
£50,000 - £54,999	**5**	5

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

The employee remuneration (not for a senior employee shown in the first table) which is shown in the band £95,000 - £99,999 (2011/12) includes a severance payment being paid in that year only, in addition to normal salary. This post has now been deleted from the establishment.

The senior employee remuneration which is shown in the band £135,000 -£139,999 (2011/12) includes a severance payment being paid in that year only, in addition to normal salary. This post has now been deleted from the establishment.

The employee remuneration (not for a senior employee shown in the first table) which is shown in the band £110,000 -£114,999 (2012/13) includes a severance payment being paid in that year only, in addition to normal salary. This post has now been deleted from the establishment.

Exit Packages

The Authority terminated the contracts of a number of employees in 2012/13, incurring gross liabilities of £253,754 (compared to £1,120,170 in 2011/12). It should be noted that £10,790 of these costs have been recovered from our Census partners giving a net cost to Mid Sussex of £242,964 (compared to £406,342 in 2011/12).

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

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

Banding Note

Exit Package Cost Bands (including special payments)	Number of compulsory redundancies (a) 2012/13	2011/12	Number of other departures agreed (b) 2012/13	2011/12	Total number of exit packages by cost band (a + b) 2012/13	2011/12	Total cost of exit packages in each band 2012/13	2011/12
£150,001 - £200,000	**-**	-	**-**	1	**-**	1	**-**	**153,750**
£40,001 - £150,000*	**-**	-	**2**	7	**2**	7	**149,070**	**504,052**
£20,001 - £40,000	**-**	-	**4**	7	**4**	7	**102,446**	**175,695**
£0,000 - £20,000		2	**3**	16	**3**	18	**15,589**	**181,915**
	-	**2**	**9**	**31**	**9**	**33**	**267,105**	**1,015,412**
Provision**	**-**	-	**-**	3	**-**	3	**(13,351)**	**104,758**
Total	**-**	**2**	**9**	**34**	**9**	**36**	**253,754**	**1,120,170**

* 4 bands are combined to maintain confidentially of individual employees. For 2011/12,£161,308 of these costs were recovered from our Census partners.

**For 2012/13, no provision was required. This credit relates to the over provison of the 11/12 provision.

The table above includes £253,754 (£1,015,412 in 2011/12) for exit packages that have been charged to the Authority's Comprehensive Income and Expenditure Statement in the current year. In 2011/12, the Statement also included a provision of £104,758 which was agreed as payable to 3 officers; these costs were not included in the bands and therefore an additional line was added to reconcile the total cost of termination benefits reported in the Comprehensive Income and Expenditure Statement. No provision is required in 2012/13.

In the Comprehensive Income and Expenditure Statement, the total cost of £253,754 (£1,120,170 in 2011/12) is included as follows:

Service Net Expenditure	**2012/13**	**2011/12**
Central Services to the Public	£23,670	£208,642
Culture, Environmental and Planning Services	£92,642	£24,720
Highways, Roads and Transport Services	£2,190	£27,000
Housing Services	£51,831	£287,441
Corporate and Democratic Core	£50,408	£245,306
Non Distributed Costs	£31,060	£327,061
Financing and Investment Income & Expenditure		
Investment Properties Net Income	£1,953	£0

35. External Audit Costs

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

	2012/13 £	2011/12 £
Fees payable to Ernst & Young LLP (Audit Commission for 2011/12) with regard to external audit services carried out by the appointed auditor for the year	**66,489**	110,815
Rebates *		(8,865)
Fees payable to the to Ernst & Young LLP (Audit Commission for 2011/12) for the certification of grant claims and returns for the year	**12,000**	26,920
Fees payable in respect of other services provided by the appointed auditor during the year		0
	78,489	128,870

*On 7th July 2011, the Audit Commission announced that it would give a rebate of 8 per cent on 2011/12 audit fees to all audited bodies. Total rebate for 2011/12 came to £8,865.

36. Grant Income

The authority credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2012-13.

	2012/13	restated 2011/12
Credited to Taxation and Non Specific Grant Income	£	£
Revenue Support Grant	**(81,760)**	(1,136,188)
Council Tax Freeze Grant	**(215,796)**	(214,564)
New Homes Bonus	**(796,164)**	(430,206)
Local services support grant - homelessness prevention	**(85,470)**	(85,470)
Housing Benefits Administration Grant	**(592,032)**	(615,625)
Mary Portas Pilot Grant	**(10,000)**	0
Community Right To Challenge	**(13,420)**	0
DWP Implementing Welfare Reform	**(15,837)**	0
New Burden Council Tax Reform & Business Rates Deferral Scheme	**(87,000)**	0
Neighbourhood planning front runners scheme	**(50,000)**	(140,000)
Non-ringfenced government grants	**(1,947,479)**	(2,622,053)
Income from Council Tax	**(11,963,019)**	(11,733,066)
Redistributed Non Domestic Rates	**(4,217,730)**	(3,675,760)
Capital Grants and S106 Receipts	**(973,794)**	(951,768)
	(19,102,022)	(18,982,647)
Credited to Services	£	£
DWP Housing Benefit Subsidy	**(31,865,819)**	(29,980,608)
DWP Council Tax Benefit Subsidy	**(6,224,683)**	(6,313,399)
Disabled Facilities Grant	**(428,793)**	(466,267)
Council Tax Collection Administration	**(2,279)**	(5,940)
West Sussex County Council Contribution- Civil Parking Enforcement/Controlled Parking Zone	**(183,446)**	(94,571)
West Sussex County Council Contribution- Recycling Credits	**(732,328)**	(838,295)
West Sussex County Council Contribution- Concessionary fares	**(63,345)**	(68,345)
DWP Grants for Benefits/ Council Tax Collection	**(466)**	(20,563)
NNDR Cost of Collection contribution	**(172,858)**	(171,638)
Other	**(134,648)**	(154,275)
	(39,808,665)	(38,113,901)
Total	**(58,910,687)**	(57,096,548)

The 2011/12 figures have been restated to exclude £2,686,062 for CenSus shared services contributions received in year, and have been applied to reduce expenditure and income to the true proportional shares of the partnership, as opposed to showing both the gross income and gross expenditure in 2011/12.

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

	2012/13	2011/12
Grants Receipts in Advance- Revenue Grants	£	£
Recession Impact Funding	**(30,482)**	(38,782)
Healthy Mid Sussex	**(27,985)**	(27,985)
Local Strategic Partners	**(24,334)**	(25,141)
Community Safety Partners	**(9,828)**	(9,828)
Healthy Walks	**(3,110)**	(3,110)
Balance at 31 March	**(95,739)**	(104,846)

Capital Grants and Contributions - Receipts In Advance

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

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

	2012/13 £	2011/12 £
Balance at 1 April	**(4,491,871)**	(4,417,365)
Received in year	**(1,544,468)**	(1,619,966)
Applied to Comprehensive Income Expenditure Statement for Capital Financing	**766,377**	1,111,267
Applied to Comprehensive Income Expenditure Statement for transfer to Unapplied Capital Grant Account	**645,676**	434,193
Applied to Comprehensive Income Expenditure Statement for transfer to General Reserve	**1,647**	0
Balance at 31 March	**(4,622,639)**	(4,491,871)

The £4,622,639 year-end balance is from Time Limited Section 106 receipts.

37. Related Parties

The Authority is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the council or to be controlled or influenced by the council. Disclosure of these transactions allows readers to assess the extent to which the council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Authority. In this context, related parties include Central Government, Members, Chief Officers, partnerships.

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

Related Parties for MSDC include the following:

Central Government

Central government has effective control over the general operations of the Authority. It is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are set out in the subjective analysis in Note 31 on reporting for resources allocation decisions. Grant receipts outstanding at 31 March 2013 are shown in Note 36.

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2012/13 is shown in Note 33. During 2012/13, no works or services were commissioned from companies in which any member had an interest. A review of the Register of Members' Interests has been undertaken to ascertain if any related party interests exist. No material disclosures have been identified.

No grants were made to organisations whose senior management included close members of the families of members. In all instances, the grants were made with proper consideration of declarations of interest. The relevant members did not take part in any discussion or decision relating to the grants. Details of all these transactions are recorded in the Register of Members' Interest, open to public inspection at the council office during office hours.

	Gross Expenditure £	Gross Income £
Chief Officers		
Personal loans made available under the Council scheme	0	3,766

Census Partnership

As a result of the Census Partnership between Adur, Horsham and Mid Sussex District Council, there is an agreement to share certain costs of the partnership. During the financial year 2012-13, the expenditure costs for ICT CenSus paid to Horsham DC were £639,981. Contributions due for the year in respect of the Revenue and Benefits service were £2,223,347. As at 31st March 2013, the following amounts were due in respect of expenditure in that year:

	£		£
Mid Sussex liability to Horsham	24,945	Horsham liability to Mid Sussex	309,144
Mid Sussex liability to Adur	0	Adur liability to Mid Sussex	290,647

38. Capital Expenditure and Capital Financing

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

	2012/13 £	2011/12 £
Opening Capital Financing Requirement	2,263,006	4,485,682
Capital Investment		
Operational Assets and Assets Under Construction	1,128,277	1,061,209
Investment Assets	0	11,950
Intangible Assets	136,445	145,271
Revenue expenditure funded from capital under statute / De minimis Assets	1,243,288	1,592,876
Source of Finance		
Capital Receipts	(144,967)	(59,483)
Government Grants and Section 106 receipts in advance	(778,306)	(1,091,201)
Capital Grants Unapplied Account	(369,368)	(167,937)
Repayment of loan from Capital Receipts	0	(2,000,000)
Sums set aside from Revenue (NB: includes direct revenue financing, MRP and any voluntary set aside)	(1,446,593)	(1,715,361)
Closing Capital Financing Requirement	2,031,782	2,263,006
Explanation of Movement in Year		
Increase / (Decrease) in underlying need to borrow (supported by Government financial assistance)	0	0
Increase / (Decrease) in underlying need to borrow (unsupported by Government financial assistance)	(231,224)	(2,222,676)
Increase/ (Decrease) in Capital Financing Requirement	(231,224)	(2,222,676)

39. Leases

Lessee - Finance Leases

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

	31 March 2013 £	31 March 2012 £
Vehicles, Plant, Equipment	**739,407**	**873,454**
	739,407	**873,454**

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

	31 March 2013 £	31 March 2012 £
Finance lease liabilities (net present value of minimum lease payments)		
current	**160,836**	**160,836**
non- current	**643,345**	**804,180**
Less finance costs payable in future years	**(64,774)**	**(91,562)**
Minimum lease payments	**739,407**	**873,454**

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2013 £	31 March 2012 £	31 March 2013 £	31 March 2012 £
Not later than one year	**138,461**	**134,047**	**138,461**	**134,047**
Later than one year and not later than five years	**600,946**	**581,805**	**600,946**	**581,805**
Later than five years		**157,602**		**157,602**
	739,407	**873,454**	**739,407**	**873,454**

Lessee - Operating Leases

The Council has operating lease agreements covering equipment, photocopiers and vehicles (for pest control, dog wardens, car parking and leisure). The amounts paid under these arrangements in 2012/13 were £63,606 (£60,675 in 2011/12) and the total commitments at 31st March 2013 amounted to £73,000 (£136,000 in 2011/12).

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

	31 March 2013 £	31 March 2012 £
Not later than one year	**15,000**	62,000
Later than one year and not later than five years	**58,000**	74,000
Later than five years	**0**	0
	73,000	136,000

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

	31 March 2013	31 March 2012
	£	£
Minimum lease payments	**14,880**	**15,385**
	14,880	**15,385**

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

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
	£	£	£	£	£	£
Rental Income Due	**86,055**	86,356	86,356	86,356	86,356	86,356
	86,055	86,356	86,356	86,356	86,356	86,356

The Balance Sheet value of these properties at 31 March 2013 was £777,933.

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

40. Impairment Losses

During 2012/13, the Authority has recognised impairment losses of £5,157,297 as part of the revaluation for 1 April 2012, completed by the external valuer, Wilks Head & Eve LLP, RICS qualified chartered surveyors. The largest reductions in valuation are due to the changes between land and building components as follows:

- Triangle Leisure Centre Land, Burgess Hill reduced by £3,612,985, Dolphin Leisure Centre Land, Haywards Heath, reduced by £1,284,985, Kings Leisure Centre Land, East Grinstead reduced by £244,138 with the impairment charged to the Cultural, Environmental, Regulatory and Planning line in the Comprehensive Income and Expenditure Statement, and Clair Hall, Haywards Heath, a credit back of previous impairment loss of £929,590,
- Council Planning Office buildings, the impairment loss of £310,754 and Oaklands Office building impairment loss of £447,546 have been charged to Corporate and Democratic Core line in the Comprehensive Income and Expenditure Statement.

Details of the revaluation are consolidated in Note 1(r), and Property, Plant and Equipment Note 11.

41. Capitalisation of Borrowing Costs

At 31st March 2013 the Authority has no capitalised borrowing costs.

42. Termination Benefits

The Authority terminated the contracts of a number of employees in 2012/13, incurring gross liabilities of £253,754 (£1,120,170 in 2011/12) –see Note 34 for the number of exit packages and total cost per band. The payments were made to 9 officers from across the council who took severance as part of the Authority's rationalisation of Services.

43. Defined Benefit Pension Schemes

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

The council contributes to the Local Government Pension Scheme which is administered by West Sussex County Council. This is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund calculated at a level intended to balance the pension liabilities with investment assets.

Census Shared Service

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

Freedom Leisure (Pass through arrangement)

In July 2009 Leisure Services Staff were transferred to Freedom Leisure under TUPE Regulations. Freedom Leisure were admitted to the LGPS under a ‘pass through’ arrangement whereby there is a sharing of Pension risks with Mid Sussex District Council (as scheme Employer) as detailed below:

- Freedom Leisure is responsible for paying the employers contribution rate which has been fixed for the duration of the contract (5 years) at 15%. Freedom Leisure is also responsible for paying any strain on the pension fund caused by granting early retirements and exercising discretions such as giving members added years, which are not covered by the 15% fixed rate contribution. These contributions of £219,000 are included within the total Employers’ contribution estimated by the actuary for 2011/12.

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

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

Transactions relating to Post-employment Benefits

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are actually paid as pensions. However, the charge we are required to make against council tax is based on cash payable in year, so the real cost of post employments/retirement benefits is reversed out of the General Fund via the Movement in reserves statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

Comprehensive Income and Expenditure Statement	**Costs for the year to 31st March 2013**	
Analysis of amount charged :	2012/13 £'000	2011/12 £'000
Cost of Services:		
Current Service Cost	**1,433**	1,671
Past Service Cost/ Gain *	**0**	0
Losses/(Gains) on Curtailment and Settlements	**78**	613
Financing and Investment Income and Expenditure:		
Expected return on Employer assets	**(3,510)**	(4,357)
Interest cost	**4,099**	4,471
Total Post Employment Benefit Charges to the Surplus or Deficit on the Provision of Services	**2,100**	2,398
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement:		
Actuarial Gains/(Losses)	**(5,942)**	(6,085)
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	**(5,942)**	(6,085)
Movement in Reserves Statement		
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	**(2,100)**	(2,398)
Actual amount charged to the General Fund Balance for pensions in the year:		
Employers' contributions payable to the scheme	**2,111**	2,523

The cumulative amount of actuarial gains and losses recognised in Other Comprehensive Income and Expenditure in the actuarial gains and losses on pension assets and liabilities line was at 31 March 2013 a loss of £16.5m and at 31 March 2012 was a loss of £10.7m.

Assets and liabilities in relation to retirement benefits

Reconciliation of defined benefit obligation

Year ended:	31.3.13 £ 000	31.3.12 £ 000
Opening Defined Benefit Obligation	**89,582**	81,186
Current service Cost	**1,433**	1,671
Interest Cost	**4,099**	4,471
Contributions by Members	**508**	623
Actuarial Losses / (gains)	**10,496**	3,859
Census proportional sharing Losses / (Gains)*	**(3,614)**	
Past Service Costs / (Gains)	**0**	0
Losses/ (Gains) on Curtailments	**78**	613
Liabilities Extinguished on Settlements	**0**	0
Liabilities Assumed in a Business Combination	**0**	0
Exchange Differences	**0**	0
Estimated Unfunded Benefits Paid	**(120)**	(120)
Estimated Benefits Paid	**(3,159)**	(2,721)
Closing Defined Benefit Obligation	**99,303**	89,582

Reconciliation of fair value of employer assets

Year ended:	31.3.13 £ 000	31.3.12 £ 000
Opening Fair Value of Employer Assets	**65,456**	63,020
Expected Return on Assets	**3,510**	4,357
Contributions by Members	**508**	623
Contributions by the Employer	**1,991**	2,403
Contributions in respect of Unfunded Benefits	**120**	120
Actuarial (Losses) / Gains	**5,473**	(2,226)
Census proportional sharing (Losses) / Gains*	**(4,533)**	
Assets Distributed on Settlements	**0**	0
Assets Acquired in a Business Combination	**0**	0
Exchange Differences	**0**	0
Unfunded Benefits Paid	**(120)**	(120)
Benefits Paid	**(3,159)**	(2,721)
Closing Fair Value of Employer Assets	**69,246**	65,456

*An adjustment of £919,000 has been made in 2012/13 to increase the Net Liability in respect of CenSus Shared Services Partnership, in order to reflect our true proportional share of jointly controlled assets and liabilities in accordance with IAS31.

The expected return on the scheme is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The actual return on scheme assets in the year was £9m (2011/12: £2m)

Scheme History

Scheme History

Amounts for the current and previous accounting periods

Year ended:	**31.3.13**	31.3.12	31.3.11	31.3.10	31.3.09
	£ 000	£ 000	£ 000	£ 000	£ 000
Fair Value of Employer Assets	**69,246**	65,456	63,020	53,978	38,480
Present Value of Defined Benefit Obligation	**(99,303)**	(89,582)	(81,186)	(99,815)	(60,950)
Surplus/(Deficit)	**(30,057)**	(24,126)	(18,166)	(45,837)	(22,470)
Experience Gains/(Losses) on Assets	**5,473**	(2,226)	4,756	12,588	(13,470)
Experience Gains/(Losses) on Liabilities	**150**	(1,206)	6,240	0	(60)

The liabilities show the underlying commitments that the Council has in the long run to pay post-employment (retirement) benefits. The total liability of £30.1m has substantial impact on the net worth of the Council as recorded in the Balance Sheet. However, the statutory arrangements for funding the deficit mean that the financial position of the authority remains healthy as the deficit on the local government pension scheme will be made good by increased contributions over the remaining working life of employees as assessed by the scheme actuary Hymans Robertson LLP.

The total contributions expected to be paid to the Local Government Pension Scheme by the council in the year to 31 March 2014 is £2,074,000.

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The pension scheme is assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates being based on the latest full valuation of the scheme as at 31st March 2010.

Financial Assumptions

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

Long-term expected rate of return on assets in the scheme:

Year ended:	**31.3.13**	31.3.12
	% pa	% pa
Equity Investment	**4.5%**	6.2%
Bonds	**4.5%**	4.3%
Property	**4.5%**	4.4%
Cash	**4.5%**	3.5%

Mortality

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

	Males	**Females**
Current Pensioners	22.7 years	24.2 years
Future Pensioners	24.3 years	26.4 years

Year ended:	**31.3.13**	31.3.12
	% pa	% pa
Inflation /Pension Increase Rate	**2.8%**	2.5%
Salary Increase Rate	**5.1%**	4.8%
Expected Return on Assets	**4.5%**	5.8%
Discount Rate	**4.5%**	4.8%

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

History of experience gains and losses

The actuarial gains identified as movements on the Pension Reserve in 2012/13 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31st March of the relevant year as set out in the table below:

	2012/13 %	2011/12 %	2010/11 %	2009/10 %	2008/09 %
Differences between the expected and actual rate of return on scheme assets	**7.9**	-3.4	7.5	23.3	-35.0
Experience gains and losses on liablities	**-0.2**	1.3	-7.7	0.0	0.1

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

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44. Contingent Liabilities

International Accounting Standard 37 (IAS37) requires the council to disclose contingent liabilities. These arise from past events that might result in an obligation on the council.

The Council has guaranteed deposits to private landlords under the Deposit Guarantee Scheme. At 31st March 2013 the amount guaranteed was £59,250 (£60,074 as at 31st March 2012). The Deposit Guarantee is time limited and is equal to the tenancy term that the landlord has granted the tenant which is typically 6 or 12 months, therefore the potential liability will have expired by 31st March 2014.

A group of Property Search Companies are seeking to claim refunds of fees paid to the Council to access land charges data. Proceedings have not yet been issued, and the value of those claims has yet to be verified. The claimants have also intimated that they may bring a claim against all English and Welsh local authorities for alleged anti-competitive behaviour. It is not clear what the value of any such claim would be as against the Council. It is possible that additional claimants may come forward to submit claims for refunds, but none have been intimated at present.

45. Contingent Assets

There are no contingent assets as at 31 March 2013.

46. Nature and Extent of Risks Arising From Financial Instruments

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

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

The Authority's overall risk management programme focuses on the unpredictability of financial markets, and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by the Adur-Worthing shared service, under policies approved by the Council in the Treasury Management Strategy Statement and Annual Investment Strategy 2012/13 to 2014/15. The Authority provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

Credit Risk

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

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

For MSDC, the credit criteria in respect of financial assets held by the Authority are detailed below, and are set out in more detail in the Treasury Management Strategy Statement and Annual Investment Strategy 2012/13 to 2014/15. In particular, the maximum amounts to be lent to approved investment institutions are:

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

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

The Authority's maximum exposure to credit risk in relation to its investments in banks and building societies of £23,500,000 cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. The historic default rate on investments up to one year for AA rated institutions is just 0.017%, and 0.094% for single A rated institutions. Although the risk of irrecoverability applies to all of the Council's deposits, there was no evidence at the 31 March 2013 that this was likely to crystallise.

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

	Amount at 31.3.13	Historical experience of default	Historical experience adjusted for market conditions at 31.3.13	Estimated maximum exposure to default and uncollectability at 31.3.13	Estimated maximum exposure at 31.3.12
	£	%	%	£	£
Customers	**678,791**	**3.4**	**3.4**	**23,246**	**18,021**
Total	**678,791**	**3.4**	**3.4**	**23,246**	**18,021**

The Authority does not generally allow credit for customers, such that £464,969 of the £678,791 balance is past its due date for payment. The past due but not impaired amount can be analysed by age as follows:

	31.3.13	restated 31.3.12
	£	£
Less than three months	**533,479**	267,298
Three to six months	**13,607**	10,229
Six months to one year	**14,120**	26,288
Greater than one year	**117,585**	154,520
Total	**678,791**	458,335

Liquidity risk

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

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

The maturity analysis of financial liabilities is as follows:

	31.3.13	31.3.12
	£	£
Less than one year	**286,895**	277,623
Between one and two years	**270,885**	282,476
Between two and five years	**807,178**	798,768
Between five and ten years	**697,795**	977,090
Total	**2,062,753**	2,335,957

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

Market risk

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

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

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

The Council has a number of strategies for managing interest rate risk. The Treasury Management Team has an active strategy for assessing rate exposure that feeds into the setting of the annual budget. The Treasury Management Strategy Statement and Annual Investment Strategy 2012/13 to 2014/15 draws together the Council's prudential indicators and its expected treasury operations, including an expectation of interest rate movements. From this strategy, a prudential indicator is set which provides maximum and minimum limits for fixed and variable interest rate exposure. This is monitored throughout the year and changes from the budgeted position are reported in the regular Budget Management reports throughout the year. In addition, a review of Treasury Management Activity is reported to Audit Committee on a six monthly basis allowing adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable.

According to this assessment strategy, at 31st March 2013, if interest rates had been 1% higher with all other variable held constant, the financial effect would be:

	£
Increase in Interest payable on variable borrowings	**0**
Increase in Interest receivable on variable investments	**(29,666)**
Increase in Surplus or defict on the Provision of Services	**(29,666)**
Decrease in fair value of fixed rate investment assets	**(81,182)**
Impact on Other Comprehensive Income and Expenditure	**(81,182)**
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	**(126,118)**

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

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

c) Foreign Exchange risk
The Authority has no financial assets or liabilities denominated in foreign currencies and therefore has no exposure to loss arising from movements in exchange rates.

MID SUSSEX DISTRICT COUNCIL

Collection Fund

Collection Fund

Income and Expenditure Account

This account details all monies due from Council Tax and National Non Domestic Rates (NNDR/Business Rates), and payments made to West Sussex County Council, Police and Crime Commissioner for Sussex, Town and Parish Councils, and the District Council. All Business Rates, less a deduction for collection costs, are paid to a Central Government pool and redistributed to local authorities by formula. The costs of administering the collection of this income are accounted for in the General Fund.

	Note	2012/13 £	2011/12 £
Income			
Council Tax	1		
Income receivable from Taxpayers		**(81,546,012)**	(80,402,402)
Transfers to/(from) General Fund			
Council Tax Benefits		**(6,101,668)**	(6,218,383)
Transitional Relief from previous years		**2,279**	2,685
Total Council Tax		**(87,645,401)**	(86,618,100)
National Non-Domestic Rates			
Income collectable from Business Ratepayers	2	**(39,407,767)**	(39,486,479)
Contributions			
Contribution (to)/from Previous Year's (Deficit)/Surplus	4	**(425,000)**	190,000
		(127,478,168)	(125,914,579)
Expenditure			
Demand and Precepts			
West Sussex County Council		**67,055,306**	66,672,314
Police & Crime Commissioner for Sussex		**7,987,844**	7,942,221
Mid Sussex District Council	6	**11,877,395**	11,734,416
National Non-Domestic Rates	2		
Payment to National Pool		**39,234,909**	39,314,841
Cost of Collection Allowance		**172,858**	171,638
Bad and Doubtful Debts (Council Tax only)	3		
Write Offs		**167,155**	40,845
Allowance for impairment		**(69,143)**	238,315
		126,426,324	126,114,590
Movement on Fund Balance Deficit/(Surplus)		**(1,051,844)**	200,011
Collection Fund Balance			
Balance at the Beginning of the Year		**361,983**	161,972
Movement on Fund Balance		**(1,051,844)**	200,011
Balance at Year End Deficit/(Surplus)	5	**(689,861)**	361,983

Notes to the Income and Expenditure Account

1. Council Tax

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

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

A summary of the calculation, as agreed by council on 29th February 2012, is shown below.

Property Value	Number of Net Dwellings	Ratio to Band D	No of Band D Equivalents
up to £40,000	1,526.80	*6/9*	1,017.9
between £40,001 & £52,000	4,765.35	*7/9*	3,706.4
between £52,001 & £68,000	11,056.10	*8/9*	9,827.7
between £68,001 & £88,000	14,440.40	*9/9*	14,440.4
between £88,001 & £120,000	9,529.45	*11/9*	11,647.1
between £120,001 & £160,000	7,182.10	*13/9*	10,374.1
between £161,001 & £320,000	3,851.00	*15/9*	6,418.3
over £320,000	311.90	*18/9*	623.8
			58,055.7
Less adjustment for non-collection (0.6%)			(348.4)
Council Tax Base			57,707.3

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

Authority	Demand or Precept *£*		Council Tax Base		Band D Council Tax *£*	
West Sussex County Council	67,055,306	÷	57,707.3	=	**1,161.99**	
Police & Crime Commissioner for Sussex	7,987,844	÷	57,707.3	=	**138.42**	
Mid Sussex District Council	11,877,395	÷	57,707.3	=	**205.82**	(average)
Average Band D Council Tax Charge For 2012/13					**1,506.23**	

To calculate the Council Tax for each band, the band D Council Tax is then multiplied by the ratio specified above for the particular band. There were 24 actual Council Taxes levied for band D properties for each parish area in the district and these ranged from £1,454.75 to £1,560.83.

2. National Non-Domestic Rates (NNDR)

National Non Domestic Rates (Business Rates) are collected by Mid Sussex District Council on behalf of the Government. It pays the proceeds, less an allowance for costs of collection, into the NNDR Pool administered by the Government. It is subsequently redistributed to local authorities on the basis of population.

The rates are calculated by multiplying assessed rateable value by a fixed multiplier set by Central Government. The Rateable Value of Non Domestic Properties as at 31 March 2013 was £105.520m (£106.023m in 2011/12). The standard multiplier for the year was 45.8p, an increase from 43.3p in 2011/12. The Small Business Rate Relief Multiplier for the year was 45.0p, an increase from 42.6p in 2011/12.

In the year 2012-13, there has been £1,734,329 of rates written off. A total of £1,564,399 has been provided against debts of £2,033,689.

3. Bad and Doubtful Debts

An allowance has been made for Council Taxpayers' Bad and Doubtful Debts using an analysis of the recovery position of the debts outstanding as at 31st March 2013. A total of £2,748,450 has been allowed against debts of £3,643,205 outstanding as at 31st March 2013.

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

In accordance with legislation, the estimated balance as at 31st March 2012 on the Collection Fund was £425,000 deficit and this was notified to both the County Council and Police & Crime Commissioner. This estimated deficit has been made by each of these principal authorities in proportion to their Council Tax for the year 2012/13, as follows:

Authority	Estimated Deficit 31.3.12 £	%	Estimated Surplus 31.3.11 £
West Sussex County Council	**328,160**	**77.21**	**(146,710)**
Police & Crime Commissioner for Sussex	**39,090**	**9.20**	**(17,480)**
Mid Sussex District Council	**57,750**	**13.59**	**(25,810)**
Estimated Deficit at year end	**425,000**	**100.00**	**(190,000)**

5. Year End (Surplus) / Deficit

At 31st March 2013, the fund has a surplus of £689,861. The contributions to be made to West Sussex County Council and the Police & Crime Commissioner for Sussex are included as part of Local Authority Creditors on the Balance Sheet, page 17, detailed in Financial Statements Note 23. The Mid Sussex District Council contribution is shown as Collection Fund Adjustment Account on the Balance Sheet.

Authority	31.3.13 £	%	31.3.12 £	%	31.3.11 £
West Sussex County Council	**(532,159)**	77.15	279,545	77.21	125,180
Police & Crime Commissioner for Sussex	**(63,467)**	9.19	33,299	9.20	14,813
Mid Sussex District Council*	**(94,235)**	13.66	49,139	13.59	21,979
Actual (Surplus) / Deficit at year end	**(689,861)**	100.00	361,983	100.00	161,972

*The movement from 31.3.12 to 31.3.13 is (£143,374) and from 31.3.11 to 31.3.12 is £27,160.

6. Income from Council Tax

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

	Income 2012-13 £	**Income 2011-12 £**
MSDC Council Tax Demand (note 1)	**(11,877,395)**	**(11,734,416)**
MSDC Contribution to previous year estimated deficit/ (surplus) (note 4)	**57,750**	**(25,810)**
MSDC increase in income from previous year end deficit to current year end surplus position (note 5)	**(143,374)**	**27,160**
MSDC Total Income from Council Tax	**(11,963,019)**	**(11,733,066)**

MID SUSSEX
DISTRICT COUNCIL

Annual Governance Statement

Annual Governance Statement

Scope of responsibility

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

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

The purpose of the governance framework

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

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

The governance framework has been in place at the Council for the year ending 31 March 2013 and up to the date of approval of the Statement of Accounts.

The Council's governance framework

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

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

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

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

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

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

The Council also monitors its performance through feedback from its residents and service users. An analysis of complaints raised under the Council's Corporate Complaints Policy is regularly reported and considered by the Management Team. The Council also has a Whistleblowing Policy, which encourages, staff to report any instances of suspected unlawful conduct, financial malpractice, or actions that are dangerous to the public or environment.

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

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

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

Review of effectiveness

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

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

- The work of the corporate Joint Procurement Board partnered with Horsham DC and Crawley BC;

- The work programme of the Census Joint Committee and any audit reports from our Census partners that may impact upon services delivered via that governance structure;
- The Council's internal audit coverage, which is planned using a risk based approach. The outcome from the internal audit coverage helps form the Chief Internal Auditor's opinion on the overall adequacy of the Council's internal control framework, which is reported in his annual report;
- The Chief Internal Auditor's annual report on anti-fraud and corruption activities;
- The annual review of the effectiveness of the internal audit function;
- External audit review of the work of the internal audit service and comment on corporate governance and performance management in their Annual Audit Letter and other reports;
- Workforce assessments and accreditation where appropriate and affordable;
- The External Auditor's opinion on the Council's financial statements;
- The work of the Audit Committee, which reviews the outcomes from the annual audit plan and the annual report of the audit function;
- The work of the Scrutiny Committees;
- An annual review of the constitution by the Constitutional Review Group, which recommends amendments, where appropriate, to the Constitution for agreement by the Council;
- Work of the Standards Committee, which includes monitoring the operation of the members' Code of Conduct and the Member and Officer Protocol.

Significant governance issues

The review, as detailed above, provides good assurance of the effectiveness of the Council's system of internal control. There have been no governance issues identified during the year that are considered significant in relation to the Council's overall governance framework, but we have contributed to work on the management of the shared Census ICT service led by our partner Horsham District Council. This has identified a need for a detailed and tested backup and disaster recovery plan for the service which is currently being specified and will be implemented by Horsham as the provider of the service. Other specific opportunities for improvement in governance and internal controls identified as part of the assurance processes detailed above have been addressed or are included in action plans for the relevant managers.

Cllr Garry Wall
Leader of Council
June 2013

Kathryn Hall
Chief Executive
June 2013

MID SUSSEX
DISTRICT COUNCIL

Glossary of Terms

Glossary of Terms

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

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

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

Actuarial Gains and Losses (Pensions IAS 19)- The changes in actuarial deficits or surpluses that arise because:

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

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

Agency Services - Services which are performed by or for another authority or public body, where the principal reimburses the agent for the cost of the work carried out.

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

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

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

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

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

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

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

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

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

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

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

Collection Fund - A fund administered by each billing authority (the District Council in shire areas). The council tax, business rate income and the community charge are paid into the fund whilst the net revenue spending of the county, district and police authority are met from the fund.

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

Communities and Local Government - CLG

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

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

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

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

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

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

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

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

DWP – Department for Work and Pensions

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

Expected Rate of Return on Assets (Pensions IAS 19) – The average rate of return, based on actuarial advice, including both income and changes in the fair value, but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Reserves - See Provisions and Reserves.

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

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

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

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

Surplus – is where income exceeds expenditure.

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