



Draft Statement of Accounts

2002/03

CONTENTS

Explanatory Foreword	1
Approval of Accounts	11
Corporate Governance	12
Statement of Responsibilities	14
Auditor's Report	15
Statement of Accounting Policies	17
Consolidated Revenue Account	23
Notes to the Consolidated Revenue Account	24
Housing Revenue Account	32
Notes to the Housing Revenue Account	33
Consolidated Balance Sheet	38
Notes to the Consolidated Balance Sheet	39
Statement of Total Movements in Reserves	50
Cash Flow Statement	51
Notes to the Cash Flow Statement	52
The Collection Fund	54
Notes to the Collection Fund	55
Glossary of Terms	57

CONTENTS

EXPLANATORY FOREWORD

1 Introduction

The accounts presented in this document cover the 2002/03 financial year. This foreword provides a brief explanation of the financial aspects of the Bracknell Forest Borough Council's activities and draws attention to the main characteristics of the Council's financial position.

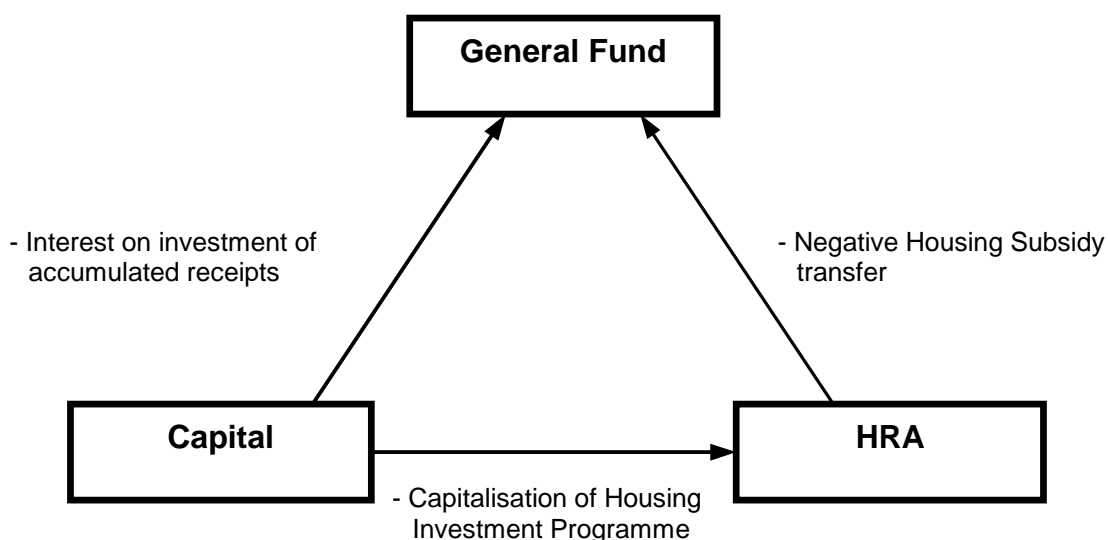
Being a Unitary Council which provides council housing, Bracknell Forest is required by legislation to account for its expenditure in three distinct categories:

General Fund Revenue Account – This includes day to day spending on all services except those directly relating to council housing. Expenditure is financed mainly from Government grant (Revenue Support Grant), Business Rate income and Council Tax.

Housing Revenue Account – Included within this account is all expenditure on the day to day management of the Council's housing stock. Expenditure is principally funded from council house rents.

Capital – All improvements and enhancements to the Council's assets are included in this category. This expenditure is financed partly from the sale of capital assets, Government grant support and contributions from developers.

Bracknell Forest is in an unusual financial position, shared with only a handful of other Councils in England. The Council is technically debt free and holds a relatively high level of accumulated capital receipts. However, the Council is responsible for a proportion of the debt of the former Berkshire County Council (£9m at 31 March 2003). The Council is also in a negative housing subsidy position (i.e. a transfer is made each year from the Housing Revenue Account to the General Fund Revenue Account, equivalent to the "surplus" on the HRA in accordance with the Government's model HRA used for housing subsidy calculation). The main consequence of this position is a high degree of inter-dependency between the three different accounts, as illustrated below.



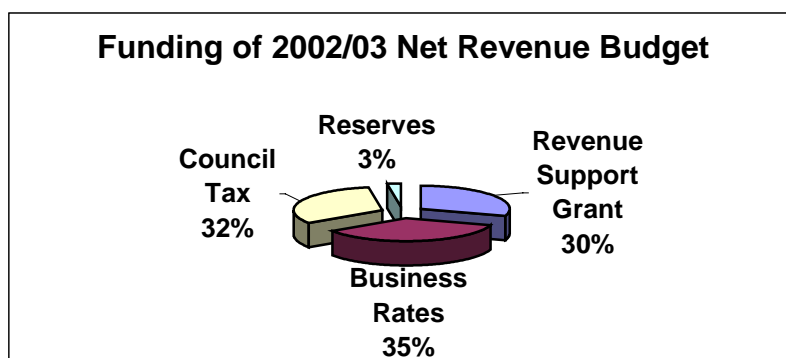
EXPLANATORY FOREWORD

The accounting statements which follow this foreword are:

- **The Corporate Governance Statement of Assurance**, which sets out the Authority's arrangements for ensuring that its business is conducted in accordance with the law and proper standards;
- **The Statement of Responsibilities for the Statement of Accounts**, which identifies the officer who is responsible for the proper administration of the Authority's financial affairs;
- **The Statement of Accounting Policies**, which details the legislation and principles on which the Statement of Accounts have been prepared;
- **The Consolidated Revenue Account**, which records all revenue expenditure and income in both the General Fund and the HRA, sources of finance and the movement in balances;
- **The Housing Revenue Account**, which records the revenue expenditure and income on this ringfenced account, the movement in balances and Housing Revenue Account capital expenditure;
- **The Consolidated Balance Sheet**, which records the assets and liabilities and the resources of the Authority at 31 March 2002;
- **The Statement of Total Movements in Reserves**, which draws together the recognised gains and losses of the Authority during the year to 31 March 2002, including those not recognised in the Consolidated Revenue Account;
- **The Cash Flow Statement**, which summarises the cash receipts and payments within the year;
- **The Collection Fund**, which records the Council Tax and Business Rates raised within the Borough during the year and how they are subsequently distributed.

2 Revenue Expenditure

The Council, at its meeting on 27 February 2002, set a revenue budget for the 2002/03 financial year of £90.233m. Subsequent to this, the Executive approved a budget carry forward from 2001/02 totalling £0.253m, relating to match funding for Standards Fund grant, which can now be spent until the end of August following the financial year in which it is awarded. This expenditure was to be met by general Government grant (Revenue Support Grant), business rate and Council Tax income and use of reserves, as shown in the chart below.



EXPLANATORY FOREWORD

A net contribution of £0.063m was budgeted for in the Housing Revenue Account for the financial year 2001/02, with gross cash expenditure being funded largely from rental income and interest receipts.

The table below compares actual out-turn expenditure incurred with the revised budgets for the year of £90.735m (including contributions from earmarked reserves) for the General Fund and -£0.063m for the Housing Revenue Account. This table reflects the Council's departmental structure, which is the basis for budgetary control responsibility.

In contrast, the information presented in the Consolidated Revenue Account (page 23) reflects the categories of expenditure specified in the Chartered Institute of Public Finance and Accountancy's Best Value Accounting Code of Practice. As such, the presentation is different, although the amounts to be met from Government grants and local taxation are obviously the same.

GENERAL FUND	Original Budget £000's	Latest Budget £000's	Actual £000's	Variance £000's
Corporate Services	7,365	7,400	7,933	533
Education	57,329	58,212	57,985	-227
Environment	18,714	20,398	19,533	-865
Leisure Services	8,438	9,072	8,885	-187
Social Services and Housing	23,226	28,881	28,316	-565
Pension Contributions	449	0	0	0
Transition costs written off	0	1,042	1,042	0
Net cost of General Fund services	115,521	125,005	123,694	-1,311
Housing Revenue Account Transfer	-4,225	-4,225	-4,001	224
Capital Charges	-25,805	-27,372	-27,372	0
Deferred Charges	0	-6,657	-6,701	-44
Debt Charges	2,610	2,610	2,623	13
Interest Receipts	-1,510	-1,510	-1,953	-443
Levying Bodies	3,942	3,942	3,948	6
Contribution from Capital	-700	-700	0	700
LPSA Capital Grant	0	-383	0	383
Contingency Provision	400	25	0	-25
Net Budget Requirement	90,233	90,735	90,238	-497
Parish Precepts	1,885	1,885	1,885	0
Use of Earmarked Reserves	0	-502	-674	-172
Amount to be met from Government Grants and Local Taxation	92,118	92,118	91,449	-669
Resources To Finance Above				
Council Tax Payers	-32,821	-32,821	-32,821	0
Collection Fund Deficit	326	326	326	0
Government Grants	-22,784	-22,784	-22,784	0
National Non Domestic Rates	-34,180	-34,180	-34,180	0
Contribution from General Reserves	-2,659	-2,659	-1,990	669
	-92,118	-92,118	-91,449	669
HOUSING REVENUE ACCOUNT				
Increase in Working Balance	63	63	294	231

EXPLANATORY FOREWORD

From the above it can be seen that underspends occurred of £0.669m on the General Fund and £0.231m on the Housing Revenue Account. Explanations for these variances are provided in the sections below.

General Fund

The major variances on the General Fund occurred in the following areas:

Corporate Services

- Additional spending to be funded from the Town Centre earmarked reserve (£0.652m)
- Increase in provision for bad debts for general debtors (£0.296m)
- Lower than budgeted income from commercial properties (£0.064m)
- Delayed spending on the Local Public Service Agreement (LPSA) target for Domestic Violence (-£0.017m), which will be carried forward into 2003/04
- Saving in the cost of replacement Smartcards due to a delay in the library application (-£0.032)
- Lower than expected call on insurance excesses (-£0.119m), to be added to the Insurance Reserve
- Capitalisation of expenditure associated with office accommodation rationalisation (-£0.255m)

Education

- Overspend in home to school transport (£0.200m)
- Additional spending by schools (£0.297m) to be funded from school reserves
- Delayed spending on the Local Public Service Agreement (LPSA) target for improving attendance at secondary schools (-£0.004m), which will be carried forward into 2003/04
- Saving in pre-school education costs (-£0.026m) due to a lower than predicted number of places to be funded
- Reductions in individual school fund budgets due to lower than predicted pupil numbers (-£0.054m)
- Capitalisation of expenditure relating to Education LPSA targets (-£0.078m) in accordance with grant instructions
- Reduced costs of supporting pupils with special educational needs (-£0.125m)
- Underspend in match funding for Standards Fund grants that can now be spent until August in the year following original approval (-£0.349m). This sum has been approved as a budget carry forward into 2003/04.

Environment

- Deficit on the Landcape Services trading account (£0.225m)
- Cost of the Council's contribution to a proposed Motorway Service Area inquiry (£0.073m)
- Delayed spending on the Local Public Service Agreement (LPSA) target for recycling (-£0.020m), which will be carried forward into 2003/04
- Delayed spending on the Local Public Service Agreement (LPSA) target for vehicle crime (-£0.058m), which will be carried forward into 2003/04
- Capitalisation of expenditure relating to Environment LPSA targets (-£0.043m) in accordance with grant instructions
- Underspend on client budgets for landscaping (-£0.075m), partly offsetting the deficit on the trading account Receipt of one-off grant for recycling (-£0.087m)
- Capitalisation of highway maintenance expenditure (-£0.775m)

EXPLANATORY FOREWORD

Leisure Services

- Shortfall in income at Coral Reef (£0.178m)
- Reduction in business rates at Coral Reef (-£0.261m) following an appeal against the rateable value
- Delayed spending on the Local Public Service Agreement (LPSA) target for library visits (-£0.095m), which will be carried forward into 2003/04

Social Services & Housing

- Additional costs of homecare packages for older people (£0.130m)
- Costs of residential placements and other care and support for people with learning disabilities (£0.113m)
- Additional costs incurred in residential placements for children looked after and in transportation costs for children's services (£0.177m)
- Delayed spending on the Local Public Service Agreement (LPSA) target for reoffending by young offenders (-£0.018m), which will be carried forward into 2003/04
- Delayed spending on the Local Public Service Agreement (LPSA) target for educational attainment of children leaving care (-£0.031m), which will be carried forward into 2003/04
- Delayed spending on the Local Public Service Agreement (LPSA) target for reducing preventable hospitalisation and delayed discharges (-£0.025m), which will be carried forward into 2003/04
- Savings in homelessness costs through reducing the use of bed and breakfast accommodation (-£0.055m)
- Change in categorisation of supported residential care units for people with learning disabilities (-£0.064m)
- Reduced number of day centre placements for people with mental health needs (-£0.070m)
- Changes in residential placements for children looked after (-£0.128m)
- Reduced demand for residential and nursing placements for older people (-£0.181m)

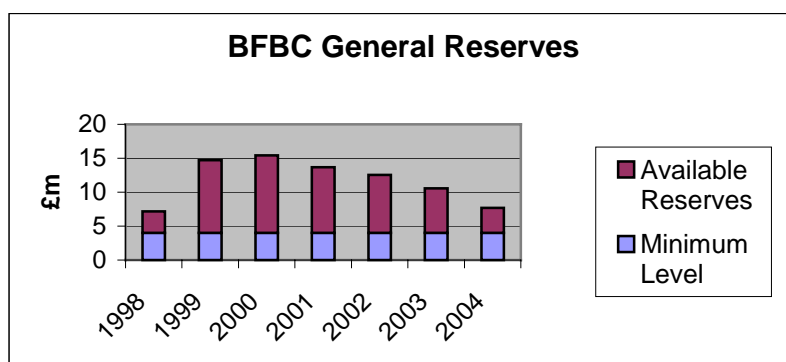
Non Departmental Budgets

- Expenditure totalling £1.030m has been identified in Corporate Services and Environment that can legitimately be capitalised, compared with a level of £0.700m assumed in the budget
- Expenditure totalling £0.121m was incurred in meeting LPSA targets which has been transferred to capital to be funded by the LPSA pump priming capital grant. The remainder of the grant will be used to fund the unspent amounts carried forward to 2003/04.
- Reduced income received through the negative housing subsidy due to an increase in rebates during the year (£0.224m)
- Higher than expected income from interest receipts (-£0.443)

EXPLANATORY FOREWORD

It is known that the Council's current level of General Fund spending cannot continue indefinitely, as it exceeds the level of annually generated income. The impact of the underspend experienced in 2002/03 is to reduce the planned use of general reserves by £0.6m, although this is partly offset by the additional in-year allocation of £0.3m from general reserves to the Town Centre earmarked reserve. This means that more resources are available to achieve the Council's aim of using reserves to assist the process of matching expenditure to income levels in the medium term, thereby achieving a "soft landing".

The chart below shows the movement in the level of general reserves since the Council became a Unitary Authority in 1998 up to the predicted level at March 2004 (assuming the actual use of reserves in 2003/04 matches the budgeted level).



Housing Revenue Account

The out-turn position on the Housing Revenue Account shows an underspend of £0.294m. The budget assumed a contribution to earmarked reserves of £0.063m, as such an additional £0.231m can be transferred to reserves. This underspend can be attributed largely to additional income from leaseholder charges and from additional income raised within Forest Care. A greater amount of costs attributable to repairs and maintenance was able to be recovered for work undertaken in 2001/02 than had been assumed in the original budget. Forest Care provided a number of additional services to external organisations that generated income over and above that which had been budgeted, in particular the Home Care services for Wokingham Council.

Additional savings were made within General Management as a result of prudent financial management of non-staffing budgets. As part of the 2003/04 budget process £80,000 of savings were identified within Supplies and Services. Officers were able to achieve these savings part-way through the year in order to contribute to the level of balances for future years. Savings were also achieved within the landscaping budget and on aids and adaptations – however the latter resulted from commitments that were undertaken in 2002/03 but not spent in the current year.

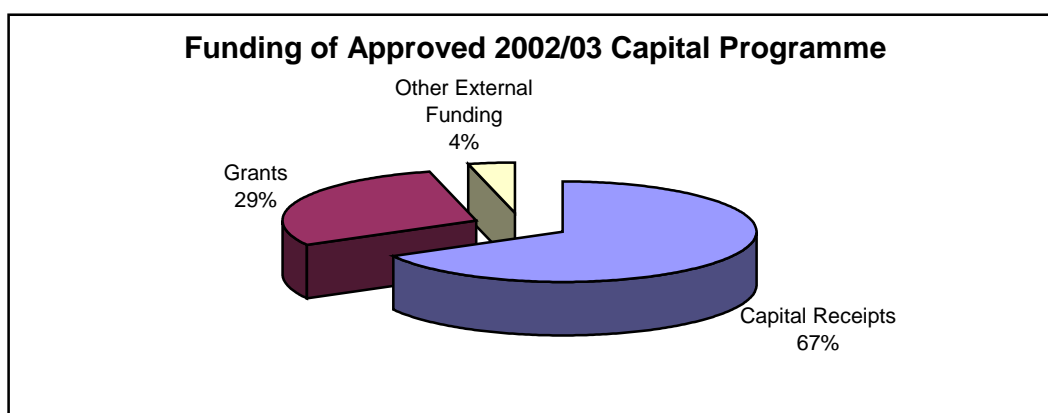
In addition to the contribution to earmarked reserves, it was also possible to undertake the necessary repairs and maintenance requirements in 2002/03 without making use of the £90,000 of the Major Repairs Allowance budgeted for in 2002/03. As such this amount will be available in 2003/04.

3 Capital Expenditure

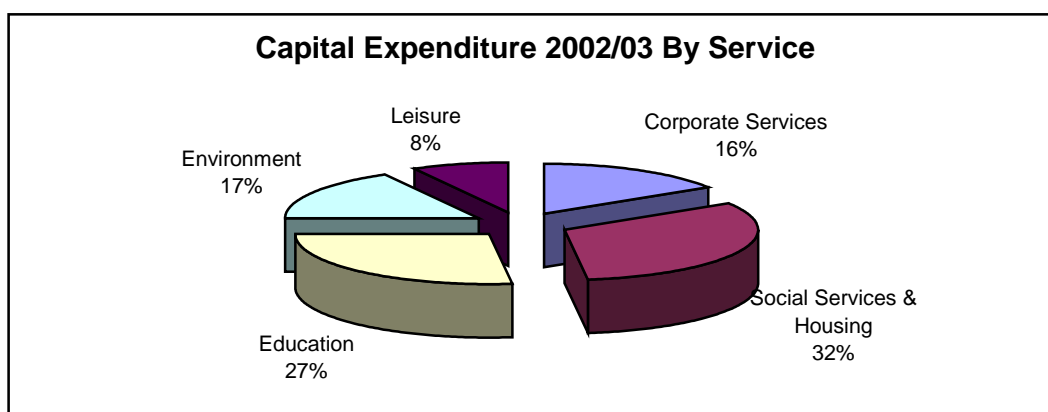
The Council funds its capital programme from three main sources:

- Accumulated Capital Receipts
- Government Grants
- Section 106 Receipts and other contributions

At its meeting on 27 February 2002 the Council approved a three-year capital programme for 2002/03-2004/05 totalling £41.2m. Of this, £19.2m was approved for the 2002/03 financial year, plus a further £6.9m carried forward from 2001/02, to be funded as shown in the chart below.



The Council actually spent £22.8m on capital projects in 2002/03 to maintain and enhance its assets. The chart below illustrates the expenditure by service, with details of individual schemes and financing being provided in the table overleaf.



EXPLANATORY FOREWORD

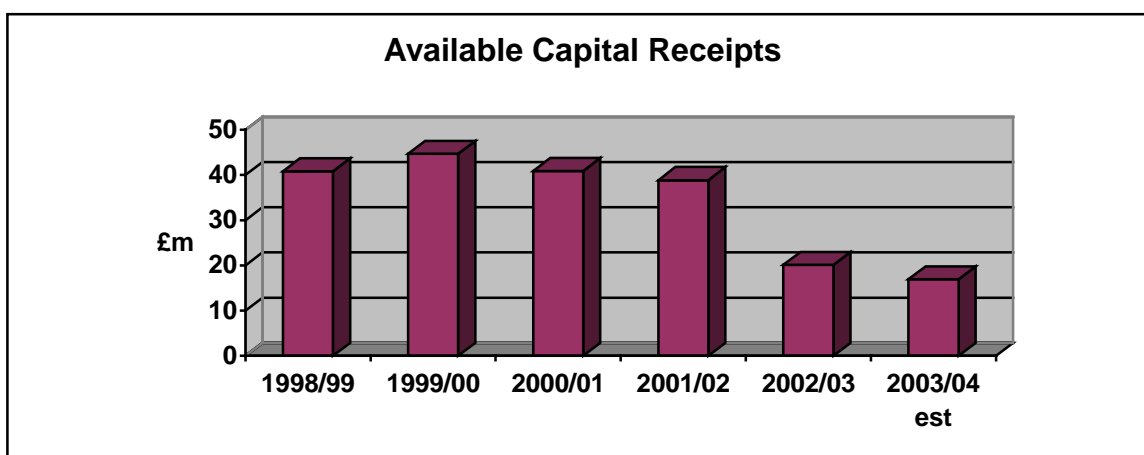
	£000's	£000's
Social Services & Housing		
Housing Improvement Programme	1,698	
Housing Association Grants	5,191	
Social Services	106	
IT improvements	167	
Housing Improvement Grants	94	
Other schemes	49	7,305
	<hr/>	
Education		
School Improvement Projects	2,425	
Maintenance of Buildings	1,147	
Delegated Capital & Seed Challenge funds	1,247	
Reduction of Class Sizes	145	
College Hall PRU expansion	406	
LEA contributions to Aided schools	72	
Other schemes	829	6,271
	<hr/>	
Environment		
Environmental Maintenance	91	
Waste Services	68	
Estate Car Parking improvements	54	
Highways Related Schemes	1,906	
Traffic Management	315	
Walking & Cycling Schemes	610	
Travel to School	145	
Bus & Rail Travel	101	
Local Safety Schemes	144	
Other schemes	383	3,817
	<hr/>	
Leisure		
Sports and Community Facilities	1,089	
Arts and Education Facilities	54	
Outdoor Recreation	43	
Support to external organisations	70	
Other schemes	466	1,722
	<hr/>	
Corporate Services		
Property Maintenance	459	
IT schemes	2,965	
Other Schemes	240	3,664
	<hr/>	
Total Capital Expenditure 2002/03		22,779
		<hr/> <hr/>
Financing		
Capital Receipts		19,025
Grants/Contributions		3,754
		<hr/>
Total Financing		22,779
		<hr/> <hr/>

EXPLANATORY FOREWORD

The Council is debt free and does not borrow to finance capital expenditure (further details are shown in the body of the Statement of Accounts).

At 1 April 2002 £38.9m of accumulated receipts were available to fund capital projects. During the year £10.7m of capital receipts were received mainly from the sale of council houses and £5.2m LASHG was reimbursed by the Housing Corporation. Of the available receipts, £19.0m has been used to fund capital expenditure in 2002/03. In addition, £3.8m of expenditure was funded from grants and contributions.

The chart below shows the level of accumulated capital receipts since the Council became a Unitary Authority in 1998 up to the predicted level at March 2004. (This includes £15m repayment of debt made in 2002/03).



4 Euro

During the last financial year the Council has continued to review the impact of the euro on its ongoing operations. To assist in this process, the Council participates in the CIPFA Euro Forum, a national information-sharing group. Initial assessments have indicated that there will be little exposure to risk until the United Kingdom takes a decision to join the single currency. Prior to this, expenditure on euro activities will be minimal and should be absorbed within existing budgetary provision, together with expenditure incurred on other strategic planning activities.

EXPLANATORY FOREWORD

Further information on the substance of the financial statements in this document can be obtained from Bracknell Forest Borough Council, by telephoning 01344 424642.

Mr Chris Herbert Borough Finance Officer

Chris.Herbert@Bracknell-Forest.gov.uk

Mr Stuart McKellar Assistant Borough Finance Officer (Accounting & Budgeting)

Stuart.McKellar@Bracknell-Forest.gov.uk

Mr Alan Nash Assistant Borough Finance Officer (Audit & Technical)

Alan.Nash@Bracknell-Forest.gov.uk

APPROVAL OF ACCOUNTS

1 Certification

I confirm that these accounts were approved by the Council at its meeting on 24th September 2003.

Signed on behalf of Bracknell Forest Borough Council:

Mayor of Bracknell Forest (Cllr Mrs. S.R. Pile)

Date

1 Statement of Assurance

Bracknell Forest Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. In discharging this accountability, members and senior officers are responsible for putting in place proper arrangements for the governance of Bracknell Forest's affairs and stewardship of the resources at its disposal. To this end, Bracknell Forest has approved and adopted a Local Code of Corporate Governance, which is consistent with the principles and reflects the requirements of the CIPFA/SOLACE Framework *Corporate Governance in Local Government: A keystone for Community Governance*. A copy of the code is on our website as www.Bracknell-Forest.gov.uk or can be obtained from the Borough Finance Officer.

During the year, the Council has started to put in place appropriate management and reporting arrangements to enable it to satisfy itself that its approach to corporate governance is both adequate and effective in practice. Specifically, the Council has achieved the following:

- Review and implementation of new Scrutiny arrangements
- Production of a Community Plan
- Development of procurement including a Procurement Strategy and Implementation Plan
- Creation of a Strategic Risk Management Group and identification of key risks in a Corporate Risk Register

The Director of Corporate Services has been given responsibility for:

- Overseeing the implementation and monitoring the operation of the code
- Reviewing the operation of the code in practice
- Reporting annually to the Executive on compliance with the code and any changes that may be necessary to maintain it and ensure effectiveness in practice.

On the basis of the report arising from the review of Bracknell Forest's corporate governance arrangements, we are satisfied that they are largely adequate and are operating effectively. We report that there are several minor aspects of the code of corporate governance that are not yet in place. The areas of non-compliance identified are:

- The need to develop procedures to deal with the requirements of the Freedom of Information Act 2000.
- The need to develop a Corporate Communications Strategy
- Continue the development of a Social Cohesion Strategy in line with the CPA Improvement Plan.
- Revise & update the Member/Officer protocol.
- Update the existing audit protocol
- Revise contract regulations to include clauses dealing with the Council's requirements regarding the behaviour of staff and contractors;
- Publicise and make available to contractors the Council's whistleblowing policies.

CORPORATE GOVERNANCE

We propose over the coming year to take steps to address the above matters to further enhance our corporate governance arrangements.

We are satisfied that these steps will address the need for improvements that were identified in our first annual review and will review their implementation and operation as part of our next annual review.

Signed on behalf of the members and senior officers of Bracknell Forest Borough Council:

Leader of the Council (Cllr P.D. Bettison)

Chief Executive (T.R. Wheadon)

Date

STATEMENT OF RESPONSIBILITIES

1 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 Borough Finance Officer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the Statement of Accounts.

2 The Borough Finance Officer's Responsibilities

The Borough Finance Officer is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting: Statement of Recommended Practice in Great Britain (SORP).

In preparing this Statement of Accounts, the Borough Finance Officer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code of Practice;

The Borough Finance Officer has also:

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

I certify that the Statement of Accounts set out on pages 23 to 64 presents fairly the financial position of the Borough Council and its income and expenditure for the year ended 31 March 2003.

C.J. Herbert CPFA
Borough Finance Officer
24 September 2003

We have audited the financial statements on pages 23 to 64 which have been prepared in accordance with the accounting policies applicable to local authorities as set out on pages 17 to 22.

This report is made solely to Bracknell Forest Borough Council in accordance with section 2 of the Audit Commission Act 1998. Our audit work has been undertaken so that we might state to Bracknell Forest Borough Council those matters we are required to state to it in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Bracknell Forest Borough Council for our audit work, for this report, or for the opinions we have formed.

1 Respective Responsibilities of the Borough Finance Officer and Auditors

As described on page 14 the Borough Finance Officer is responsible for the preparation of the financial statements in accordance with the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2002.

Our responsibilities, as independent auditors, are established by statute, the Code of Audit Practice issued by the Audit Commission and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements present fairly the financial position of the Council and its income and expenditure for the year.

We review the statement on pages 12 and 13, *Corporate Governance: Statement of Assurance* and report if it is misleading or inconsistent with other information we are aware of from our audit of the financial statements. We are not required to consider whether the statement covers all risks and controls, or to form an opinion on the effectiveness of the authority's corporate governance arrangements or its risk and control procedures. Our review was not performed for any purpose connected with any specific transaction and should not be relied upon for any such purpose.

We read the other information published with the statement of accounts and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the statement of accounts.

2 Basis of Audit Opinion

We conducted our audit in accordance with the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission, which requires compliance with relevant auditing standards issued by the Auditing Practices Board.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Council in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Council's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we evaluated the overall adequacy of the presentation of the information in the financial statements.

AUDITOR'S REPORT

3 Opinion

In our opinion the financial statements present fairly the financial position of Bracknell Forest Borough Council as at 31 March 2003 and its income and expenditure for the year then ended.

4 Certificate

We certify that we have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

KPMG LLP
Chartered Accountants
London

SUBJECT TO AUDIT

STATEMENT OF ACCOUNTING POLICIES

1 General

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting: Statement of Recommended Practice (“the SORP”), issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), and also with guidance notes issued by CIPFA on application of Statements of Standard Accounting Practice (SSAPs) and Financial Reporting Standards (FRSs).

The accounts of the Authority are maintained on an accruals basis. That is, sums due to or from the Authority during the year are included whether or not the cash has actually been received or paid in the year. Exceptions to this principle relate to regular payments, such as utilities, which are charged at the date of invoice rather than being apportioned between financial years, and sums which could not be regarded as significant at service level. This policy is consistently applied each year and therefore does not have a material effect on the year’s accounts.

Wherever possible the previous year’s figures have been included to provide a comparison and these have been prepared on the same basis as the current year unless otherwise stated.

The accounts incorporate the requirements of the Best Value Accounting Code of Practice, introduced from 1st April 2000, which presents a new service expenditure analysis in the Consolidated Revenue Account and specifies the identification and disclosure of significant trading activities.

2 Fixed Assets

All expenditure on the acquisition, creation or enhancement of fixed assets is capitalised on an accruals basis in the accounts. Expenditure on fixed assets is capitalised, provided that the fixed asset yields benefits to the Authority and the services it provides, for a period of more than one year. This excludes expenditure on routine repairs and maintenance of fixed assets which is charged direct to service revenue accounts. A de-minimis level for the capitalisation of capital expenditure is set at £5,000 (for schools the level is £2,000). Items of a capital nature below this limit are charged to revenue accounts.

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

- land, operational properties and other operational assets are included in the balance sheet at either open market value for existing use or depreciated replacement cost. Council dwellings and shared equity properties are valued on the basis of Existing Use Value-Social Housing.
- non-operational assets, including investment properties and assets that are surplus to requirements, are included in the balance sheet at the lower of net current replacement cost and net realisable value. In the case of investment properties, this is normally open market value.
- infrastructure assets and community assets are included in the balance sheet at historical cost, net of depreciation.

STATEMENT OF ACCOUNTING POLICIES

A rolling programme of revaluation of fixed assets is planned so that each asset will be revalued within a five year period from 1 April 1998. Each category of asset is reviewed annually and where there is reason to believe that its value has changed materially the valuation will be adjusted accordingly. Where an impairment loss is caused by a clear consumption of economic benefits (e.g physical damage) then this loss is recognised in the service revenue account and asset management account. The Authority does not hold any assets acquired under finance leases or deferred purchase schemes.

Income from the disposal of fixed assets is accounted for on an accruals basis. Such income that is not reserved for the repayment of external loans and which, therefore, forms part of the capital financing reserve, or has not been used in funding capital expenditure in the year, is included in the balance sheet as usable receipts. Upon disposal, the net book value of the asset disposed of is written off against the fixed asset restatement reserve.

3 Depreciation

Depreciation is provided for on all fixed assets with a finite useful life which is determined at the time of acquisition or revaluation, according to the following policy:

- assets which are held during the year are depreciated from the start of the year;
- depreciation is calculated using the straight-line method apart from vehicles which are calculated using the reducing balance method;
- no depreciation is charged on non-operational properties or land.

The useful lives of assets range from 10-80 years for buildings, 5-10 years for vehicles plant and equipment and 15-90 years for infrastructure assets.

The Major Repairs Allowance is used as a proxy for depreciation on fully-owned council houses.

4 Charges to Revenue

General Fund service revenue accounts (as defined in CIPFA's Best Value Accounting Code of Practice), central support services and statutory trading accounts are charged with a capital charge and, where required, any related impairment loss (due to a clear consumption of economic benefits) for all fixed assets used in the provision of services. The total charge covers the annual provision for depreciation plus a capital financing charge determined by applying a specified notional rate of interest to net asset values (6% on assets held at current value and 6% on assets held at historical cost). The total charge to individual services is determined on the basis of the capital employed in each service. Capital charges made to the HRA are the statutory capital financing charges.

Capital charges and relevant impairment losses which have been charged to services are credited to the Asset Management Revenue Account (AMRA). They therefore have a neutral impact on the amounts required to be raised from local taxation.

Finance costs (including interest payable) and the provision for depreciation are also charged to the Asset Management Revenue Account.

STATEMENT OF ACCOUNTING POLICIES

5 Deferred Charges

Deferred charges represent expenditure which may properly be capitalised but does not result in, or remain matched with, tangible fixed assets in the Council's ownership. This expenditure is charged to revenue in the year that it occurs with the exception of transition costs, which will remain as a deferred charge and be charged to revenue over the next seven years starting from 2001/02. The amounts charged to revenue are reversed out through the appropriation account by a transfer from the capital financing reserve so there is no net impact on the level of Council Tax.

6 Government Grants and Contributions

Revenue grants are accrued and credited to income in the same period in which the related expenditure was charged. Specific revenue grants are matched in the relevant service revenue account with the expenditure that gave rise to the entitlement. General government grants in the form of Revenue Support Grant and redistributed National Non Domestic Rates are disclosed as separate items in the face of the Consolidated Revenue Account.

Where the acquisition of a fixed asset is financed either wholly or in part by a Government grant or other contribution, the amount of the grant or contribution is credited initially to the Government grants deferred account or Section 106 applied account. Amounts are released to the asset management revenue account over the useful life of the asset to match the depreciation charged on the asset to which it relates. Where no depreciation is to be charged or where the capital expenditure does not lead to the creation of a fixed asset the amount used to finance capital expenditure is written off to the capital financing reserve.

Government grants and other contributions are accounted for on an accruals basis and recognised in the accounting statements when the conditions for their receipt have been complied with and there is reasonable assurance that the grant or contribution will be received.

7 Leases

Rentals payable under operating leases are charged to revenue on an accruals basis.

8 Contingent Liabilities

Contingent Liabilities are recognised in accordance with FRS 12, not as an item of expenditure in the accounts but disclosed as a note to the balance sheet until such time as sufficient certainty exists regarding the potential future liability.

9 Provisions

Provisions are recognised in accordance with FRS 12, when:

- the Authority has a present obligation (legal or constructive) as a result of a past event;
- it is probable that a transfer of economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

All provisions have been charged to the appropriate revenue account and are only utilised for the purpose for which they have been established. They are set out in the notes to the Consolidated Balance Sheet.

10 Reserves

Reserves include earmarked reserves representing sums “identified” for a specific purpose and unallocated reserves (balances) representing amounts set aside to meet unforeseen expenditure or accumulated resources that have not been spent or earmarked at the end of the accounting period. The reserves that have been established and their movement in the year are detailed in the Statement of Total Movements in Reserves (page 50).

11 Capital Reserves

The capital accounting rules require the following reserve accounts in the consolidated balance sheet:

- the Fixed Asset Restatement Reserve, which represents the balance of surpluses or deficits arising on the periodic revaluation of fixed assets and the write down of assets disposed of;
- the Capital Financing Reserve, which represents amounts that are required by statute to be set aside from capital receipts and the amount of capital expenditure financed from revenue, capital receipts, grants and contributions, and
- the Usable Capital Receipts Reserve, which represents those receipts available to finance new capital expenditure.

Capital reserves are not available for revenue purposes.

12 Sale of Fixed Assets

Receipts over £6,000 from the sale of fixed assets are treated as capital receipts. The Local Government and Housing Act 1989 requires a proportion of the cash received from the sale of assets outright, or paid by instalments, to be reserved and initially used to repay debt. Even though the Authority has no debt it is still required to set aside some of the capital receipts into the capital financing reserve. The balance of this reserve can then be used to fund capital expenditure. The receipts not reserved are held as usable capital receipts.

Interest received from sums set aside and usable receipts is credited to the General Fund (see also note 16).

Future instalments of principal are held as deferred capital receipts. The majority of these relate to mortgages granted by the Authority for the sale of council houses.

13 Provision for Bad and Doubtful Debts

The Authority reviews all debts at the balance sheet date and judges the probability of collection for each category of debt. Where recovery of a debt is judged doubtful, the value is adjusted to the probable recoverable amount, with an appropriate adjustment being made to the Consolidated Revenue Account.

14 Allocation of Support Services' Costs

The costs of support services are apportioned to services within all programme areas on an assessed basis e.g. staff time, number of transactions or space occupied.

15 Pensions

The Authority participates in two different schemes. Both schemes provide members with defined benefits relating to pay and service.

The schemes are as follows:

- Teachers – this is an unfunded scheme administered by the Department for Education and Employment (DfEE). The pension costs are charged to the accounts using the contribution rate set by the DfEE on the basis of a notional fund.
- Other Employees – subject to certain qualifying criteria, employees are eligible to join the Local Government Pension Scheme. The pension costs that are charged to the Authority's account in respect of these employees are equal to the contributions paid to the funded pension scheme for these employees. Further costs arise in respect of certain pensions paid to retired employees.

The assets and liabilities of this Authority's share of The Royal County of Berkshire Pension Fund are not included in the Balance Sheet. However, in accordance with changes in the SORP and the introduction of FRS 17 *Retirement Benefits* these statements now include a note to the Balance Sheet disclosing the Authority's assets and liabilities based on its future pension commitments. The Consolidated Revenue Account does not include proper provision and the liabilities in the Balance Sheet are understated. The Authority is moving towards full disclosure of both the future pension assets and liabilities by 2003/04 in accordance with the SORP.

16 Internal Interest

Interest received from investments is initially credited to the General Fund. A transfer is made to the Housing Revenue Account in accordance with the General Determination made by the Secretary of State.

17 Investments

External investments are shown in the accounts at net realisable value.

18 Stocks and Work In Progress

Stock and work in progress have been included in the balance sheet at the lower of cost and net realisable value.

CONSOLIDATED REVENUE ACCOUNT

	2002/03 Expenditure £000's	2002/03 Income £000's	2002/03 Net £000's	2001/02 Net £000's
Statement of Net Expenditure				
Central Services to the Public	10,182	6,558	3,624	3,649
Cultural, Environmental and Planning	26,525	9,069	17,456	17,271
Education Services	74,643	15,935	58,708	58,330
Housing Services (Note 1)	55,486	26,776	28,710	27,573
Highways, Roads and Transport	8,932	524	8,408	8,389
Social Services	36,903	15,304	21,599	21,796
Transition Costs capitalised from previous years written off (Note 15)	1,042	0	1,042	1,042
Corporate and Democratic Core	4,907	5	4,902	4,490
Unapportionable Central Overhead	318	0	318	313
Net Cost of Services	218,938	74,171	144,767	142,853
(Surpluses)/Deficits on Trading undertakings		Note 2	1,029	1,153
Precepts paid to Parish Councils			1,885	1,736
Negative HRA Subsidy		Notes 1,6	0	0
Asset Management Revenue Account		Notes 1,8	(39,699)	(40,943)
Interest and investment income			(3,370)	(4,110)
Levies		Note 3	3,948	3,725
Net Operating Expenditure			108,560	104,414
Appropriations to/from Reserves				
Housing Revenue Account surplus				
Transferred to HRA reserve			294	(254)
Contribution from Major Repairs Reserve			(3,731)	(3,741)
Contributions from other earmarked reserves			(674)	(144)
Contributions from capital reserves			(6,343)	(5,500)
Deferred Charges			(6,657)	(5,599)
Amounts to be met from Government Grants and Local Taxation			91,449	89,176
Sources of Finance				
Council Taxpayers			(32,821)	(30,132)
Collection Fund Surplus/Deficit			326	115
Government Grants			(22,784)	(26,561)
Distribution from NNDR Pool			(34,180)	(31,367)
Net General Fund Deficit/(Surplus)			1,990	1,231
General Fund Opening Balance			(12,555)	(13,691)
In year contribution to Town Centre Reserve			283	0
Former Berkshire County Council Balances			(346)	(95)
General Fund Closing Balance			(10,628)	(12,555)

NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

1 Presentation of the Consolidation Revenue Account

As stated in the explanatory foreword the Council operates a General Fund Revenue Account and a separate Housing Revenue Account (HRA). As required by the SORP, these two statements have been consolidated to form the Consolidated Revenue Account. This statement sets out the net costs of services for which the Council is responsible and demonstrates how these costs have been financed from Government Grants and income from taxpayers.

2 Trading Operations

The Council has a number of activities which are classified as Trading Operations in accordance with CIPFA's Best Value Accounting Code of Practice. Details of activities to be disclosed for 2002/03 are set out below, with comparative figures shown for 2001/02.

		£000's	£000's
The Authority operates the Bracknell Market collecting rental income from stallholders. The whole of the operating surplus is included as part of the General Fund account.	Expenditure	159	
	Rent Income	(178)	
	Operating Surplus	<hr/>	(19)
	<i>Surplus 2001/02</i>	<i>(55)</i>	
The Authority operates nine Car Parks in Bracknell Town Centre and Crowthorne. The whole of the operating surplus or deficit is included as part of the General Fund account. Excluding capital charges the cash surplus for the year was £0.539m (2001/02 £0.481m).	Expenditure	1,960	
	Income	(1,334)	
	Operating Deficit	<hr/>	626
	<i>Deficit 2001/02</i>	<i>706</i>	
The Authority operates a Building Control Account in accordance with the Building Act 1984. The whole of the operating deficit is included as part of the General Fund account (see also note 12).	Expenditure	377	
	Income	(344)	
	Operating Deficit	<hr/>	33
	<i>Deficit 2001/02</i>	<i>137</i>	

NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

<p>The Authority operates a former DSO for Landscape Services. The financial objective is to break even. The General Fund element of the operating deficit is included as part of the General Fund account. £44,000 of the deficit is charged to the Housing Revenue Account.</p>	<p>Expenditure 2,024 Income (1,755) <hr/>Operating Deficit 269</p>	<p><i>Deficit 2001/02</i> 199</p>
<p>The Authority has established an internal trading service (Bracknell Forest Services) based on a former DLO for Building Maintenance. The financial objective is to break even. The whole of the operating deficit or surplus is included as part of the General Fund account.</p>	<p>Expenditure 5,656 Income (5,664) <hr/>Operating Surplus (8)</p>	<p><i>Deficit 2001/02</i> 111</p>
<p>The Authority operates a Leisure Management contract through a former DSO. The financial objective is to break even. The whole of the operating surplus or deficit is included as part of the General Fund account.</p>	<p>Expenditure 5,380 Income (5,208) <hr/>Operating Deficit 172</p>	<p><i>Deficit 2001/02</i> 56</p>
<p>The Authority operates a Housing Management contract. The financial objective is to break even. The whole of the operating surplus is included as part of the General Fund account.</p>	<p>Expenditure 1,443 Income (1,443) <hr/>Operating Surplus 0</p>	<p><i>Surplus 2001/02</i> 0</p>
<p>TOTAL Less: Transferred to HRA</p>		<p style="text-align: right;"><hr/>1,073 (44) <hr/>1,029 <hr/><hr/></p>
<p>General Fund Total</p>		<p style="text-align: right;"><hr/>1,029 <hr/><hr/></p>

3 Contributions to Joint Committees and Bodies

Bracknell Forest Borough Council contributes towards the costs of Magistrates' Courts and the Environment Agency. Bracknell Forest Borough is also a constituent member of the combined Fire Authority for Berkshire and is responsible for meeting its proportion of the cost of the service. These contributions are included in the Consolidated Revenue Account as levies.

NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

Levies paid to these bodies during 2002/03 were:

	£000's
Berkshire Fire Authority	3,194
Environment Agency	616
Magistrates Courts	<u>138</u>
Total Levies	<u><u>3,948</u></u>

4 Publicity

The Authority's spending on publicity as required by s5(1) of the Local Government Act 1986, is detailed below.

	2002/03	2001/02
	£000's	£000's
Recruitment Advertising	359	483
Other Advertising	215	215
Other Publicity	91	61
	<u>665</u>	<u>759</u>

5 Operating Leases

Payments of £0.664m (2001/02 £0.512m) were made in the year. Outstanding commitments of £26.186m (31 March 2002, £26.138m) were remaining at 31 March 2003.

Future commitments over the next five years are as follows:

2003/04	£0.665m
2004/05	£0.621m
2005/06	£0.510m
2006/07	£0.490m
2007/08	£0.401m

6 Negative HRA Subsidy

Central Government support, by way of Housing Subsidy, is calculated using a model Housing Revenue Account. This model is based on pre-set figures determined by the Government and the number of dwellings owned by the Authority. Negative Subsidy arises when the credits to the model Housing Revenue Account exceed the debits flowing from the expenditure side of the Account. When this occurs an equivalent sum has to be transferred from the actual Housing Revenue Account to the General Fund. In 2002/03 this sum was £4.001m. As indicated in note 1, full consolidation of the General Fund and Housing Revenue Accounts means that this item nets off on the face of the Consolidated Revenue Account.

NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

7 Local Authorities (Goods and Services) Act 1970

The Authority is empowered by this act to provide goods and services to other public bodies.

Professional services as detailed in the table below were provided to various bodies including the following:

- Windsor and Maidenhead Royal Borough Council
- Reading Borough Council
- Slough Borough Council
- West Berkshire Council
- Wokingham District Council
- Individual schools within the above Authorities.

Below is a summary of the income and expenditure of this nature.

	2002/03		2001/02	
	Expenditure	Income	Expenditure	Income
	£000's	£000's	£000's	£000's
Social Services				
Children & Families	384	(384)	308	(308)
Mental Health	70	(70)	69	(69)
Physical Disabilities	60	(60)	61	(61)
Home Care	12	(12)	12	(12)
Elderly	21	(21)	18	(18)
Learning Disability	296	(296)	337	(337)
Other	0	(0)	0	(0)
Education Services				
Education Library Service	882	(888)	694	(737)
	1,725	(1,731)	1,499	(1,542)

8 Asset Management Revenue Account

	2002/03	2001/02
	£000's	£000's
Capital Charges to Services	52,442	53,163
Release from S106 applied/Gov Grants Deferred	311	
Accounts		426
Less: Depreciation – General Fund	(6,905)	(6,954)
Less: Depreciation – HRA	(3,821)	(3,741)
Less: Debt Management Expenses	(2,328)	(1,951)
	39,699	40,943

NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

The balance on this account reflects the difference between capital charges made to services (which represent the economic cost of using assets) and the cost to the Authority of depreciation suffered on the assets in the year. The balance on this account is included in the Consolidated Revenue Account to ensure a neutral effect of capital charges on the amounts from Government grants and local taxation.

9 Related Party Transactions

In accordance with FRS 8, material transactions with related parties not disclosed within the financial statement must be reported separately. These are listed below.

The Authority owns property that is leased to the South Hill Park Trust and also nominates 5 of the 14 trustees. The Authority has a Partnership agreement with the Trust and provided a grant in 2002/03 for £432,070. This included building repairs and maintenance of £20,239 and grounds maintenance of £14,821.

The Council retains a register of Members' interests, which is updated periodically. The register has been examined and does not highlight any material transactions that require disclosure.

The Council's Employee Code of Practice requires employees to declare to their managers any interests that could potentially bring about conflict with the interests of the Council. These include financial or non-financial interests with Council contractors or outside commitments. A questionnaire circulated to all first and second tier Officers on 31st March 2003 confirmed that no material transactions exist.

10 Remuneration of Employees

The following table shows the number of employees whose remuneration exceeded £50,000 in 2002/03.

Total Remuneration £000's	No Of Employees 2002/03	No Of Employees 2001/02
£50,000 - £59,999	17	10
£60,000 - £69,999	2	3
£70,000 - £79,999	3	3
£80,000 - £89,999	2	1
£90,000 - £99,999	1	0

NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

11 Members' Allowances

Members' Allowances were revised to reflect new Executive responsibilities under the Local Government Act 2000. In 2002/03 these amounted to £444,690.17 (Basic Allowance £278,501.19, Mayoral Allowance £13,584.96 and Special Responsibility Allowance £152,604.02), compared to £431,710.32 in 2001/02.

12 Building Control Trading Account

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

Building Regulations Charging Account 2002/03	Chargeable	Non Chargeable	Total Building Control
	2002/03 £000's	2002/03 £000's	2002/03 £000's
Expenditure			
Employee expenses	187	45	232
Transport	7	2	9
Supplies and Services	8	2	10
Central and support service charges	102	24	126
TOTAL EXPENDITURE	<u>304</u>	<u>73</u>	<u>377</u>
Income			
Building Regulation charges	(344)	0	(344)
TOTAL INCOME	<u>(344)</u>	<u>0</u>	<u>(344)</u>
(Surplus)/Deficit for Year	<u><u>(40)</u></u>	<u><u>73</u></u>	<u><u>33</u></u>

13 Agency Expenditure

Under various statutory powers an Authority may agree with other local authorities, water companies and Government departments to do work on their behalf. The Authority has not entered into any such arrangements with other bodies.

14 Pensions

Teachers' Pension Scheme

In 2002/03 the Authority paid £1.886m to the Department for Education and Skills in respect of teachers' pension costs, which represents 8.35% of teachers' pensionable pay. Employers' contributions are to increase to 13.5% for 2003/04. In addition, the Authority is responsible for all pension payments relating to added years it has awarded, together with the related increases. In 2002/03 these amounted to £0.204m, representing 0.96% of pensionable pay.

	2002/03		2001/02	
	Employers' Contribution	Added Years	Employers' Contribution	Added Years
Amount Paid	£1.886m	£0.204m	£1.587m	£0.212m
As a percentage of teachers' pensionable pay	8.35%	0.96%	7.4%	0.99%

The total capitalised cost of pensions for redundant employees who are members of the Teachers Pensions scheme, funded by the Authority, for 2002/03 was £Nil.

Further information can be obtained from:

Teachers' Pensions
Capita Business Services Ltd
Mowden Hall
Darlington
DL3 9EE

Tel: 01325 745745

Other Employees Pension Scheme

The Authority pays employer's contributions into the Royal County of Berkshire Pension Fund. The contribution rate is determined by the Fund's Actuary based on triennial valuations, the last relevant review being at 31 March 2001. Under Pension Fund Regulations contribution rates are set to meet 100% of the overall liabilities of the Fund. In 2002/03 the Authority paid an employer's contribution of £2.450m into the Pension Fund, representing 7.9% of pensionable pay. There were no added years awarded to other employees by the Authority.

	2002/03		2001/02	
	Employers' Contribution	Added Years	Employers' Contribution	Added Years
Amount Paid	£2.450m	£0.0m	£1.875m	£0.0m
As a percentage of pensionable pay	7.9%	0%	6.4%	0%

The Authority did not grant any compensatory added years to any employee who retired early. The ongoing liability from previous years' decisions recharged to the Consolidated Revenue Account for 2002/03 was £102,272 (when multiplied by a factor of 18, this represents a total liability of £1,840,896).

NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

The total capitalised cost of pensions for redundant employees who are members of the Local Government Pension Scheme, funded by the Authority, for 2002/03 was £107,900.

The actuarial valuation states that the assets held at the valuation date, the market value being £983.0 million, were sufficient to cover 106% of accrued liabilities assessed at that date. On the advice of the Actuaries, employer contributions will rise to 8.9% for 2003/04. Further details of pension liabilities are provided in Note 24 to the Consolidated Balance Sheet

Further information can be obtained from the administrators of the Royal County of Berkshire Pension Fund :

The Royal Borough of Windsor and Maidenhead
Town Hall
St Ives Road
Maidenhead
Berkshire
SL6 1RF

Tel : 01628 798888

15 Transition Costs

The costs associated with the transition to becoming a Unitary Council were allowed by a Secretary of State decision to be capitalised and funded from capital resources. These costs were accumulated over a number of years up to 2000/01. These costs form part of the Deferred Charges on the Balance sheet on page 38, which are now required to be written off to revenue over seven years, beginning 2001/02. The amount charged to the Consolidated Revenue Account in 2002/03 of £1.042m represents 1/7th of the total accumulated costs. A compensating credit is made through the appropriations section to ensure that there is no impact on the level of Council Tax.

HOUSING REVENUE ACCOUNT

	Note	2002/03 £000's	2001/02 £000's
Income			
Gross Rental - Dwellings	2	(19,203)	(18,415)
Gross Rental - Other		(1,223)	(1,173)
Charges for Services and Facilities		(852)	(747)
Contributions towards expenditure		0	0
Appropriations from Other Services		(185)	(193)
		<u>(21,463)</u>	<u>(20,528)</u>
Expenditure			
Repairs and Maintenance		4,418	4,492
Supervision and Management		5,488	4,901
Rents, Rates and Other Charges		283	285
Rent Rebates	3	8,183	7,694
Negative Subsidy	8	4,001	4,761
Bad or Doubtful Debts	7	123	221
Cost of Capital Charge	10	21,249	21,916
Depreciation and Impairments of Fixed Assets	10	3,821	3,741
		<u>47,566</u>	<u>48,011</u>
Net Cost of Services		26,103	27,483
Net HRA income on the AMRA		(21,249)	(21,916)
HRA Investment Income		(1,417)	(1,571)
Net Operating Expenditure		3,437	3,996
Appropriations			
Transfer from Major Repairs Reserve (MRR)	11	(3,731)	(3,741)
Revenue Contribution to Capital Expenditure		0	0
(Surplus)/Deficit for the year		(294)	255
HRA Opening balance		<u>(123)</u>	<u>(378)</u>
HRA Closing Balance		<u>(417)</u>	<u>(123)</u>

1 Resource Accounting in the Housing Revenue Account

The first stage of the Government's new Resource Accounting framework was implemented in 2001/02. The overall aim of Resource Accounting is to transform the HRA into a "Landlord's Account" by removing all the elements relating to Rent Rebates and by introducing a notional charge for the use of housing assets controlled by the authority. The removal of Rebates has not yet been implemented, however the following changes were introduced from April 2001;

- A new cost of capital charge
- A depreciation charge on the Council's housing assets
- A new Major Repairs Allowance (MRA) to channel additional capital resources in the HRA

Many of the changes introduced are primarily book-keeping changes, and all things being equal, should not affect the resources available to the Council. However, due to the special position of Bracknell Forest in terms of its debt-free status, the implementation of Resources Accounting will significantly impact on the Authority and some 30 other negative-subsidy authorities. As a direct result of the introduction of the MRA the Council faces a significant loss of resources within the General Fund due to the reduction in negative subsidy transfer.

In order to limit this impact on the General Fund a transitional relief scheme was introduced by the Government that will dampen the loss over a 10-year period by enabling the authority to use the MRA resources to reduce the withdrawal of negative-subsidy over this period. Bracknell Forest has decided as part of its medium-term budget strategy to make maximum use of the transitional-relief scheme, whilst ensuring that an adequate level of investment was made within the HRA through the use of Capital Receipts.

2 Dwelling Rents

This is the total rent income due for the financial year after allowing for void properties. In 2002/03 the percentage of voids was 1.13% (equivalent to rental income of £223,397) as against 1.49% and £277,461 respectively for the previous year.

The average amount of time a property remained empty was 5.8 weeks, compared to 4.1 weeks in 2001/02.

Average rents (including shared ownership properties) were £61.31 per week at the end of 2002/03, an increase of £3.10 per week over the previous year.

3 Rent Rebates

Assistance with rents is available under the Housing Benefits Scheme for those on low incomes. Approximately 47.25% (45.72% in 2001/02) of Council tenants received some help with the cost of rents and service charges during the year.

NOTES TO THE HOUSING REVENUE ACCOUNT

4 Reimbursement of Housing Benefit

The cost of Rent Rebates granted to tenants is included in the calculation of Housing Revenue Account subsidy and charged to the Housing Revenue Account in the year. The General Fund meets the cost of administering these benefits.

5 Housing Stock

The stock was made up as follows:

	2002/03	2001/02
Houses	2,899	2,982
Flats	2,277	2,308
Bungalows	850	850
Closing Stock	<u>6,026</u>	<u>6,140</u>

The change in the stock can be summarised as follows:

	2002/03	2001/02
Opening Stock	6,140	6,257
Less Sales	(113)	(112)
Additions	0	1
Conversions	0	(10)
Transfer to Commercial Leases	(3)	(1)
Transfer from Commercial Leases	2	5
Closing Stock	<u>6,026</u>	<u>6,140</u>

The figures above show the stock in the Housing Revenue Account for whole dwellings. The Authority also has 71 shared equity properties which equates to 32.8 dwellings.

Balance Sheet Valuation of Housing Stock

	As at 31 March 2003 £000's	As at 31 March 2002 £000's
Land	470	470
Houses	353,613	364,643
Other Property	123	123
TOTAL Valuation	<u>354,206</u>	<u>365,236</u>
<i>Split into:</i>		
Operational Assets	352,525	363,285
Non Operational Assets	1,681	1,951
TOTAL Valuation	<u>354,206</u>	<u>365,236</u>

NOTES TO THE HOUSING REVENUE ACCOUNT

Vacant Possession Value of dwellings

The Vacant Possession value of HRA Dwellings as at 1st April 2002 amounted to £559.394m. This is significantly higher than the valuation shown above and reflects the value of the housing stock at Open Market Value. The difference between the Balance Sheet valuation and the Vacant Possession value reflects the economic cost to the Government of providing council housing at less than open market rents.

6 Rent Arrears (Dwellings)

At the end of the year 2002/03 rent arrears as a proportion of net rent income was 5.02% compared to 4.84% at the end of 2001/02. The proportion of rent arrears against gross rent income increased from 3.09% to 3.10%.

	2002/03 £000's	2001/02 £000's
Arrears at Year End	649	629
Amounts written off	65	25

7 Provision for Doubtful Debts

The provision was increased by £122,935 to £1,043,389 reflecting the higher level of rent arrears, housing benefit overpayments and general debtors.

8 Negative HRA Subsidy

Central Government support, by way of Housing Subsidy is calculated using a model Housing Revenue Account. This model is based on pre-set figures determined by the Government and the number of dwellings owned by the Authority. Negative Subsidy arises when the credits to the model Housing Revenue Account exceed the debits flowing from the expenditure side of the Account. When this occurs an equivalent sum has to be transferred from the actual Housing Revenue Account to the General Fund.

In 2001/02 the Government introduced the Major Repairs Allowance (MRA). The effect of this for Negative Subsidy Authorities was to reduce the transfer £ for £ to the General Fund. In order to allow authorities in Negative Subsidy to adapt to such a significant reduction in transfer a transitional relief scheme was introduced. This allows authorities to make use of the MRA to dampen the effect of the reduced transfer. For 2002/03 Bracknell Forest has made a substantial use of the available transitional relief and has used £3.67m of the MRA to offset the potential reduction in Negative Subsidy.

The Negative Subsidy in 2002/03 amounted to £4,001,001 (2001/02 £4,761,141).

NOTES TO THE HOUSING REVENUE ACCOUNT

9 Housing Capital Statement

Capital expenditure incurred in 2002/03 was as follows:

	£000's
Renovation of Council Housing Stock	
General Programme of Improvements and Repairs	1,698
Total Housing Revenue Account Programme:	<u>1,698</u>
Financing	
Capital Receipts	1,698
Housing Revenue Account	0
Total Financing	<u>1,698</u>

Total capital receipts from disposals of land, houses and other property within the Authority's HRA during 2002/03 was £9.644m.

10 Depreciation and Capital Charge

The total charge for depreciation made for 2002/03 for properties within the HRA is:

	£000's
Operational Assets	
-Council Houses (MRA used as a proxy for depreciation)	3,760
-Shared Ownership Properties	61
Non-Operational Assets	<u>0</u>
TOTAL	<u>3,821</u>

Authorities are required to charge depreciation on all HRA properties calculated in accordance with proper practices. It has been accepted that the Major Repairs Allowance constitutes a reasonable estimate of depreciation for HRA properties. An additional charge of £61,000 has been made in respect of shared-ownership properties not covered by the MRA.

The Capital Asset charge of £21.2m has been calculated based on 6% of the value of HRA assets (£354.2m see note 5). As a debt free authority there are no other charges made in this respect.

NOTES TO THE HOUSING REVENUE ACCOUNT

11 Major Repairs Reserve

The Major repairs Reserve is required by statutory provision to be established in relation to the Housing Revenue Account in England. The movements in the reserve during the year were as shown below.

	2002/03 £000's
Balance at 1 April 2002	0
Add: transfer of depreciation provision from Capital Financing Reserve	3,821
Less: Transfer to HRA re Major Repairs Allowance (MRA)	(3,670)
Less: Transfer to HRA re Depreciation not covered by MRA	(61)
Balance at 31 March 2003	<u>90</u>

CONSOLIDATED BALANCE SHEET

	Notes	2002/03 £000's	2001/02 £000's
Fixed Assets			
Operational Assets	1,3		
Council Dwellings	1,3	352,525	363,285
Other Land and Buildings	1,3	286,557	287,862
Vehicles, Plant and Equipment	1,3	4,967	4,518
Infrastructure Assets	1,3	37,490	37,400
Community Assets	1,3	917	429
Non-operational Assets	1,3		
Investment Properties	1,3	19,593	18,187
		702,049	711,681
Deferred Charges	6	5,211	6,254
Long-term Investments		35,868	54,025
Long-term Debtors	7	1,725	2,002
Total Long-term Assets		744,853	773,962
Current Assets			
Stocks and Work in Progress	8	443	452
Debtors	9	12,312	9,461
Investments		16,299	20,587
Cash and Bank	10	436	521
		29,490	31,021
Current Liabilities			
Creditors	11	(22,862)	(23,694)
Bank Overdraft		(232)	0
		(23,094)	(23,694)
Total Assets less Current Liabilities		751,249	781,289
Deferred Capital Receipts	12	(1,634)	(1,951)
Deferred Liabilities	13	(9,017)	(25,018)
Deferred Grants and other Contributions	14	(10,567)	(8,081)
Provisions	15	(185)	(263)
		(21,403)	(35,313)
Total Assets less Liabilities		729,846	745,976
Fixed Asset Restatement Reserve	17	631,155	647,170
Capital Financing Reserve	18	65,560	55,375
Usable Capital Receipts Reserve	19	17,173	25,732
Earmarked & Other Reserves	20	15,958	17,699
Total Equity		729,846	745,976

C.J. Herbert CPFA

Borough Finance Officer

24 September 2003

NOTES TO THE CONSOLIDATED BALANCE SHEET

1 Movement of Fixed Assets

	Council Dwellings £'000's	Other Land and Buildings £'000's	Vehicles, Plant and Equipment £'000's	Infra- structure Assets £'000's	Community Assets £'000's	Non- Operational Properties £'000's	TOTAL £'000's
Value 31 March 2002	370,767	301,420	9,992	40,181	429	18,187	740,976
Revaluations	0	(2,981)	0	0	0	0	(2,981)
Additions	0	1,243	2,425	983	488	1,922	7,061
Disposals	(6,949)	(260)	0	0	0	(516)	(7,725)
Gross Book Value 31 March 2003	363,818	299,422	12,417	41,164	917	19,593	737,331
Depreciation b/fwd1/4/2002	7,482	13,558	5,474	2,781	0	0	29,295
Depreciation for Year	3,821	4,036	1,976	893	0	0	10,726
Depreciation w/o	(10)	(4,729)	0	0	0	0	(4,739)
Balance 31 March 2003	11,293	12,865	7,450	3,674	0	0	35,282
Net Book Value at 31 March 2002	363,285	287,862	4,518	37,400	429	18,187	711,681
Net Book Value at 31 March 2003	352,525	286,557	4,967	37,490	917	19,593	702,049

2 Capital Expenditure and Financing

	2002/03 £000's	2001/02 £000's
<i>Capital Investment</i>		
Fixed Assets	17,108	12,357
Deferred Charges	5,671	4,648
Balance as at 31 March	22,779	17,005
<i>Sources of finance</i>		
Capital receipts	19,025	13,826
Government Grants and other contributions	3,754	3,179
Revenue Contributions	0	0
	22,779	17,005

NOTES TO THE CONSOLIDATED BALANCE SHEET

3 Information on Assets Held

Fixed assets owned by the Council include the following:

	Number 31 March 2003	Number 31 March 2002
Dwellings		
Housing Revenue Account	6,026	6140
Shared Equity Property	33	34
General Fund	1	1
Operational Buildings		
Town Hall	1	1
Other Offices	2	2
Sports Centres	4	4
Watersports Centre	1	1
Golf Course	1	1
Look Out Discovery Centre	1	1
Depots	1	1
Nursery	1	1
Surface Car Parks	9	9
Multi-storey Car Parks	2	2
Public Conveniences	6	6
Theatre	1	1
Bracknell Market	1	1
Cemetery and Crematorium	1	1
Schools	39	40
Pupil Referral Units	2	2
Libraries	9	10
Youth & Community	7	7
Social Services Establishments	12	12
Conference Centre	1	1
Community Assets		
Parks and Open Spaces	30	30
Community Centres	14	14
Investment Properties		
Commercial Property	231	231
Land Sites Awaiting Development	1	2

4 Capital Commitments

As at 31 March 2003, the Council was contractually committed to capital works which amounted to approximately £1.3m. This includes £472,300 on improving access and administration facilities at Edgbarrow Secondary School, £227,700 on the refurbishment of the Bar & Brasserie at Bracknell Sports & Leisure Centre, and £277,000 on the replacement window programme.

NOTES TO THE CONSOLIDATED BALANCE SHEET

5 Fixed Asset Valuations

The following statement shows the progress of the Council's rolling programme for the revaluation of fixed assets. The valuations were carried out by Steve Booth BSc, ASVA, DipAF – the Council's Principal Valuation Surveyor. The basis for valuation is set out in the statement of accounting policies.

	Council Dwellings £'000's	Other Land and Buildings £'000's	Vehicles, Plant and Equipment £'000's	Infra-structure Assets £'000's	Community Assets £'000's	Investment Properties £'000's	TOTAL £'000's
Valued at historic cost			12,417	41,164	917		54,498
Valued at current value in:							
Current year (01/4/02)		27,019					27,019
Last year (01/04/01)		22,801				115	22,916
Two years ago (01/04/00)	386,239	18,437				8,186	412,862
Three years ago (01/04/99)		204,498					204,498
Four years ago (01/04/98)		21,934				8,635	30,569
Five years ago (01/04/97)							
TOTAL	386,239	294,689	12,417	41,164	917	16936	752,362

6 Deferred Charges

	2002/03 £000's	2001/02 £000's
Balance 1 April 2002	6,254	7,296
Expenditure- Improvement Grants	94	233
Expenditure-Local Government Reorganisation	0	0
Expenditure- Other	5,577	4,416
Amounts Written Down	(6,714)	(5,691)
Balance 31 March 2003	<u>5,211</u>	<u>6,254</u>

NOTES TO THE CONSOLIDATED BALANCE SHEET

7 Long Term Debtors

Loans have been advanced to mortgagors, housing associations and sporting organisations. The Authority has invested in a debenture (£10,000) for the provision of accommodation for the Association of District Councils.

	2002/03 £000's	2001/02 £000's
Physical Training and Recreation Act Loans	36	40
Housing Association Loans	498	502
Housing Act Advances Loans	34	52
Association of District Councils Loan	10	10
Sale of Council Houses Loans	562	855
Home Care Legal Charges	0	6
Loan to Warfield Parish Council	268	280
Car Loans to Employees	317	257
Balance at 31 March	<u>1,725</u>	<u>2,002</u>

8 Stocks and Work In Progress

	2002/03 £000's	2001/02 £000's
Work in Progress		
Rechargeable Works	20	23
Property Services	58	46
	<u>78</u>	<u>69</u>
Stocks		
Central Stores	206	205
Other	159	178
	<u>364</u>	<u>383</u>
Balance 31 March	<u>443</u>	<u>452</u>

9 Debtors

	2002/03 £000's	2001/02 £000's
Amounts Falling Due in One Year :		
Government Departments	1,657	1,476
Othe Local Authorities	34	0
Council House Tenants	1,211	1,148
Sundry Debtors	8,632	6,111
Mortgages	225	212
Payments in Advance	1,369	1,276
Car Loans to Employees	200	229
Collection Fund	1,698	1,172
	<u>15,026</u>	<u>11,624</u>
Provision for Doubtful Debts	<u>(2,714)</u>	<u>(2,163)</u>
Balance 31 March	<u>12,312</u>	<u>9,461</u>

NOTES TO THE CONSOLIDATED BALANCE SHEET

10 Cash and Bank

	2002/03 £000's	2001/02 £000's
Cash at Bank	0	99
Cash in Hand	436	422
Balance 31 March	<u>436</u>	<u>521</u>

11 Creditors

	2002/03 £000's	2001/02 £000's
Government Departments	70	107
Council House Tenants	422	166
Returnable Deposits	944	708
Sundry Creditors	16,440	18,516
Income in Advance	3,230	2,612
Collection Fund	1,756	1,585
Balance 31 March	<u>22,862</u>	<u>23,694</u>

12 Deferred Capital Receipts

Deferred capital receipts represent income of a capital nature due to be paid to the Council over a number of years and are analysed as follows:

	2002/03 £000's	2001/02 £000's
Mortgages on Council Houses Sold	778	1,068
Housing Act Advances	43	52
Housing Association Loans	498	502
Loan to Warfield Parish Council	269	280
LGA Debenture	10	10
Recreation Loans	36	39
	<u>1,634</u>	<u>1,951</u>

NOTES TO THE CONSOLIDATED BALANCE SHEET

13 Deferred Liabilities

On the abolition of the Berkshire County Council on 31st March 1998, all of its long term borrowing liabilities transferred to Reading Borough Council. Under the terms of regulations made and by agreement with the other Authorities in Berkshire, Bracknell Forest Borough Council and the other authorities, together with the Probation Service, are required to repay part of the liabilities over a period of 50 years. During 2002/03 the Council repaid £15m of the debt outstanding. This balance therefore represents the future principal repayments to Reading Borough Council (£9m).

14 Deferred Grants and Other Contributions

Section 106 receipts arise from planning agreements and may be applied specifically or at the discretion of the Authority, according to the provisions of each agreement.

	Opening Balance £000's	Receipts £000's	Payments £000's	Closing Balance £000's
Government Grants	613	3,761	(2,474)	1,900
Section 106 receipts unapplied	5,254	1,550	(833)	5,971
Section 106 receipts applied	2,214	665	(183)	2,696
	<u>8,081</u>	<u>5,976</u>	<u>(3,490)</u>	<u>10,567</u>

15 Provisions

Money is set aside for the ongoing maintenance of land transferred to the Authority under section 106 agreements. These monies are released annually to cover the Authority's costs in maintaining the land.

	Opening Balance £000's	Receipts £000's	Payments £000's	Closing Balance £000's
Maintenance S106 land	<u>263</u>	<u>65</u>	<u>(143)</u>	<u>185</u>

16 Discount on Sale of Council Houses

There is no provision made in the accounts for the discounts on council house sales, which are recoverable on resale within the pre-emption period.

NOTES TO THE CONSOLIDATED BALANCE SHEET

17 Fixed Asset Restatement Reserve

	2002/03 General Fund £000's	2002/03 HRA £000's	2002/03 Total £000's	2001/02 Total £000's
Opening Balance	291,296	355,874	647,170	649,554
Adjustments	0	0	0	55
Revaluation of assets	(2,981)	0	(2,981)	13,730
Disposal of assets	(471)	(7,244)	(7,715)	(8,232)
Capital expenditure written down	(8,354)	(1,694)	(10,048)	(9,005)
Depreciation not charged in previous years	4,729	0	4,729	1,068
	<u>284,219</u>	<u>346,936</u>	<u>631,155</u>	<u>647,170</u>

18 Capital Financing Reserve

	2002/03 £000's	2001/02 £000's
Opening Balance	55,375	60,820
Capital Receipts Set Aside in Year	5,219	3,496
Capital Financing from:		
Capital Receipts	19,025	3,253
Government Grants/s106	2,513	2,586
HRA	0	0
Credit cover set aside	249	143
Lease payments made on credit arrangement	(44)	(15)
Principal repaid on Ex BCC debt	1,001	1,042
Less Write Down of Deferred Charges	(6,657)	(5,599)
Less Depreciation in excess of MRP	(6,595)	(6,529)
Less: MRA to MRR	(3,821)	(3,741)
Less: Premium on debt redemption	(705)	(81)
Less Deferred Capital Receipt created for loan to Warfield Parish Council	0	0
Closing Balance	<u>65,560</u>	<u>55,375</u>

19 Usable Capital Receipts Reserve

	2002/03 £000's	2001/02 £000's
Opening Balance	25,732	20,688
Capital Receipts	10,715	8,440
Capital Receipts Used for Financing	(19,025)	(3,253)
Capital Receipts used for Credit Cover	(249)	(143)
Closing Balance	<u>17,173</u>	<u>25,732</u>

NOTES TO THE CONSOLIDATED BALANCE SHEET

20 Earmarked & Other Reserves

	2002/03	2001/02
	£000's	£000's
Earmarked Reserves		
General Fund	3,982	3,961
School Balances	990	1,312
Other Balances		
General Fund	10,628	12,555
Housing Revenue Account	417	123
Collection Fund	(59)	(252)
	<u>15,958</u>	<u>17,699</u>

21 Provision for Credit Liabilities (Memorandum Account)

In accordance with statutory requirements the Council is required to set aside sums as provision to repay external loans and finance leases and other limited purposes. The Council do not keep an account within the accounting records for PCL as there is no need to do so as this is included within the CFR but maintain a memorandum account which is set out below.

	2002/03	2001/02
	£000's	£000's
Opening Balance	13,193	20,180
Reserved Capital Receipts	5,219	3,496
Financing of Capital Expenditure	(0)	(10,529)
Financing of debt repayment	(15,000)	0
Financing of premium on debt repayment	(705)	(82)
Credit cover set aside for Crowthorne Enterprise Centre	249	143
Lease payment for Crowthorne Enterprise Centre 01/02	(44)	(15)
Closing Balance	<u>2,912</u>	<u>13,193</u>

22 Regulated Companies

The Local Authorities (Companies) Order 1995 has effect from 1 April 1995. The order contains provisions relating to "regulated companies" including the appointment of and provision of information to auditors and extends to such companies certain capital finance controls which local authorities are subject to. Since 1999/2000 South Hill Park has not been treated as a "regulated company" and the accounts will not be consolidated into those of Bracknell Forest Borough Council. The Authority will keep a watching brief on the status of South Hill Park to ensure continued compliance with the Order.

NOTES TO THE CONSOLIDATED BALANCE SHEET

23 Contingencies

There is currently approximately £2.9m of potential liabilities that relate to the operations of the former Berkshire County Council. This is principally made up as follows:

- £1.5m for estimated insurance claims outstanding,
- £0.5m for the Berkshire archives building
- £0.9m for other legal claims.

There are currently sufficient resources held by Reading Borough Council from the Berkshire County Council balances to meet these potential liabilities. As such, there is currently estimated to be no financial impact on Bracknell Forest. However, if in the future there were insufficient funds to meet future liabilities then Bracknell Forest would be liable for a share of any costs incurred.

24 Pensions

As part of the terms and conditions of employment of its officers and other employees, the Authority offers retirement benefits. Although these will not actually be payable until employees retire, the Authority has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The Authority participates in two pension schemes:

- the Local Government Pension Scheme for civilian employees, administered by Royal Borough of Windsor and Maidenhead – this is a funded defined benefit scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level estimated to balance the pensions liabilities with investment assets
- the Teachers' Pension scheme – this is an unfunded defined contribution scheme. In accordance with FRS17 the assets and liabilities of this fund are not reflected in these financial statements.

In 2002/03, pensions costs have been charged to the Consolidated Revenue Account on the basis of contributions payable for the year to the Royal County of Berkshire Pension Fund (based on a formal actuarial valuation for 31 March 2001) and the pensions payable in the year to retired officers. However, at 31 March 2003, the Authority had the following overall assets and liabilities for pensions that have not been included in the balance sheet:

	Local Government Pension Scheme	
	2002/03	2001/02
	£000's	£000's
Estimated liabilities in scheme	(105,030)	(96,030)
Estimated assets in scheme	80,970	98,150
Net asset / (liability)	(24,060)	2,120

NOTES TO THE CONSOLIDATED BALANCE SHEET

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. Hymans Robertson, an independent firm of actuaries, has assessed the Royal County of Berkshire Pension Fund liabilities. The main assumptions used in their calculations are:

Local Government Pension Scheme		
	2002/03	2001/02
	%	%
Rate of Inflation	2.5	2.8
Rate of increase in salaries	4.5	4.8
Rate of increase in pension	2.5	2.8
Rate of discounting scheme liabilities	6.1	6.4

Assets in the Royal County of Berkshire Pension Fund are valued at fair value, principally market value for investments, and consist of the following categories, by proportion of the total assets held by the Fund:

Local Government Pension Scheme			
	Long Term Return	31 March 2003	31 March 2002
	%	%	%
Equity investments	8	64	74
Bonds	4.8	19	12
Property	6	11	9
Cash	4	6	5
		100	100

The movement in the net pension liability for the year to 31 March 2003 is as follows:

	2002/03
	£000's
Surplus / (Deficit) at 1 April	2,120
Movement in the year:	
Current Service Cost	(4,240)
Employers' contributions payable to scheme	2,430
Retirement benefits payable to pensioners	0
Past service costs	(120)
Interest costs	0
Expected return on assets in the scheme	660
Actuarial gains / (losses)	(24,920)
Surplus / (Deficit) at 31 March	(24,070)

NOTES TO THE CONSOLIDATED BALANCE SHEET

The actuarial gains can be analysed into the following categories, measured as absolute amounts and as a percentage of assets or liabilities at 31 March 2003:

	Local Government Pension Scheme	
	£000's	%
Differences between expected and actual return on assets	(24,760)	30.6
Differences between actuarial assumptions about liabilities and actual experience	(160)	0.2
Changes in the demographic and financial assumptions used to estimate liabilities	0	0
	<u>(24,920)</u>	

STATEMENT OF TOTAL MOVEMENT IN RESERVES

The Statement of Total Movements in Reserves brings together all the recognised gains and losses of the Authority during the financial year. The statement shows the gains/losses unrealised in the Consolidated Revenue Account and separates the movements between revenue and capital reserves. An analysis of movements, distinguished between gains and losses on the HRA and other General Fund services is given in Note 20 to the Consolidated Balance Sheet.

	Opening Balance £000's	Net Movement In year £000's	Unrealised (Gain)/ Loss on Revaluation £000's	Value of Assets Disposed £000's	Proceeds of disposal £000's	Financing of Fixed Assets £000's	Balance at 31 March 2003 £000's
CAPITAL RESERVES							
Fixed Asset	647,170	(5,319)	(2,981)	(7,715)			631,155
Restatement Reserve							
Capital Financing Reserve	55,375	(11,353)				21,538	65,560
Usable Capital Receipts Reserve	25,732				10,715	(19,274)	17,173
Total Capital	728,277	(16,672)	(2,981)	(7,715)	10,715	2,264	713,888
REVENUE RESERVES							
Earmarked Reserves							
Repairs and Renewals	132	7					139
Exceptional Environmental Conditions	500	0					500
Budget Carry Forwards	253	169					422
Insurance Fund	849	618					1,467
Cost of Structural Change	1,000	0					1,000
Development Claims	500	(500)					0
Regeneration of Bracknell	368	(368)					0
Corporate Innovations	250	0					250
Major Repairs Reserve	0	90					90
Education Library Service	109	5					114
Schools' Balances	1,312	(322)					990
Other Reserves							
General Fund	12,555	(1,927)					10,628
Housing Revenue Account	123	294					417
Collection Fund	(252)	193					(59)
Total Revenue	17,699	(1,741)					15,958

The most significant earmarked reserve is the insurance fund which provides cover for the following insurance-related elements:

- The excess payable on claims under the Council's insurance policies (self insurance)
- Potential future claims not covered by existing policies, including blight arising from past developments (previously provided for separately under Development Claims)

CASH FLOW STATEMENT

2001/02				2002/03
£000's	Notes	£000's	£000's	£000's
Revenue Activities				
Cash Outflows:				
(69,712)	Cash paid to and on behalf of employees	(74,467)		
(89,874)	Other Operating cash payments	(87,071)		
(5,135)	Housing Benefit Paid out	(5,886)		
(45,434)	National Non-Domestic rate payments to the pool	(47,616)		
(4,356)	Precepts Paid	(4,884)		
(214,511)	Total Expenditure		(219,924)	(219,924)
Cash Inflows:				
10,721	Rents (after rebates)	10,937		
30,538	Council Tax Receipts	33,302		
44,921	National Non-Domestic rate receipts	47,441		
31,366	National Non-Domestic rate payments from the pool	34,180		
26,561	Revenue Support Grant	22,784		
4,922	DSS grants for benefits	6,035		
11,768	Other Government Grants	17,409	4	
18,937	Cash received for goods and services	19,769		
25,813	Other operating cash receipts	20,519		
205,547	Total Income		212,376	212,376
(8,964)	Net Revenue Activities Cashflow			(7,548)
Returns on Investment and Servicing of Finance				
Cash Outflows:-				
(1,940)	Interest Paid		(1,608)	
Cash Inflows:-				
4,092	Interest Received		3,535	
2,152				1,927
Capital Activities				
Cash Outflows:-				
(12,404)	Purchase of fixed assets	(16,242)		
(4,708)	Deferred Charges	(5,671)		
(1,861)	Other capital cash payments	(16,706)		
(18,973)			(38,619)	
Cash Inflows:-				
8,562	Sale of fixed assets	10,826		
2,266	Capital grants received	3,441	5	
6,314	Other capital cash receipts	7,211		
17,142			21,478	
(1,831)	Net Capital Activities Cashflow			(17,141)
(3,335)	Management of Liquid Resources			
	Liquid Resources		3	18,157
(11,978)	Net Increase/(Decrease) in Cash		2	(4,605)

NOTES TO THE CASH FLOW STATEMENT

1 Reconciliation between the net surplus / deficit on the Consolidated Revenue Account to the Revenue Activities Net Cashflow

	£000's
Net deficit – Consolidated Revenue Account	(1,990)
Reserves from Berkshire County Council	346
Net surplus – HRA	294
Income from work charged to capital	(922)
Movement in Deficit -Collection Fund	(193)
Increase in debtors	(2,882)
Decrease in stock and work in progress	9
Decrease in creditors	(1,002)
Decrease in provisions	(80)
Decrease in Earmarked Reserves	(460)
Other non cash movements	1,259
Servicing of finance items	(1,927)
Revenue Activities Net Cashflow	(7,548)

2 Movement in Cash and Cash Equivalents

	Balance at 31-Mar-2003 £000's	Balance at 01-Apr-2002 £000's	Movement 2002/03 £000's
Cash and Bank	204	521	(317)
Short Term Investments	16,299	20,587	(4,288)
	<u>16,503</u>	<u>21,108</u>	<u>(4,605)</u>

3 Movement in Liquid Resources

	Balance at 31-Mar-2003 £000's	Balance at 01-Apr-2002 £000's	Movement 2002/03 £000's
Long Term Investments	35,868	54,025	(18,157)

NOTES TO THE CASH FLOW STATEMENT

4 Other Government Grants

	£000's
Council Tax Benefits	2,322
Standards Fund	2,702
Post 16 Education	2,892
School Standards Grant	1,219
Provision for 3 yr olds	983
Threshold Grant	783
Preserved Rights	397
Reduction in Class Sizes	371
Benefits Administration	289
Adult Education	263
Childcare	168
Other Miscellaneous Grants	5,020
	<u>17,409</u>

5 Capital Grants

	£000's
New Deals for Schools	755
Devolved Capital to Schools	730
Local Public Service Agreement	718
Regional Smartcard	350
E-Government	200
Seed Challenge	153
UK Online	94
Other Miscellaneous Grants	441
	<u>3,441</u>

THE COLLECTION FUND

	Notes	2002/03 £000's	2001/02 £000's
Income			
Income from Council Tax	2	33,336	30,519
Transfers from General Fund			
Council Tax Benefits		2,475	2,280
Transitional Relief		0	0
Income Collectable from Business Ratepayers	3	47,514	44,740
Contributions			
Transfer of Previous Year's Collection Fund Deficit	4		
Thames Valley Police		29	10
Council Tax		326	115
Residual Community Charge		0	0
		<u>83,680</u>	<u>77,664</u>
Expenditure			
Precepts and Demands from			
Bracknell Forest Borough Council		32,820	30,132
Thames Valley Police	5	3,029	2,647
Business Rate			
Payment to National Pool		47,305	44,583
Costs of Collection		161	157
Bad and Doubtful Debts			
Provisions		15	1
Write –Offs	6	109	97
Contributions			
Adjustment of Previous Years' Community Charges		0	0
Transfer of previous year's Surplus			
Community Charge		0	0
Council Tax		0	0
		<u>83,439</u>	<u>77,617</u>
(Surplus)/Deficit For The Year		<u>(241)</u>	<u>(47)</u>
(Surplus)/Deficit At The Beginning Of Year		252	299
(Surplus)/Deficit For The Year		<u>(241)</u>	<u>(47)</u>
(Surplus)/Deficit At The End Of Year	7	<u>11</u>	<u>252</u>

NOTES TO THE COLLECTION FUND

1 General

These accounts reflect the statutory requirements for billing authorities to maintain a separate Collection Fund, which shows the transactions of the billing authority in relation to non-domestic rates and the Council Tax, and illustrates the way in which these have been distributed to preceptors and the General Fund. The Collection Fund is consolidated with other accounts into the Consolidated Revenue Account (page 23) and the Consolidated Balance Sheet (page 38).

2 Council Tax

The Council's tax base for 2002/03 was 41,210. This is the number of chargeable dwellings in each valuation band (adjusted for dwellings where discounts apply) converted to an equivalent number of band D dwellings. This was calculated as follows:-

Band	Estimated Number of Taxable Properties after effect of discounts	Ratio	Band D Equivalent Dwellings
A (Disabled)	8	$\frac{5}{9}$	4
A	1,310	$\frac{6}{9}$	873
B	3,130	$\frac{7}{9}$	2,434
C	14,465	$\frac{8}{9}$	12,858
D	7,210	$\frac{9}{9}$	7,210
E	6,727	$\frac{11}{9}$	8,222
F	4,082	$\frac{13}{9}$	5,896
G	1,829	$\frac{15}{9}$	3,049
H	172	$\frac{18}{9}$	344
			40,890
	Less allowance for losses on collection		(347)
	Add contributions in lieu from MoD		404
	Add allowance for new properties		263
	Council Tax Base		41,210

This Council Tax Base equates to a Council Tax income of £33.336m.

3 Income from Business Rates

The Council collects non-domestic rates for its area which are based on local rateable values multiplied by a Uniform Rate. The total amount, less certain reliefs and other deductions, is paid to a central pool (the National Non Domestic Rate Pool) managed by Central Government, which in turn pays back to authorities their share of the pool based on a standard amount per head of the local adult population.

Total Non-domestic Rateable Value 31 March 2003	£136,830,365
National Non-domestic Rate Multiplier 2002/03	43.7p

NOTES TO THE COLLECTION FUND

4 Contributions

The amounts of £326,000 and £28,935 relate to the 2001/02 Council Tax deficit identified in the 2002/03 budget. This arose because the number of qualifying single person discounts during the year were significantly above the anticipated level.

5 Precepts and Demands from Thames Valley Police

The Council collects precepts within the Council Tax from the Local Taxpayers for the Thames Valley Police Authority.

6 Bad and Doubtful Debts

A total of £108,810.88 was written off as irrevocable debts relating to Council Tax.

7 Collection Fund Surplus / Deficit

The effect of the variation between the actual tax base and the estimated tax base has reduced the deficit to £11,415.95. This deficit relating to Council Tax will be divided between Bracknell Forest Borough Council and Thames Valley Police Authority.

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

For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because:

- a) events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses) or
- b) the actuarial assumptions have changed.

ASSET

An item having value in monetary terms. Assets are defined as current or fixed.

- A current asset will be consumed or cease to have value within the next financial year, e.g. stock and debtors.
- A fixed asset provides benefits to the Authority and to the services that it provides for a period of greater than one year. Infrastructure assets are fixed assets belonging to the Authority which do not necessarily have a resale value (eg highways), and for which a useful life-span cannot be readily assessed.

BUDGET

A forecast of net revenue and capital expenditure over the accounting period.

CAPITAL CHARGE

A notional charge to service revenue accounts to reflect the cost of fixed assets used in the provision of services. This comprises of a charge for depreciation and a capital financing charge. The capital financing charge is determined by applying a specified notional rate of interest to net asset values.

CAPITAL EXPENDITURE

Expenditure on the acquisition of a fixed asset which will be used in providing services beyond the current accounting period or expenditure which adds to an existing fixed asset.

CAPITAL RECEIPTS

The proceeds from the disposal of land or other assets.

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.

CONSISTENCY

The concept that the accounting treatment of like items within an accounting period and from one period to the next is the same.

CONTINGENCY

A condition which exists at the balance sheet date, where the outcome will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events.

CORPORATE AND DEMOCRATIC CORE

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

CREDIT COVER

Under the Local Government & Housing Act (1989) certain lease transactions are defined as 'credit arrangements' and fall within the capital controls system. As such 'credit cover' must be set aside as part of the capital financing reserve. The amount of credit cover required is based on a formula contained within the Act. The identification of credit cover sets aside capital resources in the same way as if outright purchase had taken place. This credit cover can be met from capital receipts, revenue resources, or borrowing approvals. This Council has one such lease transaction, which falls with the definition of a credit arrangement, relating to the 15 year lease from Legal & General in relation to the Crowthorne Enterprise Centre. The Council has chosen to fund the necessary credit cover from useable capital receipts.

CREDITOR

Amounts owed by the Authority for works done, goods received or services rendered before the end of the accounting period but for which payments have not been made by the end of that accounting period.

CURRENT SERVICE COST (PENSIONS)

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

CURTAILMENT

For a defined benefit pension scheme, an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service. Curtailments include:

- a) termination of employees' services earlier than expected, for example as a result of closing a factory or discontinuing a segment of a business, and
- b) termination of, or amendment to the terms of, a defined benefit scheme so that some or all future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits.

DEBTOR

Amounts owed to the Authority for works done, goods received or services rendered before the end of the accounting period but for which payments have not been received by the end of that accounting period.

DEFERRED ASSETS AND LIABILITIES

Expenditure or income which may properly be deferred but is recognised in the appropriate section of the balance sheet, e.g. mortgage repayments.

DEFERRED CHARGES

Expenditure which may properly be capitalised, but which does not result in, or remain matched with, tangible assets.

DEFINED BENEFIT SCHEME

A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

DEFINED CONTRIBUTION SCHEME

A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

DEPRECIATION

The theoretical loss in value of an asset due to age, wear and tear, deterioration or obsolescence.

DIRECT SERVICE ORGANISATION (DSO)

The term Direct Service Organisation (DSO) is used to cover both Direct Labour Organisations (DLOs) established under the Local Government, Planning and Land Act 1980 and DSOs established under the Local Government Act 1988 under a process of Compulsory Competitive Tendering. Such bodies formally existed until 2 January 2000 on which date the Local Government Act 1999 repealed Compulsory Competitive Tendering and introduced Best Value.

DISCRETIONARY BENEFITS

Retirement benefits which the employer has no legal, contractual or constructive obligation to award and which are awarded under the authority's discretionary powers, such as The Local Government (Discretionary Payments) Regulations 1996, the Local Government (Discretionary Payments and Injury Benefits)(Scotland) Regulations 1998, or The Local Government (Discretionary Payments) Regulations (Northern Ireland) 2001.

EXPECTED RATE OF RETURN ON PENSIONS ASSETS

For a funded defined benefit pension scheme, the average rate of return, including both income and changes in 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, possessing a high degree of abnormality, which derive from events or transactions that fall outside the ordinary activities of the authority and which are not expected to recur. They do not include exceptional items nor do they include prior period items merely because they relate to a prior period.

FINANCE LEASE

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

GOVERNMENT GRANTS

Assistance by Government and inter-government agencies and similar bodies, whether local, national or international, in the form of cash or transfers of assets to an authority in return for past or future compliance with certain conditions relating to the activities of the authority.

INTEREST COST (PENSIONS)

For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

INVESTMENTS (NON-PENSIONS FUND)

A long-term investment is an investment that is intended to be held for use on a continuing basis in the activities of the authority. Investments should be so classified only where an intention to hold the investment for the long term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment.

Investments, other than those in relation to the pensions fund, that do not meet the above criteria should be classified as current assets.

INVESTMENTS (PENSIONS FUND)

The investments of the Pensions Fund will be accounted for in the statements of that Fund. However authorities (other than town parish and community councils and district councils in Northern Ireland) are also required to disclose, as part of the transitional disclosures relating to retirement benefits, the attributable share of pension scheme assets associated with their underlying obligations.

LASHG

Local Authorities may use their own capital resources to subsidise the provision of new social housing in their areas. This expenditure is refunded to the Local Authority by way of Local Authority Social Housing Grant by the Housing Corporation.

MAJOR REPAIRS ALLOWANCE (MRA)

The MRA represents the Government's estimate of the cost of maintaining the current condition of the housing stock and is based on the annual cost of replacing individual building components as they reach the end of their useful life. The MRA forms part of the overall subsidy paid to local authorities. However as a negative-subsidy authority Bracknell Forest does not actually receive cash as part of the subsidy settlement. The MRA allocation can be used as part of the transitional relief scheme introduced by the Government to enable negative-subsidy authorities to dampen the impact of Resource Accounting.

MAJOR REPAIRS RESERVE (MRR)

A new reserve to be created from MRA contributions, for investment in large-scale capital investment schemes to improve Council dwellings and estates in future years.

NET BOOK VALUE

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

NET CURRENT REPLACEMENT COST

The cost of replacing or recreating the particular asset in its existing condition and in its existing use, ie the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

NET REALISABLE VALUE

The open market value of the asset in its existing use (or open market value in the case of non-operational assets), less the expenses to be incurred in realising the asset.

NON-OPERATIONAL ASSETS

Fixed assets held by a local authority but not directly occupied, used or consumed in the delivery of services.

OPERATING LEASES

A lease where the ownership of the fixed asset remains with the lessor.

OPERATIONAL ASSETS

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

OPPORTUNITY COST

The cost of an economic decision expressed in terms of the next best alternative foregone.

PAST SERVICE COST

For a defined benefit scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

PENSIONS / FRS 17

The requirements of the Accounting standard Accounting for Retirement Benefits is based on a simple principle – that an organisation should account for retirement benefits when it is committed to give them, even if the actual giving will be many years into the future. The important accounting distinction for pension schemes is whether they are “defined contribution” or “defined benefit”.

PROJECTED UNIT METHOD

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

- a) the benefits for pensioners and deferred pensioners (i.e. individuals who have ceased to be active members but are entitled to benefits payable at a later date) and their dependants, allowing where appropriate for future increases, and
- b) the accrued benefits for members in service on the valuation date.

The accrued benefits are the benefits for service up to a given point in time, whether vested rights or not. Guidance on the projected unit method is given in the Guidance Note GN26 issued by the Faculty and Institute of Actuaries.

PRUDENCE

The concept that revenue is not anticipated but is recognised only when realised in the form either of cash or of other assets the ultimate cash realisation of which can be assessed with reasonable certainty.

RELATED PARTIES

Two or more parties are related parties when at any time during the financial period:

- one party has direct or indirect control of the other party; or
- the parties are subject to common control from the same sources; or
- one party has influence over the financial and operational policies of the other party to an extent that the other party might be inhibited from pursuing at all times its own separate interest; or
- the parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interests.

Examples of related parties of an authority include:

- central Government;
- local authorities and other bodies precepting or levying demands on the Council Tax;
- its subsidiary and associated companies;
- its joint ventures and joint venture partners;
- its members;
- its chief officers; and
- its pension fund.

Examples of related parties of a pension fund include its:

- administering authority and its related parties;
- scheduled bodies and their related parties; and
- trustees and advisers.

These lists are not intended to be comprehensive.

For individuals identified as related parties, the following are also presumed to be related parties:

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

RELATED PARTY TRANSACTION

A related party transaction is the transfer of assets or liabilities or the performance of services by, to or for a related party irrespective of whether a charge is made. Examples of related party transactions include:

- the purchase, sale, lease, rental or hire of assets between related parties;
- the provision by a pension fund to a related party of assets or loans, irrespective of any direct economic benefit to the pension fund;
- the provision of a guarantee to a third party in relation to a liability or obligation or a related party;
- the provision of services to a related party, including the provision of pension fund administration services;
- transactions with individuals who are related parties of an authority or a pension fund, except those applicable to other members of the community or the pension fund, such as Council Tax, rents and payments of benefits.

This list is not intended to be comprehensive.

The materiality of related party transactions should be judged not only in terms of their significance to the authority, but also in relation to its related party.

RETIREMENT BENEFITS

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment. Retirement benefits do not include termination benefits payable as a result of either (i) an employer's decision to terminate an employee's employment before the normal retirement date or (ii) an employee's decision to accept voluntary redundancy in exchange for those benefits, because these are not given in exchange for services rendered by employees.

SCHEME LIABILITIES

The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

SECTION 106

Monies received from developers under section 106 of the Town & Country Planning Act 1990, as a contribution towards the cost of providing facilities and infrastructure which may be required as a result of their development.

STOCKS

The amount of unused or unconsumed stocks held in expectation of future use. When use will not arise until a later period, it is appropriate to carry forward the amount to be matched to the use of consumption when it arises. Stocks comprise the following categories:

- goods or other assets purchased for resale;
- consumable stores;
- raw materials and components purchased for incorporation into products for sale;
- products and services in intermediate stages of completion;
- long-term contract balances; and
- finished goods.

UNAPPORTIONABLE CENTRAL OVERHEADS

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

USEFUL LIFE

The period over which the local authority will derive benefits from the use of a fixed asset.

VESTED RIGHTS

In relation to a defined benefit pension scheme, these are:

- a) for active members, benefits to which they would unconditionally be entitled on leaving the scheme;
- b) for deferred pensioners, their preserved benefits;
- c) for pensioners, pensions to which they are entitled.

Vested rights include where appropriate the related benefits for spouses or other dependants.