

COTSWOLD DISTRICT COUNCIL

**STATEMENT OF ACCOUNTS
2004/2005**

INCLUDING AUDIT CERTIFICATE

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EXPLANATORY FOREWORD

1. The Accounts

This section summarises the Council's accounts for the year ended 31st March 2005 which consist of:

a) Consolidated Revenue Account

This account summarises revenue expenditure and income for all of the Council's services. Included in the Consolidated Revenue Account is the movement on earmarked reserves. The overall balance on the Consolidated Revenue Account appears in the Balance Sheet along with the year-end balance on earmarked reserves.

b) Collection Fund

This is a statutory fund separate from the main accounts of the Council, which shows the various transactions relating to council tax and business rates.

The account illustrates the amount of Council Tax collected and how the Council Tax has been distributed to preceptors (Gloucestershire County Council, Gloucestershire Police Authority, Town and Parish Councils) and to this Council.

Business rates are collected and paid over to central government (the National Pool). Central government pays an allocation from the National Pool, based on an amount per head of population, as Non Domestic Rate Grant to the Council. This receipt is shown on the Council's Consolidated Revenue Account and does not form part of the Collection Fund.

The balances on the Collection Fund appear in the Consolidated Balance Sheet.

c) Consolidated Balance Sheet

This sets out the financial position of the Council as at 31st March 2005.

d) Statement of Total Movement in Reserves

This statement shows the Total Movement in Reserves (from the Balance Sheet) in more detail.

e) Cash Flow Statement

This statement shows the inflows and outflows of cash arising from transactions in the year with third parties for revenue and capital purposes. This is opposed to the Consolidated Revenue Account, which uses the accruals method of accounting and separates revenue from capital.

f) Statement on Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. The Statement on Internal Control reports the outcome of the annual review of the effectiveness of the Council's system of internal control.

The accounts and accompanying notes set out the revenue and capital expenditure of the Council during the year 1 April 2004 to 31 March 2005 and provide a balance sheet as at 31st March 2005.

2. Service Expenditure

Net service expenditure and how this compares with budgeted figures for 2004/2005 is set out below:

	2004/2005 Budget	2004/2005 Outturn	2004/05 Difference	Notes
	£000	£000	£000	
Cultural, Environmental and Planning Services	9,349	8,751	(598)	1
Highways, Roads and Transport Services	(1,058)	(1,126)	(68)	
Housing Services	2,204	2,397	193	
Corporate and Democratic Core	1,740	1,816	76	
Non Distributed Costs	0	1,164	1,164	2
Central Services to the Public	462	1,394	932	3
Exceptional Item	0	454	454	4
NET COST OF SERVICES	12,697	14,850	2,153	
(Surpluses)/deficits on Trading Undertakings that are not included in the net cost of services	(14)	(13)	1	
Asset Management Revenue Account	(609)	(412)	197	
Interest on Pension Scheme Liabilities less Expected Return on Employer Assets	0	226	226	2
Interest and Investment Income	(1,347)	(1,675)	(328)	5
NET OPERATING EXPENDITURE	10,727	12,976	2,249	
Transfers to/(from) other Ear Marked Reserves / Funds	24	(903)	(927)	6
Capital Expenditure Financed from Revenue	0	99	99	
Contribution from the pension reserve	0	(1,796)	(1,796)	2
Deferred Charges Written Off	(1,511)	(1,453)	58	
Commutation and Depreciation Adjustment	(438)	(400)	38	
AMOUNTS TO BE MET FROM GOVERNMENT GRANTS AND LOCAL TAXATION	8,802	8,522	(279)	
Council Tax Payers - CDC	(4,402)	(4,402)	0	
Revenue Support Grants / Business Rates	(4,399)	(4,399)	0	
NET GENERAL FUND (SURPLUS)/DEFICIT	0	(279)	(279)	

The reasons for major variances are detailed in the table below:

Note:	Reason:
1	This variance is largely due to: The receipt of Planning Delivery Grant which was not included within the estimates; Lower than anticipated net running costs of the Corinium Museum; A later than anticipated start in green waste recycling.
2	This is an adjustment for pension costs, which the Council is obliged to disclose under FRS17. The entry is later reversed out of the accounts and does not impact upon the net General Fund surplus or deficit.
3	The variance on Central Services to the Public is largely a result of: The cost of redundancies that were not forecast when the budget was approved. The budget for planned savings being attributed to Central Services to the public but savings being recognised as savings within specific service areas. Grant received for Council Tax benefits was higher than anticipated.
4	The pension cost associated with redundancies during the year were not included within the Council's budget as the redundancies were not forecast when the budget was set.
5	Investment income was higher than anticipated due to the prudent approach taken to investment valuation as at 31 March 2004. Investments actually realised a higher value than had previously been anticipated.
6	Expenditure and income taken directly from / to earmarked reserves was not included within the Council's budget for the year. The transfer from earmarked reserves funded the associated net expenditure, which is included within the Net Cost of Services.

The most significant influences on the Council's revenue income and expenditure are as follows:

Description	Amount in 2003/04	Amount in 2004/05
Expenditure:		
Employee Costs	£8,209,936	£8,225,381
Housing Benefit Payments	£11,839,119	£12,334,193
Council Tax Benefit Payments	£2,987,380	£3,321,177
Waste Collection/Recycling Contract	£1,906,781	£2,239,701
Income:		
Government Grants:		
Housing Benefits Subsidy	£11,282,296	£12,202,172
Council Tax Benefits Subsidy	£2,809,884	£3,359,358
Revenue Support Grant	£2,314,327	£2,215,057
Non Domestic Rates Allocation	£2,804,945	£2,183,758
Council Tax	£4,142,524	£4,402,448

3. Results for the Year

The net General Fund working balance increased in the year by £278,881 (2003/04 decreased by £62,226). During the year, the Council approved a transfer from earmarked reserves to the General Fund Working Balance of £200,000. Other service savings accounted for £78,881, this was largely due to the garden waste recycling scheme commencing later than originally anticipated.

Earmarked reserves reduced by £1,053,274 (2003/04 reduced by £391,870). The biggest movements have been:

Reserve	New Reserves	Movement	£
Medium Term Financial Plan Support Fund		Reduction	1,109,674
Accumulated Interest Fund		Reduction	216,234
Investing to Save Fund		Reduction	64,490
Benefits Central Register		Reduction	59,890
Local Plan Fund		Reduction	42,725
Cirencester Town Centre Fund		Reduction	36,245
Building Control Improvement Fund		Reduction	32,461
Building Maintenance Fund		Increase	143,437
Planning Delivery Grant Fund		Increase	102,834
Environmental Strategy Training	<i>To be called Recycling Vehicle Fund in 2005/06</i>	Increase	55,000
Planning Appeals and Enforcement		Increase	39,645
Market Towns Fund		Increase	32,173
New Reserves created:	Insurance Fund	Increase	5,000
	2004/05 Audit Plan	Increase	5,664
	Cotswold Water Park Master Plan Fund	Increase	32,000
	Personal Cycling Maps	Increase	932
	Department of Works and Pensions Funding for Housing Benefit System	Increase	13,400
	WISE Homes Project	Increase	11,064
	DEFRA Waste Fund	Increase	18,653
	Ring Fenced Benefit Reserve	Increase	89,640

Further details can be found on pages 53 to 55 of this statement.

4. Capital Expenditure

In 2004/05 the Council spent £7,598,042 on capital projects (£6,674,649) in 2003/04.

73% of capital expenditure was financed from capital resources and the balance from revenue, capital grants and other sources (68% in 2003/04).

5. Pensions Liability

With effect from 1 April 2005, a number of staff will receive added years benefits to their pensions following redundancy and early retirement. Because these were known liabilities as at 31st March 2005, they were provided for in the Consolidated Revenue Account 2004/05.

6. Material Assets Acquired or Liabilities Incurred

During 2004/05 the Council commenced work on construction of the Cotswold Leisure Centre and completed the renovation of the Corinium Museum.

The Cotswold Leisure Centre project is budgeted to cost approximately £7M. The centre is expected to open during 2005/06 with works being completed in 2006/07.

7. Pension Fund

The estimated pension fund deficit has increased from £10.4M to £20.1M. The substantial increase mainly results from the greater knowledge afforded to the actuary in this, the year of the latest triennial review, which was carried out at 31 March 2004. On the advice of the actuary, the Council has made a significant provision within its Medium Term Financial Plan to increase contributions to the pension fund, with the objective of eliminating the deficit over a 20 year recovery period.

8. Material Charges or Credits to the Accounts

A credit of £1,015,005 has been made to Deferred Government Grants in respect of Heritage Lottery Funding for work completed on the Corinium Museum. The grant was used to fund capital work at the Corinium Museum during 2004/05.

9. Significant Changes to Accounting Policies

The accounting policies adopted by the Council are set out on pages 8 to 16. These are reviewed on an annual basis and have been amended as indicated. In particular notes 3 and 4 give details of significant changes to accounting policies or estimation techniques.

10. Major Influences on Cash Flow

The key influences on cash flow in 2004/05, besides those already mentioned elsewhere, have been:

- Construction of new Cotswold Leisure Centre
- Completion of Corinium Museum
- Affordable Social Housing – including Improvement Grants and Resale Covenant Properties
- Land and property disposals

11. Debt Free Status

The Council transferred its housing stock to a housing association on 1st March 1997 in a large scale voluntary transfer. Part of the proceeds raised from the transfer were used to redeem the Council's long term borrowing and consequently the Council is now a debt free authority. Its current plans, endorsed within the Medium Term Financial Plan, are to remain debt free.

12. Capital Financing Availability

Capital receipts amounting to £19,759,451 are available as at 31st March 2005 to fund capital expenditure and commitments (£26,692,416 in 2003/04). The Medium Term Financial Plan for the next five years shows a capital spend programme that is projected to be funded from current and new capital receipts. The plan includes an active programme of disposal of surplus assets.

In prior years, an account known as the Provision for Credit Liabilities (PCL) was maintained to show the amount of funds set aside for the repayment of debt. The PCL formed part of the Capital Financing Account (Capital Financing Reserve in 2003/04). As the Council was debt free, the balance on the PCL represented funds available to be used to finance future capital expenditure. The 2004 SORP removed the requirement to maintain a PCL.

A result of this change to the SORP, a sum equivalent to the Council's negative capital financing requirement as at 31 March 2004 (£18,153,885) was transferred from the Capital Financing Account to Capital Receipts. The PCL and its subsequent removal were technical accounting adjustments and have no impact on the Council's invested capital or its ability to fund its current capital commitments.

13. Reserves

The reserves and provisions are set out in the Balance Sheet on page 41 of the Statement of Accounts and are detailed on pages 53 to 55.

The material reserves are summarised as follows:

Reserve	Balance as at 31 March 2004 £	Balance as at 31 March 2005 £
Medium Term Financial Plan Revenue Support Fund (Commutation Reserve 2003/04)	2,892,786	1,783,112
Accumulated Interest Fund	1,092,381	876,147
The General Fund Working Balance	173,937	452,818
Planning Delivery Grant Fund	127,685	230,519
Building Maintenance Fund	99,553	242,990
Investing to Save Fund	210,380	145,890
Local Plan Fund	174,268	131,543
Interest Received in Advance	140,081	117,180

14. Outlook

At the end of 2004/05, the Council's finances are still under some pressure. A number of redundancies were made at the year-end to help the Council meet the targets contained within the Medium-Term Financial Plan.

Revenue pressures are being addressed by looking for saving from procurement, use of information technology and Business Process Re-engineering. Over time, some services will also cease and income streams will have to rise to balance the budget in the medium term.

The Medium Term Financial Plan includes a programme of surplus asset disposal to facilitate future capital investment and ensure adequate interest generation to allow a phased withdrawal of reliance on interest in the revenue account.

As mentioned in point 7 above, the Council has acknowledged the deficit on the pension fund and has made a significant commitment to increase funding to the pension scheme over the next five years.

15. Further Information

Further information about the accounts is available from the Financial Services Team, Trinity Road Offices, Cirencester, GL7 1PX.

R.P.Austin,BA.,CPFA.,
Chief Financial Officer
Date:

STATEMENT OF ACCOUNTING POLICIES

1. Accounting Standards

These accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2004 issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). They conform to the Accounts and Audit Regulations 2003, Statements of Standard Accounting Practice (SSAP) and Financial Reporting Standards (FRS) as far as they are applicable to local authorities. Any substantial departures from the SSAPs and FRSs are disclosed. The accounts also conform to the Best Value Accounting Code of Practice 2004, which came into effect from 1st April 2000.

2. Accounting Concepts

The following accounting concepts are adopted to ensure that the accounts “present fairly”:

a) Relevance

The Statement of Accounts provides information about the financial performance and position of the authority that is useful for assessing the stewardship of public funds and for making economic decisions.

b) Reliability

The Statement of Accounts is intended to represent faithfully the financial position and transactions of the Council. This is achieved by complying, in all material respects, with proper local authority accounting practices.

Where there is uncertainty these accounts have been prudently prepared, that is, that a degree of caution has been applied in exercising judgement and making any necessary estimates.

This statement has been prepared to reflect the reality or substance of the transactions and other events that have taken place.

c) Comparability

Consistent policies are applied both within the accounts for the year and between years. Discretionary changes in accounting policy will only be made on the grounds that the new policy is preferable to the one replaced because it will give a fairer presentation of the transactions and the financial position of the Council.

The impact of changes to accounting policies will, where material, be highlighted.

d) Understandability

The accounts require a reasonable knowledge of accounting and local government if they are to be properly understood. However, all reasonable efforts have been made to make the accounts as easy to understand as possible.

e) Materiality

Strict compliance with CIPFA's Statement of Recommended Practice is not necessary where the amounts involved are not material to the fair presentation of the financial position of the Council and to the understanding of the Statement of Accounts by a reader. Materiality will depend upon the size and nature of the item in question.

f) Accruals

These financial statements, other than cash flow information, are prepared on an accruals basis. This means that income and expenditure is matched to the services provided during the accounting period.

g) Going Concern

The accounts are prepared on the assumption that the Authority will continue in operational existence for the foreseeable future. This means that income and expenditure accounts and balance sheet assumes no intention to curtail significantly the scale of operation.

h) Primacy of Legislative Requirements

Local authorities derive their powers from statute and the accounting and financial framework is closely controlled by primary and secondary legislation. It is a fundamental principle of local authority accounting that, where specific legislative requirements and accounting principles conflict, legislative requirements will apply.

3. Changes to Accounting Policies (Updated)

The Cotswold Area of Outstanding Natural Beauty (AONB) became the Cotswold Conservation Board on 14 December 2004. As a separate legal entity, the accounts for the Cotswold Conservation Board are now separate from the Council's accounts. At the end of the financial year, there is a net liability to the Council of £28,925 shown in the accounts for 2004-05. Group accounting requirements are not applicable to this relationship as the Council has no control over the activities of the Cotswold Conservation Board.

The Statement of Recommended Practice (2004) requires intangible assets (e.g. purchased software licences) to be included on the balance sheet. These intangible assets will be charged to the Consolidated Revenue Account over 4 years. Intangible assets of £276,321 have been included in the Consolidated Balance Sheet.

Capital charges (depreciation and notional interest) are no longer applied to Investment Properties. This amendment brings the Council's accounting policies in line with the SORP. Capital charges in 2004-05 have reduced by £336,470 accordingly.

The introduction of the Prudential Code to local authority capital financing has changed the method of funding capital expenditure. With effect from 2004/05 all capital expenditure, including capital accruals, are funded in the year. In prior years, only the movement on capital accruals was funded (the previous year's capital accruals less the current year's capital accruals). For 2004/05 capital accruals for the years 2003/04 and 2004/05 have been funded. For 2004/05, the Council has been required to fund capital accruals of £980,499 from capital receipts. This has had no effect on the cost of projects, it is merely a timing issue.

The Accounts and Audit Regulations 2003 brought forward the deadline for preparation and approval of the financial statements to 31 July 2005 for the 2004-05 statements. For the 2005-06 statements this deadline is further reduced to 30 June 2006. In preparation for these earlier deadlines, the authority has made two significant changes in estimation technique:

- a) Stock valuation;
- b) Capital salaries;

Further details are provided in Note 4 below.

In 2003/04 to calculate the authorities FRS17 Pension accounting entries, the Actuary used assumptions about future investment returns that were prescribed by the Government Actuary's Department. This was a fixed discount rate of 3.5% in excess of RPI. In 2004, this was 6.5% per annum in nominal terms. For 2004/05, the Actuary was required to use a discount rate equal to the yield available on long-dated, high quality corporate bonds (as measured by the yield on iBoxx Sterling Corporates Index, AA over 15 years). This is 5.4% per annum in 2005. The result of this change is a 10% to 20% increase in past service liabilities.

In 2003/04 the externally managed funds were treated differently dependant upon the fund manager's historical performance. In 2004/05, the externally managed funds have been valued consistently using the lower of cost or market value. The 2003/04 policy was found not to be appropriate as it was too prudent.

4. Changes to Estimation Techniques (Updated)

The Authority has introduced two changes to estimation technique as a result of the earlier deadlines for accounts closure introduced by the Accounts and Audit Regulations 2003 (see Note 3):

- a) Stock valuation will now be carried out on 28 February each year.
- b) The salaries of staff working on capital projects will be capitalised on the basis of work on capital projects from 1 April 2004 to 31 December 2004. An estimate will be used for time spent on capital projects from 1 January 2005 to 31 March 2005. In future years, salaries will be capitalised on the basis of actual time spent from 1 January to 31 December.

5. Tangible Fixed Assets (Updated)

All expenditure on the acquisition or enhancement of tangible fixed assets is capitalised on an accruals basis. Tangible fixed assets provide a benefit to the authority for a period greater than one year. The Council operates a de minimis level on capital expenditure of £100.

Land and property assets are included in the balance sheet at current cost, equipment is included at historic cost.

Assets under construction are valued at historic cost until the asset is brought into commission when they are valued according to the revaluation policy.

6. Revaluation Policy (Updated)

The Council has a policy to complete a revaluation review on all properties at a minimum of every 5 years or more frequently if there is reason to believe there has been a material change. In broad terms the land holdings were revalued as at 31st March 2003 and the property holdings were revalued as at 31st March 2004. The basis for the valuation is as follows:

Operational Assets	Lower of: Net current replacement cost Or Net realisable value in existing use
Non Operational Assets	Lower of: Net current replacement cost Or Net realisable value
Community Assets	Historic Cost

Revaluations carried out in previous financial years have been made using the above basis. The valuation basis used for assets revalued in 2004/05 is declared in note B1 of the Balance Sheet on page 44. The Council is not aware of any material changes in the value of other fixed assets therefore valuations have not been updated.

John Doody, Chartered Surveyor, carried out the 5 yearly revaluation of housing enabling land and property assets in December 2003. The value of these assets was £7,563,300. King Sturge International Property Consultants carried out the 5 yearly revaluation of operational assets as at 31 March 2004. The value of these assets was £14,400,000. John Doody, Chartered Surveyor, carried out a valuation of Resale covenant properties in November 2003. The value of these assets was £2,259,900.

7. Capital Charges for Tangible Fixed Assets (Updated)

A charge for the use of tangible fixed assets has been made to the net cost of services in the revenue accounts. This charge has been excluded from net operating expenditure of the Council so that the call on the council taxpayer is not increased.

The capital charges comprise of depreciation and notional interest of 3.5% of the balance sheet cost.

Depreciation is provided on equipment at 25%, buildings are depreciated at 2.5% (based on an assessment of useful lives of 40 years). Land is not depreciated.

Investment properties are excluded from capital charges. This accounting policy changed in 2004/05 to bring the financial statements in line with the Statement of Recommended Practice.

8. Intangible Assets (Updated)

Purchased intangible assets (e.g. software licences) are capitalised at cost price. Intangible assets are valued on the balance sheet at historic cost and are not revalued. They are depreciated on a straight line basis over four years.

9. Interest Charges (Updated)

A notional interest charge is made for all tangible fixed assets used in the provision of services. The rate of interest is 3.5% of the net balance sheet asset value.

10. Capital Receipts (Updated)

Capital receipts arise mainly from the proceeds of asset disposals and from the repayment of advances. The introduction of the Prudential Code, from 1 April 2004, removed the requirement to set aside a prescribed proportion of capital receipts as per "The Local Government and Housing Act 1989". All capital receipts received are now available to be used to fund future capital expenditure.

As the Council was previously a debt free authority (and therefore exempt from the requirement of the LGHA 1989 set aside liabilities) this has made no change to the accounting treatment of capital receipts.

Receipts from the sale of capital assets sold for less than £10,000 cannot, under the Local Government Act 2003, be classified as capital receipts but instead are treated as a credit to revenue. This threshold increased with effect from 1 April 2004 to £10,000 from £6,000.

Capital receipts are credited to the Capital Receipts Reserve, which is shown on the Consolidated Balance Sheet.

11. Deferred Charges

Deferred charges represent expenditure that has been properly capitalised but which does not result in tangible assets owned by the Council. Deferred charges are written off in the year that they are incurred. Examples include expenditure in respect of Improvement Grants, Community Project Grants and Land Drainage contributions.

12. Investments (Updated)

Short-term investments are shown in the Consolidated Balance Sheet at cost. Externally managed funds are shown at the lower of cost or market value. In 2003/04 the externally managed funds were treated differently dependant upon the fund manager's historical performance. In 2004/05, the externally managed funds have been valued consistently.

13. Stocks and Stores

Stocks and stores are valued at last known price. This is not strictly in accordance with SSAP 9, which requires stocks and stores to be stated at the lower of cost or net realisable value. Given the quantities of stock involved, it is considered that the difference between the two valuation methods is not material. The stock is continuously monitored to identify obsolete items.

14. Debtors and Creditors

The revenue accounts are prepared on an income and expenditure basis. Provision is therefore made for goods and services supplied to or by the Council, but not paid at 31st March 2005. The exception to this relates to goods and services costing less than £1,000 and telephone charges, fuel expenses and similar periodic payments. In both instances, the difference between the actual amounts charged annually to the revenue accounts and the amounts that would have been charged if full accrual had taken place is not material.

15. Allocation of Central Administrative Expenses (Updated)

Overheads have been dealt with on the basis of the CIPFA statement on Accounting for Overheads. The costs of corporate management and regulating any service to the public have been separately identified. All charges and apportionments have been made to support service costs and all their users, including services to the public, divisions of service, trading undertakings, capital accounts, services provided for other bodies and other support services.

16. Leasing

Certain vehicles, plant and machinery are leased from finance companies under operating leases. These items are not owned by the Council and do not appear in the Balance Sheet. The annual rental is charged to individual revenue accounts over the period of the lease.

Good practice accounting controls on local authority capital expenditure requires a distinction between operating leases and finance leases. In the case of the latter, adequate provision is required within capital financing resources as the risks and rewards of ownership of a fixed asset are substantially transferred to the lessee. An operating lease is one that is not a finance lease.

17. Grants

All revenue grants are accounted for on an accrual basis and income has been credited to the appropriate revenue account.

Grants of a capital nature are also accounted for on an accrual basis. Capital grants that are in respect of fixed assets that appear in the Consolidated Balance Sheet are written down to the Consolidated Revenue Account in accordance with the Council's depreciation policy.

18. Pension Costs (Updated)

The Council participates in the statutory Local Government Pension Scheme (administered by Gloucestershire County Council) in providing retirement benefits for its staff.

With effect from 1 April 2005, a number of staff will receive added years benefits to their pensions following redundancy and early retirement. Because these were known liabilities as at 31st March 2005, they were provided for in the Consolidated Revenue Account 2004/05.

Pensions are accounted for within the Consolidated Revenue Account on a current service cost basis. The cash payment in respect of the employer's pension contribution is replaced with the current service cost. The Consolidated Revenue Account now reflects the annual current service cost. To avoid this increasing the Council Tax requirement the entries are then reversed out so that the overall effect is neutral.

19. Reserves and Provisions (Updated)

In the revision/monitoring of the Medium Term Financial Plan an assessment of the budget requirement is made and this includes taking into account the overall level of Reserves and Provisions. The Chief Financial Officer is required to formally assess the adequacy of Reserves and Balances.

The only provisions the Council holds are provisions for bad debt. Provisions for bad debt are reviewed annually upon closure of the accounts.

20. Financial Reporting Standard Number 17 (Updated)

Financial Reporting Standard Number 17 (FRS 17) has been fully implemented with effect from the 2003/04 accounts. The accounting policy regarding the practical approach in introducing these costs to the accounts is as follows:

The Current Service Costs have to be allocated to all cost centres. This allocation is based upon a spreadsheet approach. The pensionable pay for each individual employee has been calculated and the Current Service Costs have been calculated on a pro rata method for each employee based upon pensionable pay. Once calculated per employee the Current Service Costs have been allocated within the Financial Information System based upon the same allocation as that for the employee's salary. This involves a number of iterations per allocation within the spreadsheet due to the recharging of support account to support account.

The Code of Practice on Local Authority Accounting in the United Kingdom 2003: A Statement of Recommended Practice (the SORP) requires the following statement of accounting policies:

The attributable assets of the Local Government Pension Scheme administered by the Gloucestershire County Council on behalf of the Council (the scheme) are measured at market value as follows:

Type of Asset	Valuation
Quoted securities	Mid-market value
Unquoted securities	An estimate of fair value
Utilized securities	Average of the bid and offer price
Property	Open market value or other basis determined with RICS
Insurance Policies	Matching amount/timings benefit amount of the related obligation
Other Insurance Policies	Method giving best approximation of fair value.

The attributable liabilities of the scheme are measured on an actuarial basis.

- Scheme liabilities are discounted at a rate that reflects the time value of money and the characteristics of the liability
- The surplus/deficit in the scheme is the excess/shortfall of the value of the assets in the scheme over/below the present value of the scheme liabilities
- The current service costs are based on the most recent actuarial valuation at the beginning of the period, with the financial assumptions updated to reflect conditions at that date
- The interest cost is based on the discount rate and the present value of the scheme liabilities at the beginning of the period
- The expected return on assets is based on the long term expectations at the beginning of the period and is expected to be reasonably stable
- Actuarial gains and losses may arise from any new valuation and updating the latest actuarial valuation to reflect conditions at the balance sheet date
- Past service costs are disclosed on a straight line basis over the period in which the increases in benefits vest
- Losses arising on a settlement or curtailment not allowed for in the actuarial assumptions should be measured at the date on which the employer becomes demonstrably committed to the transaction.

21. Cotswold Area of Outstanding Natural Beauty (AONB) (Updated)

The Authority in 2004/05 administered the accounts for the Cotswold AONB. For 2004/05 the Statement of Accounts shows the net overall position of the relationship between the Council and the AONB. The Council has included the balanced owed to the AONB as a creditor of £28,925 in the balance sheet.

The AONB became the Cotswold Conservation Board, a separate legal entity, on 14th December 2004. The accounts of the AONB are now separate from the Council's. The net creditor for the AONB will be paid to the Cotswold Conservation Board in the 2005/06 financial year.

Group accounts are not required, given the relationship the Council now has with the Board.

22. Material Estimates Within the Accounts

Not all final outturn figures are known at the time of the preparation of the Statement of Accounts and the Code of Practice calls for a disclosure on material estimates.

The grants provided by the Department of Works and Pensions (DWP) towards the costs of providing the Housing Benefits Services are not finalized until August / September 2005. An estimate has been made on the level of grant receivable. A review is carried out of payments made in the year and an estimate is made of the amount of grant receivable based upon information available at that early stage.

The DWP make payments on account throughout the year and it is estimated that £302,998 has been overpaid in 2004/05. The Consolidated Revenue Account and Consolidated Balance Sheet reflect this creditor.

23. Partnership / Group Accounts (Updated)

There were no companies or other organisations for which partnership or Group Accounts were required.

24. Depreciation (Updated)

Property is depreciated over 40 years based on the current value less the residual i.e. 2.5% value, except Investment Property, which is not depreciated as per SORP requirements.

Land holdings are not depreciated.

Plant and equipment is depreciated over 4 years based upon historical costs i.e. 25% value.

25. Covenants (Updated)

Certain properties developed by the Authority for social housing needs are sold with resale covenants attached to the properties. In these cases, the Council retains ownership of 30% of the property. The 30% holding in these properties is included within the Council's operational assets. The assets are not depreciated.

26. Operational Assets (Updated)

Operational assets are fixed assets held and occupied, used or consumed by the authority in the direct delivery of those services for which it has either a statutory or discretionary responsibility or for the service or strategic objectives of the authority. Operational assets are further classified into land and buildings, equipment and community assets. Community assets are assets that the authority intends to hold in perpetuity, that have no determinable useful life, and that may have restrictions upon their disposal.

27. Non-Operational Assets (Updated)

Non-operational assets are fixed assets held by the authority but not used or consumed in the delivery of services or the services or strategic objectives of the authority. Non-operational assets can be further classified into investment properties and assets that are surplus to requirements, pending their sale.

28. Valuation of Dual Use Leisure Centres

The Council operates four leisure centres on school sites. The facilities are shared with the respective schools and are known as dual use sites. Each of the leisure centres: Bourton on the Water, Fairford, Chipping Campden and Tetbury, have been valued on the basis of depreciated replacement cost for the whole building which is then apportioned according to economic benefit to the Council and the Local Education Authority respectively.

29. Impairment Review

The value of assets included in the balance sheet is reviewed at the end of each accounting period and where there is reason to believe that its value has changed materially in the period the valuation is adjusted accordingly.

Where an impairment loss on a fixed asset occurs as the result of physical damage or a deterioration in the quality of service provided by the asset recognition of the impairment loss will be shown by a charge to the service revenue account. Other impairments (reflecting a general fall in prices) are recognised by a debit to the fixed asset restatement account.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

THE AUTHORITY'S RESPONSIBILITIES

The Authority is required:

To make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Chief Finance Officer.

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

To approve the Statement of Accounts

The Chief Finance Officer's Responsibility:

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

In preparing this statement of accounts, the Chief Finance Officer has:

Selected suitable accounting policies and then applied them consistently;

Made judgements and estimates that are reasonable and prudent;

Complied with the code.

The Chief Finance Officer has also:

Kept proper accounting records that are up to date;

Taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the Statement of Accounts on pages 1 to 67 is a relevant Statement of Accounts for 2004/2005 for the Audit Certification and Opinion.

Signed

Date:

R. P. AUSTIN

CHIEF FINANCIAL OFFICER

In accordance with regulation 10(3) Accounts and Audit Regulations 2003, the statement of accounts is approved by the Audit Committee 29 September 2005.

Signed:

Date:

Position:

Cotswold District Council Statement on Internal Control 2004/05

1) SCOPE OF RESPONSIBILITY

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

In discharging this overall responsibility, Cotswold District Council is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of the Council's functions and which includes arrangements for the management of risk.

In accordance with the requirements of the Accounts and Audit Regulations 2003, this statement sets out how the Council has sought to meet these requirements during 2004/05, and how it intends to make further improvements in 2005/06.

2) THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control as detailed in this document has been in place at Cotswold District Council for the year ended 31 March 2005 and up to the date of approval of the annual report and accounts.

3) THE INTERNAL CONTROL ENVIRONMENT

Key elements of the Council's internal control environment are described below:

- The Council has adopted a 3 year Corporate Strategy which establishes its role and approach to business, sets out the direction for the future and how its aims will be achieved. The updated version was approved in October 2004 and will be reviewed and updated annually.

- The Council's corporate plan and service delivery plans are linked to the strategy and form the basis of the performance monitoring regime.
- A Constitution sets out how the Council is able to carry out its objectives through transparent decision-making and policy development. During 2004/05 this was achieved through an established Committee structure comprising: a Cabinet, two Overview & Scrutiny Committees, a Standards Committee and two Regulatory Committees (Licensing and Planning). This has been revised and, with effect from the 2005/06 municipal year one Overview & Scrutiny Committee and an Audit Committee will be in place. In addition, an approved scheme of delegated authority exists. Meetings are open to the public except where confidential matters are disclosed, and schedules of meetings, agendas, reports and minutes are available to the public on the Council's web site. A rolling Forward Plan is also available which details key decisions to be made in the coming four-month period and members of the public are able to make representations about any of these matters.
- Democratic Services staff support Members in ensuring the requirements of the Constitution are adhered to. The Solicitor to the Council, in her capacity as the Council's Monitoring Officer, ensures compliance with established policies, procedures, laws and regulations, and Internal Audit further supports this through a risk assessed programme of planned audit work covering financial, non-financial and ICT systems. The Council's External Auditor also comments on the internal control environment through the Annual Audit Letter.
- Risk management procedures continue to be closely aligned to the performance monitoring function.
- Well-established financial monitoring and reporting mechanisms are in place which facilitate assessment of the Council's actual financial position against that expected under the medium term financial plan and against detailed annual budgets. While Revenue monitoring has been established for some time, Capital expenditure is now subject to the same rigorous regime and is reported at the same time. The revised Financial Rules and Procurement Rules are an essential part of the internal control framework and ensure all staff have access to information and advice regarding key controls in financial transactions. Through these processes, and the post of Chief Finance Officer in accordance with Section 151 of the Local Government Act 1972, sound financial management is achieved. This was acknowledged in the CPA report which commented that financial monitoring and management is strong within the Council.

4) REVIEW OF EFFECTIVENESS

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

The effectiveness of the system of internal control is reviewed and assessed internally by Internal Audit and other review processes such as the Council's complaints procedure. Independent views are also sought from a number of external organisations such as the Audit Commission, the Ombudsman and the Benefit Fraud Inspectorate.

The Council has not had any major frauds, project failures or litigation during the year. Of the three complaints made to the Ombudsman, two were not upheld and one is currently being investigated.

- The Constitution in place during 2004/05 was adopted in May 2004 when revised political arrangements came into force, it being acknowledged that the Council would review such arrangements before the end of the first year of operation, in the light of experience; thereby enabling any changes considered necessary to be put in place before the 2005/06 Municipal Year. This review took place in the spring of 2005 and amendments were approved by Council on 26th April 2005.
- During 2004/05 two Overview & Scrutiny Committees, with the authority to "call-in" decisions made by Cabinet, supported the Council's commitment to transparent decision-making. With the approval of the amendments as described above, this support is now provided through an Overview & Scrutiny Committee and an Audit Committee.
- Internal Audit monitor the effectiveness of internal control through a risk assessed four-year strategic audit plan. This is revised annually to reflect changes in the environment and address emerging risks, resulting in an annual audit plan. The 2004/05 annual plan was approved by Overview and Scrutiny Committee 1 which had responsibility for overseeing the audit function during the year. This responsibility has now been assigned to the Audit Committee. Overview and Scrutiny Committee 1 received quarterly monitoring reports detailing progress against the approved plan, significant findings and follow up work to ensure agreed recommendations were satisfactorily implemented. Customer satisfaction ratings were also reported to the Committee to monitor the quality of internal audit's work. With the introduction of an Audit Committee the reporting and monitoring arrangements are being considered and have yet to be determined.

The Financial Services & Audit Manager's opinion given in the annual assurance statement is that, based on the internal work completed, the

financial and operational systems and controls in place are generally of a good quality and are a sound basis for the Council's operations and financial information. Exceptions where limited assurance is given are included in section 5.

The Internal Audit function is subject to annual review by the Audit Commission who concluded in their Annual Audit Letter of December 2004, "internal audit has provided management with an effective assessment of the council's internal controls and overall has met professional standards."

- The performance monitoring regime developed further during 2004/05 with quarterly service highlight reports being presented to Cabinet and both Overview and Scrutiny Committees. This process emphasises "successes and achievements" but also draws attention to "concerns and ways forward". Throughout the year, the timetable for reporting these issues to Members was successfully achieved. Key themes are also reported to staff through a quarterly publication, "Performance Matters". Performance monitoring will continue to be reported to Cabinet and to the Overview & Scrutiny Committee throughout 2005/06.

During 2004/05 the Equalities Officer's post was vacant and, as a result, progress against the Council's duty to promote race equality stalled. This was reported to Cabinet in the Service Delivery End of Year Report (16th July 2005) along with the corrective action which has been taken to address it. The Council's Equalities Policy is being re-drafted and, within each service area, all functions and policies have been assessed for their relevance to the general duty and prioritised. Management have decided not to fill the vacant post as this may inhibit equalities issues becoming embedded. The alternative course of action chosen was to establish a Corporate Equalities Group and an Equalities Champion to oversee and monitor improvements. Officers from the Corporate Planning Service and Support Services (Personnel) will contribute to the development of the Council's duty to promote race equality.

- The Audit Commission's Comprehensive Performance Assessment found the Council to have strong financial monitoring and management which was supported by improving project management and service delivery plans. Overall, the Council was placed in the "Good" corporate assessment category.
- The Audit Commission act as the Council's external auditor and their Annual Audit Letter, presented to Cabinet on 16th November 2004, gave unqualified opinions on the 2003/04 financial statements and Best Value Performance Plan. In addition, they reported that arrangements for producing performance information and the overall quality of the information have improved, and that the Council is prudently managing its capital programme.
- Following a best value inspection of the Waste Management service in 2003, which scored the service as having poor prospects of improvement, this was made a Council priority. Additional annual revenue was committed which has been supported by a capital grant of

£500,000 through the Government Waste Minimisation and Recycling Challenge fund. This has allowed for the successful introduction of a garden waste collection scheme throughout the District. In the first month of the scheme over 244 tons of garden waste was collected which will significantly improve the Council's recycling performance.

- Throughout the year a comprehensive programme of training has been delivered to ensure staff and Members are well prepared to carry out their duties. In particular, compulsory finance training for all appropriate staff was included in the programme and training for Members was more extensive than previous years.
- During the year a number of new posts were established and some existing officers' roles and responsibilities changed to support the Council's change programme. As a result, a significant number of job descriptions were written or revised to ensure staff are clear about their tasks and to confirm that these are in line with the overall objectives of the Council. In particular, the introduction of a Business Improvement team and the consequential impact on the ICT function. Responsibility for e-government projects has been transferred to the Business Improvement team but the Head of Service for ICT is now responsible for managing two systems administrators who have been brought in from a service department. There have been significant challenges within ICT with three changes in senior management during the year. However, officers are confident that the change in both staffing and structure are appropriate to deliver against the Council's change programme.

We have been advised on the implications of the results of the review of the effectiveness of the system of internal control by the Authority, and plan to address weaknesses and ensure continuous improvement of the system is in place.

Signed:

.....Councillor Julie Girling
(Leader of the Council)

..... R.P. Austin
(Chief Executive)

5) SIGNIFICANT INTERNAL CONTROL ISSUES.

The following internal control issues have been identified:

No.	Internal Control Issue	Proposed Action	To be implemented by:	Officer(s) Responsible
1	Risk management procedures were insufficiently developed during the year.	A planned audit of risk management highlighted weaknesses and actions to address them. Management has accepted this and the agreed action plan for this audit will be implemented. Senior officers are currently developing a corporate risk register.	As per the agreed action plan	Corporate Team. (Internal Audit to monitor)
2	Corporate Governance issues, highlighted in a planned internal audit report.	An action plan has been accepted and agreed by management and implementation will be monitored. In particular, issues concerning expert advice to Corporate Team and evidencing decision-making processes will be addressed.	As per the agreed action plan	Corporate Team. (Internal Audit to monitor)
3	Management of the Council's Telecoms system is fragmented resulting in a lack of ownership for the system as a whole.	An action plan has been accepted and agreed by Management.	As per agreed action plan	A.Logan / A.Fotherby. IA to monitor
4	Sources of assurance on systems of internal control within the Council are largely corporate. There is a need to broaden the basis on which assurance can be gained from individual services.	Group Heads of Service will be more instrumental in supporting the data gathering process. An Operational Service Statement of Internal Control will be implemented and data collection procedures will be developed and monitored throughout the year. Training will be given to support this process.	System implemented by end of June 2005. and ongoing	Group Heads Internal Audit
5	Service Standards have not been completed within target dates.	Corporate Team is reviewing draft corporate standards. Statutory service standards are included in 05.06 SDP's	31.03.06	C/T and service managers.
6	Changes required to the Constitution as identified through the recent review.	Committee structure to be amended to include an audit committee, and Portfolio Holders to have limited Delegated Authority.	Beginning of the new municipal yr.	Democratic Services Manager.

Progress against the 2003.04 action plan is shown below

No.	Internal Control Issue	Proposed Action	To be implemented by:	Officer(s) Responsible	Progress
R1a	Performance Management requires further development.	A report to Cabinet on 24 th June 2004 outlined revised Performance Monitoring arrangements including the introduction of Service Highlight Reports.	Ongoing	Director of Performance	See 04.05 action plan above
R1b	Failure to implement the Council's risk management process in accordance with the approved strategy.	Process being further refined as part of Performance Monitoring regime. Remaining shortcomings will be reported to Corporate Team in September 2004 to help inform their decision on how this will be progressed corporately.	September 2004	Director of Performance / Internal Audit	Report considered by C/T 11.10.04
R2	Weaknesses highlighted in Project Management arrangements, identified through planned audit work.	Recommendations made by internal audit and accepted by management will be monitored to ensure full and timely implementation. A corporate approach to project management to be developed, supported with guidance notes and training.	Ongoing	Property Services supported by Internal Audit.	Achieved. Corporate approach developed.
R3	Weakness highlighted in Business Continuity arrangements identified through planned audit work.	Recommendations made by internal audit and accepted by management will be monitored to ensure full and timely implementation. An information report will be presented to Corporate Team in September 2004 to inform their decision on how this is progressed corporately.	Ongoing	Internal Audit	Project board set up. Pilots on Benefits and Planning services in place.
R4	Lack of up to date Financial Regulations	Revised Financial Regulations to be presented to Cabinet for approval, and to Council.	August 2004 & Nov 2004	HoFS&A	Achieved. FR's now to be reviewed annually at the beginning of each municipal year.

R5	Policies and processes in place to ensure the achievement of the Medium Term Financial Plan	Corporate Plan arising from Corporate Strategy 2004/07, as approved by Cabinet. 24/6/04	Target dates as set out in the Corporate Plan 2004/06	Corporate Team.	Achieved – as reported in section 3 of this statement
R6	Development of improved financial reporting to Members	Quarterly reporting to Cabinet on all capital expenditure, capital receipts and reserves.	Implemented w.e.f. 19.08.04 (Item 6)	Head of Financial Services & Audit	Achieved – as reported in section 3 of this statement.

AUDITOR'S REPORT

Independent Auditor's Report to Cotswold District Council

I have audited the statement of accounts on pages 28 to 67 which have been prepared in accordance with the accounting policies applicable to local authorities as set out on pages 8 to 16.

This report is made solely to Cotswold District Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 54 of the Statement of Responsibilities of Auditors and of Audited Bodies, prepared by the Audit Commission.

Respective Responsibilities of the Chief Financial Officer and Auditor/s

As described on page 17 the Chief Financial Officer is responsible for the preparation of the statement of accounts in accordance with the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2004. My responsibilities, as independent auditor, are established by statute, the Code of Audit Practice issued by the Audit Commission and my profession's ethical guidance.

I report to you my opinion as to whether the statement of accounts present fairly the financial position of the Council and its income and expenditure for the year.

I review whether the statement on internal control on pages 18 to 25 reflects compliance with CIPFA's guidance 'The Statement on Internal Control in Local Government: Meeting the Requirements of the Accounts and Audit Regulations 2003' published on 2 April 2004. I report if it does not comply with proper practices specified by CIPFA or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider whether the statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of the Council's corporate governance procedures or its risk and control procedures. My review was not performed for any purpose connected with any specific transaction and should not be relied upon for any such purpose.

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

Basis of audit opinion

I conducted my 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.

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

Opinion

In my opinion the statement of accounts presents fairly the financial position of Cotswold District Council as at 31 March 2005 and its income and expenditure for the year then ended.

Certificate

I certify that I 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.

Signature:

Date:

Name:

Address:

THE ACCOUNTING STATEMENTS

CONSOLIDATED REVENUE ACCOUNT

2003/2004 Net Expenditure £	Note	2004/2005 Gross Expenditure £	2004/2005 Income £	2004/2005 Net Expenditure £	
STATEMENT OF NET EXPENDITURE					
9,064,167	Cultural, Environmental and Planning Services	11,861,257	3,109,838	8,751,419	
(627,389)	Highways, Roads and Transport Services	854,317	1,980,693	(1,126,376)	
2,670,670	Housing Services	16,071,854	13,674,795	2,397,059	
2,044,911	Corporate and Democratic Core	1,819,756	3,926	1,815,830	
471,743	Non Distributed Costs	1,164,000	0	1,164,000	
1,284,474	Central Services to the Public	5,542,089	4,148,187	1,393,902	
0	Exceptional Item	R12	454,258	0	454,258
14,908,576	NET COST OF SERVICES	37,767,531	22,917,439	14,850,092	
(57,079)	(Surpluses)/deficits on Trading Undertakings that are not included in the net cost of services	R11 A		(12,631)	
(511,010)	Asset Management Revenue Account	R4		(412,445)	
1,299,906	Parish Council Precepts			1,380,560	
410,000	Interest on Pension Scheme Liabilities less Expected Return on Employer Assets	R5		226,000	
(1,364,043)	Interest and Investment Income			(1,675,353)	
14,686,350	NET OPERATING EXPENDITURE			14,356,223	
APPROPRIATIONS:					
(391,870)	Transfers to/(from) other Ear Marked Reserves / Funds	Balance Sheet B13		(902,967)	
12,000	Capital Expenditure Financed from Revenue			98,703	
(850,000)	Contribution from the pension reserve	R5		(1,796,000)	
(2,162,772)	Deferred Charges Written Off			(1,453,011)	
(669,780)	Commutation and Depreciation Adjustment	R6		(400,006)	
10,623,928	AMOUNTS TO BE MET FROM GOVERNMENT GRANTS AND LOCAL TAXATION			9,902,942	
SOURCES OF FINANCE:					
4,142,524	Council Tax Payers - CDC			4,402,448	
1,299,906	Council Tax Payers - Parish Councils			1,380,560	
2,314,327	Revenue Support Grants			2,215,057	
2,804,945	Contribution from National Non Domestic Rates			2,183,758	
62,226	NET GENERAL FUND (SURPLUS)/DEFICIT			(278,881)	
(236,163)	BALANCE ON GENERAL FUND BROUGHT FORWARD			(173,937)	
(173,937)	BALANCE ON GENERAL FUND CARRIED FORWARD			(452,818)	

NOTES TO CONSOLIDATED REVENUE ACCOUNT

Note R1: Operating Leases

There are no outstanding commitments under operating lease arrangements.

Note R2: Publicity

Expenditure on advertising was as follows:

	2003/2004 £	2004/2005 £
Recruitment Advertising	43,946	85,604
Other Advertising	79,161	86,060
	123,107	171,664

Expenditure was incurred in connection with advertising for recruitment of staff, advertising of statutory notices, promotion and marketing of tourism in the District and publicity of the Council's services and activities.

Note R3: Local Authority (Goods and Services) Act 1970

Following the transfer of housing stock to Fosseway Housing Association, the Council has entered into agreements to provide Fosseway with cash receipting, payroll and legal services. For the year 2004/05 these contracts attracted income to the Council of £46,636 (£63,280 in 2003/04).

During the year the Cotswold Area of Outstanding Natural Beauty (AONB) became the Cotswold Conservation Board. The Council provides financial, legal, personnel, printing, information technology, postal and committee services to the Cotswold Conservation Board and received income of £18,720 during 2004/05.

Note R4: Asset Management Revenue Account

	2003/2004 £	2004/2005 £
Income:		
Capital charges - General Fund	970,410	711,040
Expenditure:		
Provision for Depreciation	(459,400)	(298,595)
Balance to Consolidated Revenue Account	511,010	412,445

Depreciation for 2004/05 is lower than in 2003/04 due to a change in accounting policy regarding investment properties. These properties are no longer depreciated, bringing the accounts in line with the Statement of Recommended Practice.

Note R5: Financial Reporting Standard (FRS) Number 17 – Retirement Benefits

Name of Fund: **Gloucestershire County Council Pension Fund**
Reporting of FRS17 Pension Costs for the year ending **31 March 2005**
Name of Fund: **Defined Benefit**
Currency and Units: **£m**

Participating Authority: **Cotswold District Council**

The LGPS is a defined benefit statutory scheme that is administered in accordance with the Local Government Pension Scheme Regulations 1997 (as amended). It is contracted out of the State Second Pension.

1) Summary of the consolidated Revenue Account transactions

In essence, the revenue accounting entries for FRS 17 in 2004/05 are to:

- a) Remove from Cost Centre Level the cash payment for employers' pension contributions.
- b) Replace the cash payment at Cost Centre Level with a Current Service Cost.
- c) Charge Past Service Costs and losses on settlements to the Non Distributed Costs section of the revenue account.
- d) Charge to the Consolidated Revenue Account (prior to Net Operating Expenditure) the Interest on Pension Scheme Liabilities less the Expected Return on Employer Assets.
- e) Reverse all of the above entries in the Appropriations Section of the Revenue Account so that there is no impact on the Authority's net expenditure.

The accounting entries for the balance sheet are detailed in that section of the Statement of Accounts.

2) Description and Amounts of the FRS entries

- a) The current service costs is the increase in the present value of the scheme liabilities expected to arise from employee service in the current period, and in 2004/05 amounts to £1,069,000 (2003/04 £720,000).
- b) The Council's contributions in respect of 2004/05 amount to £663,000 (2003/04 £680,000).
- c) The difference between these two £406,000 (2003/04 £40,000) has been allocated within the Net Cost of Services.
- d) Past service costs of £26,000 (£2003/04 £70,000) and curtailment and settlements of £1,138,000 (2003/04 £330,000) totalling £1,164,000 (2003/04 £400,000) have been allocated to Non Distributed costs.

- e) The net impact of Interest on Pension Scheme Liabilities and Expected Return on Employer Assets is shown as a charge to the revenue account as per the table below:

	2003/04		2004/05	
Interest on Pension Scheme Liabilities	1,930,000		2,012,000	
Less: Expected Return on Employer Assets	(1,520,000)		(1,786,000)	
		410,000		226,000

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period (i.e. as at 31 March 2005 for the year to 31 March 2006).

All FRS17 accounting entries to the Consolidated Revenue Account are reversed by the transactions shown below:

	2003/04		2004/05	
Less: Reversing of FRS17 Entries	(1,530,000)		(2,459,000)	
Plus: Actual Council's Pension Contributions	680,000		663,000	
Contribution from the Pension Reserve		(850,000)		(1,796,000)

There are further notes regarding FRS 17 in the Consolidated Balance Sheet (Note B12) and The Statement of Total Movement in Reserves (Note M1).

Note R6: Commutation and Depreciation Adjustment

	2003/2004 £	2004/2005 £
Non Housing amount (commutation adjustment)	(210,380)	(144,161)
Minimum Revenue Provision	0	0
Amount charged as depreciation	(459,400)	(298,595)
Amortisation of Government Grants	0	42,750
Amount charged to Consolidated Revenue Account	(669,780)	(400,006)

Note R7: Employee Remuneration

The number of employees whose remuneration (including employers' contributions in respect of National Insurance Contributions and Superannuation Contributions) exceeded £50,000 during the year was as follows:

	2003/2004 Number	2004/2005 Number
£50,000 to £59,999	6	12
£60,000 to £69,999	5	2
£70,000 to £79,999	0	0
£80,000 to £89,999	1	1
£90,000 to £99,999	1	1
£100,000 to £109,999	1	1

Note R8: Related Party Transactions

For the year 2004/2005 all councillors, senior staff and officers with influence over material purchases were written to on 6th January 2005 to obtain a statement of any related party transactions. All councillors and staff employed as at 31 March completed and returned the declarations as requested. One member of staff that left the Council during the year did not complete the declaration.

The Democratic Services team maintains Registers of interests for both councillors and staff throughout the year.

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers of the accounts to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

1) Other Public Bodies

The Council collects precepts on behalf of Gloucestershire County Council, Gloucestershire Police Authority and the Town and Parish Councils within the Council area. Precepts for the County Council and Police Authority are shown in the Collection Fund. Town and Parish precepts are shown in the Consolidated Revenue Account.

Some Council members are also members of these bodies and details are shown below:

Body	No. of Members	Payments other than Precepts 2003/04	Payments other than Precepts & Superannuation 2004/05
Gloucestershire County Council	5	£1,686,064	£17,968

For 2003/04 the payments to Gloucestershire County Council included superannuation payments of £1,140,624 and a one-off contribution for strain on the pension fund for early retirements of £514,541. The balance of £30,899 represents grants made to the County Council, which are comparable with the 2004/05 related party transaction figure of £17,968.

2) General Related Parties

The Council made a number of grant payments in 2004/05 to outside organisations on which a member of the Council was appointed. Their appointment was by virtue of being a member of Cotswold District Council. The table below shows the grant made and the number of members appointed to that outside body.

Organisation	No of Councillor Members 2003/04	No of Councillor Members 2004/05	Payments in 2003/04 £	Payments in 2004/05 £
Brewery Arts	2	2	12,870	12,870
Cirencester Citizens' Advice Bureau	1	1	83,000	85,500
Cotswold Area of Outstanding Natural Beauty	2	1	29,080	29,080
Cotswold Water Park Joint Committee	5	5	33,750	35,000
Gloucestershire Playing Fields Association	2	2	1,300	0
South Cotswold Voluntary Committee	2	2	4,000	4,000
Victim Support Gloucestershire (Cotswold Group)	1	2	4,925	5,175
Gloucestershire Rural Community Council	2	0	26,000	26,000
Gloucestershire First	2	2	7,935	7,935
Cirencester Housing for Young People	1	1	10,800	10,800
Total			213,660	216,360

3) Officers

There was one related party declaration by a member of staff. The Council's Internal Audit section is satisfied with the robustness of the internal controls within this area of the Council's operations.

4) Individual Council Members

Individual Council Members declared some related party transactions that have been included in (2) above. Other declarations by members were considered to be not material.

5) Central Government

Central Government has effective control over the general operations of the Council. It is responsible for providing the statutory framework within which the Council operates, provides a large proportion of its net funding (in the form of grants) and prescribes the terms of many of the transactions that the Council has with other parties (e.g. housing benefit payments). Details of transactions with government departments are set out in the Cash Flow notes.

Members of the Council have direct control over the Council's financial and operating policies. During 2004/05 the Council paid revenue and capital grants totalling £297,130 (2003/04 £387,693) to voluntary organisations in which one or more members may have had an interest. The grants were made with proper consideration of declaration of interest. For the purpose of reporting these transactions as related party transactions within the financial statements, a threshold of £25,000 per grant has been established. Grants below £25,000 are not necessarily declared.

Note R9: Members Allowances

The total amount of allowances paid to Members during 2004/2005, comprising responsibility allowances and travelling allowances was £245,154 (£245,186 2003/2004).

Note R10: Section 137 of the Local Government Act 1972 (as amended)

Under section 137 of the Local Government Act 1972 (as amended), the District Council is empowered to finance projects of benefit to the local taxpayers which cannot be justified under any other Local Authority Power. In 2004/2005, capital grant payments totalling £2,000 (2003/2004 £7,078) were made under this power.

Section 2 of the Local Government Act 2000 has to a large extent replaced Section 137 of the Local Government Act 1972. Section 2 of the 2000 Act gives the Authority power to incur expenditure for the benefit of environmental, economic and social well-being of its area.

Payments under Section 2 of the Local Government Act 2000 in 2004/05 amounted to £60,856 (2003/04 £7,834); these payments are generally for capital projects.

Note R11

A) Trading Activities

The Building (Local Authority Charges) Regulations 1998 requires the disclosure of information regarding the setting of charges for the administration of the building control function. The Council sets charges for works carried out in relation to building regulations, with the aim of covering all costs incurred. 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 Control		
	Non Chargeable 2004/2005 £	Chargeable 2004/2005 £	Total 2004/2005 £
Expenditure:			
Employee Expenses	18,988	237,226	256,214
Premises	1,203	10,808	12,011
Transport	1,919	23,341	25,260
Supplies and Services Central and Support	10,361	21,305	31,666
Service Charges	12,690	106,397	119,087
TOTAL EXPENDITURE	45,161	399,077	444,238
Income:			
Building Regulation Charges	0	(455,802)	(455,802)
Miscellaneous Income	0	(1,067)	(1,067)
TOTAL INCOME	0	(456,869)	(456,869)
(Surplus)/Deficit for the year	45,161	(57,792)	(12,631)
Comparative for 2003/2004			
Expenditure	41,574	373,312	414,886
Income	0	471,965	471,965
(Surplus)/Deficit for the year	41,574	(98,653)	(57,079)

B) Non Trading Activities

There are no regulations that require the Council to provide specific details on any other non-trading activity but for information purposes the activities of Cotswold Leisure Centre are listed below:

	Leisure Centre	
	2003/2004 £	2004/2005 £
Income	987,012	989,630
Expenditure	1,448,115	1,468,790
(Surplus)/Deficit for the year	461,103	479,160

R12: Exceptional Items

The Council made several members of staff redundant during the financial year. The bulk of the redundancies occurred on 31 March 2005. The cost of these redundancies was £235,471. Other redundancies during the year cost £36,389. Redundancy costs have been included within gross expenditure in the Consolidated Revenue Account. The associated pension fund cost of redundancies was £454,258, which is shown as an exceptional item on the Consolidated Revenue Account.

Note R13: Significant Revenue Commitments

The Council has significant revenue commitments in a number of its contracted out services. The most significant are the contracts in respect of provision of Information Technology Services (IT Net), the provision of Waste Services (SITA) and Internal Audit Services (Deloitte Touche).

The amount payable under these contracts in 2005/06 will be in the region of £3.2M (£3.0M in 2004/05).

The contract with Wycombe Leisure, for management of the Bourton Leisure Centre, ended on 31 October 2004 following the Council's decision to manage the centre directly.

Note R14: Prior Year Adjustments

There were no prior year revenue adjustments for the 2004-05 financial year.

Note R15: Significant Revenue Government Grants

The following significant revenue Government Grants were received in 2004/05:

Name	Government Department	2003/2004 £	2004/2005 £
Revenue Support Grant	Office of the Deputy Prime Minister	2,314,327	2,215,057
Housing Benefit	Department of Works and Pensions	11,282,296	13,092,796
Council Tax Benefit	Department of Works and Pensions	2,809,884	3,351,456
National Non Domestic Rates	Office of the Deputy Prime Minister	2,804,945	2,183,758
Planning Delivery Grant	Office of the Deputy Prime Minister	232,085	358,419

Note R16: Fees Payable to the Audit Commission

The fees payable to the Audit Commission included in the Consolidated Revenue Account are as follows:

Audit Service	2003/2004 £	2004/2005 £
External audit services carried out by the appointed auditor	97,622	93,233
Statutory inspection	15,800	12,070
Certification of grant claims and returns	27,778	29,463
Other services provided by the appointed auditor	0	0

THE COLLECTION FUND

2003/2004 £		2004/2005 £
	<u>INCOME</u>	
37,332,810	Income from Council Tax (Note C1)	40,569,412
	Transfers from General Fund	
2,987,380	Council Tax Benefits	3,321,177
17,672,970	Income from business ratepayers (Note C2)	18,076,119
57,993,160	TOTAL INCOME	61,966,708
	<u>EXPENDITURE</u>	
	Precepts and Demands:	
29,688,010	Gloucestershire County Council	32,108,146
5,016,809	Gloucestershire Police Authority	5,661,500
5,442,430	Cotswold District Council (Note C3)	5,783,008
17,511,628	Payment to National Pool	17,911,760
161,342	Costs of Collection	164,359
0	Bad and Doubtful Debts / Appeals: (Note C4)	
53,654	Write Offs	47,421
50,835	Movement to/(from) provisions to Collection Fund	44,645
57,924,708	TOTAL EXPENDITURE	61,720,839
68,452	Surplus / (Deficit) for the Year	245,869
31,430	Balance at 1st April	99,882
99,882	BALANCE CARRIED FORWARD (Note C5)	345,751

NOTES TO THE COLLECTION FUND

Note C1: The Collection Fund

The Council is required to maintain a separate Collection Fund Account to record transactions relating to council tax.

Collection fund income is as follows:

	2003/2004 £	2004/2005 £
Council tax due from taxpayers	40,262,669	43,934,717
Council tax benefits, relief and write-offs	(2,929,859)	(3,365,306)
	37,332,810	40,569,412

Council tax was introduced on 1st April 1993, and is a property based tax. A 25% reduction is made for single occupancy and a 50% reduction for void periods. The District Valuer valued all domestic property in the area and placed them into one of eight bands. A factor is then applied to each band so that the tax base can be expressed as a "Band D" equivalent (see below).

From 1st April 2004 the Council Tax Regulations have been amended to enable a charge of up to 90% of the full Council Tax (previously the limit was 50%) in respect of second homes and empty properties. This amendment was applied from 1st April 2004.

Band	Estimated number of properties in each Band (adjusted for discounts)	Ratio	Band "D" Equivalents 2004/05
A-	6.75	5/9	3.80
A	2,465.85	6/9	1,643.90
B	3,737.55	7/9	2,907.00
C	8,617.90	8/9	7,660.40
D	5,497.10	1	5,497.10
E	4,948.10	11/9	6,047.60
F	3,713.75	13/9	5,364.30
G	3,692.55	15/9	6,154.30
H	550.45	18/9	1,100.90
	Contributions in lieu (Fairford Airbase)		112.70
			36,492.00
Less:	Adjustment for collection rates and for anticipated changes during the year for successful appeals against valuation bandings, demolitions, disabled persons' relief and exemptions plus adjustments for new properties. (This amounts to 1% of the tax base)		364.9
COUNCIL TAX BASE FOR 2004/2005			36,127.1

Note C2: Income from Business Rates

Under the arrangements for uniform business rates, the Council collects non-domestic rates for its area, which are based on local rateable values (assessed by the valuation officer) multiplied by a uniform rate set by government.

The total amount, less certain reliefs and other deductions, is paid to a central pool (the NNDR pool) managed by Central Government. Central Government in turn pays back to authorities their share of the pool based on a standard amount per head of the local adult population. Under these arrangements the amounts included in these accounts can be analysed as follows:

2003/2004 £		2004/2005 £
20,338,121	Non-domestic rateable value (£46 million) (Multiplier for uniform business rate of 0.456p)	21,094,291
(2,665,151)	Less: allowances and other adjustments	(3,018,172)
17,672,970	Income from Business Ratepayers	18,076,119

Redistribution is made direct to the major precepting authorities rather than through the billing authority's collection fund. Consequently, £2,183,758 (£2,804,945 2003/04) is shown as redistributed NNDR income in the Council's general fund.

Note C3 Precepts and Demands

	2003/04 £	2004/05 £
District Council Precept	4,142,524	4,402,448
Parish Precepts	1,299,906	1,380,560
	5,442,430	5,783,008

The parish precepts are distributed to parishes through the Council's General Fund.

Note C4 Provision for Uncollectable Amounts

Provision has been made within the accounts for uncollectable debts based on Department of the Environment guidelines. At the end of 2004/2005, the accumulated provision of £168,970 is made up as follows:

	2003/04 £	2004/05 £
National Non-Domestic Rates	56,228	43,793
Council Tax	127,954	125,177
	184,182	168,970

The movement on the Council Tax Provisions Account is as follows:

	2003/04 £	2004/05 £
Opening Balance	130,773	127,954
Write Offs	(53,654)	(47,421)
Additional Provision	50,835	44,645
Closing Balance	127,954	125,177

Note C5 Collection Fund Surplus

The surplus on the Collection Fund has been declared to Gloucestershire County Council and Gloucestershire Police Authority and will be distributed between the major precepting authorities during 2005/06.

	2003/2004 £	2004/2005 £
Gloucestershire County Council	76,332	263,241
Gloucestershire Police Authority	12,899	46,416
Cotswold District Council	10,651	36,094
Collection Fund Surplus	99,882	345,751

CONSOLIDATED BALANCE SHEET

31 st March 2004	Restated 31st March 2004	Notes	31 st March 2005
£	£		£
0	0	Intangible Fixed Assets	276,322
		Tangible Fixed Assets	
		Operational Assets:	
18,966,964	18,951,242	Land & Buildings	23,102,215
342,512	342,512	Equipment	939,434
51,127	51,127	Community Assets:	92,832
		Non-Operational Assets :	
13,507,277	12,470,228	Land and Buildings	
0	0	Investment Properties	3,857,878
0	0	Assets Under Construction	2,369,556
0	0	Surplus Assets, held for disposal	6,807,663
32,867,880	31,815,109		37,445,900
0	0	Deferred Charges	0
27,161,233	0	Long Term Investments	0
979,907	979,907	Long Term Debtors	726,035
61,009,020	32,795,016		38,171,935
		Current Assets	
15,604	15,604	Cash at Bank	124,436
58,748	58,748	Stocks	58,683
1,926,181	1,926,181	Debtors	3,663,625
	30,011,233	Investments - Short Term	26,595,456
2,850,000	0	Temporary Investments	0
4,850,533	32,011,766		30,442,200
		Current Liabilities	
0	0	Bank Overdraft	0
3,344,721	3,344,721	Creditors	5,718,177
3,344,721	3,344,721		5,718,177
1,505,812	28,667,045	Total Current Assets Less Current Liabilities	24,724,023
		Long Term Liabilities	
(10,400,000)	(10,400,000)	Liability related to Defined Benefit Pension Scheme	(20,069,000)
(8,894,188)	18,267,045	Total Current Assets Less Liabilities	4,655,023
52,114,832	51,062,061		42,826,958
		Deferred Capital Receipts	418,680
618,489	618,489		
5,186,570	5,186,570	Capital Receipts	19,759,451
1,837,995	1,837,995	Deferred Grants Applied	3,589,867
	0	Deferred Grants Unapplied	250,740
(10,400,000)	(10,400,000)	Pension Reserve	(20,069,000)
5,621,641	5,621,641	Fund Balances and Reserves	4,568,367
173,936	173,936	Revenue Balances	452,818
(19,378,342)	(20,431,113)	Fixed Asset Restatement Account	(20,539,188)
68,454,543	68,454,543	Capital Financing Account	54,395,223
52,114,832	51,062,061		42,826,958

NOTES TO THE CONSOLIDATED BALANCE SHEET

Note B1 Fixed Assets

Movements in fixed assets are shown below:

Prior Year Adjustment to Asset Values

	Intangible Assets £	Operational Assets		Non-Operational Assets		Total £
		Land & Buildings £	Equipment £	Land & Buildings £	Community Assets £	
Net Book Value As at 31 March 2004	0	18,966,964	342,512	13,507,277	51,127	32,867,880
Prior Year Adjustment ^{#1}	0	(15,722)		(1,037,049)		(1,052,771)
	0	18,951,242	342,512	12,470,228	51,127	31,815,109

Note #1

The balance sheet assets held on the asset register maintained by Financial Services were reconciled against the valuations held in the Property Services asset register during the 2004-05 financial year. Some assets had been disposed of but remained within the Financial Services asset register and some had been revalued and not updated. This resulted in a prior year adjustment of £1,052,771 as shown in note B1. The assets were written down by £1,052,771 and a corresponding debit was made to the Fixed Asset Restatement Account.

Reclassification as per 2004 SORP

	Operational Assets			Non-Operational Assets			Total £
	Land & Buildings £	Equipment £	Community Assets £	Investment Properties £	Assets Under Construction £	Surplus Assets £	
Fixed Asset Values as at 31 March 2004 after prior year adjustment	18,891,015	743,488	51,127	3,745,500	2,797,917	7,000,300	33,229,347
Depreciation to 31 March 2004	742,779	400,976	0	244,368	0	26,115	1,414,238
Net Book Value as at 31 March 2004 after prior year adjustment	18,148,236	342,512	51,127	3,501,132	2,797,917	6,974,185	31,815,109

Movement in Fixed Assets

	Intangible Assets £	Operational Assets			Non-Operational Assets			Total £
		Land & Buildings £	Equipment £	Community Assets £	Investment Properties £	Assets Under Construction £	Surplus Assets £	
Fixed Asset Values as at 31 March 2004 after prior year adjustment	0	18,891,015	743,488	51,127	3,745,500	2,797,917	7,000,300	33,229,347
Additions #1	276,322	903,920	651,763	41,705	184,246	3,979,507	0	6,037,463
Disposals #2	0	(735,318)	0	0	0	0	(170,000)	(905,318)
Revaluations #3	0	5,012,609	0	0	172,500	(4,407,868)	20,000	797,241
As at 31 March 2005	276,322	24,072,226	1,395,251	92,832	4,102,246	2,369,556	6,850,300	39,158,733
Depreciation								
At 1 April 2004	0	742,779	400,976	0	244,368	0	26,115	1,414,238
Depreciation for the year	0	227,232	54,841	0	0	0	16,522	298,595
As At 31 March 2005	0	970,011	455,817	0	244,368	0	42,637	1,712,833
Net Book Value								
At 1 April 2004	0	18,148,236	342,512	51,127	3,501,132	2,797,917	6,974,185	31,815,109
At 31 March 2005	276,322	23,102,215	939,434	92,832	3,857,878	2,369,556	6,807,663	37,445,900

Note #1 Additions

The items of capital expenditure were:

	£
Computer Software	276,322
Computer Hardware & Equipment	134,874
Recycling Equipment	516,889
Corinium Museum	1,609,951
Cotswold Leisure Centre	2,369,556
Improvements to Council Buildings	538,602
Housing Projects	591,269
	6,037,463

Note #2 Disposals

Sales of assets in 2004/05 - written out of asset accounts at book value including:

1 The Beeches, Cirencester
Various land sites
Resale covenant properties

Note #3 Revaluations

During the financial year 2004/05 revaluations were carried out on properties including:

Asset	Valuation Date	Valuer	Valuation Basis	Value (£)
Corinium Museum	Nov-04	King Sturge International Property Consultants	Depreciated Replacement Cost	3,700,000
Abberley House	Nov-04	King Sturge International Property Consultants	Market Value	120,000
Chipping Campden dual user sport centre	Jan-05	King Sturge International Property Consultants	Depreciated Replacement Cost	1,200,000
Fairford dual user sport centre	Jan-05	King Sturge International Property Consultants	Depreciated Replacement Cost	1,100,000
Tetbury dual user sport centre	Jan-05	King Sturge International Property Consultants	Depreciated Replacement Cost	950,000

The capital expenditure was financed as follows:

	2003/04 £	2004/05 £
Expenditure on Fixed Assets		
Expenditure on Intangible Fixed Assets	0	276,322
Expenditure on Tangible Fixed Assets	3,988,859	5,761,141
Loans Advanced	221,430	0
Deferred Charges	2,162,772	1,453,011
Creditor Accruals ^{#1}	301,588	107,569
Total Expenditure on Fixed Assets	6,674,649	7,598,043
Financing of Fixed Assets		
Provision for Credit Liabilities	4,511,836	0
Capital Receipts	0	5,378,411
Other Capital Receipts	29,190	150,307
Revenue Contributions	12,000	98,703
Capital Grant		
Improvement Grants	296,016	176,000
Heritage Lottery Fund	1,396,177	1,015,005
ODPM - E Government	200,000	137,286
ODPM - Starter Home Initiatives	171,430	0
Cotswold Museum Charitable Trust	0	147,290
Gloucester County Council / DEFRA	0	495,041
Other	58,000	0
Total Financing of Fixed Assets	6,674,649	7,598,043

Note #1 Due to a change in capital financing regulations (known as the Prudential Code) the capital creditors shown above represent different scenarios. The creditors for 2003/04 represent the movement in creditors between 2002/03 and 2003/04 (the creditors for 2002/03 less the creditors for 2003/04). The capital creditors for 2004/05 are included within the expenditure on tangible fixed assets and amount to £980,499. The change to the capital financing rules effectively means that capital accruals for both the 2003/04 and 2004/05 financial years are being funded during 2004/05.

The Council only has one significant commitment under capital contracts as at 31 March 2005, which is shown below:

	Original Estimated Cost £	Spend to 31 March 2005 £	Estimated Commitment in 2005/06 and Beyond £
Cotswold Leisure Centre	7,718,000	2,519,244	5,198,756

An analysis of fixed assets at 31st March 2005 is shown below:

Asset Type	Note	Number 2003/04	Number 2004/05
Dwellings		4	3
Council Offices		2	2
Car Parks		15	15
Lorry / Coach Parks		1	1
Museums	a	2	1
Cattle Markets	b	1	1
Cemeteries		1	1
Sports Centres	c	1	5
Halls		2	2
Social Clubs		1	1
Public Conveniences		19	18
Resale Covenant Properties		49	64
Buildings let for Commercial purposes	d	8	8
Visitor Information Centres	e	2	2
Land Holdings	f	61	60

Notes:

- a) The Northleach Museum is now classified as a surplus asset.
- b) The Cattle Market is now part of the construction site for the new Cotswold Leisure Centre and will be written out of the balance sheet when the new Leisure Centre is valued upon completion
- c) The dual user leisure centres at Fairford, Tetbury, Bourton-on-the-Water and Chipping Campden are now included in the asset register.
- d) Some Commercial properties are in blocks rather than single units.
- e) The two visitor information centres have been included in this analysis from 2004/05.
- e) The size of land holdings varies greatly and ranges in value from £100 to £2Million

Note B2 Deferred Charges

	Balance at 1 April 2004 £	Expenditure £	Amounts Written Off / Adjusted £	Balance at 31 March 2005 £
Improvement Grants	0	1,268,268	1,268,268	0
Capital Grants	0			
Community Projects Fund	0	130,951	130,951	0
Other Grants	0	1,383	1,383	0
Land Drainage	0	29,245	29,245	0
Other	0	23,164	23,164	0
Total	0	1,453,011	1,453,011	0

Note B3 Leases

There are no significant secondary rentals on finance leases.

Note B4 Short Term Investments

	31 March 2004 £	31 March 2005 £
Temporary Investments	2,850,000	800,000
Externally managed funds	27,161,233	25,795,456
Total	30,011,233	26,595,456

Temporary investments are short-term investments negotiated by the Council's in-house team to manage the Council's day-to-day cashflow.

Funds previously invested with Investec Investment Asset Management Ltd were liquidated in 2004/05. These funds are now managed on the Council's behalf by Tradition (UK) Ltd.

Alliance Capital and Tradition manage the Council's externally managed funds. It is intended that these funds be maintained for more than one year. This does not preclude the Council from liquidating these investments within the next 12 months. For this reason, these investments have been recategorised as short term investments within the Council's accounts. The balance sheet for 31 March 2004 has been restated to reflect this amendment.

Note B5 Long Term Debtors

	Balance at 1 April 2004 £	New Advances / Adjustments £	Repayments £	Balance at 31 March 2005 £
Housing Advances	23,252	0	3,008	20,244
Starter Home Initiatives Loan	295,343	0	111,738	183,605
Sales of Council Houses / Land	193,137	0	38,070	155,067
Housing Associations	194,381	0	4,131	190,250
Charities	196,205	0	54,820	141,385
Cirencester Town Council	16,821	0	801	16,020
Employee Car Loans	60,768	0	41,304	19,464
Total	979,907	0	253,872	726,035

Employee car loans included within long term debtors represent those installments due more than 12 months after the balance sheet date. Installments due within 12 months are shown within debtors (see Note B7).

Note B6 Stocks & Work in Progress

	31 March 2004	31 March 2005
	£	£
Office Services	6,935	1,475
Leisure Centre	9,000	8,802
Stocks for resale at:		
Cotswold Countryside Collection	3,425	0
Corinium Museum	5,474	7,819
Corn Hall	3,264	3,128
Visitor Information Centres:		
Cirencester	15,474	16,091
Stow	7,532	7,235
Moreton	2,911	1,701
Bourton	2,879	3,186
Chipping Campden Sports Centre	1,812	1,800
Tetbury Sports Centre	42	0
Bourton Leisure Centre	0	2,622
Fairford Leisure Centre	0	0
Cirencester Franking Machine	0	4,779
Moreton Franking Machine	0	45
Total	58,748	58,683

Note B7 Debtors

	31 March 2004	31 March 2005
	£	£
Heritage Lottery Fund	0	1,015,005
Government Departments	353,172	318,423
Council Taxpayers/NNDR	882,046	913,664
Sundry Debtors raised but outstanding as at 31 March 2005	325,783	1,058,324
Provision for growth in capital investments	125,469	312,834
Other sundry debtor provisions	106,097	301,057
Sundry Debtors	9,745	0
Sundry Debtor in respect of the net position at 31 March 2004 regarding Area of Outstanding Natural Beauty - Creditor in 2004/05	407,048	0
Employee Car Loans	49,193	26,327
Prepayments	0	118,232
	2,258,553	4,063,866
Bad Debt Provision		
Council Taxpayers / NNDR	(184,182)	(168,970)
Sundry Debtors	(148,190)	(231,271)
	1,926,181	3,663,625

Sundry debtors raised but outstanding as at 31 March 2005 have increased by £732,541, this is largely due to a debtor raised to Gloucestershire County Council for green waste recycling bins of £500,000; which will be paid in April 2005.

Debtors in respect of overpayments of Housing Benefits being recovered from on going benefit are not reflected in this Statement of Accounts. These debtors are monitored and controlled within the Housing Benefit system. As at the 31st March 2005 these amounted to £175,264 (£157,620 in 2003/04).

Note B8 Temporary Investments

Temporary investments are now included within short term investments. Amounts shown under this head relate to short-term surplus monies deposited for periods of less than one year. The Council's in-house team negotiates these transactions. The movement in the year is as follows:

	2003/04 £	2004/05 £
Opening Balance	1,850,000	2,850,000
Investments Purchased	56,090,000	59,600,000
Investments Realised	(55,090,000)	(61,650,000)
Closing Balance	2,850,000	800,000

Note B9 Creditors & Income in Advance

	31 March 2004 £	31 March 2005 £
Collection Fund Balance	99,882	345,751
Council Tax Payers / NNDR	0	0
Government Departments	928,796	527,992
Corinium Museum Trust	138,215	0
Sundry Creditors	1,466,396	3,854,428
Section 106 Funds	0	215,528
AONB	0	28,925
Receipts in Advance		
Council Tax Payers / NNDR	655,603	511,381
Other	55,829	234,173
Total	3,344,721	5,718,177

Council tax and non domestic rate accounts, which have a credit balance, are now shown as receipts in advance. The 2003/04 figures have been restated to reflect this adjustment.

Section 106 Funds are deposits received from developers for future capital works associated with developments (e.g. provision of social housing, leisure amenities). Section 106 funds must be applied, according to the conditions of the agreement, within a specified timescale. Failure to use the funds can result in the contribution becoming repayable to the developer. For this reason, all Section 106 funds are now recognised as creditors on the balance sheet.

Other Income received in advance comprise of: leisure services fees, grants and other income received in 2004/05 for use in the 2005/06 financial year.

The accounts now show the net position of the AONB in relation to the Council.

Note B10 Deferred Capital Receipts

Deferred capital receipts are amounts that are received in installments over agreed periods of time. They arise from mortgages on sales of Council houses and repayments from loans.

	Notes	31 March 2004 £	31 March 2005 £
Mortgages on Sales of Council Houses	1	193,138	155,067
Loans Issued - CHYP	2	80,008	80,008
Loans Issued - Starter Home Initiatives	3	295,343	183,605
Cotswold Water Park Society	4	50,000	0
Total		618,489	418,680

Note:

1) There are 33 of these loans outstanding as at 31 March 2005, repayable over differing periods.

2) This interest free loan was approved by Housing Committee on 5 July 2001 and is for a 25 year period

3) Six Starter Home Initiative Interest Free Loans were advanced in 2002/03 and 6 were advanced in 2003/04. During 2004/05 three of the loans advanced in 2002/03 were repaid early. The three remaining 2002/03 loans are due for repayment in 12 years time and the six in 2003/04 are due for repayment in 13 years time (unless there is a change of occupation or profession).

4) This loan was due to be repaid on 31 March 2005, the Council has agreed to extend the loan period until 30 June 2005. The loan is now classified as a short-term debtor.

Note B11 Capital Receipts

	Useable 2003/04 £	Useable 2004/05 £
Balance at 1 April 2004	1,773,752	5,186,570
Receipts in the year:		
Sale of Fixed Assets	3,133,530	1,862,984
Repayment of Advances	279,288	88,070
Transfer PCL from Capital Financing Account		18,153,885
Commutation Adjustment		(144,161)
Reclassifying Rent Deposit Liabilities		(9,487)
Financing New Expenditure	0	(5,378,411)
Balance at 31 March 2005	5,186,570	19,759,451

The Local Government and Housing Act 1989 required local authorities to set-aside a proportion of capital receipts received to repay debts. These set-aside capital receipts were held in an account called the Provision for Credit Liabilities (PCL). When an authority became debt-free it was able to use capital receipts held within the PCL to fund new capital expenditure.

The introduction of new Capital Finance and Accounting regulations (Prudential Code) under the Local Government Act 2003, changed the arrangements under which debt-free authorities may spend amounts set aside for debt-redemption. Debt-free authorities were granted powers to transfer across the balance on the PCL account into Capital Receipts (from whence it originally came).

In accordance with the regulations, a transfer of £18,153,885 has been made from the Capital Financing Account (which contained the PCL balance) to Capital Receipts.

Note B12 Pension Reserve and Pension Liability

Name of Fund: **Gloucestershire County Council Pension Fund**
 Reporting of FRS17 Pension Costs for the year ending **31 March 2005**
 Name of Fund: **Defined Benefit**
 Currency and Units: **£m**
 Participating Authority: **Cotswold District Council**

The LGPS is a defined benefit statutory scheme, administered in accordance with the Local Government Pension Scheme Regulations 1997, as amended. It is contracted out of the State Second Pension.

The latest formal valuation of the fund for the purpose of setting employers' actual contributions was at 31 March 2004, with the next formal valuation due as at 31 March 2007.

The actuary has assumed that the employees continue to earn benefits in line with the Regulations as they currently stand (i.e. allowing for the abolition of the Rule of 85) and that the Employer's pensionable payroll over the year to 31 March 2006 remains substantially stable, with new entrants replacing any leavers.

The financial assumptions used for the purposes of the FRS17 calculations as at 31st March 2003, 31st March 2004 and 31st March 2005 are as follows:

Assumptions as at	31 March 2005		31 March 2004		31 March 2003	
	% p.a.	Real % p.a.	% p.a.	Real % p.a.	% p.a.	Real % p.a.
Price Increases	2.9%	-	2.9%	-	2.5%	-
Salary Increases	4.4%	1.5%	4.7%	1.8%	4.3%	1.8%
Pension Increases	2.9%	-	2.9%	-	2.5%	-
Discount Rate	5.4%	2.4%	6.5%	3.5%	6.1%	3.5%

The Actuary inflation assumption has been derived by considering the difference in gross redemption yields of traditional and index-linked gilt-edged securities as at 31 March 2005. Salary increases are assumed to be 1.5% more than price increases, in line with the assumption used in the latest formal valuation of the Fund.

The Actuary based his opinion on the assumption that the Employer prepares its accounts in accordance with CIPFA guidance. Therefore, the discount rate employed for the 2004/05 financial year is the yield available on long-dated, high quality corporate bonds (as measured by the yield on iboxx Sterling Corporates Index, AA over 15 years, at the FRS17 valuation date. For accounting periods prior to 2004/05, employers following CIPFA's guidance adopted a real discount rate of 3.5% per annum, as shown in the table above. The Revenue Account figures for the year to 31 March 2005 are calculated based on a discount rate derived from corporate bond yields as at 31 March 2004 (which was 5.5% p.a.), as required by CIPFA.

FRS17 requires that the expected return on assets is to be set by the Employer having taken actuarial advice. The expected returns as at 31 March 2003, 31 March 2004 and 31 March 2005 are shown in the table below:

Asset Class	Expected Return at 31 March 2005 (% per annum)	Expected Return at 31 March 2004 (% per annum)	Expected Return at 31 March 2003 (% per annum)
Equities	7.7%	7.7%	8.5%
Bonds	4.8%	5.1%	4.9%
Property	5.7%	6.5%	7.0%
Cash	4.8%	4.0%	4.0%

There is a range of actuarial assumptions that are acceptable under the requirements of FRS17, particularly in respect of the expected return on equities. The Actuary considers that these assumptions are within the acceptable range and are thus consistent with the requirements of FRS17. The assumed returns are net of administration and investment expenses. No allowance has been included in the cost of accruing benefits for expenses.

Pension fund assets have been valued as follows:

Assets (Employer)	Long Term Return At 31 March 2005 % p.a.	Assets At 31 March 2005 £000	Long Term Return At 31 March 2004 % p.a.	Assets At 31 March 2004 £000	Long Term Return At 31 March 2003 % p.a.	Assets At 31 March 2003 £000
Equities	7.7%	18,098	7.7%	18,400	8.5%	13,820
Bonds	4.8%	7,058	5.1%	4,080	4.9%	3,780
Property	5.7%	1,857	6.5%	1,780	7.0%	1,660
Cash	4.8%	1,484	4.0%	1,440	4.0%	1,540
Total	6.7%	28,496	7.0%	25,700	7.4%	20,800

The Net Pension Assets are as follows:

	31st March 2005 £000	31st March 2004 £000	31st March 2003 £000
Estimated Employer Assets (A)	28,496	25,700	20,800
Present value of scheme liabilities (i)	45,550	33,600	32,000
Present value of unfunded liabilities (ii)	3,015	2,500	2,300
Total Value of liabilities (B)	48,565	36,100	34,300
Net Pension Asset (A-B)	(20,069)	(10,400)	(13,500)

(i) The Actuary estimates that this liability comprises of approximately £21,240,000, £5,170,000 and £19,140,000 in respect of employee members, deferred pensioners and pensioners respectively as at 31 March 2005. The approximation involved in the roll forward model means that the split of scheme liabilities between the three classes of member may not be reliable for certain types of employer. However, the Actuary is satisfied that the approach used leads to reasonable estimates for the aggregate liability figure.

(ii) For the liabilities as at 31 March 2005, the Actuary has assumed that all unfunded pensions are payable for the remainder of the member's life. It is further assumed that 80% of pensioners are married at death and that their spouses will receive a pension equal to 50% of the member's pension as at the date of the member's death.

The pension fund is in deficit amounting to £20,069,000 this compares to revenue reserves of £5,021,185 and capital reserves of £19,759,451.

Note B13 Earmarked Reserves

		Balance at 1 April 2004 £	Increase £	Reduction £	Balance at 31 March 2005 £
1	General Reserve	96,228			96,228
2	Museum Service Purchase Fund	10,799		500	10,299
3	Economic Development Fund	39,159		9,078	30,081
4	Graves Maintenance	2,366			2,366
5	Accumulated Interest Fund	1,092,381	25,381	241,615	876,147
6	Leisure & Arts Grant Fund	17,349		6,500	10,849
7	Building Conservation Fund	59,932		3,743	56,189
8	Local Plan Fund	174,268	30,779	73,504	131,543
9	Training Fund	15,275		1,162	14,113
10	Building Maintenance Fund	99,553	143,437		242,990
11	Repairs and Renewals Fund	22,262	5,039		27,301
12	Cotswold Tourism Fund	47,861	76,846	60,687	64,020
13	Dangerous Structures Contingency	7,795	353	4,413	3,735
14	Crime Prevention Initiative	25,947	33,386	34,164	25,169
15	Health Development Fund	2,223		994	1,229
16	Benefits Central Register	113,702	21,092	80,982	53,812
17	Tree Planting ("Orange") Fund	500			500
18	Cirencester Town Centre Fund	51,696	423	36,668	15,451
19	Contaminated Land Fund	104	131	235	0
20	Rent Deposit Scheme	2,805	1,444	4,249	0
21	Market Towns Fund	28,447	49,132	16,959	60,620
22	Housing Enabling Fund	34,811	22,800	34,127	23,484
23	Redecoration Fund (Corn Hall)	1,703	535	2,238	0
24	Members Training	871			871
25	Property Terrier via GIS	9,562		6,828	2,734
26	Environmental Strategy Training	163	55,000		55,163
27	Cotswold Connection' Bus Service	1,766			1,766
28	Ward Project Fund	18,702		7,537	11,165
29	Community Safety	5,037			5,037
30	Community Survey	11,655			11,655
31	Countryside Fund	4,207		2,435	1,772
32	Rural Access Fund	7,739		1,000	6,739
33	Tetbury Dual User Equipment Fund	3,750		3,500	250
34	Mobile Cinema Set Up Fund	4,912	13,856	10,026	8,742
35	Healthy Living Fund	9,484		6,278	3,206
36	Building Control Improvement Fund	49,036	16,619	49,080	16,575
37	Hard to Reach Research Fund	13,000			13,000
38	Cultural Strategy Fund	500			500
39	Museums Grants Fund	286		275	11
40	Corinium Closure Provision	35,020			35,020
41	Corn Hall Closure Provision	98,937		4,279	94,658
	Medium Term Financial Plan Revenue				
42	Support Fund	2,892,786	22,266	1,131,940	1,783,112
43	Energy Project Fund	3,764	29,778	20,505	13,037
44	Planning Delivery Grant Fund	127,685	330,648	227,814	230,519
45	Planning Appeals and Enforcement	25,152	55,000	15,355	64,797
46	Investing to Save Fund	210,380	146,546	211,036	145,890
47	Interest Received in Advance	140,081		22,901	117,180
48	Insurance Fund	0	5,000		5,000
49	Election Fund	0	29,060	6,576	22,484
50	04/05 Audit Plan	0	5,664		5,664
51	CWP Master Plan Fund	0	32,000		32,000
52	ODPM -Egov & Change Management Programme	0	25,976	25,971	5
53	ODPM - Homelessness Fund	0	18,000	18,000	0
54	Personal Cycling Maps	0	6,257	5,325	932
55	DWP Funding - HB System	0	13,400		13,400
56	WISE Homes Project	0	40,922	29,858	11,064
57	DEFRA Waste Fund	0	41,194	22,541	18,653
58	Ring fenced Benefit Reserve	0	89,640		89,640
	Total	5,621,641	1,387,604	2,440,878	4,568,367

No.	Reserve Name	Reserve Purpose
1	General Reserve	Future financing decisions.
2	Museum Service Purchase Fund	Purchase exhibits.
3	Economic Development Fund	Assist the maintenance of the working rural lifestyle.
4	Graves Maintenance Fund	Assist the maintenance of graves in perpetuity.
5	The Accumulated Interest Fund	Assist in the funding of projects including the capital programme.
6	The Leisure and Arts Grants Fund	Fund grants for sport & recreation and the arts.
7	The Building Conservation Fund	Support statutory action to secure the future of historic buildings at risk.
8	The Local Plan Fund	Meet expenses arising from the Local Plan Inquiry.
9	The Training Fund	Smooth training requirements from year to year
10	Building Maintenance Fund	Meet the cost of repairs to offices and buildings. Charges economic rent to users.
11	The Repairs and Renewal Fund	To purchase items of equipment or vehicles so revenue costs equated over 5 years.
12	The Cotswold Tourism Fund	Promote certain tourism / leisure activities.
13	Dangerous Structures Contingency	Provide short-term funding of emergency work.
14	Crime Prevention Initiative	To allow contributions to assist various crime prevention initiatives undertaken by the police.
15	Health Development Fund	Used to promote fitness in partnership with local Doctors.
16	Benefits Central Register	Used for the set up of a central register of claimants to help combat Benefit Fraud.
17	Tree Planting ("Orange") Fund	The establishment and subsequent maintenance of off-site landscaping.
18	Cirencester Town Centre Fund	For improvement works and other projects to enhance, interpret or promote Cirencester town centre.
19	Contaminated Land Fund	The fund has been disbursed.
20	Rent Deposit Scheme	This fund has been transferred to creditors.
21	Market Towns Fund	To fund a range of environmental improvements and projects in the Cotswold market towns.
22	Housing Enabling Fund	To help meet the costs of tenant relocation during PRC redevelopment and future enabling / environmental schemes.
23	Redecoration Fund (Corn Hall)	The fund has been disbursed.
24-25	Members Training / Property Terrier via GIS	These funds were established from the 1996/97 General Fund Revenue under-spend to finance various projects as approved by Council.
26-27	Environmental Strategy Training / Cotswold Connection' Bus Service	These funds were set up as one off projects supported by the 1997/98 General Revenue under-spend.
28-30	Ward Project Fund / Community Safety / Community Survey	The 1997/98 Investment Income was used to fund a range of projects supported by Council.
31	Countryside Fund	Supports projects that further the Council's policies in respect of countryside management.
32	Rural Access Fund	To secure the implementation of projects in the Council's Rural Access Strategy.
33	Tetbury Dual User Equipment Fund	To help purchase equipment for the fitness studio.
34	Mobile Cinema Set Up Fund	To meet the cost of establishing and maintaining mobile cinema facilities.

No.	Reserve Name	Reserve Purpose
35	Healthy Living Fund	To lever additional funding for a series of projects promoting health and well-being.
36	Building Control Improvement Fund	To enable equalising of variations in fee income over a three year rolling programme.
37	Hard to Reach Research Fund	To fund consultation with categories of people often excluded by normal consultation techniques.
38	Cultural Strategy Fund	To provide for the cost of production and launch of a Council strategy document.
39	Museums Grants Fund	To administer the expenditure of grant received from external sources.
40	Corinium Closure Provision	To offset the loss of income from closure of the Corinium Museum for major refurbishments.
41	Corn Hall Closure Provision	To offset any loss of income during the possible closure of the Corn Hall for major refurbishments.
42	Medium Term Financial Plan Revenue Support Fund	This reserve was established following a prior year adjustment in 2002/03 in respect of commutation and is to be used to smooth out the effect of future expenditure increases and to protect the revenue account from reduction in interest receipts.
43	Energy Project Fund	Earmarked for a variety of projects that will help the Council promote sustainable energy within the district.
44	Planning Delivery Grant Fund	This fund was set up in 2003/04 with a government grant, to be used to enhance planning related services.
45	Planning Appeals and Enforcement	For the legal and consultants' fees associated with planning appeals.
46	Investing for the Future	Established to provide funding for future capital schemes, which do not form part of the Capital Programme e.g. capital salaries.
47	Interest Received in Advance	This fund was established from a Housing Association repaying a loan in advance of the due date and incurring an interest charge, which will be returned to the Revenue account on the original life of the loan.
48	Insurance Fund	To provide self-insurance for items not covered under the current policy.
49	Election Fund	The fund will enable the cost of district elections to be spread.
50	04/05 Audit Plan	To cover the cost of the remaining days of the 04/05 Audit plan.
51	CWP Master Plan Fund	To fund a study for a development framework for the Water Park.
52	ODPM-Egov & Change Management Programme	To deliver the E-Government Agenda and to drive forward the Council's commitment to change through business process re-engineering.
53	ODPM – Homelessness Fund	To enable Local Authorities to implement initiatives to reduce homelessness and meet specific related targets.
54	Personal Cycling Maps	To hold various grant funding to cover the costs of the project.
55	DWP Funding – HB System	To help local authorities improve their individual performance, relating to benefits processing. The award will allow the purchase of a new benefits system and the cost of converting data from the existing system.
56	WISE Homes Project	Aimed at improving the energy efficiency of “hard to treat homes”.
57	DEFRA Waste Fund	Grant to assist in meeting 2005/06 recycling Statutory Performance Standards.
58	Ring Fenced Benefit Reserve	Reserve set up to smooth impact of housing benefit income and expenditure on revenue account.

Note B14 Revenue Balances

	Balance at 1 April 2004 £	Increase £	Reduction £	Balance at 31 March 2005 £
General Fund Working Balance	173,937	278,881		452,818
Collection Fund	0	0		0
TOTAL REVENUE BALANCES	173,937	278,881	0	452,818

Note B15 Fixed Asset Restatement Account

The freehold and leasehold operational properties that comprise part of the authority's property portfolio were revalued as at 31 March 2004 by King Sturge and Co, Chartered Surveyors, on the under-mentioned basis, in accordance with the Statements of Asset Valuation Practice and Guidance Notes of the Royal Institution of Chartered Surveyors.

Operational properties were valued on the basis of the lower of Net Current Replacement Cost or Net Realisable Value.

The non-operational properties were valued on the basis of the open market value as at 31 March 2003 and on the whole were introduced into the accounts in 2002/03 with the exception of the Resale Covenant properties, which have been revalued in the 2003/04 accounts.

	2003/2004 £	2004/2005 £
Balance at 1 April	(19,899,520)	(19,378,342)
Prior Year Adjustment	0	(1,052,771)
Revaluation of Fixed Assets	702,728	797,243
Disposal of Fixed Assets	(181,550)	(905,318)
Balance at 31 March	(19,378,342)	(20,539,188)

The balance sheet assets held on the asset register maintained by Financial Services were reconciled against the valuations held in the Property Services asset register during the 2004-05 financial year. Some assets had been disposed of but remained within the Financial Services asset register and some had been revalued and not updated. This resulted in a prior year adjustment of £1,052,771 as shown in note B1. The assets were written down by £1,052,771 and a corresponding debit was made to the Fixed Asset Restatement Account.

King Sturge and Co, Chartered Surveyors, carried out an impairment assessment of the Council's property assets, it was found that no impairment adjustments were necessary.

During 2004/05, the Corinium Museum project and social housing properties at Draycott and Aston Magna were completed. Upon completion the properties were valued and have been recorded in the balance sheet using the new values. In order to comply with FRS15, the dual use leisure facilities at Chipping Campden, Fairford and Tetbury were also revalued during the year and added to the balance sheet. The dual use sites were revalued using the depreciated replacement cost method to the whole leisure facility. The valuation was then apportioned according to the respective economic benefit to the Council and the Local Education Authority.

The net effect of all these revaluations is shown as a debit to the Fixed Asset Restatement Account of £797,243.

The balance on the Fixed Asset Revaluation Account represents the difference between the valuation of assets under the previous and subsequent revaluations. The account will be written down by the net book value of assets as they are disposed of and debited or credited with the deficits or surpluses arising on future revaluation.

B16 Capital Financing Account

	2003/2004 £	2004/2005 £
Balance at 1 April	70,963,367	68,454,543
Amortisation of Government Grants Received	667,446	218,750
Deferred Charges Written Down	(2,361,172)	(1,453,011)
Revenue Contributions to Capital Expenditure	12,000	98,703
Capital Funding from Capital Reserve		150,307
Excess of Depreciation over MRP	(459,400)	(298,595)
Transfers	(396,889)	0
Transfer of PCL to Capital Receipts		(18,153,885)
Use of Capital Receipts in year	29,191	5,378,411
Balance at 31 March	68,454,543	54,395,223

The capital financing account (known as the Capital Financing Reserve 2003/04) shows the amount of capital expenditure financed from revenue and capital resources. During 2004/05 £98,703 of capital expenditure was charged to revenue reserves and is shown as revenue contributions to capital expenditure.

In prior years, this account included the authority's Provision for Credit Liabilities (PCL). The PCL was the amount of capital receipts set aside for repayment of external debt. Debt free status gave the Council authority to utilise the capital receipts held in the PCL to finance future capital expenditure.

The 2004 Statement of Recommended Practice (SORP) removed the requirement to maintain the PCL. As a result of this change to the SORP (and legislative change), a sum equivalent to the level of PCL available to finance future capital expenditure (£18,153,885) was transferred from the Capital Financing Account to Capital Receipts.

Note B17 Interest in Companies

A member of the Council sits on the management committee of Cotswold Water Park Society Limited, a charitable company registered under the Industrial and Provident Societies Act 1965. This Council also contributes towards the running costs of Cotswold Water Park Society Limited by way of a grant.

As the level of control exercised by the Council is not significant, the company is not deemed to be a regulated company and consequently the activities of the company have not been consolidated into the financial statements of Cotswold District Council.

Note B18 Contingent Liabilities

Under the agreement for the transfer of the Council's housing stock to Fosseyway Housing Association in 1997, certain warranties were provided to Fosseyway Housing Association and their funders regarding the condition of the stock transferred. The Council has limited the scope of these warranties by disclosing any issues or encumbrances in respect of each property at the time of transfer. No provision has been made in the accounts as any financial impact is contingent upon future events and is not quantifiable.

The Council is currently in discussion with Fosseyway Housing Association regarding sewers at Colesbourne. The Council faces a potential liability of £15,000 to £30,000. No provision has been made for the liability at this time.

The Council expects to pay out Section 106 planning funds amounting to £105,000 during the 2005/06 financial year.

Note B19 Post Balance Sheet Events

The replacement of the Cotswold Leisure Centre has commenced. Once the new leisure centre is completed a capital receipt will be received from the sale of the existing leisure centre site (see Note B22).

Cabinet decided, at a meeting on 14 July 2005, to reopen the Cotswold Heritage Centre at Northleach in April 2006. The tangible fixed assets at the Heritage Centre are included within Non-Operational Surplus Assets on the balance sheet as at 31 March 2005. Upon reopening of the museum these assets will be reclassified under Operational assets.

The Council has completed the sale of land or property at the following locations since the 31 March 2005:

Land / Property	Value in Balance Sheet 31 March 2005 £	Sale Price £
Land adjacent to Roman Way, Bourton on the Water	500,000	1,150,000
Kemble	2,075,000	2,480,500
Gumstool Hill, Tetbury	190,745	574,600
Cemetery Lodge, Chesterton	120,000	205,000
Fossefield, Winstone	0	170,000

In addition, the Council has received a conditional offer for a property in Chipping Campden. This property is included in the balance sheet at £350,000.

Note B20 Euro Implementation Costs

The Council has not incurred any costs in advance of a potential adoption of the Euro. The potential costs of any implementation will be kept under review.

Note B21 Trust Funds

The Council administers a Trust Fund for raising funds for the Corinium Museum. During 2004/05 these funds were used as a contribution to the costs of the refurbishment of the Corinium Museum. The Balance Sheet contains an entry of £0 (£138,215 in 2003/04) which represents the net amount of funds raised and deposited with the Council as at 31 March 2005.

The balance on the Trust Fund bank account as at 31 March 2005 was £9,285.32.

Note B22 Contingent Assets

1) Section 106 Agreements

Section 106 agreements are attached to some planning decisions and some of these agreements have a financial implication. They are closely monitored to ensure that any section 106 decisions are fully implemented and that the Council receives any financial benefit. The Council may utilise s.106 funds for the purpose stated in the agreement either by itself or by contracting with an external organisation.

In some cases, if the s.106 funds have not been utilised within certain time limits, the funds become repayable to the contributor. For this reason the s.106 funds have been reclassified from 2004/05 as creditor funds (see note B9). In prior years s.106 funds have been shown within the deferred capital grants section of the balance sheet (see note B23).

The Council expects to receive Section 106 planning funds amounting to £677,000 in the 2005/06 financial year.

2) Value Added Tax

The VAT assessment for the year ended 31 March 2005 is only for the payments due for 2004/05. The authority is pursuing a possible retrospective claim regarding VAT paid to Customs and Excise in respect of Car Parking Income. The Isle of Wight County Council has appealed against the levy of VAT on car parking charges and has won an interim court case. The Customs and Excise department are in the process of an appeal and further details will be issued as and when things become clearer.

If the appeal by Customs and Excise fails and if the amount of overpaid VAT is repaid in a lump sum then the amount will be in the region of £1,297,942.

3) Capital Receipt from the Sale of the Cotswold Leisure Centre

A capital receipt of £665,000 from the sale of the existing Cotswold Leisure Centre is expected in 2005-06. The capital receipt will be used to finance the construction of the new leisure centre.

Note B23 Deferred Grants

The Statement of Recommended Practice requires capital grants and contributions to be accounted for on a deferred credit method. In 2004/05 some capital grants were received which could not be fully applied to capital expenditure within the year. These unapplied capital grants are shown in the Deferred Government Grants Unapplied Account.

Once capital grants are applied to capital expenditure, the grant is released to the Asset Management Revenue Account over the life of the asset to match any depreciation charges.

The movements on the Deferred Capital Grants Applied account are as follows:

Deferred Government Grants Applied

	Balance Brought Forward £	Applied In Year £	Amortised to Asset Mangement Revenue Account £	Balance Carried Forward £
Corinium Museum, Cirencester	1,709,995	1,015,005	42,750	2,682,250
Cotswold School, Bourton on the Water	120,000	0	0	120,000
Chipping Campden Dual User	8,000	0	0	8,000
Cotswold Museum Charitable Trust	0	147,290	0	147,290
E Government	0	137,286	0	137,286
Gloucestershire CC Wheelie Bins	0	495,041	0	495,041
Disabled Facilities Grant	0	176,000	176,000	0
Total	1,837,995	1,970,622	218,750	3,589,867

The movements on the Deferred Capital Grants Unapplied account are as follows:

Deferred Government Grants Unapplied

	Balance Brought Forward £	Received In Year £	Applied In Year £	Balance Carried Forward £
Corinium Museum, Cirencester	0	1,015,005	1,015,005	0
Cotswold School, Bourton on the Water	0	0	0	0
Chipping Campden Dual User	0	0	0	0
Cotswold Museum Charitable Trust	0	147,290	147,290	0
E Government	0	350,000	137,286	212,714
Gloucestershire CC Wheelie Bins	0	500,000	495,041	4,959
Disabled Facilities Grant	0	176,000	176,000	0
DWP Housing Benefits Computer System	0	33,067	0	33,067
Total	0	2,221,362	1,970,622	250,740

STATEMENT OF TOTAL MOVEMENT IN RESERVES

	Note	2003/04 £	2004/05 £
Surplus / (deficit) for the year General Fund:		(65,806)	278,882
Add back Movements on earmarked revenue reserves		(386,641)	(902,967)
Deduct Appropriations from pension reserve		3,950,000	(11,465,000)
Actuarial gains/losses relating to pensions		(850,000)	1,796,000
Total increase/(decrease) in revenue reserves	M1	2,647,553	(10,293,085)
Increase/(decrease) in useable capital receipts		3,412,818	14,572,881
Increase/(decrease) in capital reserves		(5,229)	(150,307)
Increase/(decrease) in capital grants and contributions		1,404,177	2,002,612
Total increase/(decrease) in realised capital resources	M2	4,811,766	16,425,186
Gains / (losses) on revaluation of fixed assets		702,728	(255,528)
Impairment losses on fixed assets due to general changes in prices		0	0
Total increase/(decrease) in unrealised value of fixed assets	M3	702,728	(255,528)
Value of fixed assets sold, disposed of or decommissioned	M4	(181,550)	(905,318)
Capital receipts set aside		0	(18,153,885)
Capital resources set aside		12,000	5,627,421
Movement on Government Grants Deferred		(2,520,824)	(1,532,856)
Movement in Major Repairs Reserve		0	
Total increase/(decrease) in amounts set aside to finance capital investment	M5	(2,508,824)	(14,059,320)
Increase/(decrease) on pension reserve		0	0
Total recognised gains and losses		5,471,673	(9,088,065)

Note: A prior year adjustment of £1,052,771 was made to the Fixed Asset Restatement Account. This adjustment was required as a result of reconciliation between assets recorded by the Property Services team and the Financial Services team.

Note M1: Movement in Revenue Resources

	General Fund £	Ear Marked Reserves £	Pensions Reserve £
Balance B/Fwd 1 April 2004	173,936	5,471,334	(10,400,000)
Surplus/(deficit) for 2004/05	278,882	(902,967)	
Appropriation to/(from) revenue			(11,465,000)
Actuarial gains/(losses) relating to pensions			1,796,000
Balance C/Fwd 31 March 2005	452,818	4,568,367	(20,069,000)

The Statement of Recommended Practice 2004 requires the following information regarding defined benefit pension schemes to be declared:

	Year to 31 March 2005 £(000)	Year to 31 March 2004 £(000)	Year to 31 March 2003 £(000)
Difference between the expected and actual return on assets	665	3,370	(7,500)
Value of assets	28,496	25,680	20,300
Percentage of Assets	2.3%	13.1%	(36.9%)
Experience gains/(losses) on liabilities	(1,350)	390	-
Total present value of liabilities	48,567	36,130	34,300
Percentage of the total present value of liabilities	(2.8%)	1.1%	-
Actuarial gains/(losses) recognised in Statement of Total Recognised Gains and Losses (STRGL)	(8,121)	3,760	(7,500)
Total present value of liabilities	48,567	36,130	34,300
Percentage of the total present value of liabilities	(16.7%)	10.4%	(21.9%)

Note M2: Movement in Realised Capital Resources

	Usable Capital Receipts £	Earmarked Capital Reserve £	Applied / Unapplied Capital Grants and Contributions £
Balance B/Fwd 1 April 2004	5,186,570	150,307	1,837,995
Amount receivable in 2004/05	1,951,054	0	2,221,362
Amounts applied to finance new capital in 2004/05	(5,378,411)	(150,307)	
Commutation Adjustment	(144,161)		
Reclassifying Rent Deposit Scheme	(9,487)		
Transfer PCL from Capital Financing Account	18,153,886		
Amortisation of Government Grants			(218,750)
Total Increase/(decrease) in realised capital resources in 2004/05	14,572,881	(150,307)	2,002,612
Balance C/Fwd 31 March 2005	19,759,451	0	3,840,607

Note M3 Movement in Unrealised Fixed Assets

	Fixed Asset Restatement Account £
Balance Brought Forward 1 April 2004	(19,378,342)
Gains /(losses) on prior year adjustment to asset values	(1,052,771)
Gains/(losses) on revaluation of fixed assets in 2004/05	797,243
Impairment losses on fixed assets due to general change in prices in 2004/05	0
Total increase/(decrease) in unrealised capital resources in 2004/05	(255,528)

Note M4 Value of Assets Sold, Disposed of or Decommissioned

Amounts written off fixed assets balances for disposals in 2004/05	(905,318)
Total movement in reserve 2004/05	(1,160,846)
Balance Carried Forward 31 March 2005	(20,539,188)

Note M5 Movements in amounts set aside to finance capital investment

	Capital Financing Account £
Balance Brought Forward 1 April 2004	68,454,543
Transfer of PCL balance to Capital Receipts	(18,153,885)
Total receipts set aside in 2004/05	(18,153,885)
Capital resources set aside in 2004/05	
- capital expenditure financed from capital receipts	5,378,411
- capital expenditure financed from revenue & capital reserves	249,010
Total capital resources set aside in 2004/05	5,627,421
Amortisation of Government Grants	218,750
Applications regarding writing out Deferred Charges etc.	(1,453,011)
Amounts credited to asset management revenue account in 2004/05	(298,595)
Movement on Government Grants Deferred	(1,532,856)
Total increase/(decrease) in amounts set aside to finance capital investment	(14,059,320)
Balance carried forward 31 March 2005	54,395,223

As the Council is debt free, it is able to fund capital expenditure from capital receipts that were previously set aside as a provision to repay debt. The amount of reserved capital receipts as at 1 April 2004 was £21,505,846. Using powers granted under the Local Authority (Capital Financing and Accounting) Regulations 2003, reserved capital receipts of £18,153,885 were transferred from the Capital Financing Account to the Capital Receipts Account during 2004/05.

Capital Receipts of £144,161 were used for the Commutation adjustment and taken to revenue, £5,378,411 were used to fund capital expenditure. A Capital Receipts balance of £19,759,451 remains to finance future capital expenditure.

CASH FLOW STATEMENT

2003/2004 £000	2003/2004 £0		Note	2004/2005 £000	£000
		REVENUE ACTIVITIES			
		Payments			
8,863	8,863	Payments to and on behalf of employees		7,573	
34,705	34,705	Precepts Paid		37,770	
17,906	17,906	Non-Domestic Rates paid to National Pool		18,123	
9,964	9,964	Other Operating Costs		11,779	
11,839	11,839	Housing Benefits Paid Out		12,334	
83,277	83,277				87,579
		Receipts			
(252)	(252)	Rents (after rebates)		(233)	
(37,222)	(37,222)	Council Tax		(40,422)	
(17,735)	(17,735)	Local Non-Domestic Rates		(18,120)	
(18,482)	(18,482)	Government Grants	CF2	(20,417)	
(7,968)	(7,968)	Goods, Services and Other Receipts		(7,775)	
(81,659)	(81,659)				(86,967)
1,618	1,618	Net Cash Outflow from Revenue Activities	CF1		612
		SERVICING OF FINANCE			
		Receipts			
(1,421)	(1,421)	Interest Received		(1,440)	
(1,421)	(1,421)	Net Cash Outflow (inflow) from Servicing Finance			(1,440)
197	197	Net Cash Outflow (Inflow) from Revenue Activities and Servicing Finance			(828)
		CAPITAL ACTIVITIES			
		Payments			
5,130	5,130	Purchase of Fixed Assets		5,057	
1,259	1,259	Payment of Improvement and Other Grants		1,453	
0	0	Advance Made		0	
984	0	Long Term Investments Purchased	CF3	0	
7,373	6,389				6,510
		Receipts			
(3,154)	(3,154)	Sale of Fixed Assets		(1,863)	
(208)	(208)	Repayment of Advances		(101)	
(531)	(531)	Government Grants	CF2	(627)	
(1,959)	(1,959)	Other Grants and Receipts	CF2	29	
(5,852)	(5,852)				(2,562)
1,521	537	Net Cash Outflow (inflow) from Capital Activities			3,948
1,718	734	Net Cash (Inflow) / Outflow before financing			3,120
		MANAGEMENT OF LIQUID RESOURCES			
56,090	57,074	Short Term Investments Purchased	CF3	81,241	
(55,090)	(57,973)	Short Term Investments Realised	CF3	(84,469)	
1,000	(899)			(3,228)	
		FINANCING			
(2,883)	0	Long Term Investments Realised	CF3	0	
(1,883)	(899)	Net (inflow)/Outflow from Financing Activities			(3,228)
(165)	(165)	Net (Increase)/Decrease in Cash	CF4		(108)

Note CF1 Reconciliation of Net Cash Outflow From Revenue Activities

	2003/2004 £000	2004/2005 £000
Deficit/(Surplus) per Consolidated Revenue Account	62	(279)
Collection Fund Deficit/(Surplus)	4	0
Adjust For:		
(Increase)/Decrease in Financing Items	136	0
(Increase)/Decrease in Revenue Creditors	195	(1,560)
(Increase)/Decrease in Stocks	(11)	0
(Increase)/Decrease in Revenue Debtors	(581)	62
(Increase)/Decrease in Reserves	392	948
	131	(550)
Plus		
Interest Received	1,421	1,440
Net Cash Outflow from Revenue Activities	1,618	612

Note CF2 Analysis of Grants

	2003/2004 £000	2004/2005 £000
Revenue Grants		
Revenue Support Grant	(2,314)	(2,215)
National Non-Domestic Rates	(2,805)	(2,184)
DSS Grants for Rebates:		
Council Tax Benefits	(2,809)	(3,351)
Rent Allowances / Benefits	(9,924)	(11,923)
Administration etc.	(468)	(580)
Cost of Non-Domestic Rate Collection	(162)	(164)
	(18,482)	(20,417)
Capital Grants		
Government Grants		
Specified Capital Grant (Improvement Grants)	(331)	(244)
E Government Strategy	(200)	(350)
DWP Benefits Computer System	0	(33)
	(531)	(627)
Other Grants & Receipts:		
Chipping Campden Dual User	(8)	0
Corinium Museum - Heritage Lottery Fund	(1,396)	0
Starter Home Initiative	(171)	0
Corinium Museum Charitable Trust	0	(147)
Section 106 Agreements	(384)	176
	(1,959)	29
	(2,490)	(598)

Note CF3 Management of Liquid Resources and Financing

	At 31 March 2004 £000	Investments Purchased £000	Investments Realised £000	At 31 March 2005 £000
Short Term Investments	2,850	59,600	(61,650)	800
Managed Funds	27,162	21,641	(22,819)	25,984
Total	30,012	81,241	(84,469)	26,784

Managed funds have been reclassified in 2004/05 from long-term investments to short-term investments. The reclassification was necessary to reflect the fact that the managed funds can, if the Council chooses, be liquidated within one year. The cash flow statement restates the position for 2003/04 to reflect the reclassification of managed funds.

Note CF4 Net Increase in Cash

	At 31 March 2004 £000	Movement In the Year £000	At 31 March 2005 £000
Cash at Bank (overdrawn)/in hand	16	108	124