

# **EAST SUSSEX FIRE AUTHORITY**

**Draft**

**Statement of Accounts  
2001/02**



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Draft

## Statement of Accounts 2001/02

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**FOREWORD BY THE TREASURER****Accounts**

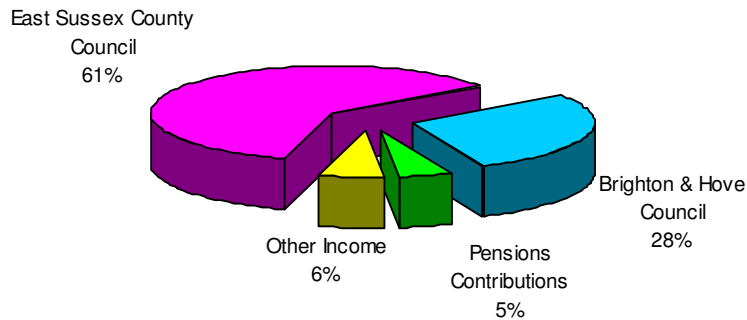
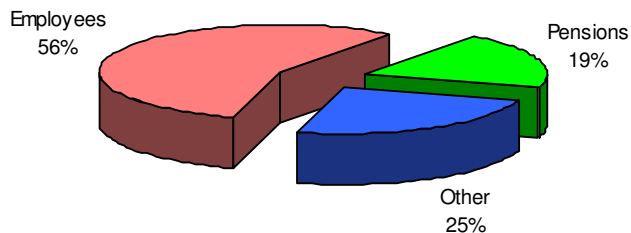
The East Sussex Fire Authority's accounts for the year 2001/02 include:

- A statement of responsibilities for the Statement of Accounts outlining the Fire Authority's and Treasurer's responsibilities.
- A Statement of Accounting Policies.
- The Revenue Account, detailing expenditure and income.
- The Balance Sheet, setting out the Authority's financial position at the year-end.
- A Statement of Total Movements in Reserves.
- A Cash Flow Statement summarising the inflows and outflows of cash arising from transactions with third parties.

The accounting policies adopted comply with the relevant recommended accounting practices and are explained on the following pages.

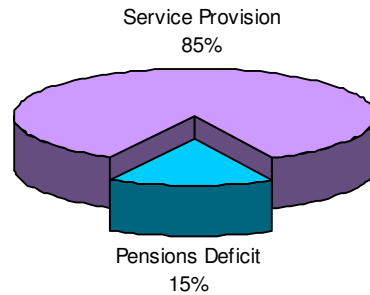
**Revenue Account**

The following three charts show where the Authority's money came from, what it was spent on and what services were provided.

**Where the money came from****What the money was spent on**

**FOREWORD BY THE TREASURER (CONTINUED)**

The Authority's services are staff-intensive and employee costs accounted for just over half the gross expenditure. Other expenditure included the costs of premises, transport, supplies and services, support services and capital charges.

**What services were provided*****Revenue Budget and Capital Programme***

A comparison between the original estimate and the actual outturn expenditure on the Authority's revenue budget and capital programme is set out below:-

	Original Estimate £000	Actual Outturn £000
Revenue Budget	25,014	24,419
Capital Programme	3,196	2,869

The revenue budget was underspent by a net £595,000. Of this £117,000 was related to Firefighters' Pensions and the balance was due to specific projects that have been delayed.

In 2001/02, the Authority spent £2,869,000 compared to an original estimate of £3,196,000 in the capital programme. The shortfall in payments was due principally to delays completing work on the New Headquarters Building (£179,000). The capital resources can be carried forward to meet the payments in the current year.

The main item on which capital expenditure was incurred during the year was the new Headquarters Building, £2,523,000. The financing of capital expenditure was from borrowing:- £1,089,000, and capital receipts:- £1,780,000.

Loan debt amounted to £2.384m at the year-end.

Sean Nolan  
Treasurer  
Date

**STATEMENT OF RESPONSIBILITIES*****The Fire 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 is responsible for the administration of those affairs. In this Authority, that officer is the Treasurer;
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

***The Treasurer's Responsibilities***

The Treasurer is responsible for the preparation of the Authority's Statement of Accounts which, in terms of the Chartered Institute of Public Finance and Accountancy/Local Authorities (Scotland) Accounts Advisory Committee 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 31 March 2002.

In preparing the statement of accounts the Treasurer has selected suitable accounting policies and then applied them consistently; made judgements and estimates that were reasonable and prudent; complied with the Code.

The Treasurer has also kept proper up to date records, and taken reasonable steps for the prevention and detection of fraud and other irregularities.

## STATEMENT OF ACCOUNTING POLICIES

**1. General**

The Chartered Institute of Public Finance and Accountancy provide detailed guidance on the preparation of local authority accounts. This guidance is legally binding, and we have followed it, unless otherwise stated.

**2. Accounting for Assets**

We record as capital expenditure all transactions that involve the purchase of new assets or of expenditure which adds to their value. However, if the value of vehicles or of items of equipment is less than £20,000, we charge it to revenue.

We include in the balance sheet all assets under the following headings: land and buildings, furniture, vehicles and equipment (if it is worth over £20,000), and Community Assets. See Note 5 to the balance sheet for information about how we value our assets.

We charge depreciation on all of our assets, except for freehold land, over their expected remaining life. An additional charge is made for impairment if there has been an unusual event, such as a fire, which affects the value of an asset.

We update the value of our assets by recording revaluations, depreciation, enhancements (capital expenditure) and sales.

**3. Deferred Charges**

Some of the expenditure initially charged to capital does not increase the value of our assets. In some cases this is because we capitalise expenditure on schemes such as increasing access for the disabled: such expenditure is initially added to the asset value and then revalued to negate its effect. There are other circumstances where we account for capital expenditure as deferred charges rather than assets. This includes expenditure on assets not owned by the Authority and on feasibility studies for schemes which may or may not take place. The cost of deferred charges is immediately charged to the revenue account, but a corresponding reduction is made to the Appropriations Section of the revenue account so that this does not affect the overall charge to the revenue account.

**4. Capital Charges to Revenue Account**

In order to show the total economic cost of services, we charge to the revenue account a capital charge, which is made up of depreciation, together with any impairment charge, and notional interest on the asset value at the start of the year. The interest element of these charges are reversed in the Asset Management Revenue Account, and therefore have no effect on net operating expenditure.

**5. Capital Receipts**

Capital receipts from the sale of assets are held in a reserve until they are required to finance capital expenditure.

**6. Interest Charges**

We accrue for interest payable or receivable during the year but not actually paid or received by 31 March. This ensures that we account for all interest in the year to which it relates.

**7. Redemption of Debt**

There is a legal requirement for the Fire authority to provide in its revenue account for the redemption of 4% of its total debt outstanding at the start of the year. This is less than the total charge for depreciation, so a contribution is made from the Capital Financing Reserve to revenue in order to ensure that the correct provision is made.

**8. Debtors and Creditors**

We record all transactions on the basis of income and expenditure. In order to achieve this we account for actual or estimated debtors and creditors at the end of the year. The exception is for charges for utilities (gas, electricity and telephones), where these are not accrued, so long as we have paid for a full twelve months during each financial year.

**9. Stocks and Work in Progress**

We value stocks at the lower of latest invoice price or net realisable value.

**10. Overheads**

The costs of support services are fully charged to services on the basis of contracts with suppliers and time allocations.

There are some central costs, classified as corporate and democratic core, which are shown under Central Services in the Revenue Account. All expenditure is classified according to CIPFA's Best Value Accounting Code of Practice.

**11. Pensions**

The Authority participates in two different pension schemes, which meet the needs of different groups of employees. Both schemes provide their members with defined benefits related to pay and service. The schemes are:

**Uniformed Firefighters**

This scheme is unfunded and the charge to the accounts represents the net cost of pensions and other benefits after allowing for contributions made by employees for the year.

The expenditure of the scheme includes all valid benefit claims arising during the financial year. Transfer values payable and receivable are brought into account in the year in which they are agreed.

**Other Employees**

Most other employees can join the Local Government Pension Scheme. East Sussex County Council maintains the pension fund, and the main charge to the Authority's accounts is the amount payable to the fund as the employer's contribution for the year. There are additional charges for pensions paid to some retired employees which are not chargeable to the Pension Fund.

The Authority does not comply with the accounting requirements of SSAP (Statement of Standard Accounting Practice) 24 "Accounting for Pension Costs". This is because our contributions are in line with Government regulations, rather than actuarial assessments of our liabilities. However (in line with the standard accounting practice for local authorities) we disclose as a note to the Revenue Account on page 9 the amount which would have been payable under SSAP 24.

We also disclose as a note to the Balance Sheet on page 14 the Fire Authority's net liability for future pension payments, taking into account its share of the assets in the East Sussex Pension Fund. This disclosure is in line with the new reporting requirements of Financial Reporting Standard No 17 – Retirement Benefits (FRS17).

**12. Provisions and Reserves**

We set aside provisions where there is a definite liability, but the amount and timing of settlement is not known. There was a provision made for £72,000. £70,000 in respect of liabilities arising from the liquidation of Independent Insurance Company, and £2,000 for bad debts. There is an agreed protocol to ensure that future pension liabilities are allowed for in the budget.

Reserves are set aside for various purposes which fall outside the definition of provisions. Details of individual reserves are given as a note to the statement of total movements in reserves on page 39.

## REVENUE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2002

2000/2001 £000	See Note	2001/02		
		Gross Expenditure £000	Income £000	Net Expenditure £000
1,032	Community Fire Safety	1,163	(33)	1,130
21,317	Fire Fighting and Rescue Operations	22,967	(1,003)	21,964
3,948	Fire Fighter's Pension	5,407	(1,305)	4,102
-	Fire Service Emergency Planning and Civil Defence	-	-	-
517	Corporate and Democratic Core	525	-	525
15	Unapportionable Central Overheads	18	-	18
<b>26,829</b>	<b>Net cost of Services</b>	<b>30,080</b>	<b>(2,341)</b>	<b>27,739</b>
(1,903)	3 Transfer to/(from) Asset Management Revenue Account			(1,954)
(157)	Interest Receivable			(95)
<b>24,769</b>	<b>Net Operating Expenditure</b>			<b>25,690</b>
	<b>Appropriations</b>			
(1,494)	Contributions from Capital Financing Reserve			(1,271)
(7)	4 - provision for repayment of external loans			-
	Deferred charges written off			
<b>23,268</b>	<b>Amount to be met from Constituent Authorities</b>			<b>24,419</b>
	This was financed by:			
	Contributions from Constituent Authorities:			
(15,842)	East Sussex County Council			(17,099)
(7,327)	Brighton and Hove City Council			(7,915)
<b>99</b>	<b>(Surplus)/Deficit for the year</b>			<b>(595)</b>
	<b>Fire Authority Fund Balance</b>			
208	Opening Balance			109
(99)	(Deficit) / Surplus for the year			595
<b>109</b>	<b>Closing Balance</b>			<b>704</b>

## NOTES TO THE REVENUE ACCOUNT

**1. Officers Emoluments**

The numbers of employees whose remuneration, excluding pension contributions, was £40,000 or more in bands of £10,000 were:

Remuneration Band	Number of Employees	
	2000/01	2001/02
£40,000 - £49,999	10	8
£50,000 - £59,999	0	2
£60,000 - £69,999	2	0
£70,000 - £79,999	0	2
£80,000 - £89,999	1	0

**2. Pensions****Uniformed Firefighters**

The net cost of pensions and other benefits amounted to £4.2m, representing 41.7% of pensionable pay. Using research information available, it is estimated that if the cost of pensions under the scheme had been determined in accordance with SSAP 24 'Accounting for Pension Costs', the regular cost of the scheme would have been £2.8m, representing 27.5% of pensionable pay, whilst the cost of spreading the unfunded accrued liability over 40 years would have been an additional annual £3.1m, representing 30.7% of pensionable pay.

**Other Employees**

The Authority paid an employer's contribution of £250,000 into the Pension Fund, representing 12.4% of pensionable pay. The contribution rate is determined by the Fund's Actuary based on triennial actuarial valuations, the last review being 31 March 1998. Under Pension regulations, contribution rates are set to meet 100% of the overall liabilities of the Fund.

The Fund's Actuary has advised that the pension costs that it would have been necessary to provide for in the year, in accordance with SSAP 24 'Accounting for Pension Costs' are £209,000, representing 10.4% of pensionable pay.

In addition the Authority is responsible for all pension payments relating to added years benefits it has awarded, together with the related increases. These amounted to £18,000, representing 0.9% of pensionable pay.

No discretionary increases to pension payments were agreed by the authority during 2001/02. The capital cost of payments made during 2001/02 but agreed during previous years is estimated at £332,000.

**3. Asset Management Revenue Account**

	£000	£000
Income		
Capital Charges		(3,390)
Expenditure		
Provision for depreciation	1,332	
External interest charges	<u>104</u>	<u>1,436</u>
Balance to Revenue Account		<u>(1,954)</u>

**NOTES TO THE REVENUE ACCOUNT CONTINUED****4. Revenue Provision for Repayment of External Loans**

There is a legal requirement for the Fire authority to provide in its revenue account for the redemption of 4% of its total debt outstanding at the start of the year. This is less than the total charge for depreciation, so a contribution is made from the Capital Financing Reserve to revenue in order to ensure that the correct provision is made.

	£000
Amount charged as depreciation	1,332
Adjustment to capital financing reserve	<u>(1,271)</u>
	<u>61</u>

**5. Operating Leases**

East Sussex Fire Authority leases certain vehicles and equipment. The amount paid under these arrangements in 2001/02 was £556,000 (2000/01 £623,000).

The Authority is committed to making payments of £544,000 under these leases in 2002/03, comprising the following elements:

	£000
Leases expiring in 2002/03	68
Leases expiring between 2003/04 and 2007/08	261
Leases expiring after 2007/08	<u>215</u>
	<u>544</u>

The Authority does not have any finance leases.

**6. Publicity Expenditure**

Set out below, under the requirements of section 5(1) of the Local Government Act 1986, is the Authority's spending on publicity.

	£000
Recruitment advertising	33
Other advertising	1
Publicity	<u>10</u>
Total	<u>44</u>

**7. Transactions with Related Parties**

The Fire Authority is obliged to disclose material transactions with related parties, a term which includes central and local government and various types of partnerships, as well as financial relationships with members and chief officers (other than payments of salaries, expenses, etc).

There were no such material transactions other than the contributions from East Sussex County Council and Brighton & Hove Council, as shown in the revenue account.

**8. Members Allowances**

The Fire Authority only pays travel and subsistence to members when they are on Fire Authority business. They do not receive other allowances from the Fire Authority, as the constituent authorities are responsible for these. Total paid in 2001/02 was £274.

## BALANCE SHEET AS AT 31 MARCH 2002

2000/01			2001/02		See note
£000	£000		£000	£000	
		Fixed Assets			1-5
		Operational assets			
28,287		- land and buildings	32,131		
3,729		- vehicles, plant and equipment	3,250		
	<u>32,016</u>			<u>35,381</u>	
	<u>32,016</u>	Total Long-term Assets		<u>35,381</u>	
		Current Assets			
184		- stocks and work in progress	171		
1,111		- payments in advance	898		
1,133		- debtors	255		8
592		- cash at bank and in hand	2,149		
	3,020			3,473	
		Current Liabilities			
(2,578)		- creditors	(1,991)		
-		- Income in advance	(156)		
	<u>(2,578)</u>			<u>(2,147)</u>	
	<u>442</u>	Net Current Assets		<u>1,326</u>	
	32,458	Total Assets less Current Liabilities		36,707	
(1,384)		Long-term Borrowing		(2,384)	
-		Provisions		(70)	
	<u>31,074</u>	Total Assets less Liabilities		<u>34,253</u>	
32,788		Fixed Asset Restatement Reserve		34,521	
(2,231)		Capital Financing Reserve		(1,722)	
408		Usable Capital Receipts Reserve		750	
109		Balances		704	
	<u>31,074</u>	Total Equity		<u>34,253</u>	

## TREASURER'S CERTIFICATE

I certify that the accounts set out above state fairly the financial position of the East Sussex Fire Authority as at 31 March 2002.

Sean Nolan  
Treasurer

Date

## NOTES TO THE BALANCE SHEET

## 1. Movements in fixed assets during the year were as follows:

	Land & Buildings £000	Vehicles Plant & Equipment £000	TOTAL £000
Opening balance	28,287	3,729	32,016
Restatements	2,284	-	2,284
Additions	2,947	17	2,964
Disposals	(551)	-	(551)
	<u>32,967</u>	<u>3,746</u>	<u>36,713</u>
Impairment to assets		-	
Depreciation	(836)	(496)	(1,332)
Closing balance	<u>32,131</u>	<u>3,250</u>	<u>35,381</u>

## 2. The additions to fixed assets were financed as follows:

	£000
Borrowing and approval for additional borrowing	1,089
General capital receipts	1,780
Net change in accruals	95
	<u>2,964</u>
Less Deferred charges	-
	<u>2,964</u>

## 3. Future Capital Expenditure

The Authority's capital programme of schemes starting in or before 2002/03 will involve future capital expenditure of £1.1m. The major scheme being the replacement of Broad Oak Fire Station - £0.65m

The Authority has authorised expenditure of £1m on schemes starting in 2002/03

## NOTES TO THE BALANCE SHEET CONTINUED

## 4. Assets Held

An analysis of fixed assets (owned and leased) is:	31.3.01 (numbers)	31.3.02 (numbers)
<u>Operational Buildings</u>		
Headquarters	1	1
Fire Stations	24	24
Training Centre	1	1
Control Part of Headquarters on 31.3.02	1	-
	<hr/>	<hr/>
	27	26
<u>Non-operational Buildings</u>		
Houses	46	41
<u>Vehicles</u>		
	80	82
<u>Operational Equipment</u>		
Appliances:		
Water Tender Ladders	47	47
Heavy Rescue Vehicles	1	1
Turntable Ladders	3	3
Aerial Ladder Platform	2	2
Animal Rescue Unit	0	1
Community Fire Safety Unit	1	1
Rope Rescue Unit	1	1
Four Wheel Drive	0	1
Off Shore Fire Fighting	1	1
Water Carrier	1	1
Foam Tender	1	1
Control Unit	1	1
Operational Support Vehicles	2	2
Chemical Support Unit	1	1
General Purpose Lorries	2	2
	<hr/>	<hr/>
	64	66
	<hr/>	<hr/>
	217	215
	<hr/>	<hr/>

## 5. Fixed Asset Valuation

The Authority operates a policy of revaluing its property assets on a rolling 5 year basis, with the aim of revaluing all of its assets within this period.

Freehold and leasehold properties regarded by the Authority as operational are valued on the basis of open market value for the existing use or where this cannot be assessed because there was no market value, the depreciated replacement cost. This is in line with the Statement of Asset Valuation Practice and Guidance Notes of the Royal Institution of Chartered Surveyors. The valuations are carried out by the Property unit of the County Council. Buildings are depreciated in line with the estimated life expectancies of the assets.

Furniture, equipment, plant and machinery values were initially calculated either as an assessed proportion of the valuation of the buildings or, in the case of properties valued at open market value, as an assessed rate per square metre. They are updated in line with capital expenditure, and depreciated in line with the estimated lives of the assets.

## NOTES TO THE BALANCE SHEET CONTINUED

**6. Deferred Charges**

	Deferred Charges £000
Opening balance	-
Capital payments during year	-
	<hr/>
	-
Less written off during year:	-
Revenue	-
	<hr/>
Closing balance	-
	<hr/>

Deferred Charges represent capital expenditure either on fees for feasibility studies for capital schemes which may or may not come to fruition, or expenditure on assets which are not owned by the Authority. Deferred charges are written off in the year in which the expenditure is incurred.

**7. Debtors**

	31.3.01 £000	31.3.02 £000
Amounts falling due within one year:		
Sundry debtors	1,133	257
Less provision for bad debts	(-)	(2)
	<hr/>	<hr/>
	1,133	255
	<hr/>	<hr/>

**8. Provision for Credit Liabilities (Memorandum account)**

This is a memorandum account comparing amounts set aside for the repayment of debt to the amounts of debt actually repaid during the year. In the balance sheet the amounts set aside are credited to the Capital Financing reserve.

	£000
Opening balance	-
Amounts set aside for repayment of external loans	61
Use of Provision for Credit Liabilities in lieu of new borrowing	(61)
	<hr/>
	-
	<hr/>

**9. Long Term Borrowing**

All the Authority's loans are from the Public Works Loans Board and mature after more than 10 years.

**10. Pension Assets and Liabilities**

This note is required to comply with the new accounting standards for pensions (FRS17). Our actuaries plan to complete their work in September 2002, and this note will be completed as soon as possible.

**11. Contingent Liabilities**

There is a potential liability for pension arrangements for retained firefighters related to interpretation of the Part-Time Workers (Prevention of Less Favourable Treatment) Regulations 2000. A tribunal is hearing a test case. It is not possible to assess the cost of the potential liability until the position is clearer.

The Fire Brigade Union has submitted a 39% pay claim, which is considerably higher than the amount provided for in the Fire Authority's budget.

**NOTES TO THE BALANCE SHEET CONTINUED****12. Euro Costs**

The East Sussex Fire Authority has reviewed the impact of the euro on its ongoing operations and financial systems. Until a decision is made as to whether the UK should adopt the euro, any expenditure on euro activities, which is primarily on research and strategic planning, will be met from within existing budgetary provision.

**13. Post Balance Sheet Events**

There are no post balance sheet events.

## STATEMENT OF TOTAL MOVEMENTS IN RESERVES

2000/01 £000	£000		Note	2001/02 £000	£000
(99)		Surplus/Deficit for the year		595	
	(99)	<b>Total increase/(decrease) in revenue resources</b>			595
(90)		Increase/(decrease) in capital receipts		342	
	(90)	<b>Total increase/(decrease) in realised capital</b>	1		342
1,003		Gains or losses on revaluation of fixed assets	2	2,284	
	1,003	<b>Increase/(decrease) unrealised value fixed assets</b>			2,284
	(50)	<b>Value of assets sold or disposed of</b>	2		(551)
235		Capital receipts set aside		1,780	
(1,502)		Revenue resources set aside		(1,271)	
	(1,267)	<b>Total increase/(decrease) in amounts set aside</b>	3		509
	(503)	<b>Total recognised gains/losses</b>			3,179

## NOTES TO THE STATEMENT OF TOTAL MOVEMENTS IN RESERVES

## 1. Movements in realised capital resources

	Sale of assets £000
Amounts receivable during the year	2,122
Amounts set aside to finance new capital investment	1,780
<b>Total increase/decrease in realised capital resources</b>	<b>342</b>
Balance brought forward at 1 April 2001	408
<b>Balance carried forward at 31 March 2002</b>	<b>750</b>

The balance at the end of the year on this reserve represents the capital receipts available to finance capital expenditure in future years.

## 2. Fixed Asset Restatement Reserve

	£000
Gains/losses on revaluation of fixed assets	2,284
<b>Total increase/(decrease) in unrealised capital resources</b>	<b>2,284</b>
Amounts written off fixed asset balances for disposals	(551)
Total movement in reserve	1,733
Balance brought forward at 1 April 2001	32,788
<b>Balance carried forward at 31 March 2002</b>	<b>34,521</b>

The Fixed Asset Restatement Reserve represents the difference between the current valuation of assets as shown in the Balance Sheet and their historical cost. The reserve is written down by the book value of assets as they are disposed of, and debited or credited with the deficits or surpluses from revaluations.

## 3. Movements in amounts set aside to finance capital investment: Capital Financing Reserve

	£000	£000
<b>Capital receipts set aside</b>		(1,780)
<b>Revenue resources set aside</b>		
Provision for repayment of external loans in year		<u>1,271</u>
Total movement in reserve		(509)
Balance brought forward at 1 April 2001		<u>2,231</u>
<b>Balance carried forward at 31 March 2002</b>		<u><b>1,722</b></u>

The Capital Financing Reserve contains:

- the amount of capital expenditure financed from revenue and from capital receipts, and
- the difference between amounts provided for depreciation and that required to be charged to revenue to repay the principal element of external loans.

**CASH FLOW STATEMENT**

This statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.

2000/01			2001/02	
£000	£000		£000	£000
		<b>Revenue Activities</b>		
		Cash outflows		
20,021		Cash paid to and on behalf of employees	21,555	
<u>5,014</u>	25,035	Other operating costs	<u>5,551</u>	27,106
		Cash inflows		
2		Rents	12	
		Contributions from constituent		
23,083		Authorities	25,014	
128		Cash received for goods and services	342	
<u>1,747</u>	<u>24,960</u>	Other revenue cash income	<u>3,008</u>	<u>28,376</u>
	75			(1,270)
		<b>Servicing of Finance</b>		
		Cash outflows		
41		Interest paid	81	
		Cash inflows		
134		Interest received	115	
	<u>(93)</u>			<u>(34)</u>
	(18)	Net cash (inflow)/outflow from revenue activities		(1,304)
		<b>Capital Activities</b>		
		Cash outflows		
	637	Purchase of fixed assets		2,869
		Cash inflows		
	<u>145</u>	Sale of fixed assets		<u>2,122</u>
	<u>492</u>			<u>747</u>
	474	Net cash (inflow)/outflow before financing		(557)
		<b>Financing</b>		
		Cash inflows		
	<u>308</u>	New loans raised		<u>1,000</u>
	<u>(308)</u>			<u>(1,000)</u>
	166	Net (Increase)/Decrease in cash		(1,557)

## NOTES TO THE CASH FLOW STATEMENT

## 1. Reconciliation of Cash Flow Statement to Consolidated Revenue Account

Surplus for the year	£000	£000
		(595)
Non-cash transactions		
Provision for repayment of loans	(61)	
Provisions set aside during year	<u>(70)</u>	(131)
Changes in accruals		
Decrease in stocks and work in progress	(13)	
Decrease in payments in advance	(213)	
Decrease in debtors	(878)	
Decrease in creditors	682	
Increase in income in advance	<u>(156)</u>	(578)
Net cash inflow from revenue activities		<u>(1,304)</u>

## 2. Increase in cash

	Opening Balance £000	Closing Balance £000	Movement in the year £000
Cash in hand and at bank	592	2,149	1,557

**GLOSSARY*****Accruals***

Provision made at the year-end to bring into account outstanding debtors, creditors, etc, in order to show income and expenditure as it is earned or incurred.

***Actuarial Valuation***

A review of the Pension Fund, normally carried out at three-year intervals, which assesses the contributions required from employing bodies in order to maintain the fund's ability to pay benefits in future years to pensioners, contributors and their dependants.

***Asset Management Revenue Account***

An account kept separately from the main revenue account, which bears the cost of depreciation of assets and external interest payments, and receives a credit netting off the capital charges borne by the revenue account.

***Balances***

A working balance is needed so that payments can be made before income is received, and as a cushion against unexpected expenditure during the year.

***Budget***

An expression, mainly in financial terms, of the Authority's policy for a specified period. It includes physical, staffing and statistical data.

***Capital Charges***

Amounts charged to the Authority's revenue account for the use of assets, consisting of depreciation and notional interest.

***Capital Expenditure***

Expenditure on the acquisition of assets, or which adds to rather than maintains the value of existing assets. It is financed mainly from borrowing and charges to revenue over a number of years.

***Capital Financing Reserve***

A reserve which is not available for revenue purposes: it is credited with the amounts set aside for the repayment of external debt and with capital expenditure charged to revenue.

***Capital Receipts***

Income received from sale of capital assets. Legislation may require a proportion to be set aside for debt redemption – the balance is then available to finance new capital expenditure.

***Creditors***

Amounts owed by the Authority but not paid at the date of the balance sheet.

***Debtors***

Amounts owed to the Authority but not received as at the balance sheet date.

***Deferred Charges***

Expenditure which may properly be charged to capital, and financed over a number of years, but which does not result in tangible assets.

***Depreciation***

A charge to the Asset Management Revenue Account, assessed as the amounts by which fixed assets reduce in value during the year, calculated from the estimated life expectancy and any residual value.

***Financial Reporting Standards (FRSs)***

These are prepared by the Accounting Standards Board set up in 1990 by the professional accounting bodies and they set out methods of accounting for application to company accounts. Some of the standards apply or are adapted for use in the public sector.

**GLOSSARY CONTINUED*****Fixed Asset Restatement Reserve***

This account shows the difference between the current valuations of assets and their previous book values.

***Leasing***

A method of obtaining the use of assets: a rental charge is paid for a specific period, but under operational lease conditions the asset remains the property of the lessor and the Authority has no right to purchase.

***Minimum Revenue Provision***

An amount, prescribed by Government, to be set aside from revenue for the redemption of debt.

***Outturn***

The actual level of income and expenditure in a financial year.

***Post Balance Sheet Events***

A statement of the financial implications of an event taking place after the balance sheet date, which has a material effect on the Authority's financial position.

***Provisions***

Provisions are made for liabilities and losses, which are likely or certain to be incurred, and when the amount or dates on which they will arise cannot be determined accurately.

***Revenue Expenditure***

Recurring expenditure, principally on pay, running costs of buildings, equipment and capital financing costs.

***Statements of Standard Accounting Practice (SSAPs)***

These were prepared by the Accounting Standards Committee of the professional accountancy bodies before it was replaced by a new Accounting Standards Board in 1990.

***Transfer Value***

A lump sum paid or received for pension rights transferred from one pension scheme to another usually when employees change their employment.