

**STATEMENT OF ACCOUNTS
FOR THE YEAR ENDED
31ST MARCH 2004**

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Contact details:

South Cambridgeshire District Council
South Cambridgeshire Hall
Cambourne Business Park
Cambourne
Cambridge

Telephone: 01954 713 076

**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 Finance and Resources Director;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

The Responsibilities of the Finance and Resources Director

The Finance and Resources Director is responsible for the preparation of the Authority's Statement of Accounts, in accordance with proper practices as set out in the Chartered Institute of Public Finance and Accountancy Code of Practice on Local Authority Accounting in the United Kingdom ('the Code'), which 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 2004.

In preparing this Statement of Accounts, the Finance and Resources Director has:

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

The Finance and Resources Director has also:

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

The Statement of Accounts presents fairly the financial position of the Authority at 31st March 2004 and its income and expenditure for the year then.

Signed
G.J.Harlock, CPFA, M.I.Mgt
Finance and Resources Director

Dated: 16th August 2004

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

AUDITORS' REPORT

STATEMENT ON INTERNAL CONTROL

Scope of Responsibility

South Cambridgeshire 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. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is 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.

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 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 has been in place at the Council for the year ended 31st March 2004 and up to the date of approval of the accounts.

The Internal Control Environment

The key elements of the internal control environment include:

- the establishment of corporate objectives, the review and determination of annual priorities and the setting of priority, corporate, other national and service performance indicators with quarterly monitoring reports to the Management Team;
- a requirement for all service/continuous improvement plans and reports to Cabinet and Council to state how their proposals support the corporate objectives and annual priorities;
- established policies and procedures set out in the Council's constitution which includes the budget and policy framework procedure rules, financial regulations and standing orders relating to contracts; compliance is monitored by systems of internal check through a division of duties wherever possible and by an internal audit function operating to the standards set out in the CIPFA Code of Practice for Internal Audit in Local Government; risk management is ensured by the establishment of a risk

management group which has identified risk scenarios, ranked them and produced management action plans for those risks which are above the Council's level of tolerance;

- ensuring the economical, effective and efficient use of resources, securing continuous improvement in the way in which the Council's functions are exercised; this is achieved by Best Value reviews, the recommendations of internal audit reports and the monitoring of performance indicators against benchmarks and comparison with quartiles;
- financial management which includes compliance with the constitution including financial regulations and standing orders relating to contracts; access to and training on the financial system; budgetary control reports to Portfolio Holders and a high level quarterly budgetary control report to Cabinet; and
- performance management and the reporting of performance management achieved by the setting and monitoring of performance indicators as described above.

Review of Effectiveness

The Council has responsibility for conducting, at least annually, a review of the effectiveness of the system of internal control. The review is informed by the work of the internal auditors and the management team within the Council 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.

The full Council has to approve all decisions outside the budget or policy framework and Scrutiny Committee may scrutinise services and policies, monitor the performance of the Executive and call in executive decisions which may be considered as departing from or not in accordance with the constitution. Scrutiny Committee must also report twice a year to Council on the performance of the executive against the Performance Plan and other objective criteria.

The Audit Panel receives and considers reports from the internal and external auditors and the minutes of the Panel are reported direct to Council. In particular, the Panel receives:

- an annual internal audit report which includes the Head of Internal Audit's opinion on the effectiveness of internal control;
- strategic and annual internal audit plans including risk assessments;
- the external audit and inspection plan;
- the external audit interim audit of accounts; and
- the external audit annual audit letter which is distributed to all Members.

We have been advised on the implications of the result of the review of the effectiveness of the system of internal control in reports to the audit panel by internal and external audit and plan to address weaknesses and ensure continuous improvement of the system.

Significant Internal Control Issues

The annual internal audit report for the year ended 31st March 2004 stated that from work undertaken in 2003/04 internal audit can provide significant assurance that the system of internal control accords with proper practice and highlighted the following significant control issues:

- authorisation controls;
- timeliness and regularity of reconciliations;
- further development and embedding of risk management; and
- controls derived from the segregation of key functions where possible in a small Council.

These issues are being addressed in the current financial year and progress will be monitored and reported by the auditors to the Audit Panel.

G. J. Harlock, CPFA, M.I.Mgt
Finance and Resources Director
17th August 2004

J. S. Ballantyne, DMS
Chief Executive
17th August 2004

Mrs D. S. K. Spink, MBE
Leader of the Council
17th August 2004

EXPLANATORY FOREWORD

Introduction

The Statement of Accounts brings together on the following pages the major financial statements of the Council and consists of:

- a) the Statement of Accounting Policies which sets out the basis on which the accounts have been compiled;
- b) the Consolidated Revenue Account summarising revenue expenditure and income for the year on all services and demonstrates how the net cost has been financed from government grants and the council tax;
- c) the Collection Fund which includes the council taxes and business rates collected by South Cambridgeshire District Council on behalf of those authorities responsible for services within the district and the way in which these monies have been distributed among the authorities to finance their expenditure;
- d) the Housing Revenue Account which shows revenue expenditure and income on Council housing for the year and is a ring-fenced account within the General Fund to prevent any cross-subsidy between general income and rents;
- e) the Cash Flow Statement which summarises the inflows and outflows of cash arising from transactions with third parties;
- f) the Consolidated Balance Sheet setting out the financial position of the Council as at 31st March with the balances and reserves at the Council's disposal and the assets employed in its operations; and
- g) the Statement of Total Movements in Reserves which brings together all the recognised gains and losses of the Council during the period and identifies those which have and have not been recognised in the Consolidated Revenue Account.

Consolidated Revenue Account

The Revenue Account records the day-to-day expenditure incurred in providing services such as salaries and wages, other running costs and financing costs and how this expenditure is paid for from the council tax, fees and charges and government grants. This Account consolidates the General Fund (services for the whole community), the Housing Revenue Account (Council housing) and the Direct Service Organisation (trading activities).

The Account can be summarised as:

	Expenditure/(Income)
	£'000
Net cost of services	16,915
Corporate income and expenditure	
Parish precepts	2,125
Interest	(2,461)
Other	<u>529</u>
	<u>193</u>
Net operating expenditure	17,108
Appropriations	<u>(3,591)</u>
Amount to be met from Government Grants and local taxpayers	13,517
Principal sources of finance	
Council taxpayers	
District	(3,755)
Parishes	(2,125)
Government grants including redistributed business rates	(6,296)
Other items	<u>(18)</u>
	<u>(12,194)</u>
Deficit for the year	<u>1,323</u>

When the council tax for the financial year ending 31st March 2004 was set in February 2003, the deficit was estimated at £2,176,850. The variance of £854,193 is attributable to the following:

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

	Underspending/Slippage ()	
	Overspending +	
	£'000	£'000
Services		
Corporate management	93	
Land Charges	73	
Council Tax Collection	89	
Awarded Watercourses	63	
Refuse Collection and Street Cleansing	237	
Improvement Grants	196	
Homelessness	57	
Miscellaneous	94	
Negative Housing Subsidy	(250)	
Rent Allowances	108	
Planning Service	(197)	
Building Control Service	51	
Unallocated Costs-reallocated in actual	(757)	
Contingencies	(77)	
Other items individually under £50,000	<u>(156)</u>	
Variance in net portfolio expenditure on like for like basis		(376)
*Local Authority Social Housing Grant		(960)
General Fund Summary		
Interest on Balances	45	
Capital Charges - General Fund	(137)	
Financing of Fixed Asset	150	
Financing from capital receipts not needed	411	
Other Items	<u>13</u>	
		<u>482</u>
		<u>(854)</u>

* abolished by the Government after the Council had set its budget

Housing Revenue Account

This Account deals with the provision, management and maintenance of Council dwellings, as summarised below:

	Expenditure/(Income)	
	£'000	
Repairs and maintenance		3,297
Management and services		5,045
Rent Rebates		7,398
Depreciation of fixed assets		2,933
Transfer to General Fund(negative housing subsidy)		1,211
Other		<u>480</u>
		20,364
Rents and charges	(18,910)	
Receipt from General Fund	(559)	
Interest	<u>(223)</u>	
		<u>(19,692)</u>
Deficit for the year		<u>672</u>

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

When rents for the financial year ending 31st March 2004 were set in February 2003, the deficit was estimated at £1,137,000. The variance of £465,000 is attributable to the following:

	Underspending/slippage() Overspending+
	£'000
Total repairs and maintenance	(147)
less increase in expenditure charged to capital	<u>(293)</u>
Repairs and maintenance financed from revenue	(440)
DLO Deficit	321
Sheltered Housing	112
Rent Rebates	(302)
Negative Housing Subsidy	251
Unused provision for unanticipated expenditure	(53)
Recruitment and retention	
- reallocated in actual	(225)
Cambourne offices	(90)
Corporate management	55
Gross rent income	97
Interest on set aside capital receipts	(58)
Other items individually under £50,000	<u>(133)</u>
	<u>(465)</u>

Capital

Capital expenditure produces assets capable of providing benefits to the community for several years to come. Total expenditure for the year amounted to £23.7 million. The programme involved £9.7 million being invested in improving the Council's own housing stock. Expenditure of £10.3 million was incurred on the construction of new offices that were completed and occupied in May 2004.

Treasury Management

At the 31st March 2004, investments totalled £42.5 million, a decrease of £17.7 million over the previous year-end. The high level of investments at the start of the year were due to the sale of the Council offices with the funds used to finance the construction of the new offices at Cambourne during the year. These investments produced interest of over £2.4 million which was used to pay for the cost of services.

The Council has no outstanding loans and has been debt free since 1st April 1996. This gives the Council more discretion in making investments and in the use of capital receipts arising from the sale of assets.

Balances and Reserves

The balances on the General Fund and the Housing Revenue Account remained high at £9.1 million and £3.0 million respectively. These will be used to meet the cost of services in future years and to keep down any increases in council tax/rents.

Reserves available for capital expenditure stood at £26.6 million, consisting of the usable capital receipt reserve and the amount shown in note 9 to the balance sheet. The Council's capital programme allows for the planned and phased use of these reserves.

Pensions – Change in Accounting Policy

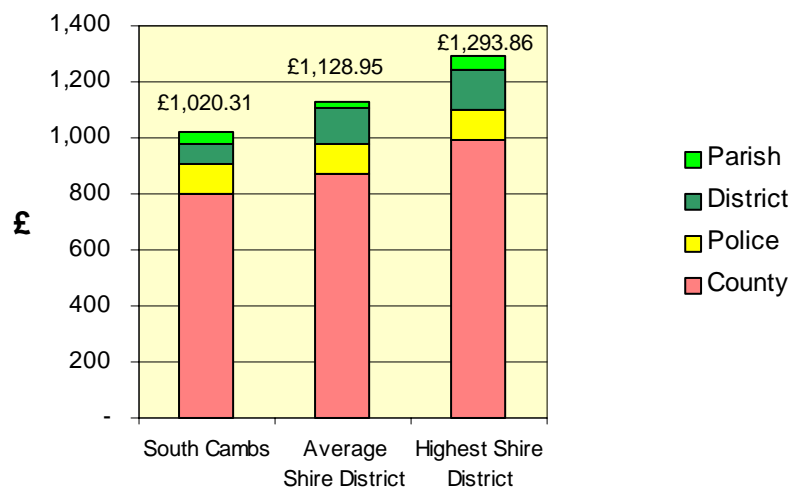
The accounting policy relating to pensions has been changed to reflect the full adoption of Financial Reporting Standard 17 (FRS17) Retirement Benefits whereby pension liabilities incurred during the year are charged to the cost of services and then reversed out with the pension deficit being shown as a liability in the balance sheet.

South Cambridgeshire's pension deficit is estimated at £8.3 million as at 31st March 2004 consisting of funded scheme liabilities and unfunded liabilities of £7.1 million and £1.2 million respectively. With over 70% of the pension fund attributable to South Cambridgeshire invested in equities, the deficit can vary greatly from one year to the next.

The employer's contribution rate for 2003/04 was 7.9% compared to a future service funding rate of 12.8%. The actual rate will increase to 9.7% in 2004/05. The next formal valuation of assets and liabilities for the purposes of determining contribution rates will be as at 31st March 2004 to be effective from 1st April 2005. The rate is likely to increase by 1.5% per annum over the triennial period to 14.2% in 2007/08 and this has been incorporated in the Council's financial projections.

Council Tax and Collection Fund

The council tax is set in terms of a band D property which is in the valuation band from £68,001 to £88,000. For a band D property, the council tax for 2003/04 was £1,020.31. This is one of the lowest tax levels in the country and most of the money is raised on behalf of the County Council as shown below:

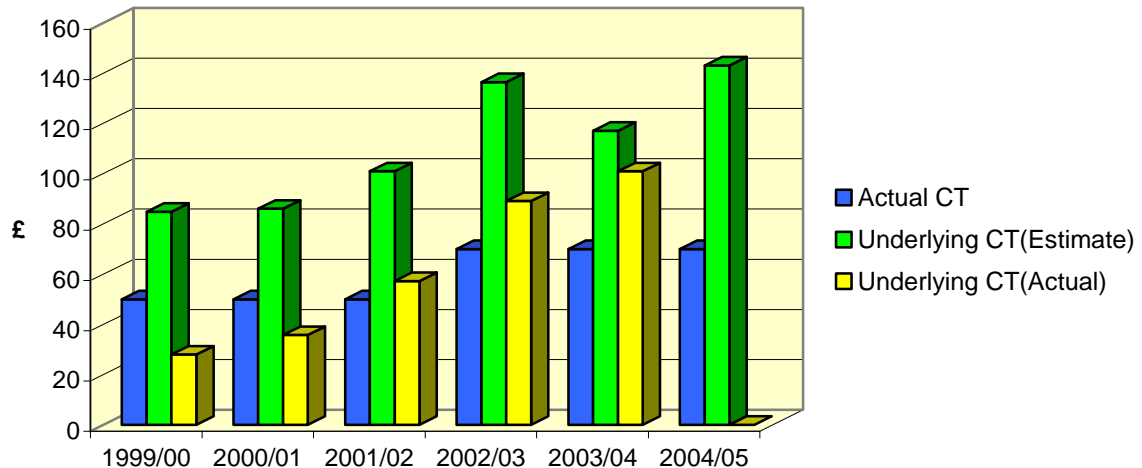


The District element of the council tax was £50 for the three years from 1999/00 to 2001/02 and was increased to £70 for the three years from 2002/03 to 2004/05. This amount is still substantially below the average charged by other districts.

Current and Future Developments

Council Tax

Over future years balances will reduce and the council tax will have to rise to its underlying level, that is, a level which is not subsidised by the use of balances. For 2004/05, the underlying council tax is estimated to be £143 compared to the amount billed of £70:



New Offices

The Council has relocated its main offices to the new village of Cambourne to the west of Cambridge, necessitated by the growth in staff numbers and the operational drawbacks of being in the centre of Cambridge on split sites. One of the Council's priorities for the year was to achieve this move with the minimum of disruption and the maximum benefit and this was successfully achieved in May 2004.

Performance and Comprehensive Performance Assessment (CPA)

In June 2004, the Council has published Moving Forward Performance Plan 2004 which sets out what we have achieved and what we plan to achieve. The Council was given a rating of fair (out of excellent, good, fair, weak or poor) in the final report of its CPA inspection in July 2004.

Information and Communication Technology (ICT)

The Council has approved £7.6 million for strengthening its ICT infrastructure and equipment plus £1.7 million for electronic service delivery work over the five years 2000-2005. It has established a contact centre in partnership with Cambridgeshire County Council with the long term aim of conducting 80% of routine business at first contact. These investments will support the delivery of e-government in line with national targets

Priority Performance Indicators

One of the indicators for 2003/04 is a target of less than 5% for the variance between original estimate and actual for net portfolio expenditure, with actual performance being a variance of 2.5% below estimate. The target for 2004/05 is a variance of less than 3%.

Population Growth

The District population of 131,000 people in 2001 is projected to increase by 33% by 2016. This is a reflection of regional planning guidance and structure plan policies including the development of large numbers of additional houses in the district, particularly through the creation of a new settlement at Northstowe and the development of the Cambridge fringe areas. The officer capacity to develop these policies has to be paid for now but is not reflected in Government grants or in the Council's tax base for raising income locally.

Introduction of the Euro

The nature and potential impact of the Euro, including related costs, have not yet been assessed.

Auditor's Opinion

The Statement of Accounts is issued subject to audit.

G.J.Harlock, CPFA, M.I.Mgt.
Finance and Resources Director
August 2004

STATEMENT OF ACCOUNTING POLICIES

1. GENERAL

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), and any departures from the Code have been disclosed below. The accounts are compiled on an accruals basis so that expenditure and income reflect work undertaken/goods supplied/services rendered during the financial year regardless of when cash is paid or received.

2. FIXED ASSETS

- i. All expenditure on the acquisition, creation or enhancement of fixed assets which yield benefit to the Authority and the services it provides for a period of more than one year is capitalised on an accruals basis in the accounts. Expenditure on existing fixed assets has been capitalised where the expenditure relates to a major inspection or overhaul of the fixed asset that restores the benefits of the asset that have been consumed and reflected in depreciation. This excludes expenditure on routine repairs and maintenance of fixed assets which is charged direct to service revenue accounts.
- ii. Fixed assets are included in the balance sheet on the following bases:

Operational land and property and other operational assets	The lower of net current replacement cost and net realisable value in existing use
Non operational assets	The lower of net current replacement cost and net realisable value
Infrastructure and community assets	Historic cost, net of depreciation, where appropriate

The surplus on the revaluation of fixed assets has been credited to the fixed asset restatement reserve.

- iii. Expenditure on the acquisition, creation or enhancement of fixed assets has been debited in full to the fixed asset account. The expenditure on enhancement has not been analysed but it is expected that this expenditure will not be matched by a corresponding increase in the value of assets concerned.
- iv. Income from the disposal of fixed assets is credited to the usable capital receipts reserve and accounted for on an accrual basis. Where applicable, the proportion required by regulations to be set aside is credited to the capital financing reserve.

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

- v. Depreciation starting in the year after acquisition is provided for on fixed assets by writing down the cost (or revalued amount) less estimated residual value on a straight line basis over the following periods:

	Years
Buildings other than dwellings	35/60
Information and Communications Technology (Most vehicles are contract hired.)	3/5

With regard to Council dwellings, a new element of housing subsidy known as the Major Repairs Allowance, being based on the annual cost of replacing individual building components as they reach the end of their useful life, is considered to be a reasonable estimate measure of depreciation.

No depreciation is charged on freehold land and non-operational properties in accordance with standard accounting policies.

- vi. Revenue accounts bear a capital charge for all fixed assets used in the provision of services, which consists of an annual provision for depreciation where appropriate plus a capital financing charge determined by applying a specified notional rate of interest to the net amount at which the asset is included in the balance sheet.
- vii. The Code has not been complied with insofar as:
- a) the value of an asset, the corresponding credit liability and any depreciation of the asset have not been shown in the balance sheet. The asset and the credit arrangement arose in 1999/2000 from the Authority renewing the lease of a property and credit cover for the initial cost of the credit arrangement (i.e. the present value of the rentals payable under the lease) was calculated to be £29,208; and
 - b) the cumulative amount for depreciation or impairment at the beginning of the financial period and at the balance sheet date has not been disclosed in the notes to the Consolidated Balance Sheet. It is considered that the amounts involved are not material to the fair presentation of the financial position of the Authority or to an understanding of the Statement of Accounts

3. GOVERNMENT GRANTS AND OTHER CONTRIBUTIONS TO FIXED ASSETS

Where a fixed asset is financed either wholly or in part by a government grant or contribution, the amount of grant or contribution is credited initially on an accruals basis to the deferred grants and contributions account. Amounts are released to the Asset Management Revenue Account over the useful life of the asset to match the depreciation charged.

4. DEFERRED CHARGES

Deferred charges are payments of a capital nature where there is no fixed asset in the ownership of the Council. The main example is grants such as housing renovation grants and recreation and leisure grants where the fixed assets are owned by individuals and other organisations.

Deferred charges are included in the accounts on a cash payments basis and are fully financed from government grants and/or revenue in the year of payment.

5. DEBTORS AND CREDITORS

The revenue accounts of the Council are maintained on an accruals basis, that is, sums due to or from the Council during the year are included whether or not the cash has actually been received or paid in the year. Exceptions to this principle relate, for example, to annual car contract hire payments and quarterly payments where payments are charged in the year rather than apportioning charges between financial years. This policy is consistently applied each year and therefore does not have a material effect on the year's accounts.

6. STOCK AND WORK IN PROGRESS

Stock held at the year end has been included in the accounts at the lower of cost and net realisable value. Work in progress on uncompleted jobs is valued at cost including an allocation of overheads.

7. COST OF SUPPORT SERVICES

All the costs of management and administration and central support services have been fully apportioned to services. The bases of apportionment for the main costs are outlined below.

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

Cost	Basis of allocation
Administrative Buildings	Area occupied
Management and Administration in Central and Service Departments	Actual time spent by staff weighted by salary costs
Information and Communication Technology	Staff time and disk space used for legacy systems and per capita basis for development
Central Support Services and Central Expenses	Number of staff

The costs of the corporate and democratic core and of unapportionable central overheads are not apportioned to services.

8. RESERVES

The Council maintains certain reserves to meet future expenditure. When this expenditure arises, it is charged to the service account but the contribution to/from capital and other reserves is shown in the appropriations section of the Consolidated Revenue Account. The movement in the earmarked reserves is shown in a note to the Consolidated Balance Sheet.

9. PENSIONS

This is a change in accounting policy.

The accounts have been prepared on the basis of the full adoption of Financial Reporting Standard 17 (FRS17) Retirement Benefits whereby pension liabilities incurred during the year are charged to the cost of services. The cost of these liabilities is reversed out in the appropriations section of the Consolidated Revenue Account and payments to the pension scheme are added in. The Consolidated Balance Sheet shows the future liability in respect of benefits due to members of the fund.

The Authority participates in the funded Local Government Pension Scheme, which is a defined benefit scheme, and also provides unfunded discretionary benefits, both of which are administered by Cambridgeshire County Council.

The amounts and disclosures shown in the Consolidated Revenue Account and the Consolidated Balance Sheet in respect of the Authority's attributable share of the funded scheme have been determined by the administering authority's actuary in accordance with Guidance Note 36: Accounting for Retirement Benefits under FRS17 issued by the Institute and the Faculty of Actuaries.

The amounts and disclosures shown in the Consolidated Revenue Account and the Consolidated Balance Sheet in respect of the unfunded discretionary benefits have been determined by the Authority's Finance and Resources Director in

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

accordance with Local Authority Accounting Panel Bulletin 51 New Disclosure Note for Pensions Costs issued by the Chartered Institute of Public Finance and Accountancy in 2001.

The amounts shown in the separate statement for the Housing Revenue Account are on the basis of payments to the pension scheme as any FRS17 reversing entry is not specified as a statutory credit to that Account.

10. DEBT FREE

The Council has no outstanding debt and has complied with the technical definition of debt free status since 1st April 1996. As a result, the Council:

- i. can use the full amount of any receipts from the sale of assets and from social housing grant;
- ii. finances its capital requirement from capital receipts, grants and direct revenue financing;
- iii. is not subject to the statutory requirement to charge the revenue account with a provision for debt repayment; and
- iv. can invest surplus cash for more than one year, but for less than five years.

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

CONSOLIDATED REVENUE ACCOUNT

2002/03 Net Expenditure £		2003/04 Gross Expenditure £	2003/04 Gross Income £	Note	2003/04 Net Expenditure £
EXPENDITURE ON SERVICES					
2,044,659	Central Services	3,987,990	(373,037)		3,614,953
1,572,290	Central Services to the Public	2,122,732	(629,309)		1,493,423
	Cultural, Environmental and Planning Services				
2,136,019	Cultural and Related Services	1,762,928	(36,487)		1,726,441
3,486,821	Environmental Services	5,864,433	(1,435,406)		4,429,027
2,736,938	Planning and Development Services	4,504,858	(1,347,544)		3,157,314
485,936	Highways, Roads and Transport Services	282,359	0		282,359
	Non HRA Housing				
596,901	Personal Social Services	809,513	(130,242)		679,271
581,235	Housing Benefit and Administration	9,460,868	(8,872,767)		588,101
5,200,590	Private Sector Housing Renewal	1,395,438	(584,047)		811,391
69,757	Supporting People	279,317	(193,011)		86,306
192,256	Other Non HRA Housing Services Expenditure	459,071	(194,089)		264,982
(4,144)	Miscellaneous Services	0	(36,055)		(36,055)
(325,992)	Negative Subsidy Entitlement from HRA	0	(1,210,657)		(1,210,657)
221,039	Other Revenue Contributions to/from HRA	208,881	0		208,881
18,994,305	General Fund Services-Continuing operations	31,138,388	(15,042,651)		16,095,737
11,771	Housing Revenue Account Services	37,027,017	(36,207,934)		819,083
19,006,076	NET COST OF SERVICES	68,165,405	(51,250,585)		16,914,820
1,919,959	Precepts of Local Precepting Authorities				2,124,651
167,539	Net (Surplus)/deficit of Direct Service Organisation (excl.appropriations)			10	359,314
(226,288)	Transfer to/(from) Asset Management Revenue Account			1	(209,671)
(2,968,759)	Interest and Investment Income				(2,461,346)
(200,000)	Pensions Interest Cost and Expected Return on Pension Assets				380,000
17,698,527	NET OPERATING EXPENDITURE				17,107,768
169,857	Deficit transferred to/(from) Housing Revenue Account Balances				(672,455)
(937,460)	Contribution to/(from) Reserves			2	(385,617)
(4,670,363)	Contribution from Capital Financing Account			3	(1,172,165)
(346,000)	Contribution from Reserves Equal to Net Pension Liability			6	(1,361,000)
11,914,561	AMOUNT TO BE MET FROM GOVERNMENT GRANTS AND LOCAL TAXPAYERS				13,516,531
(5,622,329)	Demand on Collection Fund				(5,880,011)
25,016	Transfers from Collection Fund				(18,092)
(188,693)	Government Grants				(1,744,029)
(5,603,500)	Distribution from Non-Domestic Rate Pool				(4,551,742)
(850)	Community Charge Difference				0
524,205	DEFICIT/(SURPLUS) FOR THE YEAR				1,322,657
	General Fund Balance				
(10,941,931)	Balance at the beginning of the year				(10,417,726)
524,205	Deficit/(Surplus)for the year				1,322,657
(10,417,726)	Balance at the end of the year				(9,095,069)

NOTES TO CONSOLIDATED REVENUE ACCOUNT

1. TRANSACTIONS ON THE ASSET MANAGEMENT REVENUE ACCOUNT

2002/03		2003/04
£		£
	Income	
	Reversal of Capital Charges	
(784,065)	General Fund and DLO/DSO	(869,580)
<u>(28,017,993)</u>	Housing Revenue Account	<u>(19,448,714)</u>
		(20,318,294)
<u>(68,666)</u>	Transfer from deferred grants and contributions	<u>(135,332)</u>
<u>(28,870,724)</u>		<u>(20,453,626)</u>
	Expenditure	
	Interest	
25,302,495	Housing Revenue Account	16,724,789
<u>2,411</u>	Finance Leases	<u>4,158</u>
		16,728,947
	Provision for depreciation	
401,867	General Fund and DLO/DSO	581,914
<u>2,937,663</u>	Housing Revenue Account	<u>2,933,094</u>
		3,515,008
<u>(226,288)</u>	Balance to Consolidated Revenue Account	<u>(209,671)</u>

2. CONTRIBUTIONS TO (FROM) RESERVES

2002/03		2003/04
£		£
(116,697)	Trading undertakings	(317,137)
(457,504)	Contribution from Capital Reserve	(331,660)
55,150	Contribution from DLO/DSO Reserve Accounts	(3,656)
(18,125)	Building Control Trading Reserve	(2,791)
	Contribution to /from Earmarked Reserves	
(462,592)	Recreation and Leisure - Capital	366,363
31,584	Recreation and Leisure	(30,025)
86,503	The Arts	(44,430)
(91,659)	Cycleways	95,880
0	Road safety and Improvement Schemes	(18,785)
(38,233)	Conservation Grants and Initiatives	(93,337)
(8,379)	Milton Country Park	(27,000)
(7,508)	Miscellaneous	20,961
90,000	Contingency	0
<u>(937,460)</u>		<u>(385,617)</u>

3. CONTRIBUTION FROM CAPITAL FINANCING ACCOUNT

2002/03		2003/04
£		£
2,017,500	Financing of capital expenditure from revenue	1,628,675
(401,867)	Depreciation	(581,914)
<u>(6,285,996)</u>	Deferred charges written out	<u>(2,218,926)</u>
<u>(4,670,363)</u>		<u>(1,172,165)</u>

4. LEASES

Any operating lease rentals paid to lessors during the year and the estimated outstanding undischarged obligations in respect of operating leases are not material to the fair presentation of the financial position of the Authority. Payments of £22,676 in respect of finance leases were made during the year (£19,876 in 2002/03).

5. ACCOUNTING FOR PUBLICITY

In accordance with the Local Government Act 1986 Section 5, expenditure on all publicity, including exempt categories and including publicity relating to accounts other than the General Fund was:

2002/03		2003/04
£		£
98,060	Staff recruitment	112,532
314,438	Public Relations	324,733
<u>68,809</u>	Other	<u>67,785</u>
<u>481,307</u>		<u>505,050</u>

6. PENSIONS

In 2003/04, expenditure on employer's contributions and charged to the revenue account was £816,760 representing 7.9% of employees' pensionable pay (£537,124 and 6.0% in 2002/03) into the Local Government Pension Scheme which is administered by Cambridgeshire County Council and which provides members with defined benefits related to pay and service. The contribution rate is determined by the administering authority's actuary based on triennial actuarial valuations, the last review being 31st March 2001 but not implemented until 1st April 2002. The future service funding rate for 2003/04 was 12.8%.

In addition, the Council is responsible for all pension payments relating to added years' benefits it has awarded, together with the related increases. In 2003/04 these were charged to the revenue account and amounted to £73,724 representing 0.71% of pensionable pay (£74,200 and 0.83% in 2002/03).

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The movement in the net pension liability is:

2002/03		2003/04
£'000		£'000
	Funded Scheme	
(290)	deficit/pension liability on 1st April	(10,800)
	movement in the year:	
(1,150)	current service cost (net of employee' contributions)	(1,360)
530	employer's contributions	820
0	past service costs	0
0	gains/losses on settlements and curtailments	(310)
(2,380)	interest cost (unravelling of the discount)	(2,420)
2,580	expected return on assets	2,040
<u>(10,090)</u>	actuarial gains / (losses)	<u>4,960</u>
(10,800)	Net pensions liability as at 1st April 2004	(7,070)
	Unfunded scheme	
(1,335)	deficit/pension liability	(1,327)
	movement in the year:	
74	employer's contribution	105
0	past service costs	(236)
0	experience losses arising on scheme liabilities	236
<u>(12,061)</u>	Total deficit/pension liability on 31st March	<u>(8,292)</u>

Further disclosures are included in the notes to the Consolidated Balance Sheet and the Statement of Total Movement in Reserves.

Further information can be found in the County Council's Pension Fund Annual Report which is available upon request from the Director of Resources, Shire Hall, Castle Hill, Cambridge, CB3 0AP.

7. MEMBERS ALLOWANCES

The total of Members' allowances paid in the year was £297,231 (£287,317 in 2002/03). Further information is available upon request from the Democratic Services Manager, South Cambridgeshire District Council, South Cambridgeshire Hall, Cambourne Business Park, Cambourne, Cambridge, CB3 6EA.

8. EMPLOYEES' REMUNERATION

The number of employees whose remuneration was £50,000 or more were:

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2002/03		2003/04
4	£50,000 - £59,999	8
1	£60,000 - £69,999	2
1	£70,000 - £79,999	1
0	£80,000 - £89,999	1

Remuneration for these purposes includes all sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as these sums are chargeable to UK income tax) and the money value of any other benefits other than in cash. Pension contributions payable by either the employee or employer are excluded.

9. BUILDING CONTROL

Expenditure on fee-earning activities and associated fee income were:

2002/03		2003/04
£		£
563,125	Expenditure	449,283
<u>(545,000)</u>	Income	<u>(446,492)</u>
<u>18,125</u>	(Surplus) / Deficit	<u>2,791</u>

Building control costs are shown before and excluding FRS 17.

10. TRADING OPERATIONS

2002/03		2003/04
£		£
	Direct Service Organisation	
	Refuse Collection, Street Cleansing, Awarded	
	Watercourses and Cesspool Emptying	Part of
2,099,012	Turnover	service
52,505	Deficit	account
	Grounds Maintenance	
299,500	Turnover	271,399
(922)	Surplus	(9,141)
	Direct Labour Organisation	
	Building Maintenance	
2,963,942	Turnover	2,188,741
65,114	Deficit	326,278
116,697	Total Deficit	317,137
<u>50,842</u>	Additional pensions liabilities under FRS17	<u>42,177</u>
<u>167,539</u>	Total Deficit shown in Consolidated Revenue Account	<u>359,314</u>

11. AUDIT COSTS

Expenditure during the year on audit costs was:

2002/03		2003/04
£		£
54,450	Auditing accounts	103,550
11,025	Best Value inspections	17,500
<u>17,700</u>	Auditing grant claims	<u>21,793</u>
<u>83,175</u>		<u>142,843</u>

12. RELATED PARTY DISCLOSURES

In 2003/04, there were no reported material related party transactions that are not disclosed elsewhere in the accounts.

13. ACQUIRED AND DISCONTINUED OPERATIONS, EXCEPTIONAL ITEMS AND EXTRAORDINARY ITEMS

There are no transactions to report under these headings in 2003/04 or in 2002/03.

14. PRIOR PERIOD ADJUSTMENTS

The full adoption of Financial Reporting Standard 17 Retirement Benefits is a change in accounting policy and the comparative figures for the preceding period have been restated. The entries in the cost of services section of the Consolidated Revenue Account are reversed out in the appropriations section of that Account and in the Consolidated Balance Sheet the pensions liability is equal to the pensions reserve. There is, therefore, a net nil effect on the outturn for the preceding period and no adjustment to opening balances.

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

THE COLLECTION FUND

2002/03		2003/04
£	INCOME	£
(46,765,517)	Income from Council Tax	(51,589,475)
	Transfers from General Fund	
(2,634,494)	Council Tax Benefits	(3,075,224)
<u>(43,009,122)</u>	Income collectable from Business Ratepayers	<u>(40,813,401)</u>
<u>(92,409,133)</u>		<u>(95,478,100)</u>
EXPENDITURE		
Demands and Precepts		
Precepts		
38,638,462	Cambridgeshire County Council	42,778,915
5,002,960	Cambridgeshire Police Authority	<u>6,078,855</u>
		48,857,770
Demands - District Council		
3,702,370	General Expenses	3,755,360
1,919,959	Special Expenses - Parish Precepts	<u>2,124,651</u>
		<u>5,880,011</u>
<u>49,263,751</u>		<u>54,737,781</u>
Business Rate		
42,844,382	Payment to National Pool	40,626,611
164,740	Cost of Collection	186,790
		40,813,401
Provision for Uncollectable Amounts of Council Tax		
49,952	Write Offs	74,993
35,797	Provision for Bad and Doubtful Debts	<u>87,150</u>
		162,143
Contributions		
Towards previous year's estimated Collection Fund Surplus		
Council Tax		
(200,880)	Cambridgeshire County Council	124,330
(20,459)	Cambridgeshire Police Authority	16,098
(25,016)	District Council	<u>18,092</u>
		158,520
Community Charge		
850	District Council	<u>0</u>
<u>92,113,117</u>		<u>95,871,845</u>
(296,016)	(Surplus)/Deficit of income over expenditure	393,745
178,361	Fund Balance at Beginning of year	<u>(117,655)</u>
<u>(117,655)</u>	Fund Balance at end of year	<u>276,090</u>
Attribution of Deficit/(Surplus) carried forward		
0	Community Charge	0
(117,655)	Council Tax	<u>276,090</u>
<u>(117,655)</u>		<u>276,090</u>

NOTES TO THE COLLECTION FUND ACCOUNT

1. GENERAL

This account represents the transactions of the Collection Fund, which have been prepared on the accruals basis.

2. COUNCIL TAX

The Council Tax is raised to finance local authority net expenditure which is not met from government grants, and there is one bill for each dwelling based on the valuation band in which the dwelling is placed. There is a discount scheme for dwellings with less than two liable persons, a benefit scheme for persons on low incomes and a reduction for people with disabilities.

The Council Tax base for tax setting purposes is calculated as:

Band	Valuation	Number of dwellings adjusted for discount, exemptions, etc.	Ratio to Band D	Band D equivalents
A	Upto £40,000	1,503.75	6/9	1,002.10
B	£40,001 - £52,000	4,634.25	7/9	3,604.40
C	£52,001 - £68,000	15,084.00	8/9	13,408.00
D	£68,001 - £88,000	10,088.00	9/9	10,088.00
E	£88,001 - £120,000	9,014.50	11/9	11,017.70
F	£120,001 - £160,000	5,939.50	13/9	8,579.20
G	£160,001 - £320,000	3,395.50	15/9	5,659.20
H	More than £320,000	279.50	18/9	559.50
		49,939.00		53,918.10
		Assumed rate of collection	99.5%	
		Tax base for tax setting purposes (number of Band D equivalent dwellings)		53,648
		Tax rate for a Band D property		£1,020.31
		Estimated income due		£54,737,591
		Actual income due		
		Net of write offs and provisions	£51,427,332	
		Council Tax Benefit net of subsidy limitation	£3,075,224	
				£54,502,556
		Reduced income due to variations in tax base and rate of collection		(£235,035)

3. INCOME FROM BUSINESS RATES

The Council collects non-domestic rates for its area based on local rateable values multiplied by a uniform rate set by Central Government. The total non-domestic rateable value as at 1st April 2003 was £119,805,400 and the uniform rate was 44.4 pence in the £. The total amount, less certain reliefs and other deductions, is paid to a national pool managed by Central Government, which in turn pays back to authorities their share of the pool based on a standard amount per head of the local population.

4. COLLECTION FUND DEFICIT

The deficit relating to Council Tax transactions of £276,090 on the Collection Fund as at 31st March 2004 will be collected in subsequent financial years from the major precepting authorities and the District Council in proportion to their respective precepts and demand.

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

HOUSING REVENUE ACCOUNT

2002/03 £		2003/04 £
	INCOME	
(17,122,523)	Dwelling Rents(Gross)	(17,303,487)
(283,311)	Non-dwelling Rents(Gross)	(344,023)
<u>(1,103,881)</u>	Charges for Services and Facilities	<u>(1,262,951)</u>
		(18,910,461)
	Contributions towards expenditure	
(524,560)	General Fund	(500,118)
(3,566)	Direct Services Organisation	(5,485)
<u>(46,497)</u>	Other sources	<u>0</u>
		(505,603)
(59,807)	Housing Benefit Transfers from General Fund	(53,071)
<u>(19,144,145)</u>	Total Income	<u>(19,469,135)</u>
	EXPENDITURE	
3,553,151	Repairs and Maintenance	3,296,730
	Supervision and Management	
1,530,944	General	1,604,498
774,305	Repairs and Maintenance	786,200
2,506,945	Special Services	2,654,536
100,068	Rent, Rates and Other Charges	109,357
7,361,503	Rent Rebates	7,398,199
325,992	Negative Housing Subsidy Transfer to General Fund	1,210,657
65,553	Transfer re: DLO Deficit	326,278
23,340,040	Cost of Capital Charge	16,515,620
2,937,663	Depreciation of Fixed Assets	2,933,094
20,390	Treasury Management Costs	19,520
10,355	Provision for Bad or Doubtful Debts	25,700
<u>42,526,909</u>	Total Expenditure	<u>36,880,389</u>
23,382,764	Net Cost of Services	17,411,254
	HRA transactions on the Asset Management Revenue Account	
(23,340,040)	Cost of Capital Charge	(16,515,620)
(92,105)	Interest on Amounts Set Aside	<u>(98,204)</u>
	HRA Investment Income	(16,613,824)
(17,826)	Mortgage Interest	(14,010)
(130,060)	Interest on Cash Balances	<u>(110,965)</u>
		(124,975)
		<u>(16,738,799)</u>
(197,267)	Net Operating Expenditure	672,455
27,410	Credit cover for credit arrangements	0
(169,857)	Deficit/(Surplus) for the year	672,455
(3,459,409)	Balance brought forward	<u>(3,629,266)</u>
<u>(3,629,266)</u>	Balance carried forward	<u>(2,956,811)</u>

NOTES TO HOUSING REVENUE ACCOUNT

1. HOUSING STOCK

The Housing Revenue Account includes all the expenditure and income associated with the following stock of Housing Revenue Account dwellings:

	As at 1st April 2003	Conversions during the year	Additions during the year	Disposals during the year	As at 31st March 2004
1 Bedroom	1,209		5	(19)	1,195
2 Bedrooms	2,528	5	17	(44)	2,506
3 Bedrooms	2,190	(5)	5	(43)	2,147
4 or more Bedrooms	71		1	(1)	71
	<u>5,998</u>	<u>0</u>	<u>28</u>	<u>(107)</u>	<u>5,919</u>

Disposals

Right to Buy	74
Equity Share	24
Other	9
	<u>107</u>

The total balance sheet values of dwellings and other property and land within the HRA are;

	Balance at 31st March 2003	Impairment/ Overstated	Revaluation/ Review at 1st April 2003	Additions during year	Disposals during year	Depreciation for year	Balance at 31st March 2004
Operational assets							
Council dwellings	386,373,724	0	83,632,920	9,699,273	(8,451,696)	(2,933,094)	468,321,127
Garages	1,506,720	0	361,613	10,958	0	0	1,879,291
Non operational assets							
Land	2,474,367	(59,125)	579,655	0	(407,898)	0	2,586,999
	<u>390,354,811</u>	<u>(59,125)</u>	<u>84,574,188</u>	<u>9,710,231</u>	<u>(8,859,594)</u>	<u>(2,933,094)</u>	<u>472,787,417</u>

Vacant possession value of dwellings 824,464,455

The balance sheet values of the dwellings are on the basis of existing use value for social housing, which assumes the dwellings will continue to be let on a secure tenancy at less than open market rents; this value is, therefore, significantly less than the vacant possession value.

2. CAPITAL EXPENDITURE, FINANCING AND RECEIPTS

Capital expenditure and financing relating to the HRA during the financial year was:

	£		£
Expenditure		Financing	
Acquisition of existing dwellings	2,432,769	Capital receipts	6,236,812
Improvement of housing stock	7,263,565	Major Repairs Allowance	2,933,094
Grants	57,000	Grant	30,068
		Capital creditors	553,360
	9,753,334		9,753,334

Capital receipts relating to the HRA during the financial year were:

2002/03		2003/04
£		£
230,385	Sale of Land	5,968
	Sale of dwellings	
	Right to buy	5,960,595
7,423,049	Other	2,889,769
3,816,250		8,856,332
11,469,684		

3. DEPRECIATION

The Major Repairs Allowance represents the capital cost of keeping housing stock in its current condition. The Major Repairs Allowance, being based on the annual cost of replacing individual building components as they reach the end of their useful life, is considered to be a reasonable estimate measure of depreciation.

The charge for depreciation within the HRA was:

2002/03		2003/04
£		£
2,937,663	Operational assets	2,933,094
0	Non operational assets	0
2,937,663		2,933,094

4. IMPAIRMENT

An impairment charge of £38,375 for the financial year 2003/04 (£161,875 in 2002/03) in respect of two land sites has been made where the Local Plan has changed the possible land use to exclude any potential development.

5. MAJOR REPAIRS RESERVE

This reserve effectively shows how the Major Repairs Allowance element of housing subsidy, being considered a reasonable estimate measure of depreciation, is used to finance capital expenditure relating to the HRA.

	£
Balance on 1 st April 2003	0
Transfer of depreciation provision	(2,933,094)
Capital expenditure	2,933,094
Balance on 31 st March 2004	0

6. COST OF CAPITAL CHARGE

The cost of capital charge is based on 3.5% of the value of HRA operational assets as at 1st April and reflects the cost of public sector capital tied up in council housing and other HRA assets. This charge is reversed out in the appropriations section of the HRA.

7. HOUSING SUBSIDY

The amount of housing subsidy due to/(from) the HRA for the financial year consists of:

2002/03		2003/04
£		£
1,779,094	Allowance for management	1,726,049
3,645,846	Allowance for maintenance	3,532,970
2,937,663	Allowance for major repairs	2,933,094
6,866,147	Rent rebates	7,186,147
<u>7,460</u>	Other items	<u>7,620</u>
15,236,210		15,385,880
(16,033,033)	Rent	(16,826,402)
<u>(82,645)</u>	Interest on receipts	<u>(93,917)</u>
(879,468)	(Negative) housing subsidy	(1,534,439)
<u>555,261</u>	Add back rent rebate subsidy limitation	<u>323,782</u>
(324,207)	(Negative) housing subsidy	(1,210,657)
<u>(1,785)</u>	Rebate Adjustment for 2001/02	<u>0</u>
<u>(325,992)</u>	Total negative housing subsidy	<u>(1,210,657)</u>

8. RENT ARREARS ON DWELLINGS

As at 31st March 2003 £		As at 31st March 2004 £
391,956	Arrears	478,673
2.14%	Arrears as a percentage of gross rents collectable	2.59%
£ 300,000	Provision for uncollectable amounts	£ 322,000

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

CASH FLOW STATEMENT

2002/03		2003/04	2003/04
£		£	£
	Revenue Activities		
	Cash Outflows		
11,288,349	Cash paid to and on behalf of employees	13,385,672	
12,550,489	Other operating cash payments	11,407,565	
4,353,842	Housing Benefit paid out	4,604,023	
44,924,181	National Non-Domestic Rate Payments to the National Pool	46,706,791	
38,437,582	Precepts paid to County Council	42,903,245	
4,982,501	Precepts paid to Police Authority	6,094,953	
1,919,959	Precepts paid to Parishes	<u>2,124,651</u>	
			127,226,900
	Cash Inflows		
(10,043,134)	Rents(after rebates)	(10,200,825)	
(46,737,108)	Council Tax receipts	(51,075,135)	
(5,603,500)	National Non Domestic Rates from National Pool	(4,551,742)	
(44,230,995)	Non Domestic rate receipts	(39,256,501)	
(188,693)	Revenue Support Grant	(1,744,029)	
(5,782,251)	DWP grants for benefits	(7,991,008)	
(394,771)	Other Government Grants	(651,989)	
(4,828,859)	Cash received for goods and services	<u>(3,931,274)</u>	
			<u>(119,402,503)</u>
647,592	Revenue Activities Net Cash Flow		7,824,397
	Returns on Investment		
	Cash Outflows		
2,411	Interest element of finance leases	4,158	
	Cash Inflows		
(2,713,918)	Interest received	<u>(2,866,379)</u>	
			(2,862,221)
	Capital Activities		
	Cash Outflows		
16,979,688	Purchase of Fixed Assets	20,103,247	
6,506,137	Deferred Charges	2,764,366	
	Cash Inflows		
(20,205,750)	Sale of Fixed Assets	(8,835,095)	
(5,074,540)	Capital Grants received	(826,154)	
(1,250)	Other capital cash receipts	<u>(1,524)</u>	
			<u>13,204,840</u>
(3,859,630)	Net cash inflow before financing		18,167,016
	Management of Liquid Resources		
3,200,000	Net increase/(decrease) in short term deposits		(17,700,000)
	Cash Outflow		
17,465	Financing - principal element of finance leases		<u>18,518</u>
(642,165)	Decrease/(Increase) in cash		<u>485,534</u>

NOTES TO CASH FLOW STATEMENT

1. Reconciliation of deficit on Consolidated Revenue Account to net cash flow from revenue activities.

2002/03 £		2003/04 £	2003/04 £
524,205	(Surplus)/Deficit on Consolidated Revenue Account	1,322,657	
(169,857)	(Surplus)/Deficit on Housing Revenue Account	672,455	
(296,016)	(Surplus)/Deficit on Collection Fund	<u>393,745</u>	
			2,388,857
	Add non cash transactions		
(16,070)	Credit Cover (net)	11,340	
(2,484,479)	Direct Revenue Financing of Capital Expenditure	(1,653,591)	
(2,937,663)	Major Repairs Allowance	(2,933,094)	
718,884	Contribution (to)/from Reserves	62,401	
	Less non cash transactions		
48,570	Amortisation of Deferred Grants and Contributions	<u>135,332</u>	
			<u>(4,377,612)</u>
			(1,988,755)
	Changes in working capital		
(51,694)	Stock	(6,258)	
304,600	Debtors	2,180,440	
2,295,605	Revenue Creditors	<u>4,776,748</u>	
			6,950,930
<u>2,711,507</u>	Servicing of Financing from Cash Flow Statement		<u>2,862,221</u>
<u>647,592</u>	Revenue Activities Net Cash Flow		<u>7,824,396</u>

2. Reconciliation of balance sheet to liquid resources

	Balance Sheet 31 st March 2003	Balance Sheet 31 st March 2004	Movement in Liquid Resources 2003/2004
Investments	(60,200,110)	(42,500,110)	17,700,000
Less time deposits	60,200,110	42,500,110	(17,700,000)
Investments repayable on demand	0	0	0
Cash overdrawn	746,096	1,231,630	485,534
Movement	746,096	1,231,630	485,534

3. Reconciliation of movement in cash to net debt

2002/03		2003/04
£		£
(642,165)	(Increase)/Decrease in Cash	485,534
<u>(17,465)</u>	Cash outflow from finance lease	<u>(18,518)</u>
(659,630)	(Decrease)/Increase in net debt from cash flow	467,016
(1,425,272)	Net debt at 1st April	(765,642)
(765,642)	Net debt at 31st March	(1,232,658)

4. Management of Liquid Resources

A short-term deposit is an investment that is not intended to be held for use on a continuing basis in the activities of the authority.

5. Analysis of other Government grants

2002/03		2003/04
£		£
	Revenue	
(230,031)	Housing Benefit Administration and Fraud	(465,199)
<u>(164,740)</u>	NNDR Cost of Collection Allowance	<u>(186,790)</u>
<u>(394,771)</u>		<u>(651,989)</u>
	Capital	
(438,591)	Renovation Grants - net of repayments	(826,154)
<u>(4,635,949)</u>	Social Housing Grant	<u>0</u>
<u>(5,074,540)</u>		<u>(826,154)</u>

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

CONSOLIDATED BALANCE SHEET

31st March 2003		Note	31st March 2004
£			£
	Fixed Assets	1 and 2	
	Operational		
387,880,444	Council dwellings		470,200,419
7,942,442	Other land and buildings		18,157,317
1,159,941	Vehicles, plant and equipment		1,608,170
140,516	Infrastructure		129,238
368,694	Community Assets		368,694
<u>2,474,617</u>	Non-operational		<u>2,587,248</u>
399,966,654			493,051,086
	0 Deferred Charges	3	0
456,096	Long Term Debtors-Mortgages		384,187
<u>400,422,750</u>	Total Long Term Assets		<u>493,435,273</u>
	Current Assets		
26,140	Stocks	4	19,882
5,569,640	Debtors	5	7,750,080
60,200,110	Investments(short term)	6	42,500,110
1,099,399	Cash and Bank		617,287
<u>66,895,289</u>			<u>50,887,359</u>
	Current Liabilities		
(11,730,877)	Creditors	7	(7,759,375)
(1,845,495)	Cash overdrawn		(1,848,917)
<u>(13,576,372)</u>			<u>(9,608,292)</u>
<u>53,318,917</u>	Net Current Assets		<u>41,279,067</u>
453,741,667	Total Assets less Current Liabilities		534,714,340
(536,365)	Deferred Credits and Grants	8	(645,119)
(12,061,000)	Liability related to defined benefit pension schemes	13	(8,292,000)
<u>441,144,302</u>	Net Assets		<u>525,777,221</u>
	Accounts, Balances and Reserves		
(321,507,793)	Fixed Asset Restatement Account (Note 1 to Account Statement)		(397,118,818)
(83,973,341)	Capital Financing Account (Note 2 to Account Statement)		(95,555,999)
(28,446,558)	Usable Capital Receipts Reserve (Note 3 to Reserve Statement)		(24,615,802)
(5,112,963)	Earmarked Reserve	10	(5,002,812)
12,061,000	Pensions Reserve		8,292,000
	Revenue Balances		
(10,417,726)	General Fund		(9,095,069)
(3,629,266)	Housing Revenue Account		(2,956,811)
(117,655)	Collection Fund		276,090
<u>(441,144,302)</u>			<u>(525,777,221)</u>

Signed

G.J.Harlock, CPFA, M.I.Mgt
Finance and Resources Director

Dated

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

NOTES TO THE CONSOLIDATED BALANCE SHEET

1. FIXED ASSETS

Movements in the net fixed assets during the year were as follows:

	Balance at 31st March 2003	Revaluation/ Review at 1st April 2003	Additions during year	Impairment/ overstated during year	Disposals during year	Depreciation for year	Balance at 31st March 2004
Operational							
Council dwellings	387,880,444	83,994,533	9,710,231	0	(8,451,696)	(2,933,094)	470,200,418
Other land and buildings	7,942,442	0	10,320,166	0	0	(105,291)	18,157,317
Vehicles, plant and equipment	1,159,941	0	958,018	0	(44,443)	(465,346)	1,608,170
Infrastructure	140,516	0	0	0	0	(11,278)	129,238
Community Assets	368,694	0	0	0	0	0	368,694
Non operational	2,474,617	579,655	0	(59,125)	(407,898)	0	2,587,249
	<u>399,966,654</u>	<u>84,574,188</u>	<u>20,988,415</u>	<u>(59,125)</u>	<u>(8,904,037)</u>	<u>(3,515,009)</u>	<u>493,051,086</u>

Valuations on the bases set out in the statement of accounting policies have been carried out for:

- a) Council dwellings and non operational assets relating to the Housing Revenue Account as at 1st April 2000 and reviewed as at 1st April 2001, 2002 and 2003 by Mr.L.M.Catley, MRICS, FAAV, Head of District Valuer Services, Cambridgeshire; Council dwellings have been valued and reviewed on the basis of existing use for social housing; and
- b) Other land and buildings and investment properties have been valued as at 1st April 1999 by Mr.K.G.Moore, FRICS, IRRV, FCI Arb of Catlings, Chartered Surveyors.

The Council is not aware of any events or circumstances which indicate that the amounts stated in the balance sheet for fixed assets may not be recoverable.

Capital expenditure was financed as follows:

	£		£
Expenditure		Financing	
Fixed Assets	20,988,415	Capital Receipts	17,324,680
Deferred Charges	2,764,366	Revenue	1,653,591
		Grant	908,498
		Increase in Capital Creditors	885,168
		Major Repairs Allowance	2,933,094
		Reserves	47,750
	<u>23,752,781</u>		<u>23,752,781</u>

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

An analysis of fixed assets is:

31 st March 2003 (Numbers)		31 st March 2004 (Numbers)
5,998	Council dwellings	5,919
0	Offices	1
1	Depot and Workshop	1
1	Country Park, visitors centre and toilet block	1
5	Car Parks	5
2	Commercial Property	2
15.25 (acres)	Land	15.25 (acres)

Capital commitments as at 31st March 2004 were £0.2 million on Housing and £3.5 million on General Fund, but these commitments are more than covered by usable housing capital receipts and from earmarked reserves in the General Fund.

2. LEASES

There were no new finance lease agreements during 2003/04 (£85,808 in 1999/00). Gross expenditure on finance leases amounted to £85,808 as at 31st March 2004 (£85,808 as at 31st March 2000); accumulated depreciation amounted to £68,648 (£51,486 in previous year).

3. DEFERRED CHARGES

	Balance at 31st March 2003 £	Expenditure £	Amounts written out £	Balance at 31st March 2004 £
Improvement grants	0	1,162,442	(1,162,442)	0
Other	0	1,601,924	(1,601,924)	0
	<u>0</u>	<u>2,764,366</u>	<u>(2,764,366)</u>	<u>0</u>

4. STOCKS AND WORK IN PROGRESS

31st March 2003 £			31st March 2004 £
17,000	Stock	DSO	14,614
9,140		Other	5,268
<u>26,140</u>			<u>19,882</u>

5. DEBTORS

31st March 2003		31st March 2004
£		£
1,819,267	Government Departments	1,724,573
1,497,597	Non-Domestic Ratepayers	1,191,527
754,243	Council Tax	1,268,000
391,956	Housing Rents	478,673
158,383	Cambridgeshire County Council	187,132
35,529	Employee Car Loans	28,830
0	Cambridge City Council	678
698	Staff Salaries and Wages	439
2,116,400	Sundry Debtors	4,241,192
<u>(1,204,433)</u>	Provision for Doubtful Debts	<u>(1,370,964)</u>
<u>5,569,640</u>	Total	<u>7,750,080</u>

6. INVESTMENTS

These investments are fixed time and callable deposits where the deposits are redeemed for the same value as the amount invested. The deposits are with United Kingdom and Irish bank and building societies and, therefore, no provision is made for possible loss of principal.

31st March 2003		31st March 2004
£		£
0	Local Authorities	1,000,000
10,200,000	Clearing Banks	3,500,000
	Subsidiaries of Clearing Banks	
3,500,000	Banks, other	3,500,000
	Building Societies with assets:	
19,500,000	greater than £6,000 million	6,000,000
19,000,000	between £1,000 million and £6,000 million	17,500,000
8,000,000	between £250 million and £1,000 million	11,000,000
110	Government Securities	110
<u>60,200,110</u>	Total	<u>42,500,110</u>

7. CREDITORS

31st March 2003		31st March 2004
£		£
(5,501,615)	Government Departments	(399,309)
(2,913,356)	Non-Domestic Ratepayers	(944,952)
(429,177)	Council Tax	(503,586)
(52,865)	Housing Rents	(138,918)
(323,084)	Cambridgeshire County Council	(540,995)
(112,988)	Cambridge City Council	(168,645)
(468,288)	Staff Salaries and Wages	(14,519)
(1,929,504)	Sundry Creditors	(5,048,451)
<u>(11,730,877)</u>	Total	<u>(7,759,375)</u>

8. DEFERRED CREDITS AND GRANTS

31st March 2003		31st March 2004
£		£
(337,389)	Deferred Capital Receipts	(267,004)
(179,430)	Deferred Government Grants	(377,088)
<u>(19,546)</u>	Outstanding Obligations-Finance leases	<u>(1,027)</u>
<u>(536,365)</u>	Total	<u>(645,119)</u>

Deferred capital receipts are amounts derived from the sales of assets that will be received in instalments over agreed periods of time. They arise principally from mortgages on sales of council houses, which form the main part of mortgages under long term debtors.

9. PROVISION FOR CREDIT LIABILITIES (memorandum account)

This memorandum account shows the balance which has been set aside as a provision to repay debt, and includes some amounts already shown in the capital financing reserve in note 2 to the Statement of Total Movement in Reserves.

2002/03		2003/04
£		£
(28,281,805)	Balance at beginning of year	(29,853,232)
(4,635,949)	Social Housing Grant (SHG)	0
(2,010,324)	Capital Receipts excluding SHG	(1,575,562)
<u>(478,410)</u>	Credit Cover for credit arrangements	<u>0</u>
(35,406,488)		(31,428,794)
5,541,916	Amount used to finance capital expenditure from negative credit ceiling	6,236,812
<u>11,340</u>	Liability in respect of credit arrangement	<u>11,340</u>
<u>(29,853,232)</u>		<u>(25,180,642)</u>

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

For debt free authorities such as South Cambridgeshire, the balance on the provision for credit liabilities (memorandum) account (PCL) is not necessarily a reliable indicator of resources available for new investments. This is because the balance is not cash-backed, the cash having been used internally to finance new capital expenditure and externally to repay outstanding debt.

The effective indicator for debt free authorities is the negative credit ceiling as this represents the excess of amounts set aside from revenue and capital receipts over accumulated capital expenditure financed by credit. Section 64 (3) of the Local Government and Housing Act 1989, therefore, restricts the amount of the PCL which may be applied to meet new capital expenditure to the extent by which the credit ceiling is less than nil at the end of the preceding year.

CREDIT CEILING

2002/03		2003/04
£		£
(5,541,916)	Balance at beginning of year	(6,646,273)
	Reserved capital receipts set aside in year	
(4,635,949)	Social Housing Grant	0
<u>(2,010,324)</u>	Other (statutory specified percentage of non-Right to Buy capital receipts)	<u>(1,575,562)</u>
(12,188,189)		(8,221,835)
<u>5,541,916</u>	Reserved capital receipts brought forward used to finance capital expenditure	<u>6,236,812</u>
<u>(6,646,273)</u>		<u>(1,985,023)</u>

In 2003/04, the PCL may therefore be used to authorise capital expenditure of less than £1,985,023 not being charged to revenue.

10. RESERVES

	31st March 2003 £	Transactions during year £	31st March 2004 £
Earmarked Reserves			
Capital			
Preservation of Historic Buildings	(182,469)	12,858	(169,611)
Arts Grants	(228,285)	47,072	(181,213)
Recreation and Leisure	(669,536)	133,997	(535,539)
Dual Use Recreational Facilities	(1,594,669)	(176,100)	(1,770,769)
Milton Country Park	0	0	0
Planning Projects	(503,298)	(63,945)	(567,243)
Other	(476,480)	(241,289)	(717,769)
Revenue			
Information Technology Reserve	(464,543)	331,660	(132,883)
Other	(993,684)	65,899	(927,785)
	<u>(5,112,964)</u>	<u>110,152</u>	<u>(5,002,812)</u>
 Total - Capital	 (3,654,738)	 (287,407)	 (3,942,144)
Revenue	<u>(1,458,226)</u>	<u>397,559</u>	<u>(1,060,668)</u>
	<u>(5,112,964)</u>	<u>110,152</u>	<u>(5,002,812)</u>

11. ANALYSIS OF NET ASSETS EMPLOYED

31st March 2003 £		31st March 2004 £
(24,975,484)	General Fund	(16,145,930)
(344,213,370)	Housing Revenue Account	(422,339,336)
<u>(43,106)</u>	Direct Service Organisation	<u>(27,956)</u>
<u>(369,231,960)</u>		<u>(438,513,222)</u>
<u>(83,973,342)</u>	Capital Financing Account	<u>(95,555,999)</u>
<u>(453,205,302)</u>		<u>(534,069,221)</u>

12. CONTINGENT LIABILITIES, POST BALANCE SHEET EVENTS AND PROVISIONS

The only provisions in the balance sheet relate to bad and doubtful debts and have been netted off debtors. There are no known contingent liabilities or post balance sheet events.

13. PENSIONS

The Authority participates in the funded Local Government Pension Scheme, which is a defined benefit scheme, and also provides unfunded discretionary benefits, both of which are administered by Cambridgeshire County Council. The contribution rate to the funded scheme is determined by the administering authority's actuary based on triennial actuarial valuations, the last full actuarial valuation being 31st March 2001 but not implemented until 1st April 2002.

In order to comply with the Financial Reporting Standard 17 (FRS17), Retirement Benefits, the latest actuarial valuation as at 31st March 2001 has been rolled forward in order to report on the position as at 31st March 2004. The information in the actuarial valuation as at 31st March for the purposes of FRS17 is:

2002/03		2003/04
2.5%	Inflation	2.9%
4.0%	Salary increases	4.4%
2.5%	Pension increases	2.9%
6.1%	Discount rate (3.5% in real terms)	6.5%

Expected rate of return on assets		
8.0%	Equities	7.7%
4.8%	Bonds	5.1%
6.0%	Property	6.5%
4.0%	Cash	4.0%

The fair value of attributable assets, the proportion of assets and their expected rate of return, and the present value of scheme liabilities were estimated to be:

31st March 2003			31st March 2004	
Estimated attributable assets/liabilities £,000	Asset distribution %		Estimated attributable assets/liabilities £,000	Asset distribution %
20,596	72.5	Equities	26,316	74.4%
4,965	17.5	Bonds	5,248	14.8%
2,004	7.1	Property	2,253	6.4%
835	2.9	Cash	1,553	4.4%
<u>28,400</u>	<u>100.0</u>	Estimated attributable assets	<u>35,370</u>	<u>100.0%</u>
(39,200)		Estimated present value of scheme liabilities	<u>(42,440)</u>	
(10,800)		Deficit on funded scheme as determined by the actuary	(7,070)	
		Deficit on unfunded discretionary benefits as determined by the Authority	<u>(1,222)</u>	
<u>(1,261)</u>			<u>(8,292)</u>	
<u>(12,061)</u>				

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

STATEMENT OF TOTAL MOVEMENT IN RESERVES 2002/03

The statement of Total Movements in Reserves is a primary financial statement which brings together all the realised and recognised gains and losses of the Council during the year and identifies those which have not been recognised in the Consolidated Revenue Account.

	CAPITAL ACCOUNTS AND RESERVES					REVENUE BALANCES AND RESERVES			
	Fixed Asset Restatement Account (Note 1)	Capital Financing Account (Note 2)	Usable Capital Receipts (Note 3)	Specific Reserves*	Pension Reserve	General Fund	Specific Reserves* (Including Collection Fund)	Housing Revenue Account	Total
	£	£	£	£	£	£	£	£	£
Balance at beginning of year	(273,314,688)	(68,961,757)	(22,741,139)	(4,021,512)	290,000	(10,941,931)	(1,631,975)	(3,459,408)	(384,782,410)
Net (surplus)/deficit for year	0	8,881,446	0	364,275	11,771,000	524,205	58,592	(169,857)	21,429,661
Revaluation/review as at 1st April 2002	(62,272,620)	0	0	0	0	0	0	0	(62,272,620)
Impairment	161,875	0	0	0	0	0	0	0	161,875
Effects of disposals of fixed assets grants: Cost or value of assets disposed of	13,917,640	0	0	0	0	0	0	0	13,917,640
Proceeds of sale	0	(6,646,273)	(18,195,425)	0	0	0	0	0	(24,841,698)
Deferred charges written out	0	6,285,996	0	0	0	0	0	0	6,285,996
Financing of:									
Fixed Assets	0	(16,779,688)	9,475,895	0	0	0	0	0	(7,303,793)
Deferred Charges	0	(6,285,996)	3,014,112	0	0	0	0	0	(3,271,884)
Credit cover for credit arrangement (net of liability)	0	(467,070)	0	0	0	0	0	0	(467,070)
Balance at end of year	(321,507,793)	(83,973,342)	(28,446,557)	(3,657,237)	12,061,000	(10,417,726)	(1,573,383)	(3,629,265)	(441,144,303)

* These specific reserves relate solely to the General Fund and are itemised in Note 10 to the Consolidated Balance Sheet.

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

STATEMENT OF TOTAL MOVEMENT IN RESERVES 2003/04

The statement of Total Movements in Reserves is a primary financial statement which brings together all the realised and recognised gains and losses of the Council during the year and identifies those which have not been recognised in the Consolidated Revenue Account.

	CAPITAL ACCOUNTS AND RESERVES					REVENUE BALANCES AND RESERVES			Total £
	Fixed Asset Restatement Account (Note 1) £	Capital Financing Account (Note 2) £	Usable Capital Receipts (Note 3) £	Specific Reserves* £	Pension Reserve £	General Fund £	Specific Reserves* (Including Collection Fund) £	Housing Revenue Account £	
Balance at beginning of year	(321,507,793)	(83,973,342)	(28,446,557)	(3,657,237)	12,061,000	(10,417,726)	(1,573,383)	(3,629,265)	(441,144,303)
Net (surplus)/deficit for year	0	9,751,821	0	(287,406)	(3,769,000)	1,322,657	791,303	672,455	8,481,830
Revaluation/review as at 1st April 2002	(84,553,437)	0	0	0	0	0	0	0	(84,553,437)
Impairment	38,375	0	0	0	0	0	0	0	38,375
Effects of disposals of fixed assets grants: Cost or value of assets disposed of	8,904,037	0	0	0	0	0	0	0	8,904,037
Proceeds of sale	0	(1,575,562)	(7,259,535)	0	0	0	0	0	(8,835,097)
Deferred charges written out	0	2,218,926	0	0	0	0	0	0	2,218,926
Financing of:									
Fixed Assets	0	(19,770,256)	10,340,290	0	0	0	0	0	(9,429,966)
Deferred Charges	0	(2,218,926)	750,000	0	0	0	0	0	(1,468,926)
Credit cover for credit arrangement (net of liability)	0	11,340	0	0	0	0	0	0	11,340
Balance at end of year	(397,118,818)	(95,555,999)	(24,615,802)	(3,944,643)	8,292,000	(9,095,069)	(782,080)	(2,956,810)	(525,777,221)

* These specific reserves relate solely to the General Fund and are itemised in Note 10 to the Consolidated Balance Sheet.

NOTES TO THE STATEMENT OF TOTAL MOVEMENT IN RESERVES**1. FIXED ASSET RESTATEMENT ACCOUNT**

This reserve shows the increase in the value of fixed assets as a result of the revaluation of those assets. The balance is written down by the net book value of disposed assets and is debited or credited with decreases or increases arising on revaluations.

Total 2002/03		General Fund	Housing Revenue Account	Total 2003/04
£		£	£	£
(273,314,688)	Revaluation as at 1st April 2001 of fixed assets less prior year disposals	(2,396,538)	(319,111,255)	(321,507,793)
(62,272,620)	Revaluation as at 1st April of fixed assets	0	(84,553,437)	(84,553,437)
161,875	Impairment of fixed assets	0	38,375	38,375
13,917,640	Disposal of fixed assets	44,443	8,859,594	8,904,037
<u>(321,507,793)</u>		<u>(2,352,095)</u>	<u>(394,766,723)</u>	<u>(397,118,818)</u>

2. CAPITAL FINANCING ACCOUNT

This account contains;

a) The amount of capital expenditure financed from capital receipts and from revenue

Plus

b) The amounts required by statute to be set aside from capital receipts and from revenue as a provision for the repayment of external loans

Less

c) The amount already charged to revenue for depreciation

Total 2002/03		General Fund	Housing Revenue Account	Total 2003/04
£		£	£	£
(68,961,757)	Balance at beginning of year			(83,973,342)
	Add capital expenditure financed from;			
	capital receipts			
(12,476,786)	usable	(6,675,906)	(4,411,961)	(11,087,867)
(5,541,916)	reserved(negative credit ceiling)	(4,635,949)	(1,600,863)	(6,236,812)
(2,109,319)	revenue	(1,628,675)	(24,916)	(1,653,591)
0	grants and reserves	(34,600)	(43,218)	(77,818)
(2,937,663)	Major Repairs Allowance	0	(2,933,094)	(2,933,094)
	Add/less set aside from;			
(2,010,324)	capital receipts excluding SHG	0	(1,575,562)	(1,575,562)
(4,635,949)	social housing grant (SHG)	0	0	0
5,541,916	negative credit ceiling	4,635,949	1,600,863	6,236,812
	Add credit cover for credit			
(478,410)	arrangements	0	0	0
3,339,530	Less depreciation	581,915	2,933,094	3,515,009
6,285,996	Less deferred charges written out	2,218,926	0	2,218,926
	Less liability in respect of credit			
11,340	arrangement	0	11,340	11,340
<u>(83,973,342)</u>		<u></u>	<u></u>	<u>(95,555,999)</u>

3. USABLE CAPITAL RECEIPTS RESERVE

These are capital receipts which are available to finance new capital expenditure in the future.

Total 2002/03		General Fund	Housing Revenue Account	Total 2003/04
£		£	£	£
(22,741,139)	Balance at beginning of year	(6,699,564)	(21,746,993)	(28,446,557)
	Add			
(20,205,749)	Capital receipts received during year from sale of assets	21,235	(8,856,332)	(8,835,097)
	Less			
12,476,786	Capital receipts applied during year	6,675,906	4,411,961	11,087,867
13,221	Capital receipts transferred to reserves	2,423		2,423
2,010,324	Capital receipts set aside during year (statutory)	0	1,575,562	1,575,562
<u>(28,446,557)</u>		<u>0</u>	<u>(24,615,802)</u>	<u>(24,615,802)</u>

4. PENSIONS

The movement in the Pensions Reserve is:

Year to 31st March 2003			Year to 31st March 2004	
£'000	%		£'000	%
(10,300)	(36.3)	Differences between the expected and actual return on assets	4,970	14.1
210	0.5	Differences between actuarial assumptions and actual experience on liabilities	(10)	0.0
0		Changes in demographic and financial assumptions underlying the present value of the scheme liabilities	0	
<u>(10,090)</u>		Actuarial gain / (loss)	<u>4,960</u>	
(346)		Net appropriation to Consolidated Revenue Account from pension reserve / liability	(1,361)	
0		Appropriation to Consolidated Revenue Account in respect of pension liabilities	236	
0		Reassessment of opening balance for unfunded benefits	(66)	
<u>(10,436)</u>		Movement in Pensions Reserve	<u>3,769</u>	