

## Appendix 1

### Overview of the 2015/16 Statement of Accounts.

#### Introduction

1. The content and format of the accounts is as prescribed in the Accounting Code of Practice (the Code) issued by the Chartered Institute of Public Finance and Accountancy CIPFA, under the oversight of the Financial Reporting Advisory Board.
2. The code is based on approved accounting standards issued by the International Accounting Standards Board except where these are inconsistent with specific statutory requirements. The code constitutes proper accounting practice under the terms of section 21(2) of the Local Government Act 2003.

#### Income and Expenditure

##### General Fund

3. The total general fund underspend for the year was £250,389. This differed from the provisional outturn for the year reported to Cabinet on 25 May 2016 to adjustment to provision for bad debt relating to housing benefits overpayment, accrual adjustments for the building control management fee and IT Steria contract and an increase in the legal fees chargeable to the HRA. .
4. After taking all these reconciliation items into account the transfer from the general fund balance was £611,106, which at 31 March 2016 stands at £3.284m

##### Housing Revenue Account

5. The surplus for the year was £527,929 and the housing revenue account balance as at 31 March 2016 was £3.678m.

#### Balance Sheet.

6. Key points of Interest

Item	31.03.15 £'000	31.03.16 £'000	Change £'000
Creditors (money we owe)	(11,023)	(10,116)	907
Debtors (money owed to us)	13,769	17,496	3,727
Fixed Assets	248,548	264,397	15,849

Pensions Liabilities/Reserve	(39,582)	(33,667)	5,915
Long Term Investments	238	282	44
Cash and Investments	6,112	1,953	(4,159)
Borrowings	(48,332)	(52,357)	(4,025)
Collection Fund	655	454	(201)
Earmarked Reserves	(6,351)	(8,300)	(1,949)
General Fund Balance	(4,899)	(3,284)	1,615
Housing Revenue Account	(3,150)	(3,677)	(527)

7. The change to Creditors is due to decreases in the number of invoices received late in March not paid until April (£145k), the amount of year end accruals (£495k), the amount owed to central government relating to business rates (£424k), repayment of loans held as long term creditors (£453k) less an increase in the amount of income held in advance £582k.
8. The change to Debtors is due to an increase in the amount of long term loans awarded including capitalised interest to EHIC, Sea Change and WEL of £3.049m in total, increases in the value of year end accruals £491k and the amount of HB Subsidy owed by DWP £1,358k, a decrease in the provision for bad debts £617k less reductions in the amount owed by central government for the repayment of VAT (£548k), Housing benefits overpayment outstanding (£184k), Preceptors share of the Collection Fund (£981k) and general debtors outstanding (£169k).
9. The value of fixed assets has increased due to capital expenditure during 2015/16 (£18.034m), routine financial adjustments for inflation based on reviewed valuations provided by our external advisor less the charge for depreciation (£6.9m) and the write off of disposals.
10. Pensions liabilities increase is due to changes in actuarial assumptions and reduction of discount rate.
11. Long term investment has increased due to capitalised interest charged to investment in WEL.
12. Cash has decreased as funds held are used to finance expenditure in the short term rather than borrowing, in accordance with the treasury management strategy whilst investment rates are low .

13. Borrowing increase represents a need to borrow to finance in year capital expenditure and lock into historically low interest rates.
14. The increase in Earmarked reserves is due to the planned transfers for the Capital Programme reserve (£0.5m), the Housing Regeneration and Investment Reserve (£1.7m), and the Devonshire Park Review (£1.0m) less revenue expenditure charged to reserves in line with the budget strategy £1.2m.

### **Collection Fund**

15. The overall deficit on the Collection Fund is £206k which is recoverable from central government and each precepting authority. This balance is separated on the Balance Sheet between the authorities to reflect this Council's own financial position rather than a group position of the Collection Fund authorities.
16. The council tax element surplus of £1.403m will be recovered in proportion to each bodies Band D Council Tax during 2016/17 and 2017/18. The surplus is a result of a net increase in the overall income from council tax after allowing for reliefs and the council tax support scheme.
17. The business rate element of £1.609m will be recovered in the proportion of 50% from central government, 40% from this Council, 9% from East Sussex County Council and 1% from East Sussex Fire Authority during 2016/17 and 2017/18. The deficit has arisen due to the number of outstanding Business Rate Appeals as at 30.3.16. Each authority has made a contribution towards the 15/16 balance totalling £1.95m during the year.