

STATEMENT OF ACCOUNTS



2004 / 2005



WOKINGHAM
DISTRICT COUNCIL

WOKINGHAM DISTRICT COUNCIL

STATEMENT OF ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 2005

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EXPLANATORY FOREWORD

This forward provides a brief explanation of the financial aspects of the Council's activities and draws attention to the main characteristics of the Council's financial position.

The Council's accounts for the year 2004/2005 are set out on pages 2 to 70 and each statement is followed by explanatory notes.

1 Statement of Accounts

The Code of Practice on Local Authority Accounting in Great Britain requires publication of the following statements:

- (i) The **Consolidated Revenue Account** reports expenditure and income for each of the services provided by the Council and how the net cost of these services has been financed by local taxpayers and Central Government grants. This statement includes the Housing Revenue Account.
- (ii) The **Housing Revenue Account** summarises the income and expenditure relating to the local authority provision of housing within the district.
- (iii) The **Consolidated Balance Sheet** showing the assets, liabilities, balances and reserves held by the Council at 31st March, 2005. This statement includes the Collection Fund Balance Sheet.
- (iv) The **Statement of Total Movements in Reserves** details the gains and losses on both capital and revenue reserves.
- (v) The **Cash Flow Statement** summarises the inflows and outflows of cash arising from revenue and capital transactions with third parties.
- (vi) The **Collection Fund Revenue Account** records the council tax and business rate transactions in the financial year. The statement also shows the distribution of the council tax income to Thames Valley Police Authority, Royal Berkshire Fire Authority and to the Parish and Town Councils of the District.
- (vii) The **Statement of Internal Control** sets out the framework within which control is managed and reviewed and the main components of the system, including the arrangements for internal audit.

These accounts have been compiled in accordance with the Code of Practice. The Code was developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) and Local Authority (Scotland) Accounts Advisory Committee (LASAAC) Joint Committee.

2 The Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice 2004 (SORP)

These accounts have been compiled in accordance with the 2004 SORP, which defines proper accounting practices for local authorities.

3 Financial Performance

Despite facing a number of significant cost pressures and the government withholding £6.3m of Revenue Support Grant in 2004/05, (due to the Council being restricted in the maximum amount of additional grant it can receive by the 'ceiling') the Council finances are in a very healthy state as at 31 March 2005.

General Fund balances are in excess of the recommended level, revenue expenditure was contained within budget and the Housing Revenue Account balances were significantly increased.

Capital balances are comparatively high but remain under pressure due to the high level of capital investment required. The current 5 year capital programme is based on the estimated capital resources available and take account of anticipated capital receipts through a disposals programme.

The Council has recently established a 'Capital Vision Group' to ensure that the corporate vision and strategy of the organisation is agreed and realised in terms of capital and assets. A key feature of this will be to make the most effective use of our resources, including maximising external resources and ensuring that we achieve value for money in the use of these resources.

During 2004/05 a new integrated financial information system went live to further enhance financial management across the Authority and provide budget managers with more up-to-date information in order to make better informed decisions.

The Council had to make provision for almost £1.5m in 2004/05 as part of a compensation claim in relation to a purchase of land made by the former Berkshire County Council, further details can be found in Note 4 to the Consolidated Revenue Account.

The 2005/06 budget produced a three year revenue and five year capital indicative budget. The budget addressed all major potential financial risks and known growth pressures and identified a number of efficiency savings. The 2006/07 budget setting process aims to build on these achievements by further improving service and financial planning and improving the links between the capital and revenue financial strategies.

The Statement of Accounts has been prepared in accordance with FRS 17 – Retirement Benefits. Although FRS 17 has not directly affected the net outturn position in 2004/05, the accounts show a net pension liability of £26m (£12.7m in 2003/04), this deficit will be addressed in future accounting periods to ensure the pension scheme returns to a 100% funding level.

(i) **The General Fund**

The General Fund is the main revenue account and includes all the Council's services with the exception of council housing. The Council has a policy of maintaining a prudent General Fund balance to provide for unforeseen requirements. In setting the 2004/05 budget the Council reviewed the level of balances that should be maintained, the minimum recommended level was agreed at £5.0m. The fund balance as at 31 March 2005 is shown below:-

	Revised Estimate £,000	Actual £,000	Variance £,000
Balance Brought Forward	(9,231)	(9,231)	0
(Surplus)/Deficit in year	2,989	177	2,812
Transferred from BCC	(455)	(455)	0
Balance Carried Forward	(6,697)	(9,509)	2,812

The following table shows the actual and budgeted net expenditure by Service.

Service	*Revised Budget £,000	Actual £,000	(Favourable)/ Unfavourable Variance £,000
Community Services	20,368	20,379	11
Strategy & Partnerships inc. Housing	540	414	(126)
Children & Young People	15,732	15,066	(666)
Education	63,873	63,470	(403)
Cultural Services & Development	2,142	2,097	(45)
Environment	14,029	13,741	(288)
Planning	1,150	1,105	(45)
Public Protection	1,351	1,312	(39)
Procurement	1,903	1,900	(3)
Property	1,588	1,196	(392)
Finance	8,572	7,783	(789)
IT	2,941	3,027	86
Legal & Democratic	987	1,061	74
Human Resources	1,218	1,214	(4)
Chief/Deputy/Assistant Chief Executive	2,605	2,500	(105)
Corporate Savings	78	0	(78)
General Fund Net Expenditure	139,077	136,265	(2,812)

* The figures are before the allocation of internal recharges and do not include capital and deferred charges as these are internal accounting charges and their removal allows for a clearer appraisal of the variances. The table also excludes any adjustments in relation to FRS 17. The revised budget includes supplementary estimates approved during the year.

The major variations in respect of the underspend of £2,812,000 on the revised estimate are shown below:

	£,000
Nursery Education Placements	(397)
Recoupment Income	(150)
Home to School Transport	(210)
NNDR Revaluations at Leisure Centres	(262)
Waste Disposal payments	(349)
Property Maintenance	(186)
Interest on Balances	(616)
Release of VAT Provision	(240)
Release of Lease Liabilities Provision	(187)
Misc Savings	(215)
Total	(2,812)

(ii) Housing Revenue Account

The Housing Revenue Account shows the income and expenditure on council housing. The financial year 2004/2005 resulted in an underspend of £329,000 on the revised estimate, (excluding the Major Repairs Reserve). A comparison of actual income and expenditure (excluding capital charges) against the revised budget is detailed below:-

	Revised Estimate £,000	Actual £,000	(Favourable)/ Unfavourable Variance £,000
Gross Expenditure on Housing	6,955	6,794	(161)
Income			
- Gross Rents	(9,409)	(9,515)	(106)
- Fees, Charges and Contributions	(742)	(755)	(13)
- Interest	-	(1)	(1)
- Housing Subsidy Repayment	3,261	3,213	(48)
- Government Subsidy	(73)	(73)	0
Net (Surplus)/Deficit for the Year	(8)	(337)	(329)
Balance Brought Forward	(618)	(618)	0
Balance Carried Forward	(626)	(955)	(329)

The underspend relates largely to reactive repairs and maintenance expenditure and income relating to a prior year adjustment.

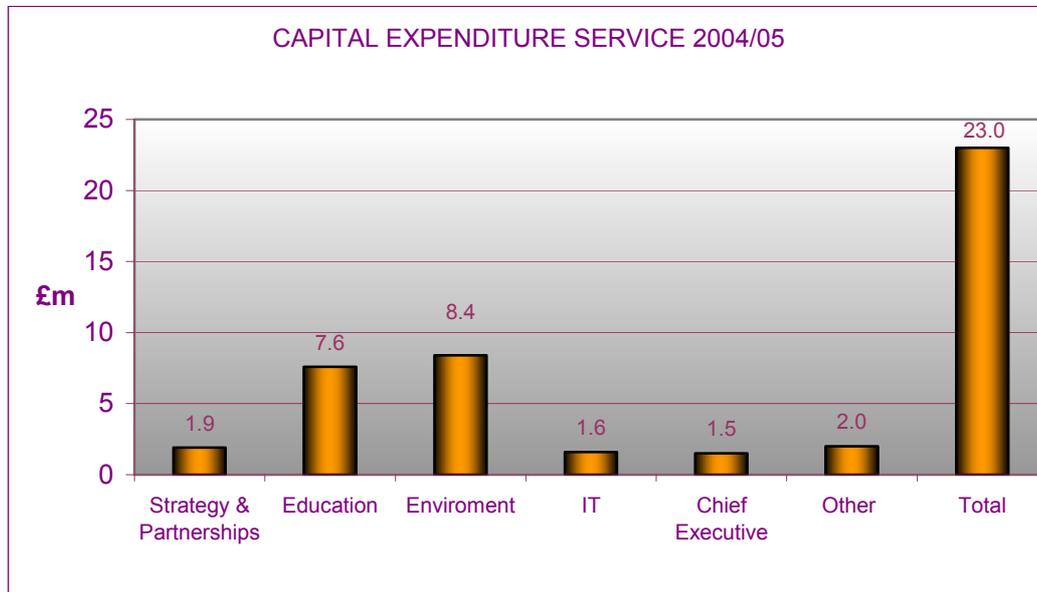
Major Repairs Reserve

On 1st April 2001 the Government introduced the Major Repairs Allowance (MRA) as part of the housing subsidy grant payment and is for investment in the housing stock. Any surplus/deficit is ring-fenced and carried forward.

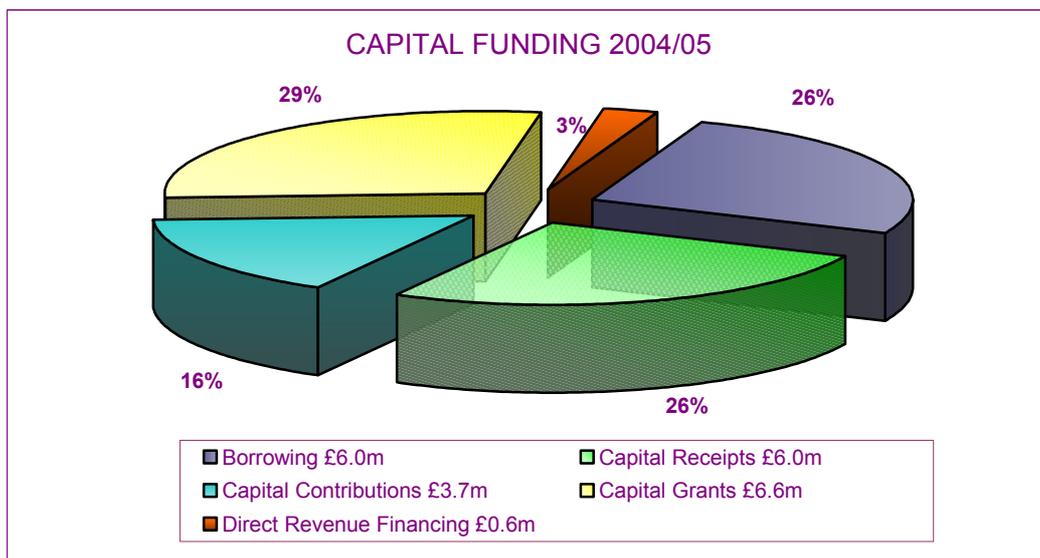
	Revised Estimate £,000	Actual £,000	(Favourable)/ Unfavourable Variance £,000
Gross Capital Expenditure	2,044	1,738	(306)
Allocation	(1,786)	(1,786)	0
Net (Surplus)/Deficit for the Year	258	(48)	(306)
Balance Brought Forward	(236)	(236)	0
Balance MRA Carried Forward	22	(284)	(306)
Balance HRA Carried Forward	(626)	(955)	(329)
Total HRA/MRA Balances Carried Forward	(604)	(1,239)	(635)

(iii) Capital Expenditure

The Council spent £23.0 million in 2004/2005 on Capital schemes analysed below:



This was funded from the following sources:



4 Collection Fund

The Council is required to maintain a Collection Fund for the collection and disbursement of local taxes. This fund has its own separate income and expenditure account but the Collection Fund balances are consolidated in the Council's balance sheet.

5 Introduction of the Euro

The Council is monitoring the position concerning the introduction of the Euro and any future government decisions on the United Kingdom's entry into the European Monetary Union. The implications will be assessed when the situation becomes clearer. The Council has procured a new financial information system, which is fully Euro compliant.

6 Corporate Plan

The Council is currently in the process of updating its Corporate Plan covering the financial years 2006/07 – 2008/09. The Corporate Plan is a high level document covering the headings within the Community Strategy, it takes a medium to long term view and will culminate in the setting of the Council Tax and Capital Programme for 2006/07 in February 2006. Each service unit produces a Service Plan that links in with the Corporate Plan by setting out in detail how the high level objectives will be translated into actions.

7 Internal Control

The Accounts and Audit Regulations 2003, require English authorities to “conduct a review at least once a year of the effectiveness of its system of internal control”. The statement sets out the framework within which control is managed and reviewed and the main components of the system, including arrangements for internal audit.

8 Further Information

Additional information about the accounts is available from the Corporate Head of Finance, Finance Section, Shute End Offices, Wokingham.



G.M.Ebers,
Corporate Head of Finance
27 October 2005



I. J. Brown,
Chairman of the Council
27 October 2005



STATEMENT OF RESPONSIBILITIES

This Statement sets out the respective responsibilities of the authority and the Corporate Head of Finance for the accounts.

The Authority's Responsibilities

The authority is required:

- to make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Corporate Head of Finance.
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- to approve the Statement of Accounts by 31st July, 2005

The Responsibilities of the Corporate Head of Finance

The Corporate Head of Finance, in his capacity as the S151 Officer, is responsible for the preparation of the authority's statement of accounts which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in United Kingdom, is required to present fairly the financial position of the authority at the accounting date and its income and expenditure for the year ended 31st March, 2005.

In preparing this statement of accounts, the Corporate Head of Finance has:

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

The Corporate Head of Finance has also:

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

STATEMENT OF ACCOUNTING POLICIES

This statement details the accounting policies that have been observed in compiling the Statement of Accounts.

The Statement of Accounts has been prepared in accordance with The Code of Practice on Local Authority Accounting in the United Kingdom 2004: A Statement of Recommended Practice (SORP), unless where stated. The statements comply with the Best Value Accounting Code of Practice.

1 Fixed Assets

All expenditure on the acquisition, creation or enhancement of fixed assets has been capitalised on an accruals basis, provided that the fixed asset yields benefit to the Authority for a period of more than one year.

Assets are classified as either operational or non-operational as follows:

- (a) Operational assets are assets held or occupied, used or consumed by an organisation in the direct delivery of those services for which it has either statutory or discretionary responsibility, or for the service or strategic objectives of the authority.
- (b) Non-operational assets are assets held by an organisation but not directly occupied, used or consumed in the delivery of services, or for the service or strategic objectives of the authority. They may comprise:
 - Assets held for the primary purpose of investment from which a commercial rental income is obtained
 - Vacant property or property temporarily occupied for another purpose but awaiting redevelopment or disposal
 - Land and buildings currently in the course of development but not yet completed and occupied for the proposed service

Fixed assets are valued on a five year rolling programme. This is the basis recommended by CIPFA and is in accordance with the Statements of Asset Valuation Principles. Fixed assets were valued on the following bases: -

Asset Category	Valuation Method
Operational Assets	
Non Specialised Properties	Existing Use Value (Current Cost)
Specialised Properties	Depreciated Replacement Cost (Current Cost)
Council Dwellings	Existing Use Value for Social Housing
Community Assets	Not valued – stated at Historic Cost
Infrastructure Assets	Not valued – stated at Historic Cost
Non Operational Assets	
Investment	Open Market Value (Current Cost)
Surplus	Open Market Value (Current Cost)
In Construction	Value of Work Done

The Council's housing stock has been valued as an operational asset.

The asset valuations have been prepared using the following assumptions: -

- (a) the Council has good title free from encumbrances;
- (b) there are no hazardous substances or latent defects in the properties and there is no contamination present;
- (c) the properties have permanent planning permission and any other necessary statutory consent for their current use;

- (d) plant and machinery is included in the valuation of the property, where applicable;
- (e) no special circumstances beyond those likely to be considered by a prospective purchaser in the open market have been taken into account;
- (f) no allowance has been made for any liability to taxation, which may arise on disposal, nor for costs of acquisition or realisation.
- (g) the Council operates a de-minimis level of £10,000 below which items will not be charged to capital on the grounds of materiality.

Not all properties were specifically inspected for the purposes of asset valuations. This was neither practicable, nor considered by the valuer to be necessary, for the purpose of the valuation. However, regular inspections are made by members of the Property Section of all the Council's property assets. The inspections and report do not purport to be a building survey.

The valuations have been prepared in accordance with the Practice Statements and UK Practice Statements contained in the RICS Appraisal and Valuation Standards by Mr. A. Spicer, a Professional Member of the Royal Institution of Chartered Surveyors, the Authority's Estates Unit Manager acting as an internal valuer.

Income resulting from the disposal of fixed assets is included in the Usable Capital Receipts Reserve. The net book value of the asset, which has been disposed of, is removed from the fixed asset valuation in the Consolidated Balance Sheet and written off to the Fixed Asset Restatement Account.

2 Accruals of Income and Expenditure

All revenue and capital income and expenditure relating to the financial year has been included in the accounts. Provision has been made on an actual or estimated basis for monies owed or prepaid at 31st March 2005. Periodic costs, such as electricity and telephone charges, are an exception to this. These are included in the accounts on a payments basis and are applied consistently each year.

3 Capital Charges

The capital charge represents a charge to services for the use of all fixed assets used in service delivery and equates to the sum of depreciation plus a notional interest charge. The charge is based on the opening value at which fixed assets have been included in the balance sheet and is calculated as 3.5% (3.5% in 2003/04) of assets stated at current value and 4.8% (4.625% in 2003/04) of assets stated at historic cost.

The capital charge included in services is reversed out by an accounting entry to the Asset Management Revenue Account. Therefore, the net cost of services includes the capital charges but there is no effect on the net operating expenditure and also, therefore, no impact on the council tax requirement. The charge made to the Housing Revenue Account is based on the capital expenditure incurred as part of the Major Repairs Reserve.

4 Depreciation

The Financial Reporting Statement (FRS 15) requires the Council to provide for the full cost of depreciation on Buildings irrespective of ongoing maintenance expenditure. The accounts have been produced to meet these requirements effective from 1 April 2000. For 2004/2005 the depreciation charge to the Consolidated Revenue Account was £10.695M (2003/2004 £9.519M). Depreciation has been calculated as follows:

Asset Category	Depreciation Method
Council Dwellings	Charged at the rate equivalent to the major repairs allowance for the year
Other Land & Buildings	Charged on the net value of buildings only, after deducting residual values on a straight line basis over the useful life of the buildings which varies between 2 and 50 years
Plant & Equipment	Straight line basis over periods between 5 and 10 years
Community Assets	No requirement to depreciate these assets
Infrastructure Assets	Straight line basis over periods between 10 and 40 years
Non Operational Assets	No requirement to depreciate these assets

5 Intangible Assets

The 2004 SORP introduced a specific heading for Intangible Assets in the Balance Sheet, resulting in the withdrawal of deferred charges as a balance sheet item.

Intangible Assets are capital expenses which provide an economic benefit to the Council, but where no fixed asset is created. They are amortised over periods varying between 2 and 20 years, which the authority is expected to enjoy economic benefit from the expenditure.

The Consolidated Balance Sheet for 2003/04 has been restated to take account of the changes in accounting policy. See Note 25 to the Consolidated Balance Sheet for further information.

5a Deferred Charges

Deferred Charges are Capital expenses, such as grant contributions, which do not provide direct economic benefits to the Council, or result in the creation of an asset. This classification includes de minimis capital expenditure under £10,000. Deferred charges are charged to revenue services as incurred.

6 Investments

Approximately £28.4 million of the Councils' funds are invested by fund managers the remaining cash balance is managed in-house on a daily basis. Investments have been included in the Consolidated Balance Sheet at the lower of cost or market value.

7 Leasing

Where assets are acquired under operating leases the leasing rentals payable are charged to the revenue accounts of those services which use the assets. The authority does not currently have any finance leases.

8 Interest Received

Interest is credited to the Housing Revenue Account (HRA) and other reserves based on the level of their fund balances using the average quarterly 7-day money market rates. The annual averaged quarterly 7-day rate was 4.42% in 2004/2005 (2003/2004 – 3.48%).

The interest credited to Net Operating Expenditure in the Consolidated Revenue Account relates to external interest received.

9 Interest Payable

The SORP states interest payable 'should be accrued and accounted for in the accounts of the period to which it relates on a basis which reflects the overall economic effect of the borrowings.' Current Council policy is to account for interest based on actual interest payments due in the year, rather than taking into account the interest payable over the full life of the loan. The divergence from the SORP has no material effect on the Statement of Accounts.

10 Cost of Support Services

The cost of support services, such as legal, human resources and finance, are charged to "front line" services based on an estimate of their use of the service. "Front line" services are those provided directly to the public.

11 Capital Receipts

All General Fund capital receipts may be used to finance expenditure for capital purposes of the authority. They are credited to the Usable Capital Receipts Reserve and are available without time constraint and may be used to finance capital expenditure to be incurred by the authority. 75% of the receipts resulting from the sale of housing stock included within the Housing Revenue Account are given to Central Government to be then redistributed through a pooling arrangement. This process is reflected in the Statement of Total Movements in Reserves.

12 Stock

Stock is included in the accounts at the lower of cost and net realisable value.

13 Provisions

Provisions are sums set aside for specific liabilities or losses as a result of a past event, in which it is probable or certain that a transfer of economic benefits will be required to settle the obligation and that this can be reliably estimated. The movements in provisions in the year have been charged to services.

14 Earmarked Reserves

These are amounts set aside for specific purposes and carried forward to meet expenditure in future years. Transfers to and from reserves are distinguished from service expenditure. The movements in reserves available to this Council are detailed in Note 19 to the Consolidated Balance Sheet.

15 Pensions

The Local Government Pension Scheme provides members of the pension scheme with defined benefits related to pay and service. The level of the employers contribution is determined by triennial actuarial valuation. The latest review was undertaken as at 31st March, 2004. Under Superannuation Regulations, the contribution rates are set to meet all the liabilities of the fund.

The superannuation costs charged to the Net Cost of Services in the Consolidated Revenue Account have been made in accordance with the new accounting standard FRS 17. Previously the charge was based on the employer's pension contributions payable in the year rather than the benefit entitlements earned by employees. The charge is now based on when the retirement benefits that the Council has committed to pay are earned, even though the actual payments may be many years into the future.

The Consolidated Balance Sheet now includes a Pension Reserve which includes the attributable share of the funds assets and liabilities which relate to the Council. Employer contributions will be adjusted in future years to account for any projected deficit.

16 Unamortised Premiums from Early Settlement of Debt

The Council has incurred early redemption charges, from debt restructuring exercises which were done to take advantage of lower interest rates. The redemption charges are written off to revenue over the life of the replacement borrowing, these amounts were carried on the Consolidated Balance Sheet under Deferred Charges. The 2004 SORP has removed the Deferred Charges heading and so the balances have been reclassified as Long Term Debtors. See Note 25 to the Consolidated Balance Sheet for further information.

17 Prior Year Adjustments

Prior year adjustments arise from changes in accounting policies or from the correction of fundamental errors. The Code of Practice requires that prior year adjustments are accounted for in the year they are identified. Prior year adjustments have been made in relation to the creation of the Intangible Fixed Asset heading in the Consolidated Balance Sheet and the reclassification of early redemption charges. See Note 25 to the Consolidated Balance Sheet for further details.

18 Capital Grants & Contributions

The SORP requires capital grants and contributions to be accounted for using a deferred credit method. This involves capitalising the asset at gross cost, with the grant or contribution being credited to a deferred credit account and released to the Asset Management Revenue Account over the life of the asset to match any charges for depreciation. This policy has been adopted for the first time in 2004/05. See Note 17 to the Consolidated Balance Sheet for further information.

19 Group Accounts

The SORP requires an authority to consider all their interests and to prepare a full set of group accounting statements where they have material interests in subsidiaries, associates and joint ventures. The Council has investigated all potential interests that could qualify for group accounts and has not identified any relationship that require their preparation.

CONSOLIDATED REVENUE ACCOUNT

The Consolidated Revenue Account brings together the income and expenditure of all the authority's functions into one statement. The statement shows the expenditure incurred during the year classified according to the Best Value Accounting Code of Practice and the income generated to fund the services provided by the Council.

The net spend by Wokingham Unitary in 2004/5 to be funded from government grant and the local taxpayers was £139.4m. At the end of the financial year the authority had £9.5m left in its general fund reserves.

CONSOLIDATED REVENUE ACCOUNT

	2004/2005		Net Expenditure £,000	Notes	2003/2004	
	Expenditure £,000	(Income) £,000			Net Expenditure £,000	Net Expenditure £,000
Service Area						
Central Services to the Public	5,625	(3,501)	2,124		2,184	
Cultural, Environmental and Planning Services	19,030	(3,570)	15,460	2	20,907	
Education Services	119,091	(24,896)	94,195		89,954	
Highways, Roads and Transport Services	13,856	(1,657)	12,199	2	9,650	
Housing Services	29,864	(21,411)	8,453	1	8,640	
Social Services	49,846	(18,476)	31,370		28,157	
Corporate and Democratic Core	4,555	0	4,555		3,909	
Non Distributed Costs	451	0	451		590	
	242,318	(73,511)	168,807		163,991	
Exceptional Items						
Land Tribunal Settlement			1,467	4	0	
Net Continuing Operations			170,274		163,991	
Precepts Paid to Parish Councils			2,692		2,599	
Contribution of Housing Receipts to Government Pool			1,446	5	0	
Interest & Investment Income			(1,847)	6	(1,209)	
Pension Interest Cost and Return on Assets			(360)	19	588	
Transfer from Asset Management Revenue Account			(20,716)	7	(19,270)	
Net Operating Expenditure			151,489		146,699	
Appropriations						
Revenue Contributions to Capital Expenditure			3,933	4	2,545	
Contribution from Reserve to Finance Capital Expenditure			(3,477)	4	(2,545)	
HRA Surplus / (Deficit) Financed by HRA Reserve Transfer			337	8	406	
School Surplus / (Deficit) Transferred to School Balances			(100)		653	
Transfer from Usable Capital Receipts equal to the contribution to Housing Pooled Capital Receipts			(1,446)	5	0	
Contributions to / (from) Earmarked Reserves			536		(1,037)	
Movement on Pension Reserve			(2,480)	19	(2,344)	
Deferred Charges Included in the Net Cost of Service			(3,070)	9	(3,498)	
Appropriation to Capital Funding Account			(6,317)	10	(6,777)	
Met by Government Grant & Local Taxpayers			139,405		134,102	
Precept Demanded from the Collection Fund			(63,575)	11	(63,367)	
Revenue Support Grant Received			(33,427)	12	(28,415)	
Distribution from Non-Domestic Rate Pool			(42,226)		(45,545)	
(Surplus) / Deficit for the Year			177		(3,225)	
Movement on General Fund Balances						
Balance at Beginning of Year			(9,231)		(5,060)	
(Surplus) / Deficit for Year			177		(3,225)	
Transfer from BCC			(455)	13	(946)	
Balance at End of Year			(9,509)		(9,231)	

NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

1 Housing Benefits

The Housing Benefits scheme provides assistance with private sector rent and council tax payments for those with low incomes. The scheme is largely funded by government grant but is administered by the Council.

	2004/2005 £,000	2003/2004 £,000
Rebates Granted		
- Housing Benefit	11,652	6,468
- Council Tax Rebates	3,354	2,998
- Audit Fees	21	17
Total Rebates Granted	15,027	9,483
Government Reimbursement	(14,944)	(8,911)
HRA Contribution	(101)	0
Rebates cost to Council	(18)	572
Administration Costs	834	709
Government Reimbursement	(411)	(423)
Total Cost to Council	405	858

The increase in Housing Benefit payments is due to the General Fund being charged for Rent Rebates that were previously paid for by the Housing Revenue Account. See Note 5 to the Housing Revenue Account for further details.

2 Net Cost of Services

The following expenditure levied on the Council has been included in the Net Cost Of Services:

Levy	Expenditure Block on CRA	2004/2005 £'000	2003/2004 £'000
Fire & Rescue Service	Cultural, Environmental & Planning	0	5,176
Land Drainage Precept	Cultural, Environmental & Planning	107	942
Magistrates Court	Central Services to the Public	218	199
Coroners Court	Central Services to the Public	115	104
Designated Authority Role	Central Services to the Public	2	0
Net Expenditure		442	6,421

No levy was paid to the Fire & Rescue Service in 2004/05 as it became a precepting Authority, this has had the effect of reducing the Net Expenditure on the Cultural, Environmental and Planning Services line on the Consolidated Revenue Account below the 2003/04 level. The majority of funding for the Land Drainage Precept is now received directly by the Environment Agency.

The increase in the Highways, Roads and Transport Services Net Expenditure is due partly to over £1m in concessionary fare and other transport related costs being charged against Education Services in 2003/04.

3 Provision for Bad and Doubtful Debts

Following an assessment of debtors outstanding at the year end, a £154,000 increase in the bad and doubtful debt provision was effected in 2004/2005 through the General Fund. This restated the level of provision following the reduction of £55,000 in 2003/04. Provisions for council tax, community charge and business rates bad debts are charged to the Collection Fund and those in respect of council house rents are charged to the Housing Revenue Account. The provisions are set on the basis of outstanding debt and are required to safeguard against future under or non-recoveries. The movement in the bad debt provision has been charged to the net cost of the individual service areas.

4 Land Tribunal Settlement

A significant claim for compensation arose following the compulsory purchase of land by Berkshire County Council for the Bracknell Northern Distributor Road. This road was constructed to facilitate a large scale residential development in the early 1990's. The claim arose from a dispute as to whether the land had a ransom value over a development of approximately 600 houses. The case was settled in May 2005 in the sum of £7.7m (inclusive of land value, costs and statutory interest). The claim has been apportioned between the six Berkshire authorities on an agreed basis and Wokingham's element of the claim amounts to £1,467,000.

The claim has been funded, by charging £455,000 to revenue balances and £1,012,000 to capital reserves. The charge against General Fund Revenue Balances can be seen as it's the difference between the Revenue Contributions to Capital Expenditure and the Contribution from Reserve to Finance Capital Expenditure entries on the Consolidated Revenue Account.

5 Contribution of Housing Receipts to Government Pool

2004/05 is the first year that authorities have had to pay a proportion of specified housing capital receipts into a Government pool for redistribution. The payment is reversed in the Consolidated Revenue Account by an appropriation from Usable Capital Receipts.

6 Interest Received

Interest is credited to the General Fund on the basis of external interest received.

7 Transfer from Asset Management Revenue Account

This account recognises the difference between the capital charges directly charged to services and the external interest payable.

	2004/2005	2003/2004
	£,000	£,000
Income		
Capital Charges - General Fund	(24,584)	(23,103)
- Housing Revenue Account	(9,252)	(8,764)
Deferred Grants & Contributions Applied	(741)	0
Total Income	(34,577)	(31,867)
Expenditure		
External Interest Charges	3,105	3,078
Depreciation	10,695	9,519
Amortisation of Intangible Assets (exc LGR costs)	61	0
Total Expenditure	13,861	12,597
Balance Transferred to Consolidated Revenue Account	(20,716)	(19,270)

The new entries relating to Deferred Grants and Contributions Applied and Amortisation of Fixed Assets are explained in Note 18 to the Statement of Accounting Policies.

The Financial Reporting Statement (FRS 15) requires the Council to provide for the full cost of depreciation on Buildings irrespective of ongoing maintenance expenditure. The accounts have been produced to meet these requirements effective from 1 April 2000.

8 HRA Surplus / (Deficit)

Details on the HRA Surplus can be found in the Housing Revenue Account on page 30. The net expenditure on the HRA has not been affected by the implementation of FRS 17.

9 Deferred Charges

Capital expenditure was incurred on providing grants and other contributions where no asset was created.

	2004/2005	2003/2004
	£,000	£,000
Disabled Facilities Grants	397	420
Land Compensation costs - Bracknell	1,467	0
Other (Capital Expenditure)	1,206	3,078
Total	3,070	3,498

This expenditure has been written off in the year in which the expenditure was incurred and is included in the net cost of the relevant services and subsequently reversed as an appropriation.

10 Minimum Revenue Provision

	2004/2005	2003/2004
	£,000	£,000
Commutation Adjustment	0	(1,346)
Non-Housing amount - 4% of capital financing requirement (credit ceiling 2003/04)	2,592	2,250
Housing Amount - 2% of credit ceiling	0	67
Minimum Revenue Provision	2,592	971
Amount Charged as Depreciation (General Fund only)	8,909	7,748
Appropriation to/from Capital Financing Reserve	(6,317)	(6,777)
Total	2,592	971

11 Precept

This represents the demand of the District Council and its Parishes upon the Collection Fund.

	2004/2005	2003/2004
	£,000	£,000
Wokingham District Council	60,883	60,767
Parishes	2,692	2,599
Total	63,575	63,366

12 Revenue Support Grant

This is the government grant received to support the Council's activities as a whole and is not linked to any one service.

13 Transfer from BCC

Reading Borough Council has been managing former Berkshire County Council balances since the abolition of the County Council. Balances have been held back to ensure all outstanding liabilities are covered (insurance and general liabilities provision). Each year the remaining balances and all possible liabilities are reviewed (e.g. property risks etc) and balances distributed on a prudent basis.

14 Publicity Expenditure

Under section 5(1) of the Local Government Act 1986, expenditure on publicity was as follows:

	2004/2005 £,000	2003/2004 £,000
Public Relations	58	68
Employee Advertising	590	529
Other Advertising	66	84
Other Publicity	125	120
Total	839	801

15 Section 137 Expenditure

The Local Government Act 2000, granted new powers for authorities to promote well-being in their area, as a result, Section 137 of the Local Government Act 1972 was repealed except for Section 137(3), this requires the disclosure of donations made to charities. In 2004/05 donations of £264,328 (£257,880 in 2003/04) were made. The donations were made as part of the Voluntary Sector Grants process; all payments were based on assessment criteria, which focuses on the nature and level of tangible benefit to the District, evidence of financial need, and the organisation's existing relationship with the Council.

16 Agency Arrangements

A few activities are performed by the Council on behalf of the other unitary authorities in Berkshire, which are not included in the Consolidated Revenue Account. The costs shown below are the total costs of the arrangements and include all appropriate costs (e.g. internal recharges).

	2004/2005 £'000	2003/2004 £'000
Sensory Needs	718	676
Travelers	397	416
Total	1,115	1,092

17 Operating Leases

The council has a number of operating leases relating to vehicles and computer equipment. The lease for the computer equipment expired in 2004/05.

Payments of £159,000 were paid in 2004/05, (£141,000 in 2003/04) These payments are included in the net cost of services. The outstanding commitment as at 31st March 2005 for operating leases is £260,000 :

	Vehicles, Plant and Equipment £'000
Leases expiring in 2005/06	82
Leases expiring between 2006/07 an 2009/10	178
Leases expiring after 2009/10	0
Total	260

The Council is also a lessee for a small number of short term property leases. Payments of £557,000 were paid in 2004/05. Annual payments are £589,000 relating to :

	Amount Payable £'000
Leases expiring in 2005/06	1
Leases expiring between 2006/07 an 2009/10	175
Leases expiring after 2009/10	413
Total	589

The Council as lessor has a number of premises, which it makes available on an operating lease basis. Rent income receivable during the year is as follows :

	Amount Receivable £'000
Shops	200
Industrial Premises	933
Offices	93
Other	729
Total	1,955

18 Members' Allowances and Officers' Emoluments

The total amount of Members' allowances paid during 2004/2005 was £395,602 (2003/2004, £397,424).

The number of employees paid remuneration of £50,000 or more, including all taxable benefits, were as follows: -

Remuneration Range	2004/2005 Number of staff	2003/2004 Number of Staff
£50,000-£59,999	25	14
£60,000-£69,999	9	18
£70,000-£79,999	10	6
£80,000-£89,999	2	0
£90,000-£99,999	0	1
£100,000-£109,999	1	0
£110,000-£119,999	0	0
£120,000-£129,999	1	0
Total	48	39

19 Pension Costs

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

The Council participates in two schemes:

- The Local Government Pension Scheme, administered by the Royal Borough of Windsor & Maidenhead – this is a funded scheme, which means that the Council and employees pay contributions into the fund, calculated at a level intended to balance the pensions liabilities with investment assets.
- The teachers' scheme of the Department for Education and Skills, which is a defined contribution scheme as it does not allow for the identification of liabilities consistently and reliability between participating authorities.

The different accounting treatments of the schemes will be described below:

Local Government Scheme (LGPS)

The cost of retirement benefits in the Net Cost of Services are recognised when they are earned by employees, rather than when the benefits are actually paid as pensions. However, the charge made against the Council Tax is based on the cash payable in the year, with the remainder (making up the full cost of retirement benefits) being reversed out of the Consolidated Revenue Account (CRA) after the Net Operating Expenditure. The following transactions have been made in the CRA during the year:

	2004/2005 £'000	2003/2004 £'000
Net Cost of Service		
Current Service Cost	(5,350)	(3,687)
Past Service Costs	0	(141)
Settlements & Curtailments	0	(7)
Net Operating Expenditure		
Expected Return on Employer Assets	5,710	4,631
Interest on Pension Scheme Liabilities	(5,350)	(5,219)
Amounts to be met from Government Grants and Local Taxation		
Movement on Pension Reserve	2,480	2,344
Actual amount charged against Council Tax for LGPS Contributions in the Year	(2,510)	(2,079)

Note 23 to the Consolidated Balance Sheet contains details of the assumptions made in estimating the figures included in this note. Note 1 of the Statement of Total movement in Reserves provides details on the movements on the pension reserve.

The level of employer's contribution is determined by actuarial valuation and was increased in 2004/05, the contribution level is set to ensure 100% of the overall liabilities of the scheme are fully funded. The last review was undertaken as at 31st March 2004. The fund is valued triennially and will be next valued as at 31st March 2007. Whilst the FRS 17 statements are a guide to the expectations of an actuarial valuation, the basis of calculation is not the same. The actuarial valuation takes a longer term view of the relationship between assets and liabilities and the expected future returns on asset and liability changes, rather than being based on a snapshot position at a given date. It is a statutory requirement for the Fund to set down the longer term policy for returning the fund to a 100% funding level.

A copy of the Royal County of Berkshire Pension Fund's Annual Report is available on request from the Head of Finance, Royal Borough of Windsor & Maidenhead, Town Hall, St Ives Road, Maidenhead, SL6 1RF.

Teachers Scheme

Teachers employed by the authority are members of the Teachers' Pension Scheme, administered by the Teachers' Pensions Agency. It provides teachers with defined benefits upon their retirement, and the authority contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

In 2004/05 the Council paid £5,415,158 to the Pensions Agency in respect of teachers' retirement benefits, representing 13.5% of pensionable pay. The figures for 2003/04 were £5,179,272 and 13.5%.

In addition, an amount of £75,611 has been paid in respect of added years pension payments to retired teachers (2003/04 - £244,124).

20 Renewals Fund Expenditure

The net cost of each service includes any expenditure from repairs and renewals funds related to that service. The financing of this expenditure from the fund is reflected in the contributions from Reserves shown on the Consolidated Revenue Account.

21 Related Parties

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

Transactions with precepting authorities and levies to other bodies are shown in the Collection Fund and Consolidated Revenue Account respectively.

Central Government has a direct influence over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides a large amount of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties. Details of transactions with government departments are set out in Note 3 to the Cash Flow Statement.

All Councillors and officers on the Corporate Management Team were asked to complete a disclosure statement in respect of themselves and their family members/close relatives, detailing any material transactions with related parties. No related party disclosures arose in relation to officers. Grants of over £228,000 were made to organisations in which five members had an interest, payments of £36,000 were paid to an early years providers that one member had an interest in. The payments were made with proper consideration of declarations of interest. The relevant members did not take part in any discussion or decision relating to the payments. Two members declared an interest in Wokingham Primary Care Trust, the Trust forms part of the two pooled budget arrangements that the Council is involved with, see Note 23 below for further details.

22 Building Control Trading Account

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

Building Regulations Charging Account 2004/2005

	Chargeable 2004/2005 £000	Non Chargeable 2004/2005 £000	Total 2004/2005 £000
Expenditure			
Employee Expenses	378	28	406
Premises	0	0	0
Transport	18	1	19
Supplies & Services	56	4	60
Central Support Service Charges	119	9	128
TOTAL EXPENDITURE	571	42	613
Income			
Building Regulation Charges	(504)	0	(504)
Miscellaneous Income	(21)	(8)	(29)
TOTAL INCOME	(525)	(8)	(533)
(Surplus)/Deficit for Year	46	34	80

The Chargeable Account in its sixth year of operation made a deficit of £46,000. The Account has a three year rolling accounting period. At the end of each cycle its income received must not be less than expenditure incurred. The account at the end of its current three year period has generated a deficit of £121,000. Future budgets will be set to return the account to a surplus position.

23 Pooled Budgets

Pooled funds enable health bodies and local authorities to work collaboratively to address specific local health issues. The Council was involved in two pooled budget arrangements in 2004/05.

CAMHS s31 Agreement

The arrangement is for the provision of integrated services for children and young people with emotional, behavioural and mental health needs in the West of Berkshire. The arrangement started on 1 March 2004 and there are seven members, Wokingham, Reading and West Berkshire Councils, the three West of Berkshire Primary Care Trusts and Berkshire Health care Trust, with Wokingham District Council being the lead partner. Total expenditure was £1.4m (£118,000 in 2003/04, only part year operation) with the Council contributing £231,000 (£22,000 in 2003/04).

Joint Equipment Stores

The agreement is for the provision of joint store and equipment services using the Royal Berkshire Ambulance NHS Trust (RBAT) as an agent to provide the services. The six Berkshire Unitary Authorities and six Berkshire Primary Care Trusts are members with Slough Borough Council as lead partner. Total expenditure was £1.4m (£377,000 in 2003/04, only part year operation), with the Council contributing £118,000 (£65,000 in 2003/04).

24 Audit Costs

In 2004/05 the following fees relating to external audit and inspection were payable to the Audit Commission:

	2004/2005	2003/2004
	£000	£000
External Audit Services	168	173
Statutory Inspection	57	62
Certification of Grant Claims & Returns & Misc. Fees	54	62
Total	279	297



HOUSING REVENUE ACCOUNT

The Housing Revenue Account (HRA) reflects a statutory obligation to account separately for local authority housing provision, as defined in particular in Schedule 4 of the Local Government and Housing Act 1989. It shows the major elements of housing revenue expenditure and how these are met by rents, subsidy and other income.

Further important changes have been introduced by the Local Government Act 2003 applicable for 2004/05 moving the requirement to account for rent rebates from the HRA to the General Fund.

During 2004/05 the Housing Revenue Account generated a surplus of £337,280 and now has a balance of £955,314. The Major Repairs Reserve, which is the capital element of the HRA, has a balance of £283,746. These funds are ring-fenced and are therefore carried forward for future projects.

HOUSING REVENUE ACCOUNT

	2004/2005			2003/2004
	£,000	£,000	Notes	£,000
Income				
Dwelling Rents	(9,346)		1	(9,068)
Non Dwelling Rents	(244)		2	(220)
Charges for Services and Facilities	(756)			(736)
HRA Subsidy Receivable (including MRA)	0		3	(1,299)
Contributions towards Expenditure	(73)			(73)
Total Income		(10,419)		(11,396)
Expenditure				
Repairs and Maintenance	1,739			1,807
Supervision & Management	2,389		4	2,107
Rent Rebates	101		5	4,359
Increased Provision for Bad & Doubtful debts	75		6&12	42
ODPM Subsidy repayment	3,214			0
Cost of Capital	7,533		7	6,818
Depreciation on Fixed Assets	1,786		8	1,770
Debt Management Costs	1			4
Total Expenditure		16,837		16,907
Net Cost of Services (Surplus) Deficit for Year		6,419		5,511
Net HRA (income)/expenditure on the AMRA	(7,359)		9	(6,584)
Amortised Premiums and Discounts	688		10	690
HRA Investment Income	(1)			(13)
		(6,672)		(5,907)
Net Operating Expenditure (Surplus)/Deficit for Year		(254)		(396)
Appropriations				
Transfer to/from Major Repairs Reserve	(97)		11	139
HRA Set-Aside (Contributions to MRP)	0			66
Movement to Pension Reserve	(84)		4	(76)
		(181)		129
(SURPLUS)/ DEFICIT FOR YEAR		(435)		(267)
MOVEMENT ON HOUSING REVENUE ACCOUNT BALANCES (including MRA)				
Balance at Beginning of Year		(804)		(537)
(Surplus)/Deficit for Year		(435)		(267)
Balance at End of Year		(1,239)		(804)

Movement on Housing Revenue Account Balances (excluding MRA)	2004/2005	2003/2004
	£000	£000
Balance at Beginning of Year	(618)	(212)
(Surplus) / Deficit for Year	(337)	(406)
Balance at Year End	(955)	(618)

The balance on the MRR currently stands at £283,746.25, following a surplus of £97K during the year.

NOTES TO THE HOUSING REVENUE ACCOUNT

1 Dwelling Rents

This is the total rent income due for the year after allowance for void properties. In 2004/05, rents increased by an average of 2.89% except those rents, which were capped as follows:

£90.62	1 Bedroom and Bedsitter
£95.04	2 Bedroom
£101.28	3 Bedroom
£106.60	4 Bedroom & larger

1a Housing Stock

The Council was responsible for the following dwellings, made up as follows:-

HRA Dwellings	2004/2005 Number of Properties	2003/2004 Number of Properties
Low & Medium Rise Flats	941	945
Traditional Houses and Bungalows	1,551	1,562
Non-Traditional Houses and Bungalows	360	364
Total	2,852	2,871

Changes in the housing stock are detailed below:

	2004/2005 Number of Properties	2003/2004 Number of Properties
Stock at 1st April (Opening Stock)	2,871	2,902
Less: Sales	(19)	(29)
Less: Movement in Mobile Homes/Hostels to General Fund	0	(2)
Stock at 31st March (Closing Stock)	2,852	2,871

All the HRA property is operational, there are no non-operational assets i.e. demolitions. The dwelling stock valuation for subsidy purposes is £236,449,850 (2003/04 - £238,185,050). The vacant possession value and balance sheet value of dwellings within the HRA show the economic cost to the Government of providing council housing at less than open market rents.

2 Non-Dwelling Rents

This includes rent of garages, land and wayleaves. The increase for 2004/05 was 5% (2003/04 – 2.5%).

3 Housing Subsidy

The Housing subsidy is calculated using a model (Housing Revenue Account), which is based on pre-set figures determined by the government and the number of dwellings, owned by an authority. This resulted in a payment to the government from the HRA as follows:

	2004/2005 £000	2003/2004 £000
Allowance for Management	1,123	1,120
Allowance for Maintenance	2,189	1,826
Allowance for Major Repairs	1,786	1,771
Charges for Capital	999	1,054
Rent Rebates	0	4,417
Interest on Receipts	0	(16)
Admissible allowance	14	0
Guideline Rent Income	(9,271)	(8,926)
Housing Subsidy (repayable)/payable for 2004/2005	(3,160)	1,246

During 2004/05 the rules have changed in as much as rent rebates are no longer paid from the housing revenue account. Instead they are paid by the housing general fund thereby making the HRA a pure landlord account.

4 Movement to Pension reserve

The Housing Revenue Account has been charged pension costs in accordance with FRS 17, these costs are included in the Supervision & Management heading. To ensure that the closing balance on the account only reflects the actual pension payments made in the year the effect of the FRS 17 adjustment is reversed out by a contra entry.

5 Rent Rebates

Since the 1st April 2004 rent rebates are paid from the General Fund to ensure that the Housing Revenue Account is a pure landlord account. However, £101,000 was payable to the General Fund under the transitional transfer rules for the cost of administering the rent rebates element that is not covered by subsidy.

6 Bad Debts Provision

The dwelling rents are shown before deduction of the bad debts provision for the year. The provision for bad debts increased to £342,058 in 2004/2005 as detailed below:

	2004/2005 £'000	2003/2004 £'000
Balance at 1st April	267	226
Provision in the year	75	41
Balance at 31st March	342	267

The provision has been increased in order to write off £69,000 of identified debt.

7 Cost of Capital

The 'cost of capital' charge reflects the cost of public sector capital tied up in council housing and other HRA assets. The charge to the HRA is based upon a percentage 3.5%, (same percentage used in 2003/04) of the value of capital assets. This notional charge is largely reversed by the Adjusting Transfer from AMRA figure (see Note 9), to leave only external interest payments as a cost against HRA Balances.

8 Depreciation

The Government's Major Repair Allowance has been accepted as a reasonable estimate of the measure of depreciation (£1,786,147) on operational assets comprising HRA dwellings.

9 Adjusting Transfer from AMRA

The Asset Management Revenue Account (AMRA) is a key element in capital accounting replacing capital charges debited to the Net Cost of Services with external interest charges payable.

10 Amortised Premiums and Discounts

The HRA Item 8 (interest and income is in respect of investments, loans and mortgages) and subsidy determinations require premiums and discounts (generated following the restructuring of the Authority's debt) for both HRA and HRA subsidy purposes effectively to be written off over the unexpired period of the loan replaced or 10 years, whichever is less. This item includes the net amortised amount of premiums and discounts chargeable.

11 Major Repairs Reserve

The total capital expenditure on housing and other property within the HRA was £1,738,000 (2004/05 - £1,909,000) and was solely financed through the Major Repairs Allowance. All the expenditure was on housing apart from £32,533 (2003/04 - £38,000) on other property (garages).

Movement on Major Repairs Reserve Balances:

	2004/2005 £000	2003/2004 £000
Balance at Beginning of Year	(187)	(326)
(Surplus) / Deficit for Year	(97)	139
Balance at Year End	(284)	(187)

12 Rent Arrears

Cumulative rent arrears were £531,000 at 31st March 2005, representing a decrease of £42,000 on the position at 31st March 2004. The arrears were made up as follows:

	2004/2005 £000	2003/2004 £000
Current Tenants	326	407
Former Tenants	205	166
Total	531	573

13 Capital Receipts

In 2004/05 capital receipts of £1.9m were generated (2003/04 - £2.8m) all from the sale of houses. The contribution to the government Housing Receipts pool was £1.4m.



CONSOLIDATED BALANCE SHEET

The Consolidated Balance Sheet is one of the main statements produced by a local authority, it includes all the assets and liabilities of all activities of the authority as at 31st March 2005

A number of notes have been included with the statement to support the figures in the Consolidated Balance Sheet.

CONSOLIDATED BALANCE SHEET

	31 March 2005		31 March 2004	
	£,000	£,000	Notes	£,000
Fixed Assets				
Intangible Assets	2,339		5	2,588
Operational Assets				
Council Dwellings	221,340			211,778
Other Land & Buildings	438,458			342,702
Vehicles Plant & Equipment	658			284
Community Assets	2,909			2,857
Infrastructure Assets	68,898			61,979
Non Operational Assets	17,454			17,004
Total Fixed Assets		752,056	1	639,192
Long Term Debtors		5,104	6	6,800
Total Long-Term Assets		757,160		645,992
Current Assets				
Short Term Investments	32,441		7	27,492
Stock	104			1,034
Payments in Advance	1,678			1,206
Debtors	21,176		8	20,110
Cash in Hand	695		9	1,230
		56,094		51,072
Current Liabilities				
Cash Overdrawn	(5,112)		9	(1,219)
Creditors	(21,194)		10	(20,660)
Receipts in Advance	(4,107)		11	(5,277)
		(30,413)		(27,156)
Total Assets less Current Liabilities		782,841		669,908
Long Term Borrowing	(68,390)		12	(65,991)
Provisions	(476)		13	(727)
Government Grants Unapplied	(3,191)		16	(2,068)
Pension Liability	(26,000)		23	(12,699)
		(98,057)		(81,485)
Total Assets less Liabilities		684,784		588,423
Represented by:				
Fixed Asset Restatement Account	634,184		14	529,426
Capital Financing Account	41,658		15	44,289
Deferred Credits	7,874		17	51
Usable Capital Receipts Reserve	4,278		18	5,839
Earmarked Reserves	11,445		19	10,607
Pension Reserve	(26,000)			(12,699)
Revenue Balances				
General Fund	9,509			9,231
School Revenue Balances	2,184		20	2,301
Housing Revenue Account	955			618
Collection Fund	(1,303)			(1,240)
Total Reserves and Balances		684,784		588,423

NOTES TO THE CONSOLIDATED BALANCE SHEET

1 Fixed Assets

The changes in fixed assets during the year are shown below:-

	Gross Value at 1 April 04 £,000	Accumu- lated Depreci- ation £,000	NBV at 1 April 04 £,000	Restat- ement £,000	Expen- diture £,000	Disp- osals £,000	Deprec- iation £,000	NBV at 31 Mar 05 £,000
Intangible Fixed Assets	2,588	0	2,588	0	307	0	(556)	2,339
Council Dwellings	211,778	0	211,778	11,220	1,739	(1,611)	(1,786)	221,340
Other Land and Buildings	361,063	(18,361)	342,702	94,678	8,131	0	(7,053)	438,458
Plant & Equipment	298	(14)	284	0	458	0	(84)	658
Community Assets	2,857	0	2,857	20	32	0	0	2,909
Infrastructure Assets	71,030	(9,050)	61,980	0	8,690	0	(1,772)	68,898
Non Operational Assets								
Surplus Properties	9,926	(104)	9,822	0	0	0	0	9,822
Investment Properties	7,192	(11)	7,181	1,252	0	(801)	0	7,632
Total	666,732	(27,540)	639,192	107,170	19,357	(2,412)	(11,251)	752,056

The Resource Accounting legislation in respect of the HRA was introduced on 1 April 2000. Under this legislation the Council housing stock must be valued at net realisable value (ignoring tenancy). This has had the effect of significantly increasing the value of the Housing Stock.

The authority's property portfolio has been valued as at 31 March 2005 by the Council's Valuer. Details of the valuation methodologies are outlined in Accounting Policies - Note 1.

Depreciation has been charged on the net value of assets as at 1 April 2004 (see Note 4 to Accounting Policies for further information). The opening Net Book Value is higher than the closing value shown in the 2003/004 Statement of Accounts due to the inclusion of Intangible Fixed Assets (see Note 26).

The authority's asset portfolio is analysed as follows:

	Number		Number
Council Dwellings	2,859	Residential Homes/Day Centres	10
Administrative Offices	10	Other Residential Properties	2
Nursery and Primary Schools	54	Caravan Sites	1
Secondary Schools	9	Traveller Sites	2
Special Schools and Units	3	Cemeteries	2
Education Houses	42	Public Conveniences	5
Detached Playing Fields	12	Public Car Parks	18
Public Libraries	8	Mobile Home Site (Leased Out)	1
Container Library Sites	1	Commercial Properties (Leased Out)	120
Other Library Buildings	1	Properties Leased to Community /	
Youth & Community Centres	6	Voluntary Bodies	64
Swimming Pools	1	Ground Leased Sites	48
Leisure Centres with Pools	2	Smallholdings and Related Land (Acres)	536
Other Leisure Centres	2	Land Awaiting Development (Acres)	26
Pavilions	6	Parks, Recreation Grounds and Open	
Other Leisure Properties	3	Spaces (Acres)	1,347
Golf Courses	1		

2 Capital Expenditure

The main items of capital expenditure on fixed assets in the year were as follows:

	£'000
Fosters - Construction of lift shaft	313
Disabled Facilities Grants	397
Aldrington Primary - Renew Flat Roof	248
Colleton Primary - Rationalisation	332
Hawthorns Primary - Final Phase	213
Radstock Primary - Phase 1	405
Emmbrook Comprehensive - Extension to Staffroom	219
Maiden Erleigh - Extension to School	1,058
St Crispins - Increase 6th Form Accommodation	345
Develop Early Excellence Centre Building	350
Arborfield Cross Roundabout Improvement	751
Highways Junction Management	3,489
A4 (A321) Footbridge Improvement	230
Street Light Column Replacement	217
Council Housing - Kitchen Replacements	322
Council Housing - Heating Renewal	527
Integrated Financial, HR & Procurement Systems	1,495

3 Capital Commitments

The estimated commitments for capital expenditure for schemes that had started, or legal contracts entered into, by 31st March 2005 are listed below:

	£'000
Keephatch Primary School Modernisation	2,099
Maiden Erleigh School Extension	1,860
Waingels Copse – College Status	608
M4 J10 Noise Barrier	463
A327/B23270 (Black Boy) Junction	435
Big Lottery Fund	375
Disabled Facilities Grants	249
Addington Special School of the Future	176
CCTV	145
Colleton Primary School rationalisation	135
Wokingham Station Link Road	135
School Travel Plans	117
Barkham Recreation Ground Pavilion	116
Wescott Primary Autistic Unit	106

4 Financing of Capital Expenditure

The capital expenditure was financed using the following sources:

	2004/2005	2003/2004
	£,000	£,000
Capital Receipts	6,029	230
Capital Grants	4,838	6,122
Borrowing	6,001	9,105
Revenue Contributions	586	189
Capital Contributions / Developers' Grants	5,463	2,536
Reserve for Capital Expenditure	47	0
Total	22,964	18,182

5 Intangible Fixed Assets

	Balance at 1 Apr 2004	Expenditure	Written off to revenue in year	Balance at 31 Mar 2005
	£000	£000	£000	£000
Local Government Review	2,588	0	(495)	2,093
IT Software Licenses	0	307	(61)	246
Total	2,588	307	(556)	2,339

Transition costs arising from the Local Government Review in 1998 are being written off over a period of 11 years.

Software licenses are held for the Council's integrated financial, I – Procurement and human resources management information systems. The cost is being written off over 5 years.

6 Long Term Debtors

The long term debtors represent amounts due to be paid to the Council after more than 1 year. The Balance Sheet figure consists of the following:

	Balance at 31 Mar 2005	Balance at 31 Mar 2004
	£000	£000
Loan Premia/Discounts	5,073	6,771
Housing Association Mortgages	11	4
Officer Car Loans	21	25
Total	5,104	6,800

7 Investments

The Council employs two fund managers to manage its investments. A maximum of 50% is invested in Gilts. Other surplus cash is managed in house and is temporarily invested with public sector authorities, major clearing banks and building societies.

	31 Mar 2005	31 Mar 2004
	£,000	£,000
Investec Investment Management Ltd	14,092	10,714
UBS Global Ltd / now Invesco Asset Management Ltd	14,349	10,778
Other	4,000	6,000
Total	32,441	27,492

8 Debtors

Debtors are amounts that were due to the Council in full at the end of the accounting year and are net of bad debt provisions. They can be analysed as follows: -

	Debtors	Bad Debt	Net	
	£,000	Provision	31 Mar 2005	31 Mar 2004
	£,000	£,000	£,000	£,000
Local Tax Payers	4,738	(2,488)	2,250	2,809
Central Government	9,757	0	9,757	9,818
Rents	646	(342)	304	407
Other	9,239	(374)	8,865	7,076
Total	24,380	(3,204)	21,176	20,110

9 Cash in Hand / Overdrawn

The Cash in Hand figure relates mainly to imprest and other cash balances held throughout the Council.

An increase in the Cash Overdrawn figure is reflected in a higher Short Term Investments balance. The difference in the overall amount of available cash at the two Balance Sheet dates is negligible.

10 Creditors

Creditors are amounts due to be paid by the Council at the end of the accounting year and include:

	31 Mar 2005	31 Mar 2004
	£,000	£,000
Interest Due	573	541
Central Government	4,073	3,505
Rents	136	240
Other	16,412	16,374
Total	21,194	20,660

11 Receipts in Advance

The largest single receipt in advance was almost £500,000 and related to the Local Public Service Agreement Grant.

12 Long Term Borrowing

Loans outstanding, and not due to mature for more than 1 year, are the amounts borrowed from external lenders at the balance sheet date. They may be analysed as follows:

	31 Mar 2005 £,000	31 Mar 2004 £,000
Analysis of loans by type :		
Public Works Loans Board	53,390	50,991
Commercial Loans	15,000	15,000
Total	68,390	65,991
Analysis of loans by maturity :		
Between 1 and 2 years	0	0
Between 2 and 5 years	11,000	11,000
Between 5 and 10 years	7,723	7,700
More than 10 years	49,667	47,291
Total Outstanding	68,390	65,991

13 Provisions

	(Receipts) £,000	Expenditure £,000	Balance at 31 Mar 2005 £,000	Balance at 1 Apr 2004 £,000
Nursery Grant	(406)	0	(406)	0
Lease Liabilities	0	187	0	(187)
After Care Services	0	300	0	(300)
VAT Liability	0	240	0	(240)
Other	(70)	0	(70)	0
Total	(476)	727	(476)	(727)

The Nursery Grant Provision is held to cover the possible repayment of prior year Nursery Education Grant. A sum of £70,000 is also held as a provision against legal costs.

14 Fixed Asset Restatement Account

The Code of Practice required that fixed assets be revalued and restated from 1st April 1994. The opening balance on this account at 1st April 1994 represents the difference between the previous and current method of valuation. The transactions affecting the balance held on this reserve are documented within the Statement of Movements in Reserves.

15 Capital Financing Account

The capital financing account represents the amounts which are set aside from capital receipts or revenue reserves for the repayment of external loans or to finance expenditure on fixed assets and certain other capital transactions. The transactions affecting the balance held on this reserve are documented within the Statement of Movements in Reserves.

16 Government Grants Unapplied

This represents capital grants that have been received but not yet applied.

Service	31 Mar 2005 £'000	31 Mar 2004 £'000
Education	(2,907)	(2,061)
Community Care	0	(2)
Environmental Services	(1)	(1)
IT	(246)	0
Chief Executive's & Support Services	(37)	(4)
Total	(3,191)	(2,068)

17 Deferred Credits

Deferred credits can be analysed as follows:

	31 Mar 2005 £,000	31 Mar 2004 £,000
Capital Contributions	3,637	0
Capital Grants	4,285	0
Total Deferred Contributions/Grants	7,922	0
Council Houses Sold by Deferred Payment	46	46
Housing Association Mortgages	4	4
Private Mortgages	1	1
Total Deferred Capital Receipts	51	51

The capital contributions and grants have been used to fund capital expenditure and are being written off over the life of the asset, which is a new policy adopted for 2004/05, see Note 18 to the Accounting Policies Statement for further details.

Deferred capital receipts represent income of a capital nature due to be paid to the Council over a number of years.

18 Usable Capital Receipts Reserve

These are receipts from the disposal of assets and capital contributions from outside sources. The Local Government and Housing Act 1989, allows 25% of the proceeds received on the sale of council houses and the full amount of proceeds from other asset sales and developers' contributions to be used to finance capital expenditure. The remaining proportions are given to the central government capital receipts pool. The movement in the balance of usable capital receipts is as follows:

	2004/2005 £,000	2003/2004 £,000
Balance at 1st April	(5,839)	(2,676)
(Received in Year)	(4,468)	(3,393)
Applied in Year	6,029	230
Balance at 31st March	(4,278)	(5,839)

19 Earmarked Reserves

The types of reserves and their movement in the year are detailed below:

	(Receipts) £,000	Payments £,000	Balance 31 Mar 05 £,000	Balance 1 Apr 04 £,000
Renewals Funds	(328)	72	(787)	(531)
Commuted Sums	(127)	0	(585)	(458)
Section 38/18 Fund	(77)	0	(137)	(60)
Insurance Fund	(52)	52	(1,181)	(1,181)
Housing Association Reserve	(5)	0	(114)	(109)
Easthampstead Car Park	0	82	0	(82)
Other Funds	(113)	102	(198)	(187)
HRA Major Repairs Reserve	(1,835)	1,738	(283)	(186)
Reserve for Future Capital Expenditure	(182)	248	(1,153)	(1,219)
Earmarked Capital Contributions Reserve	(3,686)	3,478	(6,557)	(6,349)
Interest Equalisation Fund	(205)	0	(450)	(245)
Total	(6,610)	5,772	(11,445)	(10,607)

(i) Renewals Funds

These are reserves held in order to finance the renewal or maintenance of specific items of equipment or furnishings. Contributions are made on the basis of the anticipated replacement cost of the items over their expected useful life.

(ii) Commuted Sums

This represents amounts received from developers for the maintenance of open spaces.

(iii) Section 38/18 Equalisation Fund

This is used to match the cost of supervising development, covered by the Highways Act 1980, with the contributions received from developers.

(iv) Insurance Fund

This is used to fund part of each insurance claim, up to losses of £325,000 in a year. Contributions are received through internal premiums. The Authority's external insurers are Zurich Municipal.

(v) Housing Association Reserve

This is money earmarked to fund a project with James Butcher Housing Association.

(vi) Easthampstead Car Park

This represented a conditional capital receipt for the development of affordable housing on the land.

(vii) Other Funds

This includes the balances of the Building Control Equalisation fund and the sold Council Houses Repairs Fund.

(viii) HRA Major Repairs Reserve

On 1st April 2001 the Government introduced the Major Repairs Allowance (MRA) as part of the housing subsidy grant payment and is for investment in the housing stock. Any surplus/deficit is ring-fenced and carried forward.

(ix) **Reserve for Future Capital Expenditure**

This was established to finance future capital schemes.

(x) **Earmarked Capital Contributions Reserve**

This reserve is used to separately identify capital contributions where there are restrictions on their application.

(xi) **Interest Equalisation Fund**

This reserve was established to reflect that the investments (Note 7) are held at the lower of market value and purchase price.

20 School Revenue Balances

The Schools hold balances of £2,184,000 under delegated schemes. These sums are currently earmarked for educational purposes. (£2,301,000 in 2003/04)

21 Trust Funds

The Council acts as trustee for four trust funds with a value at 31st March 2005 of £7,672 (31st March, 2004 - £4,091). The funds are not included in the Consolidated Balance Sheet.

22 Foundation Schools

The School Standards and Framework Act 1998 changed the status of Grant-maintained schools to Foundation schools maintained by the local education authority. The change for funding purposes took effect from 1st April 1999. This change has resulted in the inclusion of closing balances for current assets and liabilities controlled by Foundation schools in this consolidated balance sheet. Fixed assets and long term liabilities remain vested in the Governing Bodies of individual Foundation schools and, therefore, values and amounts have not been consolidated in this balance sheet. In this authority area there is only one Foundation school.

23 Accounting for Retirement Benefits

Note 20 to the Consolidated Revenue Account contains details of the Local Government Pension scheme operated by the Royal Borough of Windsor & Maidenhead. The underlying assets and liabilities for retirement benefits attributable to the authority as at 31 March are as follows:

	31 Mar 2005 £,000	31 Mar 2004 £,000
Net Pension Asset as at		
Estimated Employer Assets (A)	97,000	82,300
Present Value of Scheme Liabilities	123,000	93,000
Present Value of Unfunded Liabilities	0	1,999
Total Value of Liabilities (B)	123,000	94,999
Net Pension Asset/ (Liability) (A)-(B)	(26,000)	(12,699)

The liabilities show the underlying commitments that the authority has in the long term to pay retirement benefits. The net liability has an impact on the net worth of the authority as shown on the balance sheet. However, the liability on the scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

Although the value of assets has risen in line with investment returns the value of liabilities has also risen due to both the increase in current pensions in line with the RPI and the additional year of service that has been accrued by the active members in the scheme.

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. Hymans Robertson, an independent firm of actuaries, has assessed the liabilities. The main assumptions in their calculations are:

Assumptions as at	31 Mar 2005 % per annum	31 Mar 2004 % per annum
Price Increases	2.9%	2.9%
Salary Increases	4.4%	4.9%
Pension Increases	2.9%	2.9%
Discount Rate	5.4%	6.5%

In assessing liabilities for retirement benefits at 31 March 2004 for the 2003/04 Statement of Accounts, the actuary was required by the SORP to use a discount rate of 3.5% real (6.5% actual). For the 2004/05 Statement of Accounts, a rate based on the yield available on long-dated, high quality corporate bonds at the FRS 17 valuation date 2.4% real (5.4% actual).

The expected return on assets is based on the long-term future expected investment return for each asset class:

Assets (Whole Fund)	Long term Return 31 Mar 2005 % pa	Assets at 31 Mar 2005 £(000)	Long term Return 31 Mar 2004 % pa	Assets at 31 Mar 2004 £(000)
Equities	7.7%	68,900	7.7%	55,200
Bonds	4.8%	14,900	5.1%	13,300
Property	5.7%	9,300	6.5%	8,200
Cash	4.8%	3,900	4.0%	5,600
Total	6.9%	97,000	6.9%	82,300

The movement in the net pension liability for the year to 31 March 2005 is as follows:

	Year to 31 Mar 2005 £(000)	Year to 31 Mar 2004 £(000)
Surplus / (deficit) at beginning of the year	(12,699)	(17,240)
Current Service Cost	(5,350)	(3,687)
Employer Contributions	2,510	2,079
Contributions in respect of Unfunded Benefits	0	152
Other Income	0	0
Other Outgoings (e.g. Expenses, etc)	0	0
Past Service Costs	0	(141)
Impact of Settlements and Curtailments	0	(7)
Net Return on Assets	360	(588)
Actuarial Gains/(Losses)	(10,821)	6,733
Surplus / (Deficit) at end of Year	(26,000)	(12,699)

History of Experience Gains and Losses

	Year to 31 Mar 2005 £(000)	Year to 31 Mar 2004 £(000)
Difference Between the Expected and Actual Return on Assets	3,130	9,532
Value of Assets	96,790	82,283
Percentage of Assets	3.2%	11.6%
Experience Gains / (Losses) on Liabilities	4,570	(2,799)
Present Value of Liabilities	122,610	95,019
Percentage of the Present Value of Liabilities	3.7%	(2.9%)
Actuarial Gains / (Losses) Recognised in STRGL	(10,821)	6,733
Present Value of Liabilities	122,610	95,019
Percentage of the Present Value of Liabilities	8.8%	7.1%

With regards to the Teachers' Pension Scheme, the scheme is a defined benefit scheme, administered by the Teachers Pension Agency. Although the scheme is unfunded, the TPA uses a notional fund as the basis for calculating the employers' contribution rate by local education authorities. However, it is not possible for the authority to identify a share of the underlying liabilities in the scheme attributable to its own employees. For the purposes of this statement of accounts it is therefore accounted for on the same basis as a defined contribution scheme.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside the terms of the Teachers' scheme. These benefits are fully accrued in the pensions liability described above.

24 Post Balance Sheet Events

Events may occur between the balance sheet date and the date the accounts are signed by the Responsible Financial Officer, which might have a bearing upon the financial statements.

A post balance sheet event took place regarding a £1.5m sum due as compensation arising from a compulsory purchase of land made by the former Berkshire County Council, see Note 4 to the Consolidated Revenue Account for further details.

25 Restatement of 2003/04 Figures

The 2003/04 figures have been restated as follows:

	Note	Original Figure £000	Amend- ment £000	Revised Figure £000
Long Term Assets				
Intangible Assets	(i)	0	2,588	2,588
Long Term Debtors	(i)	29	6,771	6,800
Deferred Charges	(i)	9,359	(9,359)	0
Long Term Liabilities				
Deferred capital Receipts	(ii)	(51)	51	0
Financing				
Deferred Credits	(ii)	0	(51)	(51)
Total		9,337	0	9,337

(i) Intangible Assets/Long Term Debtors/Deferred Charges

The 2004 SORP introduced a new classification of Fixed Asset – Intangible Assets. These assets were previously included under Deferred Charges and relate to costs incurred on Local Government Reorganisation.

Long Term Debtors relates to expenditure on Loan Premia/ Discounts following debt restructuring exercises. These amounts were also included under Deferred Charges previously.

In accordance with the 2004 SORP the Deferred Charges line has now been removed from the Consolidated Balance Sheet.

See Notes 5 and 16 to the Statement of Accounting Policies for further information.

(ii) Deferred Credits

The Deferred Credits balance has been moved from the Long Term Liabilities section of the Consolidated Balance Sheet to the Financing Section to better reflect its true nature.



STATEMENT OF TOTAL MOVEMENT IN RESERVES

The statement identifies all the recognised gains and losses of the Council during the financial year. The statement distinguishes between movements on revenue reserves and capital reserves.

STATEMENT OF TOTAL MOVEMENT IN RESERVES

	2004/05 £,000	2003/04 £,000
Surplus/ (deficit) for the year:		
- General Fund	278	4,171
- Movements on Specific Revenue Reserves	549	(24)
- Housing Revenue Account	337	406
- Appropriation from Pension Reserve	(2,480)	(2,192)
- Actuarial Gains and Losses Relating to Pensions (note 1)	(10,820)	6,733
Total Increase/ (Decrease) in Revenue Resources (note 2)	(12,136)	9,094
Increase/ (Decrease) in useable Capital Receipts	(1,561)	3,163
Increase/ (Decrease) in unapplied Capital Grants and Contributions	1,265	3,465
Total Increase/(Decrease) in Realised Capital Resources (note3)	(296)	6,628
Gains on Revaluation of Fixed Assets	107,170	21,293
Total Increase in Unrealised Capital (note 4)	107,170	21,293
Value of Assets Sold, Disposed of or Decommissioned (note 5)	(2,412)	(3,821)
Capital Receipts set aside	6,076	2,488
Revenue Resources set aside	(8,707)	(3,197)
Movement on Government Grants Deferred	7,822	1,944
Movement on Major Repairs Reserve	98	(139)
Total Increase/ (Decrease) in amounts set aside to Finance Capital Investment (note 6)	5,289	1,096
Total Recognised Gains and (Losses)	97,615	34,290

NOTES TO THE STATEMENT OF TOTAL MOVEMENTS ON RESERVES

1 Movements on Actuarial Gains and Losses Relating to Pensions

The actuarial gains identified as movements on the pension reserve in 2004/05 can be analysed into the following categories, measured as absolute amounts at 31 Mar 2005.

	2004/05		2003/04		2002/03	
	£,000	%	£,000	%	£,000	%
Actual Return less Expected Return on Pension Scheme Assets	3,130	3.2	9,532	11.6	(20,320)	(30.1)
Experience Gains and Losses arising on the Scheme Liabilities	4,570	3.7	(2,799)	(2.9)	(1,030)	(1.2)
Changes in Financial Assumptions Underlying the Present Value of Scheme Liabilities	(18,520)	(15.1)	0	0	0	0
Actuarial Gain/ (Loss) in Pension Plan	(10,820)		6,733		(21,350)	

2 Movements in Revenue Resources

	General Fund Balances £,000	HRA Balances £,000	Earmarked Revenue Reserves £,000	Pensions Reserve £,000
Movements in Revenue Reserves				
(Surplus)/ Deficit for 2004/05	177	(337)	0	0
(Surplus) transfer from BCC	(455)	0	0	0
Appropriations to / from Revenue	0	0	174	2,481
Transfers to other Reserves	0	0	(723)	0
Actuarial Gains and Losses Relating to Pensions	0	0	0	10,820
	(278)	(337)	(549)	13,301
Balance b/f at 01 Apr 04	(9,231)	(618)	(1,023)	12,699
Balance c/f at 31 Mar 05	(9,509)	(955)	(1,572)	26,000

Further details can be found in Note 19 to the Consolidated Balance Sheet for Earmarked Revenue Reserves and Note 23 for the Pensions Reserve.

3 Movements in Realised Capital Resources

	Useable capital receipts £,000	Unapplied capital grants and contributions £,000
Adjustment of Opening Balance	0	117
Amounts Received in 2004/05	4,469	9,712
Amounts Applied to Finance New Capital Investment in 2004/05	(6,076)	(8,564)
Amounts Transferred to Capital Reserve in 2004/05	46	0
Total Increase/ (Decrease) in Realised Capital Resources	(1,561)	1,265
Balance Brought Forward at 1 st April, 2004	5,839	8,448
Balance Carried Forward at 31st March 2005	4,278	9,713

Further details can be found in Note 18 to the Consolidated Balance Sheet for Usable Capital Receipts and Note 19 for the unapplied capital grants and contributions.

4 Movements in Unrealised Value of Fixed Assets

	Fixed asset restatement reserve	
	2004/05 £,000	2003/04 £,000
Gains on Revaluation of Fixed Assets	107,170	21,293
Impairment Losses on Fixed Assets due to General Changes in Prices	0	0
Total Increase/ (Decrease) in Unrealised Capital Resources	107,170	21,293

5 Value of Assets Sold, Disposed of or Decommissioned

	Fixed asset restatement reserve	
	2004/05 £,000	2003/04 £,000
Amounts written off fixed asset balances for disposals	(2,412)	(3,821)
Total Movement on Reserve	104,758	17,472
Balance Brought Forward at 1 st April	529,426	511,954
Balance Carried Forward at 31st March	634,184	529,426

6 Movements in Amounts Set Aside to Finance Capital Investment

	Capital financing account £,000	Government grants deferred £,000	Total £,000
Capital Receipts set aside in 2004/05:			
- Reserved Receipts	0		0
- Useable Receipts Applied	6,076		6,076
Total Capital Receipts set aside in 2004/05	6,076		6,076
Revenue Resources set aside in 2004/05:			
-Capital Expenditure	585		585
-Reconciling amount for provisions for loan repayment	(9,292)		(9,292)
Total Revenue Resources set aside in 2004/05	(8,707)		(8,707)
Grants Applied to Capital Investment in 2004/05:		8,563	8,563
Amounts credited to Asset Management Revenue Account		(741)	(741)
Movement on Government Grants Deferred		7,822	7,822
Total Increase/(Decrease) in amounts set aside to Finance Capital Investment			5,191
Total Movement on Reserve in 2004/05:	(2,631)	7,822	
Balance Brought Forward at 1 st April, 2004	44,289	0	
Balance Carried Forward at 31st March 2005	41,658	7,822	

CASH FLOW STATEMENT

The Cash Flow Statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.



CASH FLOW STATEMENT

	2004/2005			2003/2004
	£,000	£,000	Notes	£,000
Revenue Activities				
Cash Outflows				
Payments to and on Behalf of Employees	90,855			83,605
Other Operating Cash Payments	114,135			107,370
Housing Benefit Paid Out	6,422			6,468
Net Precept Paid	12,852			9,126
Business Rate Payments to Pool	41,869			42,875
Payment to the Capital Receipts Pool	1,446			0
		267,579		249,444
Cash (Inflows)				
Rents (after Rebates)	(5,948)			(7,971)
Council Tax Income	(70,331)			(66,366)
Business Rate Income	(41,646)			(39,458)
Community Charge Income	(1)			(1)
Revenue Support Grant	(33,427)			(28,415)
Business Rate Receipts from Pool	(42,226)			(45,545)
DWP Grants for Benefits	(7,167)			(7,937)
Housing Benefit Administration Grants	(436)			(414)
Other Government Grants	(53,142)		3	(45,565)
Receipts for Goods & Services	(10,609)			(8,399)
Other Operating Cash Receipts	(6,982)			(6,774)
		(271,915)		(256,845)
Revenue Activities Net Cash		(4,336)	1	(7,401)
Returns on Investments and Servicing of Finance				
Cash Outflows/(Inflows)				
Interest Paid	2,653			3,021
Interest (Received)	(2,016)			(1,182)
		637		1,838
Capital Activities				
Cash Outflows				
Purchase of Fixed Assets	17,552			12,605
Other Capital Cash Payments	3,070			3,498
		20,622		16,103
Cash (Inflows)				
Sale of Fixed Assets	(4,671)			(5,572)
Capital Grants Received	(6,349)			(4,752)
Other Capital Cash Receipts	(4,026)			(4,193)
		(15,045)		(14,517)
Net Cash Inflow before Financing c/f		1,878		(3,977)

CASH FLOW STATEMENT (continued)

	2004/2005		Notes	2003/2004
	£,000	£,000		£,000
Net Cash Inflow before Financing b/f		1,878		(3,977)
Management of Liquid Resources				
Purchases/Repayments of Short Term Investments	4,949			4,261
		4,949		4,261
Financing				
Cash Outflows/(Inflows)				
Repayments of Amounts Borrowed	18,001			20,723
New Loans Raised	(20,400)			(20,723)
		(2,399)		0
Decrease/(Increase) in Cash Equivalents		4,428	2	284

NOTES TO THE CASH FLOW STATEMENT

1 General Fund Surplus Reconciliation to Revenue Activities Net Cash Inflow

	£,000	£,000
General Fund Surplus		177
Collection Fund Cash Contribution		63
Cash Settlement with Berkshire County Council		(455)
Non Cash Transactions		
Capital Financing Costs	(5,605)	
Increase in Provision for Bad Debts	(437)	
Contribution to/from Reserves	(773)	
		(6,815)
Items on an accruals basis		
Decrease in Stock	(930)	
Increase in Debtors	1,066	
Increase in Payments in Advance	472	
Increase in Creditors	(534)	
Decrease in Receipts in Advance	1,170	
		1,244
Items classified outside Revenue Activities		
Investment Income		1,450
Revenue Activities Net Cash Inflow		(4,336)

2 Reconciliation to Consolidated Balance Sheet Items

	Balance as at 1 Apr 04 £,000	Cash Movement £,000	Balance As at 31 Mar 05 £,000
Short Term Investments – Liquid Resources	27,492	4,949	32,441
Cash in Hand	1,230	(535)	695
Cash Overdrawn	(1,219)	(3,893)	(5,112)
Total Cash Equivalents	11	(4,428)	(4,417)

3 Other Government Grants

Other Government Grants is made up as follows:

	2004/2005 £,000	2003/2004 £,000
Standards Fund Grant	7,143	6,857
Housing Benefit Grants	15,835	9,434
Health Authority Income	7,939	7,377
Learning Skills Council	7,182	6,967
Other specific Government grants	15,043	14,930
Total	53,142	45,565

4 Restatement of 2003/04 Figures

The reporting capabilities of the new financial ledger has enabled improvements to be made in the way the Cash Flow Statement is compiled. This has highlighted a number of changes that need to be made to the figures reported for 2003/04, the figures have therefore, been restated, the changes have no overall effect on the net cash flow position shown in the 2003/04 Statement of Accounts. The following adjustments have been made:

	Original Figure £,000	Amend- ment £,000	Revised Figure £,000
Other Operating Cash Payments	82,512	24,858	107,370
Business Rate Payments to Pool	47,619	(4,744)	42,875
Other Government Grants	(16,525)	(29,040)	(45,565)
Other Operating Cash Receipts	(15,700)	8,926	(6,774)
Total	97,906	0	97,906

THE COLLECTION FUND

The account reflects the statutory requirement for billing authorities to maintain a separate fund for the collection and distribution of amounts in respect of Council Tax and National Non-Domestic Rates.

COLLECTION FUND REVENUE ACCOUNT

Income and Expenditure Account

	2004/2005 £,000	Notes	2003/2004 £,000
Income From Council Tax Payers	(70,539)		(66,820)
Transfers From General Fund			
- Council Tax Benefits	(3,354)		(2,998)
- Transitional Relief	(257)		6,387
Income From Business Rates	(41,742)		(46,868)
Contributions Towards Previous Years Collection	(332)		(199)
Adjustment of Previous Years Community Charges	0		(1)
Total Income	(116,224)		(110,499)
Precepts and Demands			
Wokingham District Council	61,184		60,951
Parish Councils	2,692		2,599
Police Authority	7,467		6,541
Fire Authority	2,725		0
Business Rates			
Payment to National Pool	41,763		39,776
Costs of Collection	187		187
Bad and Doubtful Debts			
Business Rates	77		536
Council Tax	192		328
Contributions from Collection Fund			
Council Tax	0		0
Community Charges	0		1
Total Expenditure	116,287		110,919
Transfer (To)/From Collection Fund	63		420
Movement In Collection Fund in Year			
Balance at 1st April	1,240		820
Transfer (To)/From Collection Fund	63		420
Balance at 31st March	1,303		1,240

NOTES TO THE COLLECTION FUND REVENUE ACCOUNT

1 General

This account is required to be maintained separately from the General Fund by Section 89 of the Local Government Finance Act 1988. This Fund is included in the Consolidated Balance Sheet.

2 Council Tax

The Council is required to set the Council Tax for Wokingham District. The level of Council Tax is calculated by dividing the net revenue requirement less the Revenue Support Grant, the contribution from the NNDR pool and income from the residual community charge, by the tax base.

The Council's tax base is made up of the number of chargeable dwellings in each valuation band (after adjustment for discounts where applicable). These are converted to an equivalent number of band D dwellings.

Band	Estimated Number of Taxable Properties After Discounts	Ratio	Band D Equivalent	
			Dwellings 2004/05	Dwellings 2003/04
A	1,309	6/9	860	872
B	2,434	7/9	1,938	1,893
C	6,978	8/9	6,254	6,203
D	15,029	1	15,119	15,029
E	12,908	11/9	15,835	15,776
F	8,638	13/9	12,451	12,478
G	4,953	15/9	8,404	8,254
H	318	18/9	668	637
Total			61,529	61,142
Add: adjustment for collection rates and for anticipated changes during the year for successful appeals against valuation banding, new properties, demolitions, disabled persons Relief and exempt properties.			434	422
Council Tax Base – 2003/2004			61,963	61,564

The average Council Tax for a Band D property in Wokingham District in 2004/2005 was £1,195.35.

This average Band D Council Tax is distributed as follows:

Authority	2004/2005 £	2003/2004 £
Thames Valley Police Authority	120.51	106.24
Wokingham District Council	987.43	990.05
Parish Councils (average)	43.44	42.22
Fire Authority	43.97	0
Average Band D Council Tax	1,195.35	1,138.51

Income from Council Tax can be analysed as follows:

	2004/2005 £,000	2003/2004 £,000
Council Tax Base	61,963	61,564
Average Band D	1195.35	1,138.51
Notional Yield	74,067	70,091
Income from Council Tax Payers	70,539	66,820
Council Tax Benefits	3,354	2,998
Changes in Yield	174	273
Notional Yield	74,067	70,091

3 Income from Business Rates

The Council collects business rates for its area based on local rateable values multiplied by a uniform rate. The total amount less allowable deductions is paid to a pool managed by Central Government. The Government pays back to authorities their share of the pool based on a standard amount per head of resident population.

The total business rateable value at 31st March, 2005 was £126,311,862 (£128,862,096 at 31st March 2004). The business rate multiplier set by Central Government for the year was 45.6p (2003/04 - 44.4p).

	2004/2005 £,000	2003/2004 £,000
Total Rateable Value as at 31st March	126,312	128,862
NNDR Multiplier	45.6p	44.4p
Notional Yield	57,598	57,215
Allowances/Rateable Value Changes/Occupation Changes	(15,342)	(10,347)
Income From Business Rates	42,256	46,868
Transitional Relief	(257)	(6,387)
Cost of Collection Allowance	(187)	(187)
Bad & Doubtful Debt Provision	(77)	(536)
Discretionary Relief Adjustment	28	18
Payment to National Pool	41,763	39,776

The significant change in the transitional relief figures is due to the five yearly revaluation of non-domestic properties taking place in 2003/04.

4 Contributions from Collection Fund Surplus

Any surplus or deficit made by the Collection Fund is required to be distributed to the Authorities which precept or demand on the fund.

Surpluses made by Community Charge items accrue in total to Wokingham District, whilst Council Tax Surpluses/Deficits are distributed between Wokingham District, Royal Berkshire Fire Authority and Thames Valley Police Authority in the same ratio as the respective precepts and demands made by the Councils on the Collection Fund.

5 Collection Fund Closing Balance

On the 15th January each year a calculation is made to determine the likely closing balance on the Collection Fund as at 31st March. Any expected surplus/deficit is then distributed between the Wokingham District, Royal Berkshire Fire Authority and Thames Valley Police in proportion to their precepts. This should ensure that the balance on the fund is kept to a minimum. The actual deficit of £1,303,000 will be accounted for in the distribution calculation on 15th January 2006.



STATEMENT ON THE SYSTEM OF INTERNAL FINANCIAL CONTROL

In discharging its responsibility the Council must ensure there is a sound system of internal control, which facilitates the effective exercise of the Authorities functions.
(Including arrangements for the management of risk).

1 Scope of Responsibility

The Authority is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Authority 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 Authority is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of the Authority's functions and which includes arrangements for the management of risk.

2 The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Authority'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.

3 The Internal Control Environment in Place at Wokingham District Council

Establishing and monitoring the achievement of the Authority's objectives

- The vision of the Community and the Council's role in it is laid out in the Community Strategy. The Council produce a 3-year Corporate Plan in the context of the Community Strategy and this is updated annually.
- Detailed plans and targets to achieve the Corporate Plan are included in the annual service plans produced by Corporate Heads of Service. These are produced in accordance with Service and Financial Planning Framework.
- An appraisal process requires staff appraisals and target setting in the context of service plans.
- A Performance Management Framework details the Council's performance management process. This covers the ongoing target setting and performance monitoring at staff supervision meetings through to reporting to Members.

The Facilitation of Policy and Decision Making

- The Council has a written Constitution, as required by the Local Government Act 2000, which was updated July 2004. It is based on the Executive – Leader/Cabinet model and currently the executive body act collectively without individual delegated powers. The Constitution is divided into 16 articles which set out the basic rules governing the Council's business. More detailed procedures and codes of practice are provided in separate rules and

protocols at the end of the Constitution. These include; Cabinet Procedures Rules, Overview and Scrutiny Procedures Rules, Members Code of Conduct, Protocol on Member/Officer Relations and Access to Information Procedure Rules. Meetings are open to the public except where personal or confidential matters are being disclosed. In addition, senior officers of the Council can make decisions under delegated authority. The Council publishes a Forward Plan and schedule of meetings that provides a programme for Executive decisions.

- Policy is considered and formulated by Member policy teams, which are advised by senior officers and a Policy Section. Supported policies are presented to Executive/Council for formal approval.

Ensuring Compliance with Established Policies, Procedures, Laws and Regulations – including how risk management is embedded in the activity of the authority, how leadership is given to the risk management process, and how staff are trained or equipped to manage risk in a way appropriate to their authority and duties

- The Council has designated the Corporate Head of Legal & Democratic Services as Monitoring Officer. It is the function of the Monitoring Officer to ensure compliance with established policies, procedures, laws and regulations. After consulting with the Head of Paid Service (Chief Executive) and Chief Finance Officer (Corporate Head of Finance), the Monitoring Officer will report to the full Council it is considered that any proposal, decision or omission would give rise to unlawfulness, or maladministration. Such a report will have the effect of stopping the proposal or decision being implemented until the report has been considered.
- The Chief Executive, Deputy Chief Executive, Assistant Chief Executive, Corporate Head of Legal & Democratic Services and Corporate Head of Finance are represented at Corporate Management Team and have access to all decision making meetings. All Executive reports are cleared by the Chief Executive, Deputy Chief Executive, Assistant Chief Executive, Corporate Head of Legal & Democratic Services and Corporate Head of Finance to ensure the legal, financial and policy framework is adhered to.
- Services are delivered by trained and experienced staff. All posts have a detailed job description and person specification.
- The Council has adopted a “Local Code of Corporate Governance” in accordance with the CIPFA/SOLACE Framework for Corporate Governance. The local code contains appropriate monitoring and reporting procedures, and can be found on the Council’s website.
- A robust system is in place for the management of Service and Financial risk. The process, roles and responsibilities are laid out in the Council’s Risk Management Strategy (RMS), included as an appendix to this report. It is reviewed and updated annually for Council approval with the SOIC. Under the RMS Risk Registers are required annually from each Corporate Head of Service and a Corporate Risk Register is compiled, owned and updated by the Officer Corporate Management Team.

Ensuring the Economical, Effective and Efficient Use of Resources, and for securing continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness as required by the Best Value duty

- Through reviews by external auditors, external agencies, Internal Audit and Service Review teams, the District Council constantly seeks ways of ensuring the economical, effective and efficient use of resources, and for securing continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness as required by the Best Value duty. The focus on efficiencies will be enhanced in 2005 through the introduction of a comprehensive and rigorous Business Process Re-engineering programme.
- The Service and Finance Planning framework provides a context of the level of savings/efficiencies required to achieve a politically acceptable level of Council Tax increase. Considerable focus is given to reducing costs through effective Procurement and reducing staffing through new technology.
- The submission and evaluation of bids for additional resources (capital & revenue) is laid out in the Service & Financial Planning Framework. Bids are scrutinised by senior officers and evaluated against corporate priorities (contained in the Corporate Plan). This evaluation is used to inform Member decisions.
- The Annual Budget Book provides a summary of the budget setting process and identifies bids over a 3-year period to provide a longer-term view of the financial position. It includes service narrative with output measures for each of the main budget heads.

The Financial Management of the Authority and the Reporting of Financial Management

- The Financial Management arrangements of the organisation are brought together in the finance section of the Risk Management Strategy (see Appendix A). It identifies roles, responsibilities, policies, procedures and processes.
- The financial management of the authority is conducted in accordance with the financial rules set out in Part 4 of the Constitution and with Financial Regulations. The Council has designated the Corporate Head of Finance as Chief Finance Officer in accordance with Section 151 of the Local Government Act 1972. The Council has in place 3-year Financial Strategy (5 year Capital), updated annually to ensure resources are allocated effectively to best enable the delivery of the Corporate Plan.
- The Council maintains an Internal Audit Section which operates to the standards set out in the 'Code of Practice for Internal Audit in Local Government in the UK'. The section reports regularly to the Audit & Performance Sub Committee.

The Performance Management of the Authority and the Reporting of Performance Management

- Performance Management is laid out in the Performance Management Framework. This identifies what management information is reported to who and when. It covers performance indicators, financial reporting and statutory reports. The process is driven by the Corporate Plan, which focuses attention on corporate priorities. This is cascaded through service plans, individual employee appraisals and action plans. It is an integral part of the Service and Financial Planning Framework. Corporate Management Team, Member Policy Teams and Executive monitor and scrutinise progress against targets and performance and ensure corrective action is undertaken where appropriate.

4 Review of Effectiveness

The Authority has responsibility for conducting, at least annually, a review of the effectiveness of the system of internal control. The review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the senior managers within the Authority who have responsibility for the development and maintenance of the internal control environment, and also by comments made by the external auditors and other review agencies and inspectorates.

The Audit assurance levels on key areas of the internal control environment are shown in the table below. It shows that significant improvement has been made from 2003/04, particularly in Risk Management and Anti-Fraud & Corruption. All assurances have either been maintained at or improved to a good level of assurance in 2004/05.

Audit	Conclusion 2004/2005	Conclusion 2003/2004
Risk Management	Good	Limited
Corporate Governance	Good	Satisfactory
Service & Financial Planning	Good	Satisfactory
Anti-Fraud and Corruption	Good	Limited
Budget Management	Good	Satisfactory

The Process that has been Applied in Maintaining and Reviewing the Effectiveness of the System of Internal Control

- Internal Audit produces an annual review, which is submitted to the Audit & Performance Sub Committee and includes an opinion on the overall control and risk environment. In addition, it regularly reports to the Audit & Performance Sub Committee on significant issues arising during the year.
- The Internal Audit section is subject to regular inspection by the Council's external auditors who place reliance on the work carried out by the section.

- The Council has developed an Assurance Framework (see Appendix B) to maintain and review the System of Internal Control. Assurances are provided by; Internal Audit, Management Assurance, Performance Management, Risk Management, External Audit and other External Inspections (e.g. OFSTED, Benefit Fraud Inspectorate). The Assurance Framework was developed in consultation with the Corporate Management Team.

5 Significant Internal Control Issues

An Outline of the Actions Taken, or Proposed, to Deal with Significant Internal Control Issues

In general the internal control environment is well progressed and robust. Significant improvements were made in 2003/4 and in place for 2004/5. This included an Assurance Framework and a well developed approach to Risk Management. In addition all actions for improvement in the 2003/4 SOIC have been undertaken or well progress with the exception of effectiveness of Overview & Scrutiny (see below).

Although the system of Internal Control is considered to be generally sound the following areas have been identified for improvement;

- (i) The operations of the Overview and Scrutiny Committee

Improvement is required despite efforts to address this in 2004/5.

Action: A Plan to develop greater support and direction to the scrutiny process is being developed by the Chief Executive in conjunction with the Leader of the opposition and his lead Members. A scrutiny work programme will arise from this.

By: Chief Executive (September 2005)

- (ii) Partnership Arrangements

Action: A Partnership Protocol is being produced to formalise Partnership Arrangements, including Governance and Financial Management Arrangements.

By: Corporate Head of Finance (September 2005)

- (iii) IT Disaster Recovery and Business Continuity

The council has made some progress in improving its Disaster Recovery and Business Continuity arrangements, however weaknesses were highlighted during an Internal Audit Review.

Action: The Corporate Head of IT has made progress towards implementing the recommendations raised by Internal Audit, and these will continue to be monitored. The Chief Executive will raise champion these areas of work to raise its organisation profile.

By: Corporate Head of IT (September 2005)/ Chief Executive (March 2006)

I have been advised on the implications of the result of the review of the effectiveness of the system of internal control and a plan to address weaknesses and ensure continuous improvement of the system is in place.

A handwritten signature in black ink, consisting of a stylized 'D' followed by a horizontal line that ends in a small arrowhead.

**D. Patterson
Chief Executive
27 October 2005**

A handwritten signature in black ink that reads 'Frank Browne' in a cursive style.

**F. Browne
Leader of the Council
27 October 2005**



AUDITORS REPORT

Auditor's Report to Wokingham District Council

I have audited the financial statements on pages 1 to 70 which have been prepared in accordance with the accounting policies applicable to local authorities as set out on pages 11 to 16.

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

Respective Responsibilities of the Chief Financial Officer and Auditor

As described on page 10 the Chief Financial Officer is responsible for the preparation of the financial statements in accordance with the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2003. My responsibilities, as independent auditor, are established by statute, the Code of Audit Practice issued by the Audit Commission and my profession's ethical guidance.

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

I review whether the statement on internal control on pages 63 to 70 reflects compliance with CIPFA's guidance 'The Statement on Internal Control in Local Government: Meeting the Requirements of the Accounts and Audit Regulations 2003' published on 2 April 2004. I report if it does not comply with proper practices specified by CIPFA or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered whether the statement on internal control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the authority's corporate governance procedures or its risk and control procedures. My review was not performed for any purpose connected with any specific transaction and should not be relied upon for any such purpose.

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

Basis of audit opinion

I conducted my audit in accordance with the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission, which requires compliance with relevant Auditing Standards issued by the Auditing Practices Board.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Council in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Council's circumstances, consistently applied and adequately disclosed. The work that I carried out also included examination, on a test basis, of evidence relevant to the amounts of contributions payable to the pension scheme and timing of those payments.

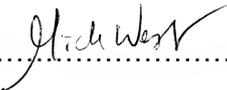
I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

Opinion

In my opinion the financial statements present fairly the financial position of Wokingham District Council as at 31 March 2005 and its income and expenditure for the year then ended.

Certificate

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

Signature:  Date: 30 November 2005

Mick West
Audit Commission
Unit 5, ISIS Business Centre
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