

***CONSOLIDATED BALANCE SHEET as at 31<sup>st</sup> MARCH 2005***  
***Notes to the Accounts***

**1. FIXED ASSETS****(a) MOVEMENT OF FIXED ASSETS 2004-2005**

	Council Dwellings	Other Land & Buildings	Infra-structure Assets	Vehicles Plant Furniture & Equipment	Community Assets	Investment Properties	TOTAL 2004-05	TOTAL 2003-04
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Gross Book Values</b>								
Balances b/fwd 1.4.2004	338,727	267,633	85,862	15,034	358	23,735	731,349	632,803
Existing assets written on				34		61	95	15
Change of classification		29		(39)	6	4	-	-
Additions during the year	3,886	8,196	10,600	2,934	101	17	25,734	23,554
Disposals	(3,769)	-		(90)		(150)	(4,009)	(6,605)
Revaluation adjustments	30,078	(3,305)				7,407	34,180	81,582
Balances c/fwd 31.3.2005	<b>368,922</b>	<b>272,553</b>	<b>96,462</b>	<b>17,873</b>	<b>465</b>	<b>31,074</b>	<b>787,349</b>	<b>731,349</b>
<b>Asset Depreciation</b>								
Balance b/fwd 1.4.2004	(11,288)	(9,218)	(30,870)	(6,445)	-	-	(57,821)	(46,051)
Charge for the year	(3,553)	(4,756)	(4,441)	(2,425)	-	-	(15,175)	(12,585)
Amounts w/off – disposals	-			185	-	-	185	815
Balance c/fwd 31.3.2005	<b>(14,841)</b>	<b>(13,974)</b>	<b>(35,311)</b>	<b>(8,685)</b>	<b>-</b>	<b>-</b>	<b>(72,811)</b>	<b>(57,821)</b>
<b>Net Book Values</b>								
Balances c/fwd 31.3.2005	<b>354,081</b>	<b>258,579</b>	<b>61,151</b>	<b>9,188</b>	<b>465</b>	<b>31,074</b>	<b>714,538</b>	<b>673,528</b>

**Valuation of Assets - General Principles**

The Borough Valuer, Mr J F Barlow, FRICS, IRRV is responsible for the valuation of property assets. A rolling programme of revaluations over five years is undertaken for all assets, with revaluations also being carried out where significant works have altered the value of an asset. For the HRA, an annual 'desk top' valuation of council dwellings is carried out, as per the requirements of the ODPM's Stock Valuation Guidance.

**Basis of Valuation of property assets**

- Council Dwellings
  - Existing use value - Social Housing
- Operational Land and Buildings (Non specialist properties)
  - Market value for existing use
- Other Operational Land and Buildings (Specialist properties)
  - Depreciated replacement cost
- Non Operational (Investment) Properties
  - Market value

**Basis of Valuation of other assets**

- Infrastructure
  - Infrastructure assets are stated at historic cost for expenditure incurred for the period 1.4.1987 to 31.3.2005. This value has been adjusted for depreciation for that period, calculated on a straight-line basis over a 20-year period.
- Vehicles, plant and equipment and community assets
  - These are shown in the balance sheet at historic cost. Vehicles and equipment are depreciated over the expected life of the asset.

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**(b) ASSETS HELD UNDER FINANCE LEASES**

Assets acquired by way of a finance lease are included in the balance sheet within fixed assets. The council paid £3,642 in 2004-05 in respect of two secondary leases.

**2. CAPITAL EXPENDITURE.**

Capital expenditure, that is money spent on the acquisition, improvement and enhancement of fixed assets, plant, vehicles and other payments of a capital nature, totalled £28.5 million in 2004-05.

	<b>2003-04 £000</b>	<b>2004-05 £000</b>
<b>Expenditure on Projects by Service Area</b>		
Environmental Services (incl Highways)	12,313	11,267
Schools, Youth Service and Life Long Learning	6,690	6,278
Public Sector Housing (HRA)	3,876	4,670
Central Services	1,034	1,688
House Renovation Grants	986	1,775
Social Services	791	786
Libraries and Cultural Services	387	613
Leisure Centres	196	593
Advances to Housing Associations	20	-
Local Neighbourhood Projects	9	533
Cemeteries and Crematorium	78	215
Environmental Health Services	25	13
Other, including Registry	-	61
	<b>26,405</b>	<b>28,492</b>
<b>Expenditure on Projects by Asset Class</b>		
Fixed Assets	23,554	25,734
Intangible Fixed Assets (Deferred Charges)		
- Renovation Grants	986	1,775
- Other Items	1,865	983
Long Term Debtors	-	-
	<b>26,405</b>	<b>28,492</b>
<b>This expenditure was financed as follows:-</b>		
Basic and Supplementary Credit Approvals	4,068	-
Prudential Borrowing	-	7,428
Usable Capital Receipts	499	53
Direct from Revenue		
- General Fund	117	139
- Housing Revenue Account	3,986	4,862
Use of Earmarked Revenue Reserves		
- Revenue 'Earmarked for Capital' Reserve	681	331
- Renewals and Repairs Fund	51	55
- Special Parking Fund Reserve	511	459
Capital Grants and other Capital Contributions	13,331	21,502
Sundry Creditors and Accruals	3,161	-
	<b>26,405</b>	<b>34,829 *</b>

\* Under the requirements of the prudential code of practice, with effect from 1<sup>st</sup> April 2004 capital expenditure financing changed from a cash basis to an accrued basis. This means that for 2004-05, amounts raised as accruals in 2003-04 have been financed along with accruals raised in 2004-05. The amounts accrued in 2003-04 totalled £6,337m and the overall expenditure of £34.829m includes £4.743m that would normally have been carried forward if capital had been financed on a cash basis.

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**3. INTANGIBLE FIXED ASSETS**

These are capital payments which do not create a tangible fixed asset (known previously as Deferred Charges), but are permitted to be met from capital resources. They are written off to revenue in the year they are incurred. Capital grants or contributions used to finance intangible assets have been written off to revenue from the government grants deferred account.

**4. CAPITAL COMMITMENTS**

The Council has approved a Capital Investment Programme of £92.9m over the period 2004-05 to 2007-08, of which £28.5m was incurred in 2004-05 and £16.4m was contractually committed as at 29<sup>th</sup> June 2005. The programme will be reviewed during 2005-06 to ensure that it remains affordable, prudent and sustainable as required by the CIPFA Prudential Code for Capital Finance. The Council will consider new schemes for inclusion as capital resources permit. The most significant individual contractually committed schemes are shown in the table below;

<b>Project Ref</b>	<b>Description</b>	<b>£000</b>
ED748	Targeted Capital Project – Malden Manor Primary School	3225
ED749	Targeted Capital Project – Hollyfield Secondary School	2255
ED742/3	Tiffin Girls School – Demolition and Rebuild after fire damage	3044
ED736	Tolworth Infants and Junior Schools – Sports Hall	836
HT396	New Malden High Street – Improvements	793
LE041	Dinton Road Playing Fields – Improved Facilities	438
Various	Access Improvement Works (following the Disability Discrimination Act)	889
Various	Works following S106 Agreements	375

**5. STATEMENT OF MAJOR PHYSICAL ASSETS OWNED BY THE COUNCIL.**

Council Dwellings	4,884	Libraries	5
Hostels for the Homeless (35 units)	4	Youth Clubs	6
HRA Sheds, Garages, Stores and Parking Spaces (approx.)	3,300	Multi role Educational Centres	3
Guildhall Complex – Buildings	3	Water Sports Centres	1
Coombe Road Registry Office	1	Schools - (Nursery (2), Primary (19), Secondary (10) and Special (3) )	34
Leisure Centres and Pools	3	Community Centres	4
Gypsy (Caravan) Site	1	Adventure Playground	1
Museums and Galleries	1	Residential Homes (4 with Day Centres)	10
Parks and Recreation Grounds (acres)	400	Other Day Centres	4
Sports Grounds / Playing Fields (sites)	6	Family Centres	2
Allotments (sites)	22	Waste Transfer Station and Depot	1
Public Conveniences	10	Borough Maintained Roads (km)	330
Cemeteries (2) and Crematorium (1)	3	Car Parks (Surface (10), Multi-Story (3), Underground (1) )	14
Market House	1	Social education centre / Ambulance station	2
Market Sites	2		

**6. USABLE CAPITAL RECEIPTS RESERVE**

Capital receipts arise mainly from income received from the sale of fixed assets such as land and buildings. The Local Government Act 2003 specifies what proportion of housing receipts must be paid over to the Government's Housing Pool, and what proportion can be used to finance new capital expenditure. All non-housing receipts can now be used to finance new capital expenditure or repay external debt. Details of the capital receipts received in the year (and the previous year) are as shown on the following page: -

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**USABLE CAPITAL RECEIPTS RESERVE (Continued)**

	<b>2003-04 £000</b>	<b>2004-05 £000</b>
<b>Capital Receipts received during year</b>		
Sale of Council Dwellings (HRA)	(7,919)	(4,086)
Mortgage (Capital) Repayments	(176)	(69)
Distribution from London Residuary Body	(166)	-
Other Receipts	(183)	(150)
	<b>(8,444)</b>	<b>(4,305)</b>
<b>Less: Capital Receipts 'utilised' during year</b>		
Amount transferred to Consolidated Revenue Account	-	3,090
Amount set aside to Capital Financing Account	5,996	-
Financing of Capital Expenditure	499	53
	<b>(1,949)</b>	<b>(1,162)</b>
<b>Usable Capital Receipts Brought Forward - 1 April</b>	<b>(1,162)</b>	<b>(3,111)</b>
<b>Usable Capital Receipts Carried Forward - 31 March</b>	<b>(3,111)</b>	<b>(4,273)</b>

**7. DEFERRED CAPITAL RECEIPTS**

Deferred capital receipts arise from council mortgages granted on the sales of council houses and flats, which will be received in instalments over agreed period of time. They are included under long-term debtors.

**8. LONG TERM DEBTORS**

	<b>31<sup>st</sup> March '04 £000</b>	<b>31<sup>st</sup> March '05 £000</b>
Mortgage Advances re House Purchase	18	13
Advances Outstanding re Sale of Council Dwellings	306	243
Kingston Theatre Trust	225	795
Other Loans	35	33
Deferred Debtor – Kingston University	3,935	3,531
Deferred Debtor - Others	34	24
	<b>4,553</b>	<b>4,639</b>

A loan facility of £0.9m (£0.4m for capital costs and £0.5m for working capital) was arranged with the Kingston Theatre Trust to help them to fit out the new Theatre. A further amount of £0.570m was advanced in 2004-05, with the balance to be advanced in 2005-06.

Deferred debtors include the outstanding loan debt in respect of assets transferred to Kingston University on 1st April 1989. This debt is the responsibility of the University (via the Further Education Funding Council) and repayments are made to the Council according to a predetermined schedule, the last repayment of £6,247 will be made in 2047. The repayment due in 2005-06 of £404,608 is included under sundry debtors. Interest is charged on the outstanding debt at the average rate of interest on external debt.

**9. STOCKS AND WORK IN PROGRESS**

	<b>31<sup>st</sup> March '04 £000</b>	<b>31<sup>st</sup> March '05 £000</b>
Work in Progress – Rechargeable Works	126	171
Stocks		
Central Services stocks	29	33
Highways stocks	6	-
Education and Leisure stocks	31	37
	<b>192</b>	<b>241</b>

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**10. SUNDRY DEBTORS**

	<b>31<sup>ST</sup> March '04 £000</b>	<b>31<sup>ST</sup> March '05 £000</b>
<b>Amounts falling due in less than 12 months -</b>		
Accrued Investment Income	1,390	1,920
Business Improvement District (Levy)	-	413
Government Departments – Claims and Grants	4,833	3,599
Homelessness – Bed and Breakfast Charges	430	460
Housing Benefit – Overpayments	812	786
Housing Lessees – Service Charges	521	355
Kingston University – Transferred Loan Debt	497	447
Contribution to NNDR Pool	1,709	-
Other Local / Public Authorities	2,123	5,471
Payments in Advance	2,207	3,000
Rechargeable Works	651	515
Sundry Debtors and Accruals	9,062	9,556
Tiffin School Insurance Claim	259	755
Local Tax payers		
- National Non-Domestic Rates	5,424	5,617
- Council Tax	8,585	9,372
Tenants Rent Arrears		
- HRA Tenants	1,848	1,885
- Private Leased Properties	1,159	1,150
- Other General Fund Services	40	6
	<b>41,550</b>	<b>45,307</b>
Less: Provision for Bad and Doubtful Debts		
Collection Fund (including costs)	(5,705)	(6,542)
General Fund (Other)	(2,609)	(2,698)
Housing Benefit – Overpayments	(734)	(747)
Housing Revenue Account	(1,453)	(1,648)
	<b>31,049</b>	<b>33,672</b>

**11. LONG TERM BORROWING**

The debt repayments due to be made in 2005-06 of £6.678m have been included in the Balance Sheet under short-term borrowing, along with £0.2m of temporary borrowing.

An analysis of long-term debt repayable over a period in excess of 12 months is as follows: -

	<b>31<sup>ST</sup> March '04 £000</b>	<b>31<sup>ST</sup> March '05 £000</b>
<b>By lender</b>		
Public Works Loan Board	65,360	68,684
Banking Sector	56,000	61,000
Pension Fund	12	12
	<b>121,372</b>	<b>129,696</b>
<b>By maturity</b>		
Maturity within 1-2 years	6,677	2,183
Maturity within 2-5 years	5,034	2,994
Maturity within 5-10 years	3,929	3,802
Maturity within 10-15 years	5,052	5,041
Maturity in more than 15 years	100,680	115,676
	<b>121,372</b>	<b>129,696</b>

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**12. SUNDRY CREDITORS**

	<b>31<sup>ST</sup> March '04 £000</b>	<b>31<sup>ST</sup> March '05 £000</b>
<b>Amounts falling due in less than 12 months -</b>		
Central Government Departments		
- Inland Revenue - National Insurance and Taxation	2,258	2,529
- Government Departments	1,789	3,406
- Teachers Pension Agency	593	640
Other Local and Public Authorities	149	153
Interest on External Loans ( P.W.L.B.)	1,061	1,267
Kingston First (B.I.D.S)	-	625
Sundry Creditors and Accruals	15,042	17,544
Capital Creditors	6,534	4,743
Other Funds, Suspense and Holding Accounts	254	370
Sundry Deposits Held	162	220
	<b>27,842</b>	<b>31,497</b>
<b>Income received in advance -</b>		
Rents - HRA Tenants	484	446
Rents - Private Leased Properties	74	71
Rents - Other	19	12
Coombe Estate Residents Maintenance Funds	73	92
DfES - Standards Fund Grant	997	606
Other Receipts in Advance	2,104	2,665
Local Tax Payers (accounts with credit balances)		
- National Non-Domestic Rates	1,683	1,811
- Council Tax	1,419	1,365
	<b>34,695</b>	<b>38,565</b>

**13. GOVERNMENT GRANTS AND CONTRIBUTIONS DEFERRED**

Capital grants from the Government and other contributions of a capital nature (once they have been used to pay for the capital cost of projects to which they relate) are retained in this account until credited to revenue in future years to offset depreciation charges relating to the asset.

	<b>31<sup>ST</sup> March '04 £000</b>	<b>31<sup>ST</sup> March '05 £000</b>
<b>Balance Brought Forward</b>	<b>23,514</b>	<b>34,435</b>
Grants and Contributions Applied in year		
- DOH IT Systems / Performance Fund	175	238
- Football Foundation	-	148
- Implementing Electronic Government	200	332
- Insurance Claim (Tiffin Girls School)	410	787
- Learning and Skills Council	115	128
- Schools' Standards Fund Grant	4,074	4,885
- Section 106 Agreements	198	563
- Skerne Road (Car Park) Fund	284	3,216
- House Renovation Grants	226	1,047
- Transport Related Grant (ITP)	6,706	9,461
- Transport Fund	659	401
- Other Grants and Contributions	284	295
	<b>36,845</b>	<b>55,936</b>
Written Off to Revenue – Intangible Fixed Assets	(917)	(1,570)
Written Down to Assets Management Revenue Account	(1,493)	(4,803)
<b>Balance Carried Forward</b>	<b>34,435</b>	<b>49,563</b>

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**14. PROVISIONS**

	<b>31<sup>ST</sup> March '04 £000</b>	<b>31<sup>ST</sup> March '05 £000</b>
Insurance Fund	1,413	1,599
Deferred Maintenance	-	42
Kingston Theatre Trust	900	900
Planning Enforcement	-	50
Section 117 Payments (Mental Health Act)	100	100
Standards Fund	177	406
Children's Services Integration	-	162
Other Provisions	68	193
	<b>2,658</b>	<b>3,452</b>

- The Council's Insurance Fund meets the cost of that part of any liability claim not covered by insurance policies with the Council's insurers. The estimated surplus of the Fund is included under earmarked reserves.
- A provision of £0.042m has been made for the maintenance of equipment upon the expiry of various term contracts.
- A loan facility of £0.9m was arranged with the Kingston Theatre Trust to help them to fit out the new Theatre. A further amount of £0.570m was advanced in 2004-05, with the balance to be advanced in 2005-06. A 100% provision (£0.9m) has been made in the accounts in the event of non repayment by the Trust.
- A provision of £0.05m has been made to meet the costs of enforcement action at 76 Claremont Road, after taking into account the funds held by the receiver.
- The Standards Fund provision represents the Council's 'matched' funding for the final phase of the 2004/05 Standards Fund programme.
- A provision of £0.162m has been made to fund the one-off costs of the integration of Children's Services currently being delivered by the Directorate of Education and Leisure and the Directorate of Community Services.

**15. EARMARKED RESERVES**

**(i) EARMARKED (CAPITAL) RESERVES**

	<b>31<sup>ST</sup> March '04 £000</b>	<b>31<sup>ST</sup> March '05 £000</b>
Commuted Car Parking (Skerne Road Car Park)	3,075	-
Capital Grants and Contributions (unapplied)		
- Section 106 Planning Agreements	2,502	2,205
- Education Grants – Standards Fund	1,947	2,342
- Transport Fund	573	196
- DOT Home Zone Grant	470	-
- Integrated Transport Grant (ITP)	565	565
- CCTV Contributions	339	197
- Learning and Skills Council	34	207
- Tiffin Girls School Insurance Claim	-	356
- Other Grants and Contributions	195	425
<b>TOTAL EARMARKED CAPITAL RESERVES</b>	<b>9,700</b>	<b>6,493</b>

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**(ii) EARMARKED (REVENUE) RESERVES**

	<b>31<sup>ST</sup> March '04 £000</b>	<b>31<sup>ST</sup> March '05 £000</b>
<b>Funds Earmarked for financing of capital projects</b>		
Renewal and Repairs Fund	1,538	1,968
Revenue Earmarked for Capital	2,382	3,257
	<b>3,920</b>	<b>5,225</b>
<b>Other Earmarked Reserves</b>		
Coombe Oak Building Reserve Fund	68	75
Funds held by LMS Schools	4,462	5,190
Borough 'Gold Zones'	-	120
Gloucester Road Bridge Repairs Fund	55	58
Insurance Fund (Surplus)	2,305	2,086
Kingston Bridge Reserve Fund	603	638
National Insurance Reserve	500	500
Other Education Reserves	403	469
On-Street Parking Fund	896	674
Single Status Pay Restructuring	200	330
Town Centre CCTV Finance Reserve	23	23
	<b>9,515</b>	<b>10,163</b>
<b>TOTAL EARMARKED REVENUE RESERVES</b>	<b>23,135</b>	<b>21,881</b>

**16. SHORT TERM INVESTMENTS**

	<b>31<sup>ST</sup> March '04 £000</b>	<b>31<sup>ST</sup> March '05 £000</b>
Investments are stated at cost and consist of:		
Money Market Deposits	76,540	84,000
Other	10	10
	<b>76,550</b>	<b>84,010</b>

**17. CONTINGENT LIABILITIES**

There are no known contingent liabilities