

CONSOLIDATED BALANCE SHEET as at 31st MARCH 2006
Notes to the Accounts

1. FIXED ASSETS**(a) MOVEMENT OF FIXED ASSETS 2005-2006**

	Council Dwellings	Other Land & Buildings	Infra-structure Assets	Vehicles Plant Furniture & Equipment	Community Assets	Non Operational Properties	TOTAL 2005-06	TOTAL 2004-05
	£000	£000	£000	£000	£000	£000	£000	£000
Gross Book Values								
Balances b/fwd 1.4.2005	368,922	272,553	96,462	17,873	465	31,074	787,349	731,349
Assets written on / off	-	(980)	-	-	-	102	(878)	95
Change of classification	(1,725)	3,073	-	-	-	(1,348)	-	-
Additions during the year	5,664	7,307	9,243	3,098	405	7,769	33,486	25,734
Disposals	(927)	-	-	(8)	-	-	(935)	(4,009)
Revaluation adjustments	(81,615)	12,435	-	-	-	1,244	(67,936)	34,180
Balances c/fwd 31.3.2006	290,319	294,388	105,705	20,963	870	38,841	751,086	787,349
Asset Depreciation								
Balance b/fwd 1.4.2005	(14,841)	(13,974)	(35,311)	(8,685)	-	-	(72,811)	(57,821)
Charge for the year	(3,685)	(5,010)	(4,830)	(2,816)	-	-	(16,341)	(15,175)
Amounts w/off – disposals	-	-	-	4	-	-	4	185
Revaluation Adjustments	14,841	-	-	-	-	-	14,841	-
Balance c/fwd 31.3.2006	(3,685)	(18,984)	(40,141)	(11,497)	-	-	(74,307)	(72,811)
Net Book Values								
Balances c/fwd 31.3.2006	286,634	275,404	65,564	9,466	870	38,841	676,779	714,538

(b) VALUATION OF FIXED 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. During the 2005-06 valuation programme, 74 assets were revalued out of a total of 359. In accordance with the requirements of FRS11, all of the Council's assets were reviewed to consider whether an impairment adjustment was necessary. It was concluded that there was only one property where an impairment adjustments was necessary (see CRAS page 20, note 4).

The Consolidated Balance Sheet does not include the asset values of the Council's Foundation schools and Voluntary-Aided schools, which are not owned by the Council.

The Department for Communities and Local Government (formerly ODPM) has now prescribed that in 2005-06 the Existing Use Value for Social Housing should be 37% of the Existing Use Value. In 2004-05 and previous years the prescribed percentage was 47%. This change has resulted in a reduction of £81.615 m in the value of HRA dwellings shown in the balance sheet.

Basis of Valuation of Property Assets

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

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- Non Operational Properties – Assets under Construction
Historic Cost

Basis of Valuation of Non Property Assets

- Infrastructure
Infrastructure assets are stated at historic cost for expenditure incurred for the period 1.4.1987 to 31.3.2006. 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.

(c) VALUATION OF FIXED ASSETS – ROLLING PROGRAMME

The following table shows the progress of the Council's rolling programme of fixed asset revaluation. The figures shown are for Operational Property – Other Land and Buildings.

Asset Ref	Description	£000
OLAB	Valuations carried out in 2005-06	63,361
OLAB	Valuations carried out in 2004-05	11,379
OLAB	Valuations carried out in 2003-04	73,897
OLAB	Valuations carried out in 2002-03	54,411
OLAB	Valuations carried out in 2001-02	8,221
OLAB	Valuations carried out between 2001-02 and 2005-06	64,135
		275,404

The Useful Economic Lives as assessed by the reviews vary considerably from 10 years to 60 years. The data for each asset is included in the Valuation Report.

(d) ASSETS HELD UNDER FINANCE LEASES

The council paid £3,642 in 2005-06 in respect of two secondary leases (£3,642 in 2004-05).

2. CAPITAL COMMITMENTS

The Council has approved a Capital Investment Programme of £137.2m over the period 2005-06 to 2008-09, of which £38.2m was incurred in 2005-06 and £16.5m was contractually committed as at 31st May 2006. The programme will be reviewed during 2006-07 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;

Project Ref	Description	£000
ED748	Targeted Capital Project – Malden Manor Primary School	1,944
ED749	Targeted Capital Project – Hollyfield Secondary School	1,652
ED742/3	Tiffin Girls School – Demolition and Rebuild after fire damage	1,755
ED750	St Phillips School – Remodelling – SEN Strategy	1,308
ED934	Chessington Community College - Rebuild	1,000
LB013	The Hook Centre	1,674
SS281	Hook Youth Centre / Day Centre Devon Way - Adaptations	350
HT357	A240 North / South Strategy – Regeneration Area Scheme	424
HH471	Housing Revenue Account – Gas Heating Services	465
HH970	Housing Revenue Account – Decent Homes – Kitchens and Ventilation	500

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3. CAPITAL EXPENDITURE AND FINANCING

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 £38.2 million in 2005-06 (compared to £28.5m in 2004-05).

	2004-05 £000	2005-06 £000
Expenditure on Projects by Service Area		
Environmental Services (including Highways)	11,800	10,836
Schools, Youth Service and Lifelong Learning	6,278	13,100
Public Sector Housing (HRA)	4,670	6,330
Central Services	1,688	1,819
House Renovation Grants	1,775	1,701
Social Services	786	993
Libraries and Cultural Services	613	1,775
Leisure Services	593	1,272
Advances to Housing Associations	-	87
Cemeteries and Crematorium	215	280
Other (including Environmental Health and Registry)	74	33
	28,492	38,226
Expenditure on Projects by Asset Class		
Fixed Assets	25,734	33,486
Intangible Fixed Assets (Deferred Charges)		
- Renovation Grants	1,775	1,701
- Other Items	983	3,039
	28,492	38,226
This expenditure was financed as follows:-		
Prudential Borrowing	7,428	15,260
Usable Capital Receipts	53	1,353
Direct from Revenue		
- General Fund	139	593
- Housing Revenue Account	4,862	4,037
Use of Earmarked Revenue Reserves		
- Revenue 'Earmarked for Capital' Reserve	331	368
- Renewals and Repairs Fund	55	321
- Special Parking Fund Reserve	459	174
- Other	-	22
Capital Grants and other Capital Contributions	21,502	16,098
	34,829	38,226

The Prudential Code requires that capital expenditure is financed on an accrued basis and not a cash basis. Thus for 2004-05, accruals for 2003-04 of £6.337m were financed along with accruals raised in 2004-05 of £4.743m that would previously have been carried forward if capital had been financed on a cash basis.

4. INTANGIBLE FIXED ASSETS

See Note 19 of the Consolidated Revenue Account for details.

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5. CAPITAL FINANCING REQUIREMENT

The Capital Financing Requirement measures the amount of capital expenditure which the Council has yet to charge to revenue (i.e. the Council's outstanding borrowing for capital purposes). Any expenditure in the year which is financed from borrowing will increase the CFR, whilst any provision set aside to repay debt will reduce the CFR.

	2004-05 £000	2005-06 £000
Capital Financing Requirement as at 1st April	84,921	89,166
Prudential Borrowing in year	7,428	15,260
Statutory amount set aside – MRP	(3,002)	(3,072)
Voluntary amount set aside	(181)	(57)
Capital Financing Requirement as at 31st March	89,166	101,297

6. STATEMENT OF NET ASSETS OWNED AND EMPLOYED BY THE COUNCIL.

No of Assets	Class of Asset	Value £000
	Housing Revenue Account	
4,854	Council Dwellings	286,634
4	Hostels for the Homeless (33 units)	
3,300 (approx)	Centres, Halls, Garages, Sheds, Stores, Parking Spaces and Land	8,737
	HRA Non Operational Assets	1,632
	General Fund	
3	Guildhall Complex – Buildings	25,640
30	Schools - (Nursery (1), Primary (22), Secondary (5), Special (2))	132,654
1	Museums and Galleries	507
5	Libraries	4,657
6	Youth Clubs	3,268
4	Multi role Educational Centres	9,874
1	Water Sports Centres	865
5	Leisure Centres and Pools	14,197
1	Adventure Playground	311
3	Community Halls and Centres	545
1	Registry Office	597
3	Cemeteries (2) and Crematorium (1)	1,388
2	Market Sites	739
11	Residential Homes (4 with Day Centres)	18,689
2	Social Education Centres (inc Ambulance station)	2,878
1	Children's Residential Home	452
3	Family and Resources Centres	1,845
2	Waste Transfer Station and Depot/Compound	2,515
14	Car Parks (Surface (10), Multi-Story (3), Underground (1))	38,002
7	Public Conveniences	447
1	Traveller's (Caravan) Site	320
1	Market House	1,016
400	Parks and Recreation Grounds (acres)	n/a
6	Sports Grounds / Playing Fields (sites)	n/a
22	Allotments (sites)	n/a
330	Borough Maintained Roads (km)	n/a

Note – The above does not include the Council's 4 Foundation and 17 Voluntary Aided schools.

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7. USABLE CAPITAL RECEIPTS RESERVE

Capital receipts arise mainly 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 be used to either finance new capital expenditure or repay external debt.

	2004-05 £000	2005-06 £000
Capital Receipts received during year		
Sale of Council Dwellings (HRA)	(4,086)	(2,108)
Mortgage (Capital) Repayments	(69)	(54)
Other Receipts	(150)	(1,046)
	(4,305)	(3,208)
Less: Capital Receipts 'utilised' during year		
Amount paid over to Government Housing 'Pool'	3,090	1,610
Financing of Capital Expenditure	53	1,353
	(1,162)	(245)
Usable Capital Receipts Brought Forward - 1 April	(3,111)	(4,273)
Usable Capital Receipts Carried Forward - 31 March	(4,273)	(4,518)

8. 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.

9. LONG TERM DEBTORS

	31st March '05 £000	31st March '06 £000
Mortgage Advances Outstanding	256	202
Kingston Theatre Trust	795	1,325
Other Loans	33	30
Deferred Debtor – Higher Education Funding Council	24	22
Deferred Debtor – Kingston University	3,531	-
	4,639	1,579

Mortgage Advances Outstanding relate to the balance of the purchase price left outstanding as a mortgage either by former council tenants or private individuals.

Kingston Theatre Trust - A loan facility of £0.9m was agreed with the Kingston Theatre Trust in 2003-04 to enable them to fit out the new Rose Theatre. The balance of £0.105m was advanced in 2005-06. A further loan of £0.9m was agreed during the year of account of which £0.425m was advanced in 2005-06. A provision of £0.9m has been raised in the accounts against the first loan, with an amount of £0.9m being set aside in the Revenue Earmarked for Capital Reserve in respect of the Kingston Theatre.

The deferred debtor in respect of the Higher Education Funding Council (HEFC) is the outstanding loan debt in respect of assets transferred to Kingston College on 1st April 1989. This debt is the responsibility of the HEFC and repayments are made to the Council according to a predetermined schedule.

The deferred debtor in respect of Kingston University is the outstanding loan debt in respect of assets transferred to the University on 1st April 1989. This debt is the responsibility of the University (via the HEFC) and repayments are made to the Council according to a predetermined schedule. The total debt outstanding was repaid in full by the HEFC during the year by a special redemption received in February 2006. The normal principal repayments due in 2005-06 of £404,608, included under sundry debtors, were also paid.

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10. STOCKS AND WORK IN PROGRESS

	31ST March '05 £000	31ST March '06 £000
Work in Progress – Rechargeable Works	171	166
Central Services stocks	33	28
Education and Leisure stocks	37	49
	241	243

11. DEBTORS

	31ST March '05 £000	31ST March '06 £000
Amounts falling due in less than 12 months -		
Accrued Investment Income	1,920	2,138
Business Improvement District (Levy)	413	410
Contribution to NNDR Pool	-	1,168
Government Departments – Claims and Grants	3,599	3,897
Homelessness – Bed and Breakfast Charges	460	326
Housing Benefit – Overpayments	786	690
Housing Lessees – Service Charges	355	50
Kingston University – Transferred Loan Debt	447	-
LATS Scheme – BMW Landfill Allowance	-	916
Other Local / Public Authorities	5,471	2,989
Payments in Advance	3,000	2,662
Rechargeable Works	515	507
Sundry Debtors and Accruals	9,556	12,769
Tiffin School Insurance Claim	755	-
Local Tax payers		
- National Non-Domestic Rates	5,617	5,606
- Council Tax	9,372	8,999
Tenants Rent Arrears		
- HRA Tenants	1,885	1,912
- Private Leased Properties / Other	1,156	1,114
	45,307	46,153
Less: Provision for Bad and Doubtful Debts		
Collection Fund (including costs)	(6,542)	(7,516)
General Fund	(3,445)	(3,300)
Housing Revenue Account	(1,648)	(1,665)
	33,672	33,672

12. SHORT TERM INVESTMENTS

	31ST March '05 £000	31ST March '06 £000
Investments are stated at cost and consist of:		
Money Market Deposits	84,000	104,110
Other	10	10
	84,010	104,120

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13. LONG TERM BORROWING

Debt repayments that are due to be made in 2006-07 of £2,184m have been included in the Balance Sheet under short-term borrowing.

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

	31ST March '05 £000	31ST March '06 £000
By lender		
Public Works Loan Board	68,684	89,500
Banking Sector	61,000	61,000
Pension Fund	12	12
	129,696	150,512
By maturity		
Maturity within 1-2 years	2,183	2,681
Maturity within 2-5 years	2,994	8,421
Maturity within 5-10 years	3,802	1,714
Maturity within 10-15 years	5,041	26
Maturity in more than 15 years	115,676	137,670
	129,696	150,512

14. CREDITORS

	31ST March '05 £000	31ST March '06 £000
Amounts falling due in less than 12 months -		
Central Government Departments		
- Her Majesty's Revenue and Customs (NI and Tax)	2,529	2,564
- Government Departments	3,406	1,992
- Teachers Pension Agency	640	706
Other Local and Public Authorities	153	119
Interest on External Loans (P.W.L.B.)	1,267	1,547
Kingston First (B.I.D)	625	624
LATS Scheme – BMW Landfill usage	-	848
Sundry Creditors and Accruals	17,544	17,522
Capital Creditors	4,743	7,237
Other Funds, Suspense and Holding Accounts	370	341
Sundry Deposits Held	220	226
	31,497	33,726
Income received in advance -		
Rents - HRA Tenants	446	448
Rents - Private Leased Properties / Other	83	88
Coombe Estate Residents Maintenance Funds	92	110
DfES - Standards Fund Grant	606	1,211
Other Receipts in Advance	2,665	2,545
Local Tax Payers (accounts with credit balances)		
- National Non-Domestic Rates	1,811	1,297
- Council Tax	1,365	1,566
	38,565	40,991

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15. PROVISIONS

	31ST March '05	31ST March '06
	£000	£000
Insurance Fund	1,599	1,604
Deferred Maintenance	42	98
Kingston Theatre Trust	900	900
Section 117 Payments (Mental Health Act)	100	220
Standards Fund	406	520
Children's Services Integration	162	229
Housing Benefits Subsidy Claim	-	246
Other Provisions	243	191
	3,452	4,008

- 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 £0.098m has been made for the maintenance of equipment upon the expiry of various contracts.
- A loan of £0.9m has been advanced to the Kingston Theatre Trust to help them to fit out the new Theatre. A 100% provision (£0.9m) has been made in the accounts in the event of non repayment of this loan.
- The Standards Fund provision represents the Council's 'matched' funding for the final phase of the 2005-06 Standards Fund programme.
- A provision of £0.229m 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.
- A provision of £0.246m has been made in respect of the revised regulations concerning the Council's Housing Benefit Subsidy Claim. Further details are contained in the HRA (Note 9, page 32).

16. 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.

	31ST March '05	31ST March '06
	£000	£000
Balance Brought Forward	34,435	49,563
Grants and Contributions Applied in year		
- DOH IT Systems / Performance Fund	238	94
- Football Foundation	148	286
- Implementing Electronic Government	332	168
- Insurance Claim (Tiffin Girls School)	787	1,000
- Learning and Skills Council	128	739
- New Opportunities Fund (PE and Sports Grant)	-	391
- Schools' Standards Fund Grant	4,885	5,711
- Section 106 Agreements	563	633
- Skerne Road (Car Park) Fund	3,216	-
- House Renovation Grants	1,047	1,005
- Marathon Trust	-	150
- Transport Related Grant (ITP)	9,461	5,190
- Transport Fund	401	506
- Other Grants and Contributions	295	225
	55,936	65,661
Written Off to Revenue – Intangible Fixed Assets	(1,570)	(2,129)
Written Down to Assets Management Revenue Account	(4,803)	(3,228)
Balance Carried Forward	49,563	60,304

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17. EARMARKED RESERVES

Earmarked reserves fall into two distinct section that are shown below. The first section lists those specifically earmarked to finance future capital expenditure. The second section lists those that are classified as revenue although also being available to finance capital expenditure.

(i) EARMARKED (CAPITAL) RESERVES

	31ST March '05 £000	31ST March '06 £000
Capital Grants and Contributions (unapplied)		
- Section 106 Planning Agreements	2,205	1,787
- Education Grants – Standards Fund	2,342	3,211
- Integrated Transport Grant (ITP)	565	80
- CCTV Contributions	197	186
- Leaning and Skills Council	207	93
- Tiffin Girls School Insurance Claim	356	101
- Other Grants and Contributions	621	594
TOTAL EARMARKED CAPITAL RESERVES	6,493	6,052

(ii) EARMARKED (REVENUE) RESERVES

	31ST March '05 £000	31ST March '06 £000
Funds Earmarked for financing of capital projects		
Renewal and Repairs Fund	1,968	2,290
Revenue Earmarked for Capital	3,257	5,106
	5,225	7,396
Other Earmarked Reserves		
Bus Lane Enforcement Reserve	-	41
Coombe Oak Building Fund	75	75
Corporate Assessment	-	200
Borough Elections	-	60
Filming Income Reserve	-	13
Funds held by LMS Schools	5,190	6,140
Borough 'Gold Zones'	120	119
Gloucester Road Bridge Repairs Fund	58	61
Insurance Fund (Surplus)	2,086	2,052
Invest to Save Reserve	-	1,000
Kingston Bridge Reserve Fund	638	647
National Insurance Reserve	500	500
Other Education Reserves	469	552
On-Street Parking Fund	674	712
Single Status Pay Restructuring	330	-
Town Centre CCTV Finance Reserve	23	21
Waste Management – LATS	-	368
TOTAL EARMARKED REVENUE RESERVES	15,388	19,957
TOTAL EARMARKED RESERVES	21,881	26,009

18. CONTINGENT LIABILITIES

There are no known contingent liabilities