

HEREFORD CITY COUNCIL



(UNAUDITED ACCOUNTS)

STATEMENT OF ACCOUNTS 2015/2016

2015/2016

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Introduction

The Council's Statement of Accounts for the financial year 2015/16 is set out on pages 9 - 19

It consists of the various statements explained below

- **Explanatory Foreword (pages 2 - 4)**

This section provides in overall terms, the authority's financial position, and assists in the interpretation of the accounting statements.

- **Statement of Responsibilities for the Statement of Accounts (page 5)**

Under the Code of Practice on Local Authority Accounting in the UK, there is a requirement for the Council, in addition to the Responsible Financial Officer, to certify its approval of the Statement of Accounts.

- **Statement of Accounting Policies (pages 6 - 8)**

This explains the accounting policies that are consistent with accounting concepts and relevant accounting standards. It ensures that the Council's accounts present fairly the financial position and transactions of the Council.

- **Income and Expenditure Account (page 9)**

This account reports the net cost for the year of all the functions for which the Council is responsible. It demonstrates how that cost has been financed from income from local taxpayers (Precept) and grant funding.

The Income and Expenditure Account discloses the income receivable and expenditure incurred in operating the Council for the year. The surplus or deficit achieved on the Income and Expenditure Account represents the amount by which income is greater than or less than expenditure. Notes to the Income and Expenditure Account are on pages 12 -15.

- **Statement of Movement on the General Fund Balance (page 10)**

This statement discloses the adjustments required to reconcile the net operating income and expenditure with the movement on the General Fund Balance.

- **Balance Sheet (page 11)**

This sets out the Council's assets and liabilities as they were at 31 March 2016. It shows the level of reserves and balances at that date, together with investments and the value of assets held. Notes to the Balance Sheet are on pages 16 - 19.

Explanatory Foreword

Revenue Spending in 2015/16

Revenue expenditure for 2015/16 is summarised in the Income and Expenditure Account. This shows the costs of all the Council's Services and how the net expenditure has been funded.

The tables below show where our money came from and how we spent it.

How We Spent the Money	£	%
Payments to Staff and Staff Related Expenditure	236,583	24.54
Spending on Property	66,565	6.91
Spending on Transport	2,744	0.28
Supplies and Services	135,465	14.05
Payments to Other Organisations	276,814	28.72
Payments to Reserves	222,548	23.09
Spending on Capital	23,218	2.41
Total	963,937	100

Where the Money came from	£	%
Precept – Council Tax	731,299	75.87
Local Council Tax Support Grant	92,169	9.56
Fees and Charges	1,682	0.17
Interest	6,035	0.63
From our Earmarked Reserves	132,752	13.77
Total	963,937	100

At the end of the year our total revenue reserves amounted to £998,220. The table below illustrates the different types of reserves that we hold.

Revenue Reserves	£
General Fund	403,558
Earmarked Reserves	594,662
Total	998,220

- General Reserve - Reserve set aside for unforeseen events.
- Earmarked Reserves - Reserves set aside for specific purposes.

Explanatory Foreword (Cont'd)

The table below shows the budgeted figures for **2015/16** as compared with the actual outturn for the year.

	Original Budget £	Actual £
Amount available from Precept	731,299	731,299
Local Council Tax Support Grant	92,169	92,169
	823,468	823,468
Plus transfer from/(to) balances	0	0
Budget requirement	823,468	823,468
General Fund Balance - 1st April, 2015	403,558	403,558
General Fund Balance - 31st March, 2016	403,558	403,558

The above table shows that there was no change in the General Fund Balance. There were, however, a number of variances in the budget. Details of **some** of the main reasons are set out in the table below.

	£	£
<u>Reduced Income:</u>		
Interest		2,365
<u>Savings in Expenditure:</u>		
Mayoral Expenses	(799)	
Training	(1,120)	
Printing & Stationery	(1,596)	
Twinning	(1,675)	
Salaries, On-costs & Other Employee Costs	(4,544)	
Elections	(5,400)	
Christmas Lights	(9,789)	
Grants	(12,615)	
Parish Plan	(20,232)	
Property Related Expenses	(24,021)	
City Events	(26,565)	
Streetscene	(34,247)	
Parks & Open Spaces	(35,792)	
		(178,395)
<u>Increase in Expenditure:</u>		
Three Choirs Festival	2,629	
Non-Domestic Rates	6,293	
Floral Features	7,640	
Equipment	10,672	
Contributions to Reserves	196,548	
		223,782
<u>Contribution from Reserves:</u>		(47,752)
		0

Explanatory Foreword (Cont'd)

Assets

The balance sheet records the current value of the majority of the Council's Asset Portfolio, valued at £1,049,877. The Council's assets were re-valued as at November 2006. The Council is not however required to re-value its assets.

Reporting Requirements

Reporting requirements under the Accounts and Audit Regulations 2015 require that the accounts for 2015/16 are prepared and reported to Members by 30 June 2016.

Further Information

For more information about these accounts, please contact Lesley Bruton (Mrs.), Finance Officer, Hereford City Council, Town Hall, St Owen Street, Hereford, Herefordshire. HR1 2PJ.
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Statement of Responsibilities for the Statement of Accounts

1. Council's Responsibility

The Council is required:

- to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Town Clerk and Responsible Finance Officer
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets
- to approve the Statement of Accounts

I confirm that these accounts were approved by the Council at the meeting held on 21 June 2016.

Signed on behalf of Hereford City Council
Councillor Jim Kenyon
The Right Worshipful the Mayor of Hereford

Date: 21 June 2016

2. Town Clerk and Responsible Finance Officer's Responsibility

The Town Clerk and Responsible Finance Officer is responsible for the preparation of the Council's Accounts in accordance with proper practices.

In preparing this Statement of Accounts, the Officer has:

- selected suitable accounting policies and then applied them consistently
- made judgements and estimates that were reasonable and prudent

The Officer has also ensured:

- proper accounting records were kept, which were up to date

Certification of the Town Clerk and Responsible Finance Officer

I hereby certify that the Statement of Accounts set out on pages 9 -19 present fairly the financial position of Hereford City Council as at 31 March 2016 and its income and expenditure for the year then ended.

S J Kerry
Town Clerk and Responsible Finance Officer

Date:

The Statement of Accounts was approved at the meeting of the Council held on 21 June 2016.

Statement of Accounting Policies

This section summarises the accounting rules and conventions we have used in preparing these accounts.

1. General

The accounts have been prepared in accordance with the *Accounts and Audit Regulations 2015* and with guidance from *Governance and Accountability in Local Councils in England and Wales: A Practitioners Guide*.

2. Fixed Assets

If, upon valuation, an asset is worth more than its value in the accounts, the difference is added to the Fixed Asset Revaluation Reserve and similarly, if worth less, the difference is taken from that reserve provided sufficient is in the reserve regarding that asset. If the reduction in value is greater than the amount held in the reserve, the balance is transferred to the Capital Adjustments Account. The Council does not have an obligation to re-value its assets other than investment properties, which the Council does not own. The majority of the fixed assets were re-valued as at November 2006.

In accordance with current accounting procedures, income from the disposal of fixed assets is accounted for on an accruals basis, and is included in the Balance Sheet as Usable Capital Receipts Reserve. No assets were disposed of in 2015/16.

3. Depreciation

The Council is not required to account for depreciation on its asset stock.

4. Capital Receipts

Capital receipts are credited to a Usable Capital Receipts Reserve. Interest on unused balances is credited to the General Fund.

The balance on the Usable Capital Receipts Reserve as at 31 March 2016 was £53,400.

The Council is debt free. All capital receipts, therefore, are available to finance capital expenditure.

5. Debtors and Creditors – Accruals Accounting

Revenue transactions are recorded on an income and expenditure (accruals) basis, in accordance with the Accounting and Audit Regulations. This means that income is recorded in the accounts when it is owed rather than when it is received - Debtor. Likewise, expenditure is recorded in the accounts when it is owed, rather than when the payment is actually made – Creditor.

6. Stock

All stocks have been treated as consumed because the value was not material.

7. Provisions

The Council makes provisions for liabilities, which are likely or certain to be incurred, but where there is no certainty as to the actual amount of payment, although a reliable estimate is possible. Provisions are reviewed at each Balance Sheet date, and if no longer required, the provision is reversed.

Full details of Provisions are shown on page 17, note 4 to the Balance Sheet.

8. Reserves

Amounts set aside for purposes falling outside the definition of provisions are considered reserves, and transfers to and from them are kept separate from service expenditure disclosed in the Statement of Accounts. Expenditure has not been charged directly to any reserve. Capital Reserves are not available for revenue purposes.

The Council's Capital Reserves are:

- The Usable Capital Receipts Reserve, which includes money from the sale of assets, which the Council can spend on other capital schemes.

Other reserves include money the Council has set aside in the past. They are available to cover unexpected payments or to support spending.

They include the following:

- Earmarked Reserves - money is set aside for certain classes of spending including future capital expenditure.
- General Reserve. The Council can decide how to spend this money.

Other accounts included in the balance sheet, which are not 'cash-backed' or have no cash supporting them, are:

- Fixed Asset Revaluation Reserve
- Capital Adjustments Account

Full details of the Council's earmarked reserves are shown on pages 17 – 19, on note 5 to the Balance Sheet.

9. Interest

The balance on the Council's bank account is invested and the interest earned is credited to the General Fund. The Income and Expenditure Account on page 9 identifies the interest earned in 2015/16.

10. Investments

Investments are repayable within one year.

Investments are shown in the Balance Sheet at cost and realised gains are taken into the Income and Expenditure Account. The Council held £1,004,008.14 with Lloyds Bank plc as at 31 March 2016.

11. Pensions

The pension costs that are charged to the Council's accounts in respect of its employees are equal to the contributions paid to the pension scheme for these employees.

The contribution rate is determined by the funds actuary on a triennial basis and is set to meet 100% of the liabilities of the pension fund, in accordance with the relevant

government regulations.

The most recent actuarial valuation was undertaken in March 2014 and the contribution rates as a result of that valuation took effect from 1 April 2014.

Contributions are paid into the Worcestershire County Council (Local Government Pension Scheme).

12. Leases

The City Council has no finance leases. Rentals payable under operating leases are charged to revenue on a straight line basis over the term of the lease.

The Council leases a photocopier at a cost of £1,288.35 (excluding VAT) per annum and £1,046.04 per annum for a postage franking machine.

13. Value Added Tax

Expenditure excludes any amounts related to VAT, as all VAT suffered is recoverable from HM Revenue and Customs. Any amounts not so recoverable are treated as a separate expense.

Income and Expenditure Account

For the Year Ended 31 March 2016

A summary of the Council's Income and Expenditure Account for the year ended 31 March 2016 compared with the actual results for the previous year is set out below, together with references to further detailed notes contained in pages 12 – 15.

Net 2014/15 £	Services	Expenditure 2015/16 £	Income 2015/16 £	Net 2015/16 £	Notes
153,472	Administration	139,389	64	139,325	5
(4,633)	Elections	44,600	-	44,600	
23,507	Allotments	20,737	35	20,702	3
306,262	City Costs	276,258	-	276,258	2/3
37,856	Management of Offices and Buildings	54,572	-	54,572	
(1,191)	Public Conveniences	4,470	1,583	2,887	3
36,001	Special Hereford Projects	34,492	-	34,492	
9,411	Civic and Ceremonial	49,407	-	49,407	
74,494	Democratic Representation	76,957	-	76,957	
2,157	Civic Transport	2,391	-	2,391	
7,907	Planning	14,898	-	14,898	
24,327	Capital Expenditure	23,218	-	23,218	
669,570	Net Cost of Services	741,389	1,682	739,707	
(3,912)	Interest earned on Cash Balances			(6,035)	4
665,658	Net Operating Expenditure			733,672	
	<u>Where we got the money from:</u>				
(92,977)	Grant Funding – Local Council Tax Support Grant			(92,169)	
(722,738)	Precept			(731,299)	
(150,057)	Net General Fund (Surplus)/Deficit in the Year			(89,796)	

This Statement shows the gross expenditure, income and net expenditure analysed by service and how it was funded by the Precept and grant funding.

The Statement of Movement on the General Fund Balance

For the year ended 31 March 2016

(150,057)	Net General Fund (Surplus)/Deficit in the Year	(89,796)	Note
	Net additional amount required to be debited or credited to the General Fund Balance for the year.		
29,297	(Net transfer to/(from) earmarked reserves)	89,796	6
(120,760)	(Increase)/Decrease in General Fund Balance for the Year	0	
(282,798)	General Fund Balance Brought Forward at 1 April	(403,558)	
(403,558)	General Fund Balance Carried Forward at 31 March	(403,558)	

Balance Sheet at 31 March 2016

This statement shows the financial position of the Council as a whole and summarises its assets and liabilities.

31 March 2015 £	Balance Sheet	Notes	31 March 2016 £	
	<u>Fixed Assets</u>			
538,448	Civic Plate and Artefacts		538,448	
231,031	Charters and Licences		231,031	
157,000	Land		157,000	
13,021	Other		13,021	
87,159	Vehicles and Equipment		110,377	
1,026,659	Total Long Term Assets			1,049,877
	<u>Current Assets</u>			
24,868	Money owed by Debtors	1	14,187	
-	Short Term Investments		1,004,008	
968,384	Cash in Hand		83,531	
	<u>Current Liabilities</u>			
(31,428)	Money owed to Creditors	3	(50,106)	
1,988,483	Total Assets less Current Liabilities			2,101,497
	<u>FUNDED BY</u>			
(403,558)	General Fund		(403,558)	
(504,866)	Earmarked Reserves	5	(594,662)	
(53,400)	Usable Capital Receipts		(53,400)	
(19,210)	Fixed Asset Revaluation Reserve		(19,210)	
(1,007,449)	Capital Adjustments Account		(1,030,667)	
(1,988,483)	TOTAL EQUITY			(2,101,497)

Notes to the Income and Expenditure Account

1. Employee Costs

2014/15 £	Employee Costs	2015/16 £
184,777	Salaries (Less Recoveries)	185,761
13,126	Employers – National Insurance Contributions	12,723
38,141	Employers – Pension Contributions (LGPS)	37,869
14,000	Other	-
250,044	Total	236,353

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

The City Council participates in the Local Government Pension Scheme administered by Worcestershire County Council. The City Council and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment costs.

The actuary set the City Council's employer's contribution rate, for 2015/16, at 23.6% of employees' pensionable pay, which the City Council applied.

2. City Costs

2014/15 £	City Costs (Net) (excluding employee, supplies & services costs)	2015/16 £
46,728	CCTV	47,803
52,082	Christmas Lights	48,031
-	Citizens Advice Bureau	10,000
11,531	City Events	10,435
90,851	Community Grants	88,188
2,615	Dial-a-Ride	6,000
11,845	Floral Features	20,000
7,700	Management of Seagulls	7,700
15,000	Parks and Open Spaces	1,773
4,500	Shopmobility	4,500
11,830	Street Scene	7,018
254,682	Total	251,448

Notes to Income and Expenditure Account (Cont'd)

3. Grants and Contributions

Grants and Contributions	2015/16
	£
Aylestone Business and Enterprise College	500
Bobblestock & Westfields Community Association	2,628
Catcher Media Social CIC	1,400
CCTV (Herefordshire Council)	47,803
Citizens Advice Bureau	10,000
Close House Projects	13,540
Core Skate Hereford CIC	1,000
Country Park Supporters	500
Friends of Castle Green (Historical Hereford Day)	10,000
Fugue Visions Ltd	649
Hereford Allotment & Leisure Gardeners	6,650
Hereford Amateur Pantomime Society	2,000
Hereford in Bloom	842
Hereford Live	2,000
Hereford MAKE CIC	5,000
Hereford Police Male Choir	500
Hereford River Carnival Limited	3,250
Hereford Society of Model Engineers	200
Hereford Whitecross Scout Group	3,000
Hereford Yoga CIC	3,000
Herefordshire Disability United	275
Herefordshire Wildlife Trust	200
Hope Support Services	950
Management of Seagulls	7,700
Newton Farm Community Association	9,331
Plylimon Trust (Dial-a-Ride)	6,000
Putson Community Association Ltd.	1,076
SSAFA	1,535
Services for Independent Living (Shopmobility)	7,500
South Wye Community Association	3,000
St. Michael's Hospice	20,000
Three Choirs Festival	36,000
Three Elms Community Association	250
Tupsley Whitehouse Project	15,000
Waterworks Museum	3,000
Total	226,279

Notes to Income and Expenditure Account (Cont'd)

4. Interest

2014/15 £	Interest Received	2015/16 £
2,030 1,882	Deposit Account Short-Term Investment Accounts	1 6,034
3,912	Total	6,035

5. Disclosure of Audit Costs

The table below shows the fees incurred by the Council in 2014/15 and 2015/16 relating to external audit and inspection.

	2014/15 £	2015/16 £
<ul style="list-style-type: none"> Fees payable to Grant Thornton LLP with regard to external audit services carried out by the appointed auditor 	1,600	1,600
Total	1,600	1,600

Notes to Income and Expenditure Account (Cont'd)

6. Contributions to and from Reserves

The following table shows what money has been paid into Reserves and what money has been taken out of Reserves during 2015/16.

2014/15 £	Contributions to and from Reserves	2015/16 £
	<u>Contributions to Reserves</u>	
2,000	Allotments	2,000
11,500	Carry Forwards	196,548
22,633	Elections	9,000
4,000	Public Ceremonies	-
5,000	Public Conveniences	-
18,395	Special Hereford Projects – Parish Plan	-
15,000	Three Choirs Festival	15,000
1,000	Transport	-
79,528	Total Contributions to Reserves	222,548
	<u>Contributions from Reserves</u>	
(50,231)	Carry Forwards	(25,831)
-	Community Development	(15,000)
-	Elections	(39,600)
-	Equipment Renewal	(9,692)
-	Three Choirs Festival	(42,629)
(50,231)	Total Contributions from Reserves	(132,752)
29,297	Net Contributions (from)/to Reserves	89,796

Notes to the Balance Sheet

1. Debtors

An analysis of the Debtors figures in the balance sheet is shown below.

31 March 2015 £	Debtors	31 March 2016 £
	Amount Falling (Due within one year)	
708	Accrued Income*	3,894
9,309	H M Revenue and Customs	5,897
14,851	Prepayments	4,396
24,868	Total Short Term Debtors	14,187

*Recoveries/contributions have been netted off against relevant expenditure.

2. Stock

The Council held no items of stock as at 31 March 2016.

3. Creditors

An analysis of creditors in the balance sheet is shown below.

31 March 2015 £	Creditors	31 March 2016 £
19,367	Payroll & Liabilities	18,932
12,061	Accruals	31,174
31,428	Total Creditors	50,106

Notes to the Balance Sheet (Cont'd)

4. Provisions

A provision should only be recognised when an organisation has a present obligation (legal or constructive) as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Unless these conditions are met, no provision should be recognised.

No provisions are held in the accounts as at 31 March 2016.

5. Earmarked Reserves

Earmarked Reserves	Balance 1/04/15 £	Contribution from General Fund	Contribution to General Fund	Balance 31/03/16 £
(a) Equipment Renewal	11,000	-	(9,692)	1,308
(b) Elections	80,601	9,000	(39,600)	50,001
(c) Carry Forward	126,952	196,548	(25,831)	297,669
(d) Allotment Improvements	11,807	2,000	-	13,807
(e) Community Development	56,500	-	(15,000)	41,500
(f) Special Hereford Projects - General/City of Culture	6,800	-	-	6,800
(g) Special Hereford Projects - Parish Plan	79,958	-	-	79,958
(h) Civic Apparel & Insignia	5,693	-	-	5,693
(i) Transport – Civic Car	26,105	-	-	26,105
(j) Freedom Ceremonies	13,890	-	-	13,890
(k) Public Ceremonies	17,190	-	-	17,190
(l) Public Conveniences	5,000	-	-	5,000
(m) Three Choirs Festival	54,370	15,000	(42,629)	26,741
(n) Twinning	9,000	-	-	9,000
Total	504,866	222,548	(132,752)	594,662

Earmarked reserves represent sums set aside to fund future expenditure and projects.

Notes to the Balance Sheet (Cont'd)

- (a) Equipment Renewal Reserve – This reserve was established to cover the cost of future equipment and upgrade requirements. During 2015/16 IT equipment was replaced and the server upgraded. A contribution of £9,692 was made from the reserve towards the equipment purchased during the year. No contribution was made to the reserve in 2015/16.

- (b) Elections Reserve – This reserve has been established to cover the cost of the parish ward elections. Elections were held on 5 May 2015 at a cost of £37,857.73, which was funded from the reserve. In addition, by-elections were held on 25 June 2015 for the Saxon Gate ward and the Newton Farm ward on 13 August 2015. A total contribution of £39,599.89 was made from the reserve towards the elections held during 2015/16. An annual contribution of £9,000 is made to this reserve.
- (c) Carry Forward Reserve - The Carry Forward Reserve has been established to carry forward unspent amounts from budgets to meet the costs of specific priorities/services, which are known to be required during the following financial year. A total of £196,547.85 has been carried forward from 2015/16, of which £179,214 has been set aside towards the proposed provision of a Tourist Information Centre. Contributions of £25,830.83 were made from the reserve to fund street scene projects, previous mayoral expenses and approved grants.
- (d) Allotment Improvements Reserve – It is the Council’s intention to install or refurbish the facilities on all its allotment sites as and when required. An annual contribution of £2,000 is made to the reserve. A contribution from the reserve was not required during 2015/16.
- (e) Community Development Reserve – This reserve has been establishment to help support community development following the production of an action plan prepared from the output of the Parish Plan. A £30,000 contribution was made to the reserve in 2013/14 to fund the grant, agreed at Council at its meeting of 10 December 2013, towards the Whitehouse Community HUB Project. £15,000 of the Whitehouse Project grant was released in 2015/16 and funded from the reserve. There were no other schemes funded from the reserve in 2015/16. The action plan will be updated following the production of the revised Parish Plan in 2016/17.
- (f) Special Hereford Projects Reserve (General) – This reserve has been earmarked for one-off projects. No projects were funded from the reserve in 2015/16. £5,000 of the reserve has however been allocated towards the City of Culture project.
- (g) Special Hereford Projects Reserve (Business Plan) – This reserve has been established to fund the continuing development and implementation of the City Council’s Parish Plan, which will be revised in 2016/17.
- (h) Civic Apparel and Insignia Reserve - The value of the City Council’s Civic Apparel is approximately £10,000. This reserve has been established to fund future repair and renewal costs. There was no contribution or call on the reserve during 2015/16.
- (i) Civic Transport Reserve – This reserve has been established to fund a replacement civic car, which is planned for 2016/17. The reserve currently has a balance of £26,105. No contribution was made to this reserve in 2015/16.
- (j) Freedom Ceremonies Reserve – Freedom Ceremonies are not held on an annual basis, however, this reserve has been established to ensure future events are funded. No contribution was made to the reserve in 2015/16. There were no freedom ceremonies held in 2015/16.
- (k) Public Ceremonies/Receptions Reserve – The cost of significant visits or ceremonies are met from this reserve. There were no contributions or calls made on the reserve during 2015/16.
- (l) Public Conveniences Reserve - With effect from 28 May 2014, licence agreements were signed between Herefordshire Council and Hereford City Council to operate two public conveniences, Union Street and East Street. The reserve has been established to fund additional or unforeseen repairs. A contribution of £5,000 was made to this

reserve in 2014/15. No further contribution was made in 2015/16 or a call made on the reserve during the year.

- (m) Three Choirs Festival Reserve – This reserve has been established to fund the festival sponsorship and reception costs when Hereford is the host city for the Three Choirs Festival. Hereford was the host city for the Festival in 2015, with the festival being held between 25th July 2015 and 1st August 2015. The Three Choirs Festival is the oldest non-competitive classical music festival in the world and celebrated its 300th anniversary this year. The Three Choirs Festival is a week long programme of choral and orchestral concerts, cathedral services, solo and chamber music recitals, master classes, talks, theatre, exhibitions and walks, rotating each summer between the cathedral cities of Hereford, Gloucester and Worcester. Expenditure on supporting the festival in 2015/16 was £42,529.22, which was funded from the reserve. A contribution of £15,000 was made to the reserve in 2015/16.
- (n) Twining Reserve – Hereford is twinned with Dillenberg, Germany and Vierzon, France. This reserve has been established to fund expenses incurred during Mayoral visits from the twin towns to Hereford. There was no contribution or call made on the reserve in 2015/16.

Glossary of Terms

This section explains terms that have been used throughout this document.

Accrual This is one of the main accounting concepts and ensures that income and expenditure are shown in the accounting period that they are earned or incurred, not as money is received or paid.

Asset An asset is something that the Council owns that has a monetary value. Assets are either 'current' or 'fixed'. A current asset is one that will be used or cease to have material value by the end of the next financial year (e.g. stock and debtors).

A fixed asset provides the Council benefits for a period of more than one year.

Budget A statement of our spending plans for a financial year, which starts on 1 April and ends on 31 March.

Capital Receipts A capital receipt is the income that results from the sale of a fixed asset such as land or property. Capital receipts cannot be used to fund revenue services.

CIPFA Chartered Institute of Public Finance and Accountancy for England and Wales.

Consistency This is one of the fundamental accounting concepts. It requires the Council to treat similar items of income and expenditure the same way, both within an accounting period and from one accounting period to the next.

Creditor This is the amount of money the Council owes to others for goods and services that have been supplied in the accounting period but not paid for.

Debtors This is the amount of money others owe to the Council for goods and services that they have received but have not paid for by the end of the accounting period.

Depreciation This is a charge made to the revenue account each year that reflects the reduction in the value of land, property and equipment used by the Council to deliver services.

Liabilities Money that will be paid to people or organisations in the future.

Provisions This is a sum of money that has been set-aside in the accounts for liabilities or losses that are due but where the amount due or the timing of the payment is not known with any certainty.

Reserves A reserve results from the accumulation of surpluses, deficits and appropriations over past years.

Revenue Spending Spending on the day-to-day running of services - mainly salaries, running expenses of buildings and equipment. These costs are met from the Precept and grant.

UK GAAP The Generally Accepted Accounting Principles in the UK.