Hurstpierpoint & Sayers Common Parish Council
Email: office@hurstpierpoint-pc.gov.uk
Website: www.hurstpierpoint-pc.gov.uk
Telephone: 01273 833264

Village Centre
Trinity Road
Hurstpierpoint
West Sussex BN6 9UY

Briefing Note
Year End Adjustments

Introduction

Local authorities are required to submit the Annual Governance and Accountability Return (AGAR) for the financial year ended on 31 March to the external auditor by 30 June each year. The AGAR is completed using the financial accounting information recorded on the Rialtas Business Solutions (RBS) system and is subject to review by an internal auditor. The internal audit date for the Parish Council this year is Wednesday 1 May 2024.

As the Parish Council's income and expenditure exceed £200,000, the accounts are maintained as required, on an income and expenditure basis. This means that at the year-end, adjustments must be made to allow for amounts owed but not yet paid for the previous year, and amounts received in advance for the following financial year.

*(Note – this accounting method applies for the Parish Council, but **not** the Village Centre due to the lower turnover levels and charity commission rules.)* However, Annex A shows the list of year-end adjustments for the Village Centre.

Provisional Year-end Adjustments 31 March 2024

Each month the Parish Council's Finance, Governance & Estates Committee monitors and reviews income and expenditure by Committee, and for the Parish Council overall. After completing the normal monthly processes for March 2024, the final year-end adjustments can be made to show an accurate position for the end of the financial year.

These adjustments show as positive or negative balances on the accounts at the start of the following financial year and are gradually cleared as the payments are made and/or received. Therefore, Members will see some positive or negative figures in reports for the early months of the following year until all the previous year's adjustments are settled.

The Parish Council primarily pays its suppliers and contractors in one of two ways – either through regular monthly/quarterly invoicing for ongoing services (creditors) or through one-off payments authorised by the issue of a works or purchase order (accruals).

Accruals - Approved works and purchase orders where the work has not taken place and/or been invoiced for at the financial year-end are recorded as accruals. These amounts increase the expenditure for the financial year. The outstanding work from 2023/24 is as follows:

Code	Centre	Amount £	Description
5440	211	590.00	Nick's Carpentry - Court Bushes Nursery Kitchen Floor on 29 March
5180	101	1,000.00	Matt Hayden Consultancy (for March 2024)
5180	101	250.00	Mulberry & Co Year End Professional Support

Creditors – Outstanding amounts owed to regular suppliers are recorded as creditors at the year-end. These amounts increase the expenditure for the next financial year by the amounts stated, and are as set out below:

Code	Centre	Amount £	Description
5360	101	150.00	BT Phone and broadband supply (March 24)
5130	101	290.00	WSCC Payroll Charges (October 2023 to March 2024)
5220	101	320.00	Internal Audit 2023/24 Mulberry & Co (April 2024)
5220	101	1300.00	External Audit 2023/24 Moore Sussex (Sept 2024)
5011	201	35.00	Cemetery Chapel Electricity (March 2024)
5011	204	375.00	Street Lights Electricity SSE (March 2024)
5011	206	265.00	Trinity Road Toilets Electricity SSE (Q4)
5011	206	265.00	Pitt Lane Toilets Electricity SSE (Q4)
5011	211	1500.00	Court Bushes Electricity – SSE (March 2024)
		4,500	**TOTAL**

Payments in Advance - Amounts paid to suppliers in advance are known as payments in advance. This only normally happens when utility firms bill in advance, or mid-way through the bill period and adjustments are made to take account of this. These amounts increase the income for the next financial year. There are currently none for 2024/2025.

Debtors – Any outstanding amounts due to the Parish Council which remain unpaid at the year-end are recorded as debtors. These amounts increase the income for the financial year. There are none for 2023/2024.

Receipts in Advance - Any amounts paid to the Parish Council in advance for the next financial year are recorded as receipts in advance. These amounts reduce the income for the next financial year as the money has already been received. These are generally when hirers pay for use of Court Bushes in April 2024 as follows:

Code	Centre	Amount £	Description
3140	211	85.05	Invoice MWA003
3140	211	148.80	Invoice MCY002
		233.85	**TOTAL**

General Reserve

The Parish Council has a Reserves Policy which agreed the following objective in terms of the general reserve:

Hurstpierpoint and Sayers Common Parish Council aim to maintain the general reserve at a minimum of 3 months net revenue expenditure (NRE) and review this level at least annually as part of the budget setting process.

**NRE is defined as the precept less any loan repayments and/or amounts included for capital projects and transfers to earmarked reserves.*
For 2023/24, the calculation to find the NRE equates to:

Precept	£303,638
Less: loan repayments	£0
Less: Budgeted capital projects	£0
Less: Budgeted EMR transfers	£7,000 (Court Bushes Sinking Fund)

Equals NRE £296,638 Three months of this figure equates to £74,160.

At 29 February 2024 the Parish Council has a general reserve (310) of £94,567. As more payments are made for March 2024, this figure will reduce.

Transfers to and From Earmarked Reserves (EMRs)

In addition to the year-end adjustments, any transfers to or from earmarked reserves, or the creation of new EMR reserves are completed at the financial year end subject to agreement at the March Council meeting.

As a reminder, the Earmarked Reserves shown on the Balance Sheet at 29 February 2024 are:

Code	Description	Balance
311	Maintenance Van and Equipment (See note 6)	£2,722
320	Cemetery	£23,244
335	South Avenue (See Note 5)	£26,552
345	Professional Support (See Note 1)	£5,826
350	Hurst Meadows S106 (See Note 7)	£296,896
355	Hurst Meadows Access (See Note 2)	£5,573
360	Millennium Gardens	£7,350
380	Court Bushes Sinking Fund (See Note 3)	£28,000
390	Youth Facilities	£5,000
391	Health and Wellbeing Project	£1,000
395	Christmas Lights (See Note 4)	£900

Proposed Transfers from Cost Centres to EMRs

Note 1 - An underspend on the Elections budget (5090-101) of £5,571 and the Professional Support budget (5180-101) of £5,000 could be transferred to the Professional Support EMR (345) and be used to fund future support for example legal advice, planning consultancy or project management support. A transfer from Cost Centre 101 of up to £10,000 will bring the total Professional Support EMR balance to approx. £15,826.

Note 2 - An underspend on the Highways and Byways budget (207) of £7,500 could be transferred to the Hurst Meadows Access EMR (355) be used to fund the planned cycleway in Hurst Meadows and potential land purchases for access purposes. This will bring the total Hurst Meadows Access EMR balance to £13,073.

Note 3 – Despite the deficit in the Court Bushes cost centre budget (211), a further £7,000 will be transferred to the Court Bushes Sinking Fund (380) as overall the Parish Council budget has a surplus, to bring the total COUrt Bushes Inking Fund EMR balance to £35,000 following five years of operation.

Note 4 – At the Community Engagement Committee on 8 February 2024, it was noted that the underspend on Tourism and Attractiveness (5610) of £1,500 and Christmas Lights (5670) of £742, for Cost Centre 301, would be recommended to Council for transferring to the Christmas Lights EMR (395). This will bring the total Christmas Lights EMR balance to £3,142.

Note 5 – A planned project for 2024/25 are the improvements to the road drainage, gulleys and the road surface on the Parish Council owned private section of South Avenue. Although there is £26,552 in the Earmarked Reserve this is unlikely to be sufficient for the project and this EMR may require additional funds once the project is fully specified and costed.

Proposed Transfers from EMR to Cost Centres

Note 6 – In 2024/25 a transfer of the remaining £2,722 from the Vehicles EMR (311) will be used to contribute to the leasing costs of the works van for 2024/2025 via Vehicles and Machinery code (5480-212). This will reduce that EMR balance to £0.

Note 7 - Finally, the use of the Hurst Meadows S106 EMR for works from 5410-210 (Grounds Maintenance), 5550-210 (Trees) and 5720-210 (Projects) throughout the year ensures that all Hurst Meadows expenditure (except bin collections) has been covered by the EMR for the year.

Conclusion

Based on the forecast of the 31 March 2024 year end position, the following recommendation is proposed to the Finance, Governance & Estates Committee for approval and recommendation to Council on 21 March 2024.

> **RECOMMENDATION: The Committee is asked to AGREE the provisional adjustments to be made at the year end in order to complete the accounts for 1 April 2023 to 31 March 2024; and to recommend the transfer to and from Earmarked Reserves to Council for approval and adoption.**

Annex A – Village Centre Year End Provisional Adjustments

Accruals - Approved works and purchase orders where the work has not taken place and/or been invoiced for at the financial year-end are recorded as accruals. These amounts increase the expenditure for the financial year. There are currently none for 2023/2024.

Creditors – Outstanding amounts owed to regular suppliers are recorded as creditors at the year-end. These amounts increase the expenditure for the financial year and are as set out below:

Code	Centre	Amount £	Description
5011	701	500.00	Electricity - SSE (estimate for March 2024)
5013	701	980.00	Gas - SSE (estimate for 21/2/24 to 31 March 2024)
		1480.00	

Payments in Advance - Amounts paid to suppliers in advance are known as payments in advance. These amounts increase the income for the next financial year and are as set out below:

Code	Centre	Amount £	Description
5230	701	1206.98	Music Licence for 2024/2025

Debtors – Any outstanding amounts due to the Parish Council which remain unpaid at the year-end are recorded as debtors. These amounts increase the income for the outgoing financial year. There are none for 2023/2024.

Receipts in Advance - Any amounts paid to the Parish Council in advance for the next financial year are recorded as receipts in advance. These amounts reduce the income for the outgoing financial year. These are generally when hirers pay for use of the Village Centre in April/May 2024 as follows:

Code	Centre	Amount £	Description
3500	701	250.00	Hire of Venue for PCC Election Day 4.5.23 Paid 31.10.22

General Reserve: The General Reserve at 29 February 2024 is £65,998.

Earmarked Reserves: The End of Lease Earmarked Reserve at 29 February 2024 is £20,000.