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Briefing Note
Year End Adjustments

For Finance, Governance & Estates Committee 20 March 2025

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 Tuesday 29 April 2025.

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 provisional year-end adjustments for the Village Centre.

Provisional Year-end Adjustments 31 March 2025

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 2025, 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 taken place but not been invoiced for at the financial year-end are recorded as accruals. These amounts increase the expenditure for the next financial year. The outstanding work from 2024/25 is as follows:

Code	Centre	Amount £	Description
5580 5720	207	1,639	Wilbar Hurst Meadows Cycle way design
5400	202	900	South Avenue Road Drainage – Section 24 Drainage
5400	201	900	Cemetery Drainage Survey – Section 24 Drainage

Creditors – Outstanding amounts owed to regular suppliers are recorded as creditors at the year-end. These amounts when eventually paid, are transferred back into the current year, and are as set out below:

Code	Centre	Amount £	Description
5360	101	70	Zen Internet Broadband supply (March 25)
5130	101	250	WSCC Payroll Charges (October 2024 to March 2025)
5220	101	200	Internal Audit 2024/25 Mulberry & Co (29 April 2025)
5220	101	1100	External Audit 2024/25 Moore Sussex (Sept 2025)
5011	201	50	Cemetery Chapel Electricity– Ecotricity (March 2025)
5011	204	375	Street Lights Electricity – Ecotricity (March 2025)
5011	206	70	Trinity Road Toilets Electricity – Ecotricity (March 2025)
5011	206	75	Pitt Lane Toilets Electricity – Ecotricity (March 2025)
5011	211	1900	Court Bushes Electricity – Ecotricity (March 2025)
		4090	**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 will be transferred into 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 when received will be transferred into the current financial year. There are none for 2024/2025.

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 are transferred into the income for the next financial year. There are none for 2025/2026.

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 2024/25, the calculation to find the NRE equates to:

Precept	£318,161
Less: Loan repayments	£0
Less: Budgeted capital projects	£0
Less: Budgeted EMR transfers	£7,000 (Court Bushes Sinking Fund)

Equals NRE £311,161 Three months of this figure equates to £77,790.

At 28 February 2025 the Parish Council has a general reserve (310) of £92,126. As more payments are made for March 2025 such as salaries, 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 28 February 2025 are:

Code	Description	Balance
311	Maintenance Van and Equipment	£2,824
320	Cemetery	£24,109
335	South Avenue (See Note 1)	£25,594
345	Professional Support	£7,137
350	Hurst Meadows S106	£295,920
355	Hurst Meadows Access (See Note 2)	£5,780
360	Millennium Gardens	£7,284
380	Court Bushes Sinking Fund (See Note 3)	£36,043
390	Youth Facilities	£5,186
391	Health and Wellbeing Project	£1,038
395	Christmas Lights (See Note 4)	£3,175

<u>Proposed Transfers from Cost Centres to EMRs</u>

Note 1 – A planned project for 2024-26 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.

Note 2 - An underspend on the Highways and Byways budget (207) of £5,861 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 £11,641.

Note 3 – Despite a potential deficit in the Court Bushes cost centre budget (211), a further £7,000 will be transferred to the Court Bushes Sinking Fund (380) if the Parish Council budget is in an overall surplus position, as it is one of the Parish Council's overall EMR priorities. This will bring the EMR balance to approx. £42,000 following six years of operation.

Note 4 – At the Community Engagement Committee on 13 February 2025 (Minute CE24/25.034), it was agreed that the underspend on Christmas Lights (5670) of £1,200, would be recommended to Council for transferring to the Christmas Lights EMR (395). This will bring the total Christmas Lights EMR balance to £4,375.

Conclusion

Based on the forecast of the 31 March 2025 year end position, the following recommendation is proposed to the Finance, Governance & Estates Committee for approval, and recommendation to Council on 27 March 2025.

<u>RECOMMENDATION</u>: 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 2024 to 31 March 2025; 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 taken place but not been invoiced for at the financial year-end are recorded as accruals. These amounts increase the expenditure for the next financial year. There are currently none for 2024/2025.

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

Code	Centre	Amount £	Description
5011	701	500.00	Electricity - Ecotricity (estimate for March 2025)
5013	701	1,00.00	Gas - SSE (estimate for 20/2/25 to 31 March 2025)
		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	1,206.98	Music Licence for 2025/2026

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 2024/2025.

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 2025 as follows:

Code	Centre	Amount £	Description

General Reserve: The General Reserve at 28 February 2025 is £69,627.

Earmarked Reserves: The ‘End of Lease’ Earmarked Reserve at 28 February 2025 is £20,000.