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Briefing Note
Year End Adjustments

For Finance, Governance & Estates Committee 19 March 2026

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 for the Parish Council this year will be held remotely, so the submissions will be made after the end of year close-down on 8 April 2026 and the audit should be completed in good time for the May 2026 Annual Council meeting.

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 2026

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 2026, 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. Potentially, the outstanding work from 2025/26 is as follows but all of these are expected to be paid by 31 March 2026:

Code	Centre	Amount £	Description
5440	204	166.18	Streetlight repair Fairfield Crescent
5440	204	243.25	Streetlight repair Hurst Gardens

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	58.00	Zen Internet Broadband supply (March 26)
5130	101	285.95	WSCC Payroll Charges (October 2025 to March 2026)
5220	101	250	Internal Audit 2025/26 Mulberry & Co (April 2026)
5220	101	1100	External Audit 2025/26 Moore Sussex (Sept 2026)
5011	201	50	Cemetery Chapel Electricity– Ecotricity (March 2026)
5011	204	375	Street Lights Electricity – Ecotricity (March 2026)
5011	206	61	Trinity Road Toilets Electricity – Ecotricity (March 2026)
5011	206	79	Pitt Lane Toilets Electricity – Ecotricity (March 2026)
5011	211	1600	Court Bushes Electricity – Ecotricity (March 2026)
		3858.95	**TOTAL**

Payments in Advance - Amounts paid to suppliers in advance are known as payments in advance. These amounts would be transferred into the next financial year. There are currently none 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 when received will be transferred into the current financial year. There are currently none for 2025/2026.

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 currently none for 2026/2027.

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 2025/26, the calculation to find the NRE equates to:

Precept £331,861
Less: Loan repayments £0
Less: Budgeted capital projects £0
Less: Budgeted EMR transfers £7,000 (Court Bushes Sinking Fund)

Equals NRE £324,861 Three months of this figure equates to £81,215.25.

At 28 February 2026 the Parish Council has a general reserve (310) of £135,449. As more payments are made for March 2026 such as salaries, this figure will obviously 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 2026 are:

Code	Description	Balance
320	Cemetery	21,708
335	South Avenue (See Note 1)	32,383
345	Professional Support	7,518
350	Hurst Meadows S106	296,769
355	Hurst Meadows Access (See Note 2)	13,576
360	Millennium Gardens	7,505
380	Court Bushes Sinking Fund (See Note 3)	37,884
390	Youth Facilities	5,451
391	Health and Wellbeing Project	1,091
395	Christmas Lights	4,544

Note 1 – A planned project for 2026-27 is the improvements to the road drainage, gulleys and the road surface on the Parish Council owned private section of South Avenue. £42,000 has been budgeted for towards the cost of this project (£70,172) and the balance will be taken from the £32,383 in the Earmarked Reserve, leaving approx. £4,211 in the Earmarked Reserve.

Proposed Transfers from Cost Centres to EMRs

Note 2 – A 2025/26 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 £19,437.

Note 3 – With a healthy surplus expected in the Court Bushes cost centre budget (211), a further £7,000 can be transferred to the Court Bushes Sinking Fund (380), as it is one of the Parish Council's overall EMR priorities. This will bring the EMR balance to approx. £44,884 following seven years of operation.

Conclusion

Based on the forecast of the 31 March 2026 year end position, the following is proposed to the Finance, Governance & Estates Committee for approval, and recommendation to Council on 26 March 2026.

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 2025 to 31 March 2026; and to recommend the transfer to 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 2025/2026.

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

Code	Centre	Amount £	Description
5011	701	480.00	Electricity - Ecotricity (estimate for March 2026)
5013	701	600.00	Gas - SSE (estimate for 20/2/25 to 31 March 2026)
		1080.00	**TOTAL**

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
5020	701	1368	Initial Hygiene (Invoice covers 13.2.26 to 22.8.26)

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 2025/2026.

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 2026. There are currently none for 2025/2026.

General Reserve: The General Reserve at 28 February 2026 is £72,993.

Earmarked Reserves: The 'End of Lease' Earmarked Reserve at 28 February 2026 is £20,000.

Proposed Transfers from Cost Centre Codes to EMRs

There are currently no proposals to transfer funds into the Earmarked Reserve.