

## **EXPLANATORY FOREWORD**

The accounts for the year 2007/08 are set out on the following pages and are supported by explanatory notes together with a statement of the Council's and Head of Finance responsibilities and a statement of the main policies that were adopted.

The accounts are prepared in accordance with the provisions of the Accounts and Audit Regulations 2003, issued under Sections 27 of the Audit Commission Act 1998, and the Chartered Institute of Public Finance Accountancy Code of Practice on Local Authority Accounting (June 2008).

### **1. The Financial Statements.**

The Code of Practice requires the following core financial statements:

- i) Income and Expenditure Account  
This shows the revenue activities of both the Council's main accounts, General Fund and Housing, covering income and expenditure on all services.
- ii) Statement of Movement on General Fund Balance  
This is a reconciliation showing how the balance on the Income and Expenditure account links with the statutory requirements of raising the council tax.
- iii) Statement of Total Recognised Gains and Losses  
This demonstrates how the movement in net worth in the Balance Sheet is identified to the net balance on the Income and Expenditure account and to other unrealised gains and losses.
- iv) Balance Sheet  
This sets out the financial position of the Council on 31st March 2008 and incorporates the General Fund Account, Collection Fund Account and Company Accounts.
- v) Cash Flow Statement  
This summarises all of the inflows and outflows of cash for the Council arising from transactions with third parties for revenue and capital purposes.

### **2. Statutory Changes and Changes to Accounting Policies**

- i) Accounting Policies  
The accounting policies adopted by the Council comply with the relevant legislation and recommended accounting practices and are outlined in the Statement of Accounting Policies. The following provides a background to the Council's financial transactions, affected by major legislative areas.
- ii) Implementation of the Revaluation Reserve  
In the 2007/08 statement of accounts, the council has adopted two significant new accounting policies that impact on the Balance Sheet:
  - The Balance Sheet figures for 31 March 2007 have been adjusted from those included in the Statement of Accounts for 2006/07 to accommodate the implementation of the Revaluation Reserve. The Revaluation Reserve and Capital Adjustment Account replace the Fixed Asset Restatement Reserve (FARA) and Capital Financing Account (CFA). The credit balance of £211,769,000 on the FARA and the debit balance of £57,109,000 on the CFA at the 31 March 2007 have been written off to the Capital Adjustment Account with a resulting credit balance of £154,660,000. The Revaluation Reserve has been included in the Balance Sheet with a zero balance. The closing balance on the Revaluation Reserve at 31 March 2008 only shows revaluation gains accumulated since 1 April 2007.
- iii) Accounting for Financial Instruments  
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability of another. The term 'financial instrument' covers both financial assets and financial liabilities from the most straightforward to the most complex. Typical financial instruments are: Liabilities – trade payables, borrowings and financial guarantees. Assets – bank deposits, trade receivables, loans receivables and investments.

### 3. Financial Summary 2007/08

#### i) General Fund Revenue

In 2007/08 the District General Fund net expenditure was £473,248. A summary of the financial position is shown below:

General Fund Revenue	2007/08 Budget £'000	2007/08 Actual £'000
Expenditure	87,449	117,991
Income	-64,278	-93,490
<b>Net Cost of Services</b>	<b>23,171</b>	<b>24,501</b>
Other Costs	504	596
Investment Interest	-3,140	-5,678
Income from Grants	-11,405	-11,962
<b>Net Expenditure</b>	<b>9,130</b>	<b>7,457</b>
Local Taxpayers	-7,930	-7,930
<b>Net Balance</b>	<b>1,200</b>	<b>-473</b>

General Fund Balances	2007/08 Budget £'000	2007/08 Actual £'000
Balance 1st April	-4,858	-4,858
Trans To General Fund	1,200	1,200
	-3,658	-3,658
Net Balance to Fund	0	-1,673
Balance 31st March	-3,658	-5,331

The 2007/08 out-turn was significantly under the precept requirement, with the actual contribution to balances being £473,248. The original budget had assumed a transfer from balances of £1,200,000; which meant that £1,673,000 was actually contributed to balances. Within this figure the Head of Finance agreed to bring forward £160,500 under delegated powers for projects that did not take place in 2007/08 but will be take place early in 2008/09.

The unexpected contribution to balances was largely the result of the Council receiving authorisation from the DCLG to close the Housing Revenue Account. This meant that the balance in the Housing Revenue Account reserve, £2,323,000, was transferred to the General Fund. There were some areas that did vary from the anticipated outturn and they were Car Parking Income, which was £102,000 below target due to changes in usage patterns and lower use of the car parks. Local Land Charges suffered a loss of income of £102,000 because of a downturn in the market and a result of increased competition in the market. Office Accommodation, had increased running expenses of £168,000 on utility costs, relocation expenses and rentals at both the new Gateway building and Friars Square. The impending closure of the Civic Centre impacted upon the number of bookings received, this together with increased performance costs resulted in increased costs of £124,000. The testing and maintenance regime associated with the water feature in Kingsbury cost the Council an additional £113,000; testing for legionella bacteria is a legal requirement under Health and Safety laws. The vacant Head of Design Services post together with more fee income created a saving of £116,000.

The Government award of LABGI at the end of 2007, which was carried forward in balances has been taken out of balances and transferred to a specific reserve. During the year a further award of £415,000 was received and transferred into the reserve.

#### Collection Fund

The average Band D Equivalent Council Tax for 2007/08 was £1,287.08. This comprised an average District Council Charge of £171.60 (including special expenses and parish precepts), a Buckinghamshire County Council Charge of £933.04, a Thames Valley Police Authority Charge of £132.58, and a Buckinghamshire and Milton Keynes Fire Authority Charge of £49.86.

The Council also collects non-domestic rates for its area which are based on local rateable values multiplied by the uniform rate. The total amount, less certain reliefs and other deductions, is paid to a central pool managed by Central Government. The amount of redistributed NNDR is shown in the Income and Expenditure Account.

#### Housing Revenue Account

Although the housing stock was transferred to the Vale of Aylesbury Housing Trust in July 2006, the Housing Revenue Account has to remain open until formal closure is granted by the Department of Communities and Local Government. The DCLG granted consent for the HRA to be closed on the 28<sup>th</sup> March 2008, on this day the balance in the HRA reserve was transferred into the General Fund reserves. As the account was open during 2007/08 some residual housing subsidy and mortgage interest transactions were charged there, which produced a small surplus of £137,000. This is shown in the following table:

Housing Revenue Account	2007/08 Budget £'000	2007/08 Actual £'000
Gross Expenditure	0	0
Gross Income	0	-137
Surplus for the Year	0	-137

The year end surplus was transferred to reserves and then the balance of £2,323,227 was transferred to the general fund reserves.

### **Capital**

In 2007/08 the Council spent £13.714m on capital projects, compared with the forecast budget of £25.888m. General Housing Improvements accounted for 5% of the total spend, with Social Housing Enabling Grants accounting for another 19%. The redevelopment of the Exchange Street area, known as Waterside, accounted for 12%, whilst work on the new theatre to replace the Civic Centre amounted to 29%. The remaining spend covered existing projects that included work on The Gateway office area, 23%, and car parks, 3%.

In 2007/08 capital receipts arising from the sale of assets amounted to £679,832. The Council did receive a further £4.735m from non asset backed receipts, of which the majority was from house sales as part of the transfer agreement. The Council's capital expenditure in 2007/08 was financed by several sources, the largest being capital receipts. Of the available receipts £11.491m were used during the year.

### **Significant Factors Affecting the Accounts**

There are no factors that significantly affect the accounts.

**P.H.Watson CPFA**  
**Head of Finance**  
**10 June 2008**

**J.Cartwright**  
**Leader of the Council**  
**10 June 2008**

**Further Information about these accounts is available from:**

**The Head of Finance**  
**Friars Square Offices,**  
**4 Great Western St.**  
**Aylesbury, Bucks HP20 2TW**

## STATEMENT OF ACCOUNTING POLICIES

The following principles have been adopted in compiling the Authority's Accounts:

### **1. GENERAL PRINCIPLES**

The general principles adopted are those recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA), which has prepared guidance notes on the application of Statements of Standard Accounting Practice (SSAPs) and Financial Reporting Standards (FRSs) to local authority accounts. The accounts comply with all the relevant standards covered by the guidance notes, except where departures are disclosed in the following paragraphs. In some cases, there may be small discrepancies between figures appearing in different accounting statements; these are due to the rounding necessary when producing summarised statements. The figures on the left of each financial statement are included for comparison purposes and relate to the year ended 31st March 2007.

### **2. ACCRUALS OF INCOME AND EXPENDITURE**

All revenue and capital transactions have been recorded on an income and expenditure basis. Provision has been made on an actual or estimated basis for all debtors and creditors as at 31 March 2008. Provisions made for doubtful debts are shown as a note to the Balance Sheet and in the appropriate Revenue Accounts. There is a requirement for Local Authorities to analyse services based upon the CIPFA standard classification as detailed in the Best Value Accounting Code of Practice.

### **3. ALLOCATION OF EXPENDITURE ON SUPPORT SERVICES**

The costs of support services during the year have been allocated to the revenue and capital accounts of the Authority on a variety of bases. These allocation bases are a combination of actual time spent by staff and staff numbers on the various services, together with a number of fixed price agreements. Service Level Agreements (SLAs) have been adopted as the methodology for charging between service areas.

### **4. GOVERNMENT GRANTS**

Grants and subsidies have been credited to the appropriate revenue and capital accounts and accruals have been made for balances known to be receivable for the period to 31 March 2008. Grant received for the purchase of fixed assets are deferred and amortised over the useful economic life of the assets. Deferred government grants are now charged directly to service accounts rather than as a corporate income item.

### **5. TANGIBLE FIXED ASSETS**

All expenditure on the acquisition, creation or enhancement of fixed assets is capitalised on an accruals basis in the accounts, provided that the fixed asset yields benefits to the Authority and the services it provides, for a period of more than one year. The Council has established a de-minimis level of £10,000 on capital transactions. Expenditure on fixed assets under this level is not capitalised. Expenditure on routine repairs and maintenance of fixed assets is charged direct to service revenue accounts and is not capitalised. Income from the disposal of fixed assets is accounted for on an accruals basis.

Fixed assets are valued on the basis recommended by CIPFA and in accordance with the Statements of Asset Valuation Principles and Guidance Notes issued by The Royal Institution of Chartered Surveyors (RICS). Fixed assets are classified into groupings required by the 2008 Statement of Recommended Practice on Local Authority Accounting. All assets were last valued on the 21 March 2007, with 20% being revalued as at 18<sup>th</sup> March 2008, on the following basis:

Properties regarded by the Authority as operational were valued on the basis of open market value for the existing use or, where this could not be assessed because there was no market for the subject asset, the depreciated replacement cost.

Properties regarded as non-operational, including investment properties, have been valued on the basis of open market value.

Community assets are included in the balance sheet at a nominal value of £1 each.

Re-valuations of land and buildings are planned at five yearly intervals, although material changes to asset valuations will be adjusted in the interim period, as they occur, including an annual assessment of indications of impairment. The Councils property assets were revalued in the spring and the new valuations have been reflected in the accounts. A de minimis value of £30,000 has been set for valuations although this has not been applied to property already included in the existing valuation.

Depreciation is provided for on all fixed assets with a finite useful life (which can be determined at the time of acquisition or revaluation), apart from investment properties. Newly acquired assets and assets in the course of construction are not depreciated until they are brought into use. Where depreciation is calculated, the straight-line method is used over the following periods:

Buildings	20 – 70 years
Infrastructure	30 – 70 years
Vehicles and Equipments	3 – 5 years

The Council will review all properties each year with a view to determining any impairment. Any changes will be reflected within the service line of the income and expenditure account.

#### **6. CHARGING FOR THE USE OF CAPITAL ASSETS**

All service centres are charged with the following amounts to record the real cost of holding fixed assets during the year. Depreciation attributable to the assets used by the relevant service, impairment losses attributable to the clear consumption of economic benefits on tangible fixed assets used by the service and amortisation of intangible fixed assets attributable to the service. This is different to previous years where a notional interest charge was also charged to the service centres.

#### **7. INTANGIBLE ASSETS (Deferred Charges)**

Intangible Assets represent expenditure which may properly be capitalised, but which does not represent tangible fixed assets, and in the main this relates to expenditure on home improvement grants and grants to housing associations for affordable housing. These charges are written off to the income and expenditure account in the year the expenditure was incurred.

#### **8. CAPITAL RECEIPTS**

Capital receipts from the disposal of assets are held in the Usable Capital Receipts Account until such time as they are used to finance capital expenditure, these can be applied at the Council's discretion. Since April 2004 Government regulations require that all Local Authorities must pay up to 75% of housing capital receipts, excluding stock transfer receipts, to a Central Government Pool. Although, the Council has transferred its housing stock, receipts in the form of repaid discounts and mortgage repayments fall under this regulation. From last year all gains and losses on the disposal of fixed assets are now recognised in the income and expenditure account.

#### **9. FINANCE AND OPERATING LEASES**

The Council has acquired some assets, mainly wheeled bins, recycling baskets vehicles and photocopiers, under leases. Rentals paid under leasing arrangements have been accrued and accounted for through the revenue accounts in the period to which they relate.

The amount of outstanding payments of material items acquired under operating leases is recorded as a note to the Balance Sheet. The amount of operating lease rentals paid during the year is also shown.

#### **10. STOCKS AND STORES**

Stocks and stores held by the Council are recorded in the accounts at the lower of cost or net realisable value.

#### **11. FINANCIAL RELATIONSHIPS WITH RELATED COMPANIES**

The Council holds a majority stake in the Aylesbury Vale Development Holding Company and its two subsidiaries, shown in the Council's accounts under 'Investments'. The accounts of the three companies have been consolidated within the overall AVDC accounts. The Council also has a 25% holding in the Aylesbury Sports Company. Further details are contained in the notes to the Balance Sheet.

#### **12. PENSION PROVISIONS**

In 2007/08, the pension costs that were previously charged to the Council's accounts in respect of its employees are now charged to the new pension asset / liability reserve. The actual costs paid have been replaced in the accounts by a new current service cost. The costs that arise in respect of certain pensions paid to retired employees on an unfunded basis, and the provision made for future liabilities arising from recent retirements and redundancies are now charged to the pension asset / liability reserve.

#### **13. PROVISIONS**

Provisions are established for any liabilities or losses, which are likely to be incurred or certain to be incurred but uncertain as to the amounts, or the dates on which they will arise. The provisions established are disclosed by way of a note to the core financial statements and indicate the purpose for establishing the provision.

#### **14. EARMARKED RESERVES.**

The Council sets aside amounts for specific policy purposes and balances, which represent general contingencies and cash flow management. Section 25 of the Local Government Act 2003 requires the Head of Finance to report to the Council on the robustness of estimates and adequacy of reserves implicit in each year's budget proposals, this report is considered each January. The Statement of Total Recognised Gains and Losses summarises all movements of the revenue and capital reserves. The following paragraphs provide an explanation of those reserves, whose balance is in excess of £1 million.

##### **(a) Benefit Subsidy Reserve**

The Council has established a reserve for the purpose of meeting fluctuations in respect of housing benefit subsidy. Additional year end subsidy received during the following year will be available to meet future fluctuations once the final benefit subsidy position is known.

##### **(b) Corporate Property Reserve**

The Council maintains a reserve for the purpose of providing for the future refurbishment of General Fund property assets.

##### **(c) Interest Equalisation Reserve**

The Council has established a reserve for the purpose of maintaining the level of interest transferred to the General Fund annually. The reserve helps to counteract any fluctuations in interest rates.

**(d) Amenity Areas**

The Council has established a reserve to hold commuted sums and sums received by way of section 106 agreements. The sums are invested and the interest transferred to the general fund to meet on going revenue costs.

**(e) Superannuation Reserve**

This reserve has been established for the purpose of meeting back funding contributions and pension strain costs in respect of deleted posts.

**(f) Property Sinking Reserve**

In December 2007 the Council established a Property Sinking Fund for the purpose of meeting large maintenance and refurbishments costs associated with operational buildings, particularly the offices and the new theatre.

**(g) Industrial Rent Loss**

During the year the Council established an industrial rent loss for the purpose of meeting the revenue rent loss caused by major tenants vacating industrial premises.

**15. INVESTMENTS**

All investments have been recorded in the accounts at cost, including brokerage and other fees, including the 5.5% Government stocks held by the Council that were re-valued to the lower of cost or net realisable value.

**16. RELATED PARTIES**

All District Councillors and senior officers of the Council have been asked to declare any transactions with the Council by themselves, their close family, or any organisation that they are involved with. The disclosure in note 9 to the Income and Expenditure account details any responses received by the Head of Finance.

**17. REVALUATION RESERVE / CAPITAL ADJUSTMENT ACCOUNT**

From the 1<sup>st</sup> April 2008 a new revaluation reserve was created replacing the Restatement Reserve and the old Capital Financing Account was replaced with the Capital Adjustment Account. The balance on these reserves do not represent resources available to support capital financing but record the accumulated gains on the fixed assets held by Aylesbury Vale District Council.

**STATEMENT OF RESPONSIBILITIES FOR THE**

**STATEMENT OF ACCOUNTS**

**THE AUTHORITY'S RESPONSIBILITIES**

The Authority 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 authority, that officer is the Head of Finance.
- To manage its affairs: to secure economic, efficient and effective use of resources and safeguard its assets.
- To approve the Statement of Accounts

**THE HEAD OF FINANCE'S RESPONSIBILITIES**

The Head of Finance is legally and professionally responsible for the preparation of the authority's statement of accounts which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain ('the Code'), is required to present fairly the financial position of the authority at the accounting date and its income and expenditure for the year ended 31st March 2008.

In preparing this statement of accounts, the Head of Finance has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Stated whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Statement of Accounts.
- Complied with the Code.

The Head of Finance has also:

- Kept proper accounting records which were up to date:
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the Statement of Accounts set out on pages 1 to 34 presents fairly the financial position of Aylesbury Vale District Council as at 31<sup>st</sup> March 2008 and its income and expenditure for the year ended 31<sup>st</sup> March 2008.

The accounts have been approved by the Audit Committee at its meeting on the 24th June 2008.

.....CPFA Head of Finance

.....Date

.....Chairman of the Audit Committee

.....Date

**INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 31 MARCH 2008**

This account summarises the resources that have been generated and consumed in providing services and managing the council during the last year. It includes all day-to-day expenses and related income on accruals basis, as well as transactions measuring the value of fixed assets actually consumed and the real projected value of retirement benefits earned by employees in the year.

2006/07 Net Expenditure £'000	EXPENDITURE ON CONTINUING SERVICES	2007/08 Gross Expenditure £'000	2007/08 Gross Income £'000	2007/08 Net Expenditure £'000
	<b><u>Housing Services</u></b>			
178,558	Housing Revenue Account	0	137	-137
6,863	General Fund Housing	32,019	26,072	5,947
<b>185,421</b>		<b>32,019</b>	<b>26,209</b>	<b>5,810</b>
	<b><u>Central Services</u></b>			
2,802	Corporate & Democratic Core	3,089	295	2,794
712	Non Distributed Costs	5,138	0	5,138
1,543	Central Services to the Public	10,891	9,043	1,848
<b>5,057</b>		<b>19,118</b>	<b>9,338</b>	<b>9,780</b>
	<b><u>Cultural, Environmental &amp; Planning Services</u></b>			
5,072	Cultural & Related Services	9,273	3,043	6,230
7,102	Environmental Services	13,270	5,171	8,099
3,194	Planning & Development Services	7,024	2,939	4,085
<b>15,368</b>		<b>29,567</b>	<b>11,153</b>	<b>18,414</b>
	<b><u>Highways, Roads &amp; Transport Services</u></b>			
119	Street Lighting	99	2	97
-593	Parking Services	4,099	3,017	1,082
885	Public Transport	1,030	149	881
<b>411</b>		<b>5,228</b>	<b>3,168</b>	<b>2,060</b>
<b>206,257</b>	<b>NET COST OF SERVICES (Notes 1 to 9)</b>	<b>85,932</b>	<b>49,868</b>	<b>36,064</b>
2,701	Parish Precepts			2,861
-3,721	Trading Activities (Note 10)			-3,036
-416	-Gain / Loss on Disposal of Fixed Assets			-501
1,157	HRA Capital Receipts Pooling Levy (Note 11)			100
5,361	Stock Transfer Levy			0
-4,485	Interest and Investment Income			-5,675
1,325	Interest Cost / Return on Pensions			1,657
578	Other Operating Costs			688
-3	Commutated Sum Income			-91
0	Capital Income			-3,933
<b>208,754</b>	<b>NET OPERATING EXPENDITURE</b>			<b>28,134</b>
-11,104	Precepts on the Collection Fund			-11,736
45	Transfer from Collection Fund of Surplus			-103
-917	Other Government Grants			-557
-1,836	Revenue Support Grant			-1,639
-9,312	NNDR share of Pool			-9,766
<b>-23,124</b>				<b>-23,801</b>
<b>185,630</b>	<b>DEFICIT FOR THE YEAR TAKEN TO GENERAL FUND</b>			<b>4,333</b>



**STATEMENT OF MOVEMENT ON GENERAL FUND BALANCE**  
**FOR THE YEAR ENDED 31 MARCH 2008**

The Income and Expenditure Account shows the council's actual financial performance for the year, measured in terms of the resources consumed and generated over the last 12 months. However, the authority is required to raise council tax on a different accounting basis, the main differences being:

- Capital investment is accounted for as it is financed, rather than when the fixed assets are consumed.
- The payment of a share of housing capital receipts to the Government scores as a loss in the Income and Expenditure Account, but is met from the usable capital receipts balance rather than council tax.
- Retirement benefits are charged as amounts payable to pension funds and pensioners, rather than as future benefits earned.

The Statement of Movement on the General Fund Balance compares the Council's spending against the council tax it raised for the year, taking account the use of reserves built up in the past and contributions to reserves earmarked for future expenditure.

The reconciliation statement summarises the difference between the outturn on the Income and Expenditure Account and the General Fund Balance. The table below the Statement of Balances gives a further analysis of the other amounts required under statutory and non statutory proper practices.

2006/07 £,000	STATEMENT OF BALANCES	2007/08 £,000
-5,740	Balance In Hand at 1st April 2007	-4,858
185,630	Income and Expend -Surplus / Deficit for the Year	4,333
-184,748	Net Amount Required by Statute and Non Statutory Proper Practices	-4,806
882	General Fund -Surplus / Deficit For The Year	-473
<b>-4,858</b>	<b>Balance In Hand at 31st March 2008</b>	<b>-5,331</b>

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**FOR THE YEAR ENDED 31 MARCH 2008**

This statement brings together all the gains and losses of the Council for the year and shows the aggregate increase or decrease in its net worth. In addition to the deficit generated in the Income and Expenditure Account, it includes gains and losses relating to the revaluation of fixed assets and re-measurement of the net liability to cover the cost of retirement benefits.

Year Ending 2006/07 £'000	STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES	Year Ending 2007/08 £'000
185,630	Deficit on the Income and Expenditure Account for the Year	4,333
197,989	-Gains or Losses on Revaluation of Fixed Assets	-4,499
0	-Surplus / Deficit on Revaluation of Available for Sale Financial Assets	0
-122	Movement on the Collection Fund Balance	99
23	Other Losses Required to be included in the STRGL	0
-5,343	Actuarial Gain relating to pensions	-6,594
<b>378,177</b>	<b>Total Recognised -Gains and Losses for the Year</b>	<b>-6,661</b>



**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2008**

2006/07 £'000		2007/08 £'000	2007/08 £'000
	<b>Revenue Activities</b>		
	<b>Expenditure</b>		
22,050	Employment Costs	22,810	
43,798	Other Operating Costs	24,696	
18,643	Housing Benefits	23,840	
3,064	Housing Subsidy	-31	
60,130	Bucks County Council Precept	64,357	
8,545	Thames Valley Police Authority Precept	9,187	
3,214	Bucks & Milton Keynes Fire Authority	3,454	
2,701	Parish Precepts	2,861	
38,466	Payments to National Pool	40,934	
200,611	<b>Total Payments</b>		192,108
	<b>Income</b>		
-4,020	Net Rents after Rebates	0	
-79,235	Council Tax Income	-81,889	
0	Collection Fund Disbursements	0	
-40,863	N.N.D.R. Income	-40,219	
-1,836	Revenue Support Grant	-1,639	
-30,466	DSS Rebate Grants	-31,614	
-2,824	Other Government Grants	-2,118	
-42,619	Other Income	-34,171	
-201,863	<b>Total Receipts</b>		-191,650
-1,252	<b>Net Cash Inflow From Revenue Activities</b>		458
	<b>Returns on Investments and Servicing of Finance</b>		
0	Interest Paid	0	
-3,635	Interest Received	-6,201	
-3,635	<b>Net Cash (Outflow) / Inflow</b>		-6,201
	<b>Capital Activities</b>		
	<b>Cash Outflows</b>		
18,473	Purchase of Fixed Assets / Enhancements	10,807	
5,361	Capital Grants and Advances	3,161	
23,834	Total Payments		13,968
	<b>Cash Inflows</b>		
-49,103	Sale of Fixed Assets	-7,792	
-2,464	Capital Grants Received	-1,404	
-46	Other Income	-1,850	
-51,613	Total Receipts		-11,046
-27,779	<b>Net Cash Inflow From Capital Activities</b>		2,922
	<b>Management of Liquid Resources</b>		
31,692	Decrease/(Increase) in short term investments		3,087
	<b>Financed By</b>		
0	New short term Loans (Cash inflow)	0	
0	Repayment of Short Term Loans (Cash outflow)	0	
0	Repayment of Long Term Debt (Cash outflow)	0	0
-974	<b>-Increase / Decrease in Cash</b>		266

**NOTES TO THE CORE FINANCIAL STATEMENTS**  
**INCOME AND EXPENDITURE ACCOUNT**

**SERVICE EXPENDITURE ANALYSIS / CONTINUING SERVICES**

**1. SPECIAL EXPENSE AREA**

Under the Local Government Finance Act 1988, Special Expenses are levied on Aylesbury for services which are provided by the District solely for this area, and which are provided elsewhere in the District by the Town and Parish Councils. A summary revenue account is shown below.

Net Expenditure £'000s		Expenditure £'000s	Income £'000s	Net Expenditure £'000s
558	Parks & Recreation Grounds	713	-123	590
246	Community Centres	519	-258	261
77	Cemetery	29	-12	17
-23	Open Air Market	27	-50	-23
16	Small Scale Enhancements	0	-6	-6
-4	Interest on Balances	0	-5	-6
0	Transfer to Town Council	44	0	44
870	<b>Total</b>	<b>1,332</b>	<b>-454</b>	<b>877</b>
-891	Precept For The Year			-945
-21	-Surplus For The Year			-68
-93	Balance In Hand 1 <sup>st</sup> April 2007			-114
<b>-114</b>	<b>Balance In Hand 31st March 2008</b>			<b>-182</b>

At the end of May 2007 the cemetery and mausoleum were transferred to the Aylesbury Town Council for nil cost. The unspent budget on the cemetery and the money collected from third parties who had purchased a mausoleum chamber was passed over to the Town Council.

2006/07	AYLESBURY SPECIAL EXPENSES MAUSOLEUM ACCOUNT 2007/08	2007/08		
Net Expenditure £'000s	Expenditure £'000s	Income £'000s	Net Expenditure £'000s	
-26	Aylesbury Mausoleum	1	-10	-9
-6	Interest on Balances	0	-1	-1
0	Transfer to Town Council	187	0	187
-32	<b>Total</b>	<b>188</b>	<b>-11</b>	<b>177</b>
-145	Balance In Hand 1st April 2007			-177
<b>-177</b>	<b>Balance In Hand 31st March 2008</b>			<b>0</b>

**2. AGENCY SERVICES**

**Highway Verges Maintenance**

The District Council cuts the highway verges within the towns and villages on behalf of Buckinghamshire County Council. In 2007/08 AVDC received £228,754 for providing this service, (2006/07 - £219,968). The expenditure relating to this service was £268,347, leaving £39,593 funded by the District Council.

**Special Parking Areas**

In 2003/04 the District Council took responsibility for administering the Special Parking Areas in Aylesbury and Buckingham on behalf of Buckinghamshire County Council. The agreement is for 5 years with the yearly surplus or deficit being carried forward each year until the end of the agreement. In the case of a deficit Aylesbury Vale has to meet the first £312,000 after that the deficit will be met by Bucks County Council. In 2007/08 the expenditure relating to this service was £405,678, whilst the income was £246,192 resulting in a deficit of £159,486.

2006/076 £'000	Special Parking Areas	2007/08 £'000	2007/08 £'000
	<b>Expenditure</b>		
4	Bailiffs Commission	4	
32	Bad Debts Contribution	20	
370	Management Costs	381	405
	<b>Income</b>		
-170	Penalty Notices	-196	
-38	Residents Parking	-44	
-3	Visitor Parking	-6	-246
<b>195</b>	<b>Deficit for the Year</b>		<b>159</b>

### 3. PARTNERSHIPS

#### County Sports

Aylesbury Vale District Council (the host authority) is in partnership with Buckinghamshire County Council, Chiltern District Council, Milton Keynes Council, South Bucks District Council and Wycombe District Council. The partnership, known as County Sports, has been established to "coordinate, develop and improve the sporting opportunities available to all people in Buckinghamshire". The work is undertaken in cooperation with Sport England who provides Lottery grants to AVDC to fund the work. All income and expenditure is recorded within the revenue account, total expenditure in the year was £973,032 against income of £1,752,666, and the unspent money is carried forward into 2007/08. The sports that benefited during 2007/08 were basketball, cricket, hockey, netball, girls' football, rugby swimming and athletics.

### 4. AUDIT COSTS

In 2007/08 Aylesbury Vale incurred the following fees, payable to the Audit Commission, relating to external audit and inspection:

2006/07 £'000	Audit Costs		2007/08 £'000
148	External Audit Services	*	127
0	Statutory Inspection		0
35	Certification of Grant Claims and Returns	#	46
<b>183</b>	<b>Total</b>		<b>173</b>
* = Planned, # = Estimate			

### 5. SECTION 137 EXPENDITURE

Section 137 of the Local Government Act 1972 (as amended by the Local Authorities (Discretionary Expenditure Limits) (England) Order 2005) enables a local authority to spend for the benefit of the people in their area on activities or projects not specifically authorised by other powers. Following amendments under the Local Government Act 2000 the Council is obliged to publish details of grants contributed to certain charitable funds, not-for-profit bodies providing a public service in the UK and mayoral appeals. The amount spent under this power was £122,042, mainly on grants to voluntary bodies. Grants made under this section are detailed in section 9. There is a small amount of staff time involved in administering the grants but it is considered immaterial for reporting.

### 6. SECTION 5 EXPENDITURE

Section 5 of the Local Government Act 1986 requires local authorities to keep a separate account of publicity.

2006/07 £'000	Publicity Account	2007/08 £'000
250	Staff Advertisements	80
126	Other Publicity	158
<b>376</b>	<b>Publicity Costs</b>	<b>238</b>

### 7. OFFICERS' REMUNERATION

The following information is required under the Accounts and Audit Regulations 2003. This note gives the number of officers, employed during the year, whose remuneration exceeded £50,000 in 2007/08. For this purpose remuneration includes all taxable benefits, but excludes pension contributions.

31st March 2007	Remuneration Band £		31st March 2008	
18	50,001	↔	60,000	13
1	60,001	↔	70,000	8
0	70,001	↔	80,000	2
2	80,001	↔	90,000	2
0	90,001	↔	100,000	0
0	100,001	↔	110,000	0
0	110,001	↔	120,000	0
0	120,001	↔	130,000	1

## 8. MEMBERS' ALLOWANCES

In line with Government requirements the Council's scheme of allowances consists of a Basic Allowance of £5,004 (£4,824 in 2006/07) and a Special Responsibility Allowance that depends on each Member's role in the Council. The total allowances paid to members during the year are shown below. Detailed information on individual allowances paid is available on request.

2006/07 £'000	Members' Allowances	2007/08 £'000
300	Basic Allowance	312
126	Special Responsibility	133
<b>426</b>	<b>Total Allowances</b>	<b>445</b>

## 9. RELATED PARTY TRANSACTIONS

The Council is required to disclose the existence of related parties and material transactions with them. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another parts ability to bargain freely with the Council.

The related parties of Aylesbury Vale District Council are considered to be Central Government, Local Authorities and other bodies' precepting on the council tax, the Vale of Aylesbury Housing Trust, associated bodies, Members, senior officers and the Pension Fund. The majority of transactions with these parties are disclosed elsewhere in the accounts and are therefore not repeated again here.

### Transactions with elected Members and Senior Officers

A review has been made of the register of Members' Interests and of declarations of interests made by Members during the year. No related party issues arose.

### Transactions with Voluntary Organisations

During 2007/08 the Council gave grants to the following voluntary organisation where it also appointed Councillor(s) to sit on the Management Committee or board.

31st March 2007 £'000	Grants To Voluntary Bodies	31st March 2008 £'000
3	Aylesbury Vale Advocates	3
65	Aylesbury Dial - A - Ride	72
19	Aylesbury Vale Age Concern - *	21
22	Aylesbury Vale Arts Council	15
32	Aylesbury Vale Council for Racial Equality - *	36
11	Aylesbury Vale Volunteer Council - *	12
25	Aylesbury Womens Aid - *	28
20	Quarrendon & Meadowcroft Comm Association	20
8	Bucks Community Action - *	0
8	Aylesbury Vale Rape Crisis	8
77	Citizens Advice Bureau - Aylesbury	86
63	Citizens Advice Bureau - Buckingham	72
9	Dove Centre	10
8	Haydon Hill Comm Association	10
0	Healthy Living Centre	15
7	Luncheon Club Grants - *	9
8	Maxwell Swim Squad	0
22	Minor Grants - Sports Council	22
17	Multicultural Centre	20
31	Play Association	42
24	Queens Park Centre	30
12	Relate - *	13
12	Southcourt Project	13
14	Uptown Coffee Bar	16
16	Walton Court Community Association	17
<b>533</b>	<b>TOTAL</b>	<b>590</b>
- * = Payments made under Section 137(3).		

#### 10. TRADING SERVICES

The net surplus shown as Trading Services in the General Fund Income and Expenditure Account covers the operation of the industrial and commercial holdings. The income and expenditure for all the operations is shown below:

2006/07 £'000	Trading Services	2007/08 £'000
-4,512	Income from Operations	-4,153
791	Expenditure	1,117
<b>-3,721</b>	<b>Net Trading Position</b>	<b>-3,036</b>

#### BUILDING CONTROL ACCOUNT

The Building (LA Charges) Regulations 1998 require an authority to determine a Scale of Charges for Building Regulation activity. The regulations also require that the income that is derived shall not be less than the costs incurred in performing the Building Regulation function over a continuous three year period. The income and expenditure arising from the Scheme in the financial year 2007/08 is shown below.

Chargeable		Building Control Services	Chargeable £'000	Non Chargeable £'000	Total 2007/08 £'000
2005/06 £'000	2006/07 £'000				
-642	-592	Income from Building Control	-627	-25	-652
598	575	Expenditure	560	197	757
<b>-44</b>	<b>-17</b>	<b>Net Trading Position</b>	<b>-67</b>	<b>172</b>	<b>105</b>

## 11. HOUSING CAPITAL RECEIPT LEVY

From the 1<sup>st</sup> April 2004, the Government changed the way the set aside element of capital receipts was treated. Prior to this date 75% of Housing receipts had to be set aside unless you were debt free but from April 2004 it had to be paid over to the DCLG. During 2007/08 AVDC paid a capital receipt levy of £99,512.

## 12. APPROPRIATIONS

2006/07 £'000	Appropriations Made During the Year	2007/08 £'000	2007/08 £'000
	<b>REVENUE RESERVES</b>		
	<b>Contribution –from Earmarked Reserves</b>		
-29	Insurance	-77	
0	Elections	-101	
0	Business Transformation	-82	
0	LABGI	-50	
0	Commercial Property Repairs	-189	
0	Interest Equalisation	-8,000	
0	Housing Benefit Subsidy	-500	
0	Planning Fees and Appeal Costs	-278	
0	Repairs and Renewals	-492	
-69	Parish Council Commuted Sums	-115	
0	HRA Reserve	-2,323	
0	Olympic Action Plan	-50	
0	Industrial Rent Loss	-319	
-86	Miscellaneous	-181	-12,757
	<b>Contribution to Earmarked Reserves</b>		
0	Property Sinking	5,000	
0	Industrial Rent Loss	3,881	
47	Insurance	36	
149	Information Technology	91	
222	Business Transformation	175	
105	Superannuation	161	
3,314	Interest Equalisation	3,467	
0	LABGI	1,273	
0	Pathfinder	85	
0	Housing Needs and Section 106	134	
284	Planning Fees and Appeal Costs	201	
66	Repairs and Renewals	1,332	
62	Car Parking Reserve	64	
11	Open Spaces Section 106s	91	
57	District Council Elections	21	
110	Other	6	
109	Licensing Income	0	
0	Fairford Leys Riverine Corridor	173	
36	Corporate Improvement	60	
564	Benefit Subsidy	981	17,232
<b>4,952</b>	<b>Total of Discretionary Revenue Transfers</b>		<b>4,475</b>
53	Aylesbury Special Expenses		-109
	<b>CAPITAL RESERVES</b>		
-44	<b>Contribution –from Capital Adjustment Acc</b>		-47
0	<b>Contribution -from Capital Reserve</b>		-1,434
	<b>Contribution to Capital Reserves</b>		
858	Capital Reserves / Adjustment Account	596	
139	Fairford Leys Reserve	0	
0	Capital Receipts Unapplied Account	9,450	10,046
<b>-44</b>	<b>Total of Discretionary Capital Transfers</b>		<b>8,565</b>
<b>4,961</b>	<b>Total of Discretionary Transfers</b>		<b>12,931</b>
-1,157	<b>Contribution -from Usable Capital Receipts</b>		-100



### **13. THE EURO**

Officers have considered the impact of the Euro and have decided that no action will be taken until such time as the Government should decide to hold a referendum. No significant costs have been incurred to date connected with the Euro. However, all future financial systems that are procured will be capable of switching to the Euro.

### **14. INVOLVEMENT IN LOCAL AREA AGREEMENT (LAA)**

The Council is a participant in an LAA – a partnership with other public bodies involving the pooling of government grants to finance work towards jointly agreed objectives for local public services. In 2007/08 the Bucks LAA completed the second and final year of its original agreement. A new LAA agreement will be agreed in 2008.

The purpose of the LAA is:

- To form an agreement between the Buckinghamshire Strategic Partnership, Government (represented by the Government Office for the South East (GOSE)), and other external agencies, to ensure that together we achieve the vision as set out in the Buckinghamshire Community Strategy 2005-08.
- To agree specific outcomes and targets that will be achieved each year of the agreement.
- To improve the effectiveness and efficiency of public services in Buckinghamshire by pooling and aligning funding streams.

The Buckinghamshire Strategic Partnership Partners include:

- Local government bodies – Buckinghamshire County Council, Aylesbury Vale District Council, Chiltern District Council, South Bucks District Council and Wycombe District Council.
- Community protection authorities – Bucks Fire & Rescue and Thames Valley police.
- Health bodies – Bucks PCT, Buckinghamshire Hospitals NHS Trusts.
- Learning bodies – Bucks Lifelong Learning Partnership, MKOB Learning and Skills Council, Thames Valley Learning and Skills Council.
- Other bodies – Bucks Community Action, Chiltern Community Partnership, Age Concern Bucks, The Wycombe Partnership, Wycombe REC, Bucks Forum of Faiths, Bucks Association of Local Councils, Youth Focus, Chilterns Conservation Board, South Bucks Partnership, Voluntary Impact and Federation of Small Businesses.

Buckinghamshire County Council acts as the accountable body for the LAA. This means that it is responsible for managing the distribution of grant paid by GOSE to the partners involved, but the council does not determine which bodies are due payments – this is determined by the partnership. In this context Buckinghamshire County Council acts as an agent to the partnership.

The total amount of LAA grant received by the Partnership in 2007/08 was £9.6m. Aylesbury Vale District Council received £195,472 of this total.

## 15. RECONCILIATION OF SURPLUS / DEFICIT TO INCOME AND EXPENDITURE ACCOUNT

The movement for the year on the General Fund was £4.803m (£184,748m surplus in 2006/07) and is explained as follows. The Income and Expenditure Account discloses the income and expenditure incurred in operating the authority's services for the year and is equivalent to the Profit and Loss Account of a business. There are, however, other items that need to be credited or debited to the General Fund as laid down in statute and non-statutory 'proper practices' and these are shown in the table below. Whilst, the surplus or deficit on the Income and Expenditure Account is one measure of the Council's financial result for the year in accordance with Generally Accepted Accounting Practice, the movement on the General Fund Balance is also an important aspect of the Council's stewardship.

<b>RECONCILIATION OF SURPLUS / DEFICIT TO INCOME &amp; EXPENDITURE ACCOUNT</b>			
<b>£,000</b>	<b>Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the General Fund surplus or deficit for the year.</b>	<b>£'000</b>	<b>£,000</b>
-1,164	Depreciation, amortisation and impairment of fixed assets (excluding depreciation charged to HRA services)	-12,741	
-16	Government Grants Deferred amortisation matching depreciation	16	
416	Gain / -Loss on Disposal of Fixed Assets	501	
-5,133	Write Down of Deferred Charges	-3,796	
-2,867	Amounts by which pension costs are different from the contributions due under the pension scheme regulations.	-4,681	
<b>-8,764</b>			<b>-20,701</b>
<b>Amounts not included in the Income and Expenditure Account but required by statute to be excluded when determining the General Fund surplus or deficit for the year.</b>			
-1,157	Transfer from Usable Capital Receipts to meet payments to the Housing Capital Receipts Pool	-100	
-5,361	Transfer from Usable Capital Receipts to meet payment of the Stock Transfer Levy	0	
3,134	Employer's Contributions payable to the Pension Fund and retirement benefits payable direct to pensioners.	3,428	
<b>-3,384</b>			<b>3,328</b>
<b>Transfers to or from the General Fund that are required by statute to be taken into account when determining the General Fund surplus or deficit for the year.</b>			
-178,558	Statutorily required transfer of the statutory surplus/deficit for the year on the HRA to the HRA Reserve.	137	
5,958	Transfers made at the discretion of the Council to or from reserves that have been earmarked for specific purpose. (Note 12)	12,430	
<b>-172,600</b>			<b>12,567</b>
<b>-184,748</b>	<b>NET AMOUNT REQUIRED BY STATUE AND NON-STATUTORY PROPER PRACTICES TO BE DEBITED OR CREDITED TO THE GENERAL FUND BALANCE</b>		<b>-4,806</b>

## NOTES TO THE BALANCE SHEET

### 16. FIXED ASSETS

Movements in fixed assets during the year were as follows:

	Land & Buildings £'000	Developm't Sites £'000	Leased Properties £'000	Vehicles & Equipment £'000	C'munity Assets £'000	Invest't Props £'000	Total £'000
<b>Gross Value 1 April 2007</b>	75,629	5,968	12,700	675	1,748	72,526	169,246
Accumulated Depreciation and Impairment	-13,606		-192	-528	-1,579	-5,158	-21,063
<b>Net Value 1 April 2007</b>	<b>62,023</b>	<b>5,968</b>	<b>12,508</b>	<b>147</b>	<b>169</b>	<b>67,368</b>	<b>148,183</b>
<b>Movement in 2007/08</b>							
Reclassification	-1,028	565				463	0
Revaluations	991		233			1,245	2,469
Additions	2,986	1,051	181	2,264		89	6,571
Impairments	-4,456	-352	-56			-918	-5,782
Disposals	-1,210	-3,804					-5,014
Depreciation	-1,506		-318	-121			-1,945
Enhancements							0
<b>Net Value 31 March 2008</b>	<b>57,800</b>	<b>3,428</b>	<b>12,548</b>	<b>2,290</b>	<b>169</b>	<b>68,247</b>	<b>144,482</b>

#### Fixed Asset Valuation

A partial revaluation of 20% of the assets, along with some significant changes, was carried out by the Colin Hammond M.R.I.C.S. of the Valuation Office. It is the intention that a rolling programme of revaluation of 20% of the property, along with any significant changes, will be undertaken each year. See note 5 on page 4 of the Statement of Accounting Policies. During the valuation exercise the properties were assessed for impairment of which there was some and this is reflected in the table above. Community assets consist of the Council's parks plus a number of small areas of open space.

An analysis of the number of Fixed Assets held can be found below:

Properties	31st March 2007	31st March 2008
Civic Centre	1	1
Community Centres	8	8
Office	4	4
Public Conveniences	4	4
Car Parks	19	19
Swimming Pools	2	2
Homelessness Accommodation	2	1
Vehicles	37	38
Parks and Open Spaces	620 acres	620 acres
Sports Pavilions	6	6
Cemeteries	1	0
Property Rented Out	203 units	203 units

### 17. DEFERRED CHARGES

Deferred charges arise when payments of a capital nature are made and no fixed asset is created. They are written off to the capital adjustment account in the year in which they arise.

Balance 31/03/2007 £,000		Raised In Year £,000	Written Off In Year £'000	Balance 31/03/2008 £,000
0	Renovation Grants	505	-505	0
0	Enabling Schemes	2,636	-2,636	0
0	IE Government	212	-212	0
0	Match Funding	95	-95	0
0	Aylesbury Mausoleum	124	-124	0
0	Post Transfer House Repairs	200	-200	0
0	Car Park	24	-24	0
0	<b>TOTAL</b>	<b>3,796</b>	<b>-3,796</b>	<b>0</b>

## 18. CAPITAL EXPENDITURE AND FUNDING STATEMENT

This statement shows the Council's total capital expenditure and how it was funded. The figures above are different to those shown in the tables on page 27. Those figures are on an accruals basis and include year end creditors, whilst the figures above are on a cash basis.

CAPITAL PAYMENTS MADE IN THE YEAR ENDING	31 <sup>st</sup> March 2008	
	£'000	£'000
Renovation & Disabled Facility Grants *	524	
Window Replacement Programme	40	
Reroofing / Doors	22	
Boiler Replacements / Central Heating	29	
Electrical Rewiring	43	
General Improvements	71	
Enabling Schemes *	2,617	3,346
Offices	3,270	
IE Government *	224	
Lodge Replacement	31	3,525
Aylesbury Mausoleum *	24	
Parks and Open Spaces	130	
Swan Pool Boiler	56	
Jonathan Page Extension	51	
St Mary's Churchyard Boundary Wall	127	388
Buckingham One Stop Shop	100	
Rabans Lane Improvements	89	
Friarscroft Car Park Improvements	218	
Hampden House Car Park Improvements	124	
Car Park Improvements	30	
CCTV	84	
Uptown Coffee Bar Relocation	109	754
Waterside Development **	1,681	
Theatre	3,986	
Circus Fields	175	5,842
Matching Funding *		19
Purchase of Vehicles **		20
Other Schemes		74
<b>TOTAL CAPITAL EXPENDITURE (Cash basis)</b>		<b>13,968</b>
<b>FINANCING OF CAPITAL EXPENDITURE</b>		
		<b>£'000</b>
Capital Reserve		2,323
Capital Receipts		11,645
<b>TOTAL FUNDING FOR CAPITAL EXPENDITURE (Cash basis)</b>		<b>13,968</b>

\* Deferred Charges

\*\* Capitalised Expenditure

## FUTURE CAPITAL COMMITMENTS

The Council has an approved capital expenditure programme for the next 5 years that totals £83.194 million. The ability to fully undertake the programme is dependent upon resource availability. Schemes in the programme that are earmarked total £57.307 million, plus another £25.887 million actually committed.

The following table shows some of the major projects over the next five years:

	Contract Value	Amount Outstanding
	£'000	£'000
Theatre Sub Structure	3,087	1,369
Theatre Main Contract	22,800	22,800
<b>TOTAL</b>	<b>25,887</b>	<b>24,169</b>

## CAPITAL EXPENDITURE CONTROLS

The system of allocating credit approvals to finance expenditure by credit arrangement has been replaced by a system known as 'The Prudential Framework'. This new framework allows the Council to determine its own plans based upon affordability. The basis of the framework is as follows:

- Authorities set their capital programme on the basis of long term affordability, taking into account the consequences of investment for future years' revenue accounts.
- Capital grants and receipts are applied to finance capital expenditure. The balance is paid for when the charges hit the revenue accounts, usually in the form of revenue provisions / principal and external interest arising from any borrowing that was necessary to finance expenditure.
- The Council must set their spending plans in accordance with the CIPFA Prudential Code, which sets the process by which members need to set limits on expenditure, borrowing and monitor prudential indicators.

## OPERATING LEASES

The Council holds various capital assets in the form of operating leases, principally recycling baskets, plus a few items consisting of printers and vehicles. The Authority currently has no finance leases. A total of £150,261 was spent on leasing charges during the year and un-discharged leasing obligations for the next 2 years are estimated to be £157,000 per annum dropping to £35,000 thereafter.

## 19. INVESTMENTS

The Council has investments of £96.691 million of which £23.873 million is managed by an external fund manager. The external investments reflect accumulated usable capital receipts, revenue reserves and general receipts.

31st March 2007 £'000		31st March 2008 £'000
52	5.5% Treasury Stock 2008/12	52
1	3.5% War Stock	1
1	2.5% Consolidated Stock	1
0	Aylesbury Vale Dev. Co.	0
54	Total Long Term Investments	54
93,550	Short Term Investments	96,634
<b>93,604</b>	<b>TOTAL</b>	<b>96,688</b>

## Investments in Related Companies

The Council holds 99% of the £100 share capital of the Aylesbury Vale Development Holding Company Ltd, which has two wholly owned subsidiaries - the Aylesbury Vale (Upper Hundreds) Company Ltd, and the Aylesbury Vale Property Development Company Ltd. They have now elected for dormant status.

The Council holds 49% of the share capital of the Buckingham Borough Development Company Ltd., consisting of 49 fully paid £1 ordinary shares. Buckinghamshire County Council holds the majority stake of 51 shares. In October 2001 the Company decided to go into voluntary liquidation. The Company's accounts are now in the hands of the liquidator, Mr Stephen Treharne of KPMG based in St Albans, for the process of winding up the company.

The Council holds £25 of shares in the Aylesbury Sports Company. This company has effectively been dormant for a number of years.

The total investment in related companies is £173 valued at the cost of the share capital.

## 20. INVESTMENTS PORTFOLIO

### Key Risks

Aylesbury Vale District Council's activities expose it to a variety of financial risks. The Council does not require debt financing and currently does not have any debt exposure. As such the key risks are in relation to financial assets and are:

- Credit Risk – the possibility that other parties might fail to pay amounts due to the Council;
- Liquidity Risk – the possibility that the Council might not have funds available to meet its commitments to make payments;
- Re-financing Risk – the possibility that the Council might be required to renew a financial instrument on maturity at disadvantageous interest rates or terms;
- Market Risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates movements.

### Overall Procedures for Managing Risk

The Council's overall risk management procedures focus on the unpredictability of financial markets and implementing restrictions to minimise these risks. The procedures for risk management are set out through a legal framework set out in the Local Government Act 2003 and the associated regulations. These require the Council to comply with the CIPFA Prudential code, the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance issued through the Act. Overall these procedures require the Council to manage risk in the following ways:

- By formally adopting the requirements of the Code of Practice;
- By approving annually in advance prudential indicators for the following three years limiting:
  - The Council's overall borrowing;
  - Its maximum and minimum exposures to fixed and variable rates;
  - The maturity structure of its debt;
  - Its maximum annual exposures to investments maturing beyond a year.
- By approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government Guidance.

These are required to be reported and approved at or before the Council's annual Council Tax setting budget. These items are reported with the annual treasury management strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported annually to Members.

These policies are implemented by a treasury team. The Council maintains written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash through Treasury Management Practice and are reviewed regularly.

### Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above.

The following analysis summarises the Authority's potential maximum exposure to credit risk, based upon on experience of default assessed by the ratings agencies and the Council's experience of its customer collection levels over the last five financial years, adjusted to reflect current market conditions.

Deposits with Banks and	March 2008 £'000	Experience of %	market %	Maximum £'000
AAA rated counterparties	51	0	0	0
AA rated counterparties	23,822	0.027%	0.027%	6
A rated counterparties	21,606	0.627%	0.627%	135
Other counterparties	51,000	0.627%	0.627%	320
Bonds - AAA rates	0	0.001%	0.001%	0
Trade Debtors	2,158	5.000%	5.000%	108
	98,637			570

No breaches of the Council's counterparty criteria occurred during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits and bonds.

The Council does not generally allow credit for its trade debtors, such that £1.2m of the £2.2m balance is past its due date for payment. The past due amount can be analysed by age as follows:

	£,000
Less than one month	890
Month to three months	295
Three to six months	124
Six to twelve months	300
More than one year	549
<b>TOTAL</b>	<b>2,158</b>

Collateral – During the reporting period the council held no collateral as security.

### Liquidity Risk

The Council manages its liquidity position through the risk management procedures above as well through cash flow management procedures required by the Code of Practice. In the event of an unexpected cash requirement the Council has ready access to borrowings from the Money Markets to cover any day to day cash flow need. The Council is also required to provide a balanced budget through the Local Government Act 1992, which ensures sufficient monies are raised to cover the annual expenditure. Therefore, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

### **Refinancing and Maturity Risk**

The Council maintains an investment portfolio, whilst the cash flow procedures are considered against the refinancing risk procedures, longer term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to the maturing of longer term financial assets.

The approved prudential indicator limits investments placed for greater than one year in duration are the key parameters used to address this risk. The Council approved treasury and investment strategies address the main risks and the treasury team address the operational risks within the approved parameters. This includes monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The Council has no long term financial liabilities as all maturities are less than one year.

### **Interest Rate Risk**

The Council is exposed to interest rate movements on its investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- Investments at variable rates – the interest income credited to the Income and Expenditure account will rise; and
- Investments at fixed rates – the fair value of the assets will fall.

Changes in interest payable and receivable on variable rate investments will be posted to the Income and Expenditure Account and effect the General Fund Balance, subject to influences from Government grants. Movements in the fair value of fixed rate investments will be reflected in the STRGL, unless the investments have been designated Fair Value through the Income and Expenditure Account.

The Council has strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Council's prudential indicators and its expected treasury operations, including an expectation of interest rate movements. From this a prudential indicator is set which provides maximum and minimum limits for fixed and variable interest exposure. The treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance, during periods of falling interest rates, fixed rate investments may be taken for longer periods to secure better long term returns.

### **Price Risk**

The Council does not invest in equity shares and is not exposed to losses arising from movements in the prices of the shares.

### **Foreign Exchange Risk**

The Council has no financial assets or liabilities denominated in foreign currencies. Therefore, it has no exposure to loss arising from movements in exchange rates.

## **21. LONG TERM DEBTORS**

This represents the amount of loans outstanding, of over one year, from car purchase advances. The balance outstanding as at 31<sup>st</sup> March was £175,529.

## **22. ANALYSIS OF DEBTORS**

Debtors are shown net of bad debt provisions.

Net Debtors 31/03/2007 £,000		Gross Debtors £,000	Bad Debts Provision £'000	Net Debtors 31/03/2008 £,000
550	Central Government	1,578	0	1,578
262	Other Local Authorities	1,100	0	1,100
5,265	Capital	4,700	0	4,700
82	Car Purchase Scheme	92	0	92
5,411	Other Debtors	2,952	-1,090	1,862
1,972	Prepayments	49	0	49
241	Council Tax Payers	1,954	-1,402	552
41	Non Domestic Rate Payers	115	0	115
5	Community Charge Payers	5	0	5
<b>13,829</b>	<b>TOTAL</b>	<b>12,545</b>	<b>-2,492</b>	<b>10,053</b>

The capital debtor relates to the proportion of receipts from council houses sold by the Vale of Aylesbury Housing Association, which are due to Aylesbury Vale District Council under the transfer agreement.

#### Provision for Doubtful Debts

Provisions were made for doubtful debts in 2007/08 from the General Fund Revenue and Collection Fund Accounts. Closing balances were £1,090,264 and £1,401,848 respectively.

#### 23. ANALYSIS OF CREDITORS

31st March 2007 £,000		31st March 2008 £,000
-2,230	Central Government	-842
-1,227	Other Local Authorities	-193
-2,590	Other Creditors	-1,798
-1,284	Income In Advance	-1,265
-309	Council Tax Payers	-260
-1,272	Non Domestic Rate Payers	-1,593
-3,422	Capital	-5,876
<b>-12,334</b>	<b>TOTAL</b>	<b>-11,827</b>

#### 24. LOANS OUTSTANDING

There were no loans outstanding to external lenders (banks, financial institutions and Government) as at 31st March.

#### 25. PENSIONS

In 2007/08 the Council paid, in accordance with FRS 17, "Retirement Benefits", an employer's contribution of £3,225,567 (£3,305,738 – 2006/07) based on 22.3% (22.5% - 2006/07) of employees' pensionable pay, into Buckinghamshire County Council's Superannuation Fund, which provides members with defined benefits related to pay and service. The contribution rate determined by the County Fund's Actuary at the last triennial actuarial valuations on 31 March 2007 was set under Superannuation Fund Regulations to meet 100% funding over a 20 year period. Current level at 31<sup>st</sup> March 2007 was 81%, of the overall liabilities of the Fund. The rate for employer contributions from April 2008 to March 2011 will remain fixed for the 3 year period.

During the year a payment of £4,937 (£79,935 – 2006/07) was made to the Superannuation Fund in respect of discretionary payments or expenditure on added years, this equates to approximately 0.03% of employees pensionable pay.

The employer's contributions certified by the actuary to the Fund in respect of the period 1 April 2005 to 31 March 2008 when expressed as a percentage of members' contributions are as follows:

1 April 2005 to 31 March 2006	375%
1 April 2006 to 31 March 2007	375%
1 April 2007 to 31 March 2008	375%

As a result of the implementation of FRS 17, "Accounting for Pensions", a pension's asset / liability account has been established to reflect the current position of the Authority's share of the Pension Fund. As the fund is currently under funded, the account is shown as a liability.



<b>The main financial assumptions adopted as at 31 March were</b>	<b>2005/06</b> %	<b>2006/07</b> %	<b>2007/08</b> %	
Retail Price Inflation	3.0	3.3	3.7	
Increases in Salaries	4.8	5.1	5.2	
Increase in Pensions and Deferred Pensions	3.0	3.3	3.7	
Discount Rate	4.9	5.4	6.6	
Discount Rate (Real)	1.8	2.0	2.8	
<b>The fair value of each class of assets and expected rates of return for the year are below</b>	<b>2006/07</b> Return %	<b>2007/08</b> Return %	<b>2006/07</b> Fair Value £'m	<b>2007/08</b> Fair Value £'m
Equities	7.2	7.1	51	46
Gilts	4.4	4.3	11	11
Other Bonds	5.4	6.6	5	5
Property	6.7	6.6	6	5
Cash	5.0	5.0	1	4
<b>Total</b>			<b>74</b>	<b>71</b>
<b>The Fair Value and Liabilities Relating to Aylesbury Vale</b>			<b>2006/07</b> £'m	<b>2007/08</b> £'m
The fair value of the above assets relating to Aylesbury Vale DC was			74.3	71
The value placed on the liabilities relating to Aylesbury Vale DC was			118.6	110
Consequently, at 31 March, the deficiency relating to Aylesbury Vale was			-44.3	-39

There is no provision for unitising the assets of a Fund under the LGPS. The above assets as a whole are allocated to participating bodies on a consistent and reasonable basis. The latest actuarial assessment of the scheme in March 2007 placed a value on the assets of the total fund of £1,223 million, whilst the past service liabilities totalled £1,501 million.

The movement in the net deficit for the year is as follows:

<b>Movement in the Net Deficit For the Year is as follows</b>	<b>31st March 2007</b> £'m	<b>31st March 2008</b> £'m
Net Deficit at Beginning of the Year	49,984	44,219
Contributions Paid	-3,557	-3,428
Current Service Costs	3,337	2,993
Other Finance Costs	1,325	1,657
Effect of Change in Accounting Methodology	0	0
Actuarial Gain / (Loss)	-5,343	-6,594
Gain / (Loss) on Curtailments	-1,527	31
<b>Net Deficit at End of the Year</b>	<b>44,219</b>	<b>38,878</b>

The main financial assumptions adopted; the fair values of assets and expected returns as at 31 March and the actuarial gain can be further analysed as follows:

<b>Analysis of Actuarial Gain / (Loss)</b>	<b>2003/04</b>		<b>2004/05</b>		<b>2005/06</b>		<b>2006/07</b>		<b>2007/08</b>	
	£'m	%	£'m	%	£'m	%	£'m	%	£'m	%
Actuarial Return less Expected Return on Assets	6,093	13.0	950	2.0	12,685	17.7	1,097	1.5	-6,282	8.8
Changes in Assumptions Underlying the Present Value of Pension Liabilities	-1017	-2.2	-6,914	-12.9	-13,392	-18.7	4,246	4.5	15,343	6.0
Experience Gains and Losses Arising on the Scheme Liabilities	0		3,752	3.6			0		-2,466	2.0
<b>Actuarial Gain / (Loss)</b>	<b>5,076</b>		<b>-2,212</b>		<b>-707</b>		<b>5,343</b>		<b>6,595</b>	
Effect of Change in Accounting Methodology	0		-14496		0		0		0	

Further information can be found in Buckinghamshire County Council's Superannuation Fund Annual Report which is available upon request from Buckinghamshire County Council, County Hall, Aylesbury.

## 26. DEFERRED CAPITAL CONTRIBUTIONS

This represents a capital contribution received for the Aqua Vale swimming pool and as it relates to a capital scheme it has to be written off to revenue over the same time period as the swimming pool is depreciated, which is 60 years. The balance still to be written off over the next 53 years is £853,664.

## 27. PROVISIONS

Closing Balance 31/03/2007 £,000	Provisions	Movements in the Year		Closing Balance 31/03/2008 £'000
		Income £,000	Expenditure £'000	
-38	Section 16 Contributions	0	38	0
-13	Other	0	4	-9
<b>-51</b>	<b>TOTAL</b>	<b>0</b>	<b>42</b>	<b>-9</b>

### Section 16 Contributions

This provision related to first time sewerage schemes constructed by both Thames Water and Anglian Water Authorities. The Council made an annual contribution of 1/8<sup>th</sup> of the capital cost over a total of 12 years. Costs become due when the schemes were completed and an annual contribution into the provision evened out the peaks and troughs. During the year the final payments were made to the water authorities and the provision is now no longer required.

### Other

This balance relates to refundable bonds, an agreed amount is repaid annually following the successful inspection of the open space.

## 28. DEFERRED CAPITAL RECEIPTS

These are amounts derived from sales of assets, which will be received in instalments over agreed periods of time.

31st March 2007 £'000		31st March 2008 £'000
-76	Sale of Council Houses	-57

## 29. MOVEMENT ON RESERVES

Reserves	Balance Brought Forward £'000	-Gains / Losses For The Year £'000	Transfers Between Reserves £'000	Net Movement in Year £'000	Balance Carried Forward £'000
Revaluation Reserve	0	-4,499		-4,499	-4,499
Capital Adjustment Account	-154,660	16,567	-13,732	2,835	-151,825
Usable Capital Receipts Reserve	-61,956	-9,946	15,148	5,202	-56,754
Pension Reserve	44,219	-6,594	1,253	-5,341	38,878
Deferred Capital Receipts	-76		19	19	-57
Housing Revenue Account Reserve	-2,187	-137	2,324	2,187	0
General Fund Reserves					
- General Fund Balance	-4,858	2,529	-3,002	-473	-5,331
- ASE, Collection Fund & Upper 100s	-408	207		207	-201
- Earmarked General Fund Reserves	-19,263	-4,788	-2,010	-6,798	-26,061
<b>Total Reserves</b>	<b>-199,189</b>	<b>-6,661</b>	<b>0</b>	<b>-6,661</b>	<b>-205,850</b>

## 30. REVALUATION RESERVE

This is a new reserve and the purpose of the reserve is to record the accumulated gains on the fixed assets held by the authority arising from increases in value, as a result of inflation or other factors. The reserve is also debited with amounts equal to the part of depreciation charges on assets that has been incurred only because the asset has been revalued. On disposal, the Revaluation Reserve balance for the asset disposed of is written out to the Capital Adjustment Account. The overall balance on the Reserve represents the amount by which the current value of fixed assets carried in the Balance Sheet is greater because they are carried at revalued amounts rather than depreciated historical cost.

2006/07 £,000	Revaluation Reserve	2007/08 £,000
0	Balance Brought Forward at 1 April 2007	0
0	Acquisition and Enhancement	-2,030
0	Revaluation of Assets	-2,469
0	Depreciation, Impairment and Disposal	0
0	<b>Balance Carried Forward at 31 March 2008</b>	<b>-4,499</b>

### 31. CAPITAL ADJUSTMENT ACCOUNT

The Capital Financing Account (previously the Capital Financing Account) accumulates the write down of the historical cost of fixed assets as they are consumed by depreciation and impairments or written off on disposal. It also accumulates the resources that have been set aside to finance capital expenditure and deferred charges. The balance on the Account represents timing differences between the amount of the historical cost of fixed assets that have been consumed and the amount that has been financed.

2006/07 £,000	Capital Adjustment Account	2007/08 £,000
-577,884	Balance Brought Forward at 1 April 2007	-154,660
-15,156	Capital Receipts Applied	-11,490
-3,700	Capital Expenditure Financed from Revenue	-2,223
-16	Grants / Deferred Receipts in 2007/08	-36
435,494	Impairment, Depreciation and Deferred Charges	11,523
6,602	Revaluation, Disposal of Assets	5,061
-154,660	<b>Balance Carried Forward at 31 March 2008</b>	<b>-151,825</b>

### 32. CAPITAL RECEIPTS / GRANTS AND CONTRIBUTIONS UNAPPLIED

#### Usable Capital Receipts

These are capital receipts, which have not yet been used to finance capital expenditure or debt repayment.

#### Capital Grants and Contributions Unapplied

Capital Reserves are maintained by the Authority as a means of providing Capital Finance for spending portfolios. Some contributions were made to the reserve by the General Fund. The Capital Reserves are an important means of ensuring that appropriate capital finance is made available.

Movements in Realised Capital Resources	Usable Capital Receipts £'000	Unapplied Capital Grants & Contributions £,000
Amounts receivable in 2007/08	-5,415	-4,531
Amounts Applied to finance new capital investment	11,490	2,223
Transfer to Revenue Reserve	0	1,435
Total increase/(decrease) in realised capital resources in 2007/08	6,075	-873
Balance Brought Forward at 1 April 2007	-59,687	-2,269
<b>Balance Carried Forward at 31 March 2008</b>	<b>-53,612</b>	<b>-3,142</b>

### 33. GENERAL REVENUE RESERVES

Movement in Revenue Reserves	General Fund Balance £'000	HRA Balances £'000	Aylesbury Special Expenses £'000	Collection Fund £'000	Upper 100's Company £'000	Earmarked Revenue Reserves £'000	Pensions Reserve £'000
-Surplus / Deficit for 2007/08	4,333	-137		98		-6,798	1,253
Appropriations (to)/from revenue	-4,806	2,324	109	0		0	0
Actuarial -gains and losses on pensions	0	0		0		0	-6,594
Balance B/Forward at 1 April 2007	-473	2,187	109	98	0	-6,798	-5,341
<b>Balance C/Forward at 31 March 2008</b>	<b>-5,331</b>	<b>0</b>	<b>-182</b>	<b>8</b>	<b>-27</b>	<b>-26,061</b>	<b>38,878</b>
			<b>-5,532</b>				

The Collection Fund is a statutory fund in which the Council records transactions for council tax, business rates and residual community charges. The deficit on the Fund will be recovered from the Council, the County, Thames Valley Police Authority and the Bucks & Milton Keynes Fire Authority in the next financial year to the value of £8,046, £43,737, £6,244 and £2,347 respectively. Only the figure due from Aylesbury Vale is shown in the table above as the amounts due from the precepting bodies are shown within the debtors section of the overall accounts. The Upper 100's Company reserve is a dormant company set up to build a car park a number of years ago and this represents the level of its reserves.

### 34. EARMARKED REVENUE RESERVES

Earmarked revenue reserves are as follows, the purpose of these reserves is detailed below the table.

Closing Balance 31/03/2006 £,000	Specific Reserves	Movements in the Year		Closing Balance 31/03/2007 £'000
		Income £,000	Expenditure £'000	
-777	Self Insurance	-36	77	-736
-544	Information Technology	-91	0	-635
-1,186	Superannuation	-161	0	-1,347
-9,465	Interest Equalisation	-3,467	8,000	-4,932
-222	Business Transformation	-175	82	-315
-1,230	Amenity Areas	-91	115	-1,206
-93	Other Investments	0	77	-16
0	Property Sinking	-5,000	0	-5,000
0	Industrial Rent Loss	-3,881	319	-3,562
-1,816	Benefit Subsidy	-981	500	-2,297
-1321	Planning Fees	-201	278	-1,244
-406	Car Parking	-64	0	-470
-262	Historic Buildings	0	0	-262
-112	District Elections	-21	101	-32
-44	Market Research	0	0	-44
-1,242	Repairs & Renewals	-1,332	681	-1,893
-31	Rent Guarantee Scheme	-5	0	-36
-25	Land Registry Fees	0	13	-12
-225	Health Licensing Income	0	0	-225
-87	Corporate Improvement	-60	75	-72
-80	Future Vehicle Costs	0	0	-80
-95	Other	-1	66	-30
0	Fairford Leys Riverine	-173	0	-173
0	LABGI	-1,273	50	-1,223
0	Housing Needs & S.106	-134	0	-134
0	Pathfinder	-85	0	-85
<b>-19,263</b>	<b>TOTAL</b>	<b>-17,232</b>	<b>10,434</b>	<b>-26,061</b>

#### **Self Insurance Reserve including MMI Potential Claims**

The Council has decided that the following areas will not be insured with an external body, theft of council contents, all risks and motor credit; these will be covered within an insurance reserve. The excess on public liability claims also fall on the reserve, the balance at the year end was £735,840. This reserve also relates to sums set aside to cover possible liabilities that could arise from finalisation of MMI liabilities. The latest possible liability was notified as £413,000, the fund covers 42% of that figure. However, it is increasingly unlikely that the Council will have to meet this liability.

### **Information Technology Reserve**

Contributions are made to provide for future corporate technology requirements. The balance as at 31<sup>st</sup> March 2008 was £636,494.

### **Amenity Areas and Other Reserves**

This represents sums received for the future upkeep of areas of open spaces and of children's play areas. The money is invested and the annual interest funds the yearly repair and maintenance of these areas.

### **Interest Equalisation Reserve**

Interest earned in the year from investments is paid into the general fund, after all contributions have been made to other reserves; the balance is transferred in to the reserve. The reserve is maintained to ensure that there is sufficient interest available in future years to meet the needs of the general fund and to even out fluctuations in interest rates.

### **Superannuation**

The Council makes annual contributions to the Bucks CC Superannuation Fund based upon employees' pensionable pay. The contribution rate is set to eventually ensure that 100% of the fund liabilities are covered. The reserve is used to cover the back funding element of the employer's costs.

## **35. ANALYSIS OF NET ASSETS EMPLOYED**

This note shows the assets (both revenue and capital) attributable to the General Fund and Collection Fund.

<b>31st March 2007</b> <b>£,000</b>		<b>31st March 2008</b> <b>£,000</b>
198,517	General Fund	205,911
672	Collection Fund	-61
<b>199,189</b>	<b>TOTAL</b>	<b>205,850</b>

### 36. NOTES TO THE CASHFLOW STATEMENT

The cash flow statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes during the year 2007/08.

➤ **Reconciliation of Revenue Surplus to Net Cash Flow**

The purpose of this note is to reconcile the net cash flow from revenue activities in the Cash Flow Statement to the surplus or deficit for the year in the Consolidated Revenue Account.

31 <sup>st</sup> March 2007 £'000		31 <sup>st</sup> March 2008	
		£'000	£'000
882	General Fund -Surplus/ Deficit for the Year	-473	
529	H.R.A. -Surplus/ Deficit for the Year	-137	
-53	Special Exps -Surplus/Deficit for the Year	109	
-122	Collection Fund -Surplus/Deficit in Year	98	-403
	Non Cash Transactions		
-4,785	Add: Depreciation / Impairment	-12,741	
-963	: Contributions to / -from Provisions	-42	
-5,454	: Contributions to / -from Reserves	4,477	-8,306
	Change in current assets / liabilities		
-124	-Increase / Decrease in stocks	-16	
7,758	-Increase / Decrease in debtors	3,755	
-2,555	Increase / -Decrease in creditors	-507	3,232
	Servicing of Finance		
3,635	Less: Investment Income	6,201	
0	Add: External Interest Paid	0	6,201
<b>-1,252</b>	<b>NET CASHFLOW FROM REVENUE ACTIVITIES</b>		<b>724</b>
	Returns on Investments		-6,201
-3,635	Capital Activities		-2,922
-27,779	Management of Liquid Funds		-3,087
-31,692	Financing		0
0			
-64,358	Increase / -Decrease in Cash		-11,486
	New Short Term Loans		0
0	Increase in Liquid Resources		3,087
-32,666			-8,399
-61,738	Net Investment at 1st April		-94,404
<b>-94,404</b>	<b>Net Investment at 31st March</b>		<b>-102,803</b>

➤ **Movement in Cash**

	Balance 1st April £'000	Balance 31st March £'000	Movement In the Year £'000
Cash at Bank and in Hand	-854	-588	-266
Cash Overdrawn	0	0	0
<b>Increase in Cash</b>			<b>-266</b>
Debt Due Within 1 Year	0	0	0
Current Asset Investments	93,550	96,634	-3,084
<b>Net Investment at 31 March</b>	<b>92,696</b>	<b>96,046</b>	<b>-3,350</b>

➤ **Analysis of Government Grants**

<b>Government Grants</b>	<b>£</b>	<b>Government Grants</b>	<b>£</b>
Homelessness	31,000	Building Safer Communities	104,345
Housing Benefit Administration	844,068	Local Delivery Vehicle	537,947
Fraud Investigation	97,020	Smoking	71,554
Mandatory Rent Allowances	23,421,998	Planning Delivery	412,866
Rent Rebates	583,863	Circus Fields	1,466,631
Council Tax Benefit Subsidy	6,917,409	LABGI	415,177
Greening the Vale	261,601	Concessionary Travel	72,000

**37. POST BALANCE SHEET EVENTS**

Waterside Development. The Council has entered into negotiations with developers to transform the Exchange Street area of Aylesbury. The development will see new shops, housing and a revitalisation of the canal basin area. Work on a new entertainment centre has begun after a number of properties were demolished including the Exchange Street offices following the staff relocating to the new Gateway offices on the edge of the town centre.

On the 31st May Aylesbury Vale District Council transferred its responsibility for the Aylesbury Cemetery and Mausoleum to Aylesbury Town Council. All deposits taken for Mausoleum chambers were paid over to the Town Council during June.

**38. AUTHORISATION FOR ISSUE**

The Statement of Accounts for the year ended 31 March 2008 was authorised for issue on 24 June 2008 by the Audit Committee. All events up to this date have been considered for inclusion in the accounts.

39. HOUSING REVENUE ACCOUNT

2006/07 Net Expenditure £'000	HOUSING REVENUE ACCOUNT INCOME AND EXPENDITURE ACCOUNT	2007/08 Net Expenditure £'000
	<b>Income</b>	
-7,587	Rents	0
-686	Charges for Service & Facilities	0
-3,516	Contributions towards expenditure	0
<b>-11,789</b>	<b>Total Income</b>	<b>0</b>
	<b>Expenditure</b>	
1,336	Repairs & Maintenance	0
6,546	Supervision and Management	0
3,012	Housing Subsidy - Note 1	-32
0	Contribution to Bad Debts Provision	-100
186,614	Depreciation and Impairment on Fixed Assets	0
168	Rent Rebates	0
<b>197,676</b>	<b>Total Expenditure</b>	<b>-132</b>
<b>185,887</b>	<b>Net Cost of HRA Services per Authority's I &amp; E Account</b>	<b>-132</b>
21	HRA services share of Corporate and Democratic Core	0
<b>185,908</b>	<b>Net Cost of HRA Services</b>	<b>-132</b>
-113	Investment and Mortgage Interest	-5
-7,237	-Gain or Loss on Sale HRA of Fixed Assets	0
<b>178,558</b>	<b>Deficit / -Surplus for the Year</b>	<b>-137</b>

2006/07 £'000	Items included in the HRA Income and Expenditure Account but excluded from the movement on the Housing Revenue Account Balance for the year.	2007/08 £'000
7,237	Gain or -Loss on Sale HRA of Fixed Assets	0
-185,251	Depreciation, Amortisation and Impairment of Fixed Assets	0
-15	Net charges for retirement benefits in accordance with FRS 17	0
0	Transfer of reserves to General Fund reserves on closure of HRA	2,323
<b>-178,029</b>	<b>Net additional amount required by statute to be debited or credited to the HRA</b>	<b>2,323</b>

2006/07 £'000	Statement of Movement on the Housing Revenue Account Balance	2007/08 £'000
178,558	Deficit / -Surplus for the Year on the HRA Income and Expenditure Account	-137
-178,029	Net additional amount required by Statute to be debited or -credited to the HRA Balance for the year.	2,323
529	Increase or decrease in the HRA Balance	2,186
-2,715	Balance Brought Forward on the HRA Reserve In Hand at 1st April 2007	-2,186
<b>-2,186</b>	<b>Balance Carried Forward on the HRA Reserve In Hand at 31st March 2008</b>	<b>0</b>

NOTES TO THE HOUSING REVENUE ACCOUNT

**General Note**

The transactions for 2007/08 reflect the housing subsidy and mortgage interest payments that are required to be charged to the Housing Revenue Account until the account can be closed. There was also a contribution from the tenants bad debts provision. The DCLG gave its formal consent that the HRA could be closed on the 28<sup>th</sup> March 2008.

**Note1 – Housing Subsidy**

The Government operates a housing subsidy regime. It is based on a notional housing revenue account representing the Government's assessment of what the Council should be collecting and spending. If the amount of subsidy is negative, this has to be paid over to the Government where previously it was transferred to the General Fund. In 2007/08 the amount of subsidy that was due to the DCLG was £6,000, this has been offset by refund of subsidy from 2006/07 of £36,500.



## 40. COLLECTION FUND

2006/07 £'000	INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2008	Notes	2007/08 £'000	2007/08 £'000
	<b>INCOME</b>			
77,599	Council Tax	4	81,616	
6,280	Council Tax Benefits	4	6,508	
38,978	NNDR	2	40,020	
<b>122,857</b>	<b>Total Income</b>			<b>128,144</b>
	<b>EXPENDITURE</b>			
60,378	Buckinghamshire County Council		63,793	
8,580	Thames Valley Police Authority		9,107	
3,227	Bucks & Milton Keynes Fire Authority		3,424	
11,104	Aylesbury Vale District Council		11,735	
<b>83,289</b>				<b>88,059</b>
	<b>Estimated Collection Fund Surplus 2006/07</b>			
-251	Buckinghamshire County Council		564	
-35	Thames Valley Police Authority		80	
-13	Bucks & Milton Keynes Fire Authority		30	
-45	Aylesbury Vale District Council		104	
<b>-344</b>				<b>778</b>
	<b>Non Domestic Rates</b>			
13	Interest Payable (Gross)	2	32	
38,744	Payment to National Pool	2	39,764	
221	Cost of Collection Allowance	2	224	
<b>38,978</b>				<b>40,020</b>
18	Provision for Uncollectable Amounts		20	
18				20
<b>121,941</b>	<b>Total Expenditure</b>			<b>128,877</b>
<b>-916</b>	<b>-Surplus / Deficit for the Year</b>			<b>733</b>

31st March 2007 £,000	Statement of Balances	31st March 2008 £,000
244	Balance In Hand 1st April 2007	-672
-916	Deficit / -Surplus For The Year	733
<b>-672</b>	<b>Balance -In Hand / Overdrawn March 2008</b>	<b>61</b>

2006/07 £'000	Increase In Levels of Precepts	2007/08 £'000	2007/08 Increase
	<b>INCOME</b>		
-77,599	Council Tax	-81,616	-4,017
-6,280	Council Tax Benefits	-6,508	-228
<b>-83,879</b>	<b>Total Income</b>	<b>-88,124</b>	<b>-4,245</b>
	<b>EXPENDITURE</b>		
60,378	Buckinghamshire County Council	63,793	3,415
8,580	Thames Valley Police Authority	9,107	527
3,227	Bucks & Milton Keynes Fire Authority	3,424	197
11,104	Aylesbury Vale District Council	11,735	631
<b>83,289</b>	<b>Total Precepts</b>	<b>88,059</b>	<b>4,770</b>
<b>-590</b>			<b>-9,015</b>

## NOTES TO THE COLLECTION FUND ACCOUNTS

### 1. GENERAL

These accounts represent the transactions of the Collection Fund, which is a statutory fund, drawn up on an accruals basis. The accounts have been consolidated with the Council's overall accounts. Precepts of local parish councils are met from the Council's General Fund, not the Collection Fund and are included within the District Council's demand on the Collection Fund.

The deficit on the Collection Fund (£60,374) as at 31 March 2008 will be allocated to the District Council, Bucks County Council, Thames Valley Police Authority and the Bucks & Milton Keynes Fire Authority pro rata to the value of the precepts. However, an amount, £349,429, based upon the estimated surplus position in January 2008, has already been paid over in 2008/09.

Any amounts in respect of Community Charges, are to be transferred to the General Fund so as to benefit or be borne by Council taxpayers of the billing authority.

### 2. INCOME FROM BUSINESS RATES

	2006/07 £'000	2007/08 £'000
Total non domestic rateable value at year end	105,100	105,904
National non-domestic rate multiplier	42.6	44.1
Product of year end value and multiplier	44,773	46,704
Outturn Payment to N.N.D.R. pool	38,744	39,764

### 3. COUNCIL TAX BASE

Band	Chargeable Dwellings Less Exemptions & Discounts	Band D Ratio	Net Dwellings	Allowance for Losses and MOD Properties	Band D Equivalent Dwellings
A*	4.50	5/9	3.00	-0.05	2.95
A	2,157.20	6/9	1,438.19	-21.52	1,416.67
B	9,614.65	7/9	7,478.04	-112.17	7,365.87
C	17,471.05	8/9	15,529.83	-217.80	15,312.03
D	10,688.10	9/9	10,688.10	56.73	10,744.83
E	9,439.65	11/9	11,537.34	-156.53	11,380.81
F	6,845.40	13/9	9,887.83	-32.58	9,855.25
G	5,274.65	15/9	8,791.11	-79.27	8,711.84
H	317.55	18/9	635.10	1.34	636.44
	<b>61,812.75</b>		<b>65,988.54</b>	<b>-561.85</b>	<b>65,426.69</b>

### 4. COUNCIL TAX ARREARS

The following shows the level of arrears still due for each financial year.

2007/08	£	1,114,329	2001/02	£	13,955
2006/07	£	446,290	2000/01	£	11,675
2005/06	£	205,412	1999/98	£	8,131
2004/05	£	97,371	1998/99	£	3,151
2003/04	£	39,059	1997/98	£	2,252
2002/03	£	18,060	1994/5 & 95/6	£	1,369

## Glossary of Terms

### **Accounting Period**

This is the length of time covered by the accounts. It is normally a period of twelve months commencing on the 1<sup>st</sup> April. The end of the accounting period is the balance sheet date.

### **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 and not as money received or paid.

### **Appointed Auditors**

These are the external auditors appointed by the Audit Commission. They may be from the Audit Commission's own operations directorate, as is the case at AVDC, or from a major accountancy firm.

### **Approved Institutions**

Funds that are not needed for day to day transactions may be invested but only with third parties meeting the credit rating criteria approved annually as part of the Council's Treasury Management Policy.

### **Asset**

An asset is something that the Council owns that has a monetary value. Assets are either "current" or "fixed". A fixed asset provides benefits for a period of more than one year e.g. buildings. Whilst 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 or debtors.

### **Audit of Accounts**

An audit is an examination by an independent expert of the Council's financial affairs to check that the relevant legal obligations and codes of practice have been followed.

### **Balance Sheet**

A financial statement summarising an organisation's assets, liabilities, and other balances at the end of each accounting period.

### **Budget**

A budget is a financial statement that expresses an organisation's service delivery plans and capital programme in monetary terms.

### **Capital Expenditure**

Expenditure on the acquisition of a fixed asset that will be used to provide services beyond the current accounting period or expenditure that adds value to an existing asset.

### **Capital Financing**

This term describes the various sources of money used to pay for capital expenditure. There are a number of sources available, Aylesbury Vale District Council uses usable capital receipts, capital grants, capital contributions and earmarked reserves.

### **Capital Programme**

This is a financial summary of the capital schemes that AVDC intends to carry out over a specified period of time.

### **Capital Receipt**

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

### **Cashflow Statement**

A statement that summarises the inflows and outflows of cash within the council's accounts.

### **CIPFA**

This is the Chartered Institute of Public Finance and Accountancy.

### **Collection Fund**

A separate fund recording the expenditure and income relating to council tax and non domestic rates.

### **Community Assets**

This is land and property that AVDC intends to hold forever. They generally have no determinable useful life and there are often restrictions regarding their sale.

### **Consistency**

This is one of the fundamental accounting concept. It requires accountants to treat similar items of income and expenditure the same way – both within an accounting period and from one accounting period to another.

### **Contingent Liability**

A sum due to be paid which may arise in the future but which cannot be determined in advance.

**Council Tax**

This is one of the main sources of income to the council. Council tax is levied on households within its area by the billing authority and the proceeds are paid into the Collection Fund for distribution to precepting authorities and for use by the billing authorities own General Fund.

**Creditor**

This applies to money the Council owes to third parties for goods and services it has received but not paid for at the end of the accounting period.

**Debtor**

This applies to money that is owed to the Council from third parties for goods and services it has provided but not yet been paid for at the end of the accounting period.

**Deferred Charges**

This is capital expenditure that does not create an asset that belongs to the Council. The value is written off to revenue in the year. An example of a deferred charge is an improvement grant to another organisation.

**Depreciation**

This is a charge made to the revenue account each year that reflects the reduction in value of fixed assets used to deliver services.

**Estimates**

These are the amounts expected to be spent, or received, during an accounting period. They are also referred to as budgets. The original estimate is the estimate for a financial year approved by the Council before the start of a financial year and the forecast estimate is an updated version of the original estimate. The original estimate can be updated at any time during the accounting period.

**Exceptional Items**

Material items which derive from events or transactions that fall within the normal activities of the authority and which need to be disclosed separately by virtue of their size or incidence to give fair presentation to the accounts.

**Extraordinary Items**

Material items possessing a high degree of abnormality which derive from events or transactions that fall outside the normal activities of the authority and which are not expected to recur.

**Finance Lease**

This is a lease, usually of land or buildings, which is treated as capital borrowing.

**Financial Reporting Standards (FRS)**

Financial Reporting Standards advise the accounting treatment and disclosure requirements of transactions so that an authority's accounts "present fairly" the financial position of the authority.

**Financial Year**

The period of time to which the Statement of Accounts relates. The financial year runs from 1 April to 31 March.

**Fixed Asset Revaluation Reserve**

A reserve containing revaluations arising after the initial valuation of fixed assets.

**Fixed Assets**

Tangible assets that yield benefits to the authority and its services for a period of more than one year.

**Government Grants**

Grants made by the central government towards either revenue or capital expenditure to help with the costs of providing services and capital projects. Some government grants have restrictions on how they may be used whilst others are general purpose.

**Gross Expenditure**

The total cost of providing the council's services before taking into account income from fees, charges and government grants.

**Housing Benefits**

This is the national system for giving financial assistance to individuals towards certain housing costs. The cost of the service is subsidised by central government.

**Impairment**

This is a reduction in the value of a fixed asset as shown in the balance sheet to reflect its true value.

**Income**

This is the money that the Council receives or expects to receive from any source; fees, charges, sales, grants and interest.

### **Income and Expenditure Account**

This account is the main revenue account. It reports the net costs for the accounting period of all the functions that AVDC is responsible for.

### **Infrastructure Assets**

Inalienable fixed assets, expenditure on which is recoverable only by continued use of the asset created e.g. pedestrianisation.

### **Intangible Assets**

These are non financial fixed assets that do not have any physical substance but are identifiable and are controlled by the authority through custom or legal rights e.g. computer software.

### **Liability**

A liability arises when the Council owes money to others and it must be included in the financial statements.

There are two types of liability:

- A current liability is a sum of money that will or might be payable during the next accounting period e.g. creditors or cash overdrawn.
- A deferred liability is a sum of money that will not be payable until some point after the next accounting period or is paid off over a number of accounting periods.

### **Long Term Investments**

Long term investments are investments intended to be held for use on a continuing basis in the activities of the authority. They should be classified as long term only where an intention to hold the asset for longer than one year can be clearly demonstrated.

### **Materiality**

This is one of the main accounting concepts. It ensures that the statement of accounts includes all the transactions that, if omitted, would lead to a significant distortion of the financial position at the end of the accounting period.

### **National Non Domestic Rate (NNDR)**

This is a national scheme for collecting contributions from businesses towards the cost of local government services. Each business property has a rateable value. Central government determines how much a business has to pay per £ of rateable value each year.

### **Non Operational Assets**

These are fixed assets owned by the Council that it does not directly occupy or use to delivery its services.

### **Operating Lease**

This is a lease where ownership of the fixed asset remains with the lessor.

### **Operational Assets**

These are fixed assets owned by the Council and used or consumed in the direct delivery of services.

### **Post Balance Sheet Event**

These are events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the Statement of Accounts is signed.

### **Precept**

The levy made by precepting authorities on billing authorities, requiring the latter to collect income from council taxpayers on their behalf. Precepts are paid from the Collection Fund.

### **Provision**

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

### **Prudence**

This is one of the main accounting concepts. It ensures that an organisation only includes income in its accounts if it is sure it will receive the money.

### **Rateable Value**

The annual assumed rental value of a property that is used for business purposes.

### **Related Parties**

Two or more parties are related parties when at any time during the financial period:

- One party has direct or indirect control of the other party.
- The parties are subject to common control from the same source.
- One party has influence over the financial and operational policies of the other party to an extent that the other party might be inhibited from pursuing its own interests.
- The parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own interests.

**Reserves**

A reserve results from an accumulation of surpluses, deficits and appropriations over past years. Reserves of a revenue nature are available and can be spent or earmarked at the Council's discretion.

**Residual Value**

This is the net realisable value of an asset at the end of its useful life.

**Revenue Expenditure**

The day to day expenses associated with the provision of services.

**Revenue Support Grant**

A general grant paid by central government to local authorities as a contribution towards the cost of their services.

**SORP**

Statement of Recommended Practice is generally based upon those accounting principles that are incorporated within approved accounting standards, modified to reflect the statutory framework in which local authorities operate. The SORP states which accounts should be published as part of the Statement of Accounts and the information to be included in each account.

**Stocks**

These are items of stores that AVDC has bought to use on a continuing basis but has not yet used.

**Temporary Borrowing**

This is a sum of money borrowed for a period of less than one year.

**UK GAAP**

Accounting practices regarded as permissible by the UK accounting profession that are grouped together under the term "Generally Accepted Accounting Practices".

**Useful Life**

This is the period over which an organisation will derive benefits from the use of a fixed asset.

**Work in Progress**

The value of works that has been completed or is partially complete at the end of the accounting period that should be included in the financial statements.