

Draft Statement of Accounts

For the year ending 31 March 2013



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Statement of Responsibilities for the Statement of Accounts

The Council's Responsibilities

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Service Director (Finance and Commercial Services).
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- approve the Statement of Accounts, delegated to the Regulatory and Audit Committee.

The Service Director (Finance and Commercial Services) Responsibilities

The Service Director (Finance and Commercial Services) is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom 2013 (the Code).

In preparing this Statement of Accounts, the Service Director (Finance and Commercial Services) has:

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

The Service Director (Finance and Commercial Services) has also:

- kept proper accounting records which were up to date
- taken reasonable steps for the prevention and detection of fraud and other irregularities

Certificate of the Service Director (Finance and Commercial Services)

I certify that this Statement of Accounts for the year ended 31 March 2013 gives a true and fair view of the financial position of the Council as at 31 March 2013 and its income and expenditure for the year ended 31 March 2013

Richard Ambrose

Date: xx June 2013

Service Director (Finance & Commercial Services)

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Introduction

The Statement of Accounts contains four main statements. Each of the four main statements is accompanied by supplementary notes providing additional detail to the figures presented. The four main statements are:

- **Movement in Reserves Statement** - this statement shows the changes in the financial resources over the year. The total usable reserves held as at 31 March 2013 was £213.474m. Of this amount, £13.654m was earmarked for schools, £8.172m related to usable capital reserves, £46.954m related to capital grants, £39.679m was un-earmarked General Fund and £105.014m was General Fund earmarked for other purposes.
- **Comprehensive Income and Expenditure Statement** - this statement shows the gains and losses that contributed towards the changes in resources shown in the Movement in Reserves Statement. The gain on the provision of services for 2012/13 was £7.355m.
- **Balance Sheet** - this statement shows how the resources available are held in the form of assets and liabilities. The net assets figure is balanced by the Total Reserves figure (see also Movement in Reserves Statement).
- **Cash Flow Statement** - this statement shows how the movement in resources has been reflected in cash flows. The starting point for this statement is the net surplus/deficit on the provision of services (see also Comprehensive Income and Expenditure Statement). The net decrease in cash and cash equivalents during the year was £74.210m.

These four statements are supported by notes to the accounts, which provide supplementary information to aid the understanding of these statements and are rounded to the nearest thousand '£000' pounds.

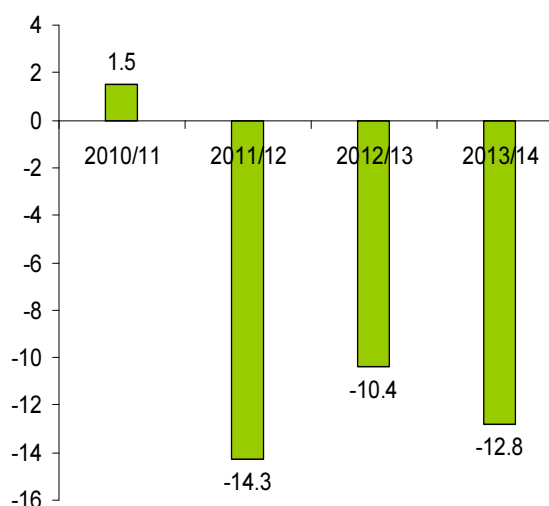
The Statement of Accounts also contains information regarding the Pension Fund (see page 85), as Buckinghamshire County Council is the administering authority.

Financial Review

The current economic picture continues to be turbulent and challenging, with the economic downturn continuing to place unprecedented pressure on the Council's budgets. The response from the Coalition Government has been to place emphasis on national deficit reduction, which it is seeking to do predominantly through reducing public expenditure.

The chart below shows the percentage increase/decrease in government grant for the last few years. The future figures for Buckinghamshire specifically have not yet been announced.

Actual Percentage change in government grant



Key Financial Risks

Given the reductions in government grant levels, the growing unavoidable expenditure pressures and the scale of reductions required the Council is inevitably facing a degree of risk. This includes: -

- Impact of the Economic Downturn – this is expected to continue for at least the next five years. Key risks associated with the downturn include reduced collection rates (Council Tax), loss of income from fees and charges, reduced capital receipts realised on planned asset disposals and, potentially, an increased demand on services provided;
- Local Government Finance Bill – the changes to council tax benefit localisation support and the partial retention of business rates increases the uncertainty around the level of actual funding the Council will receive in the future. The Council is now more exposed to falls in business rates income and to increases in the number of council tax payers qualifying for council tax support. Furthermore, the impact of welfare benefit changes further increases this risk. These changes are also likely to impact on future collection rates;
- Achievability of Reductions – the Council has a good track record of successfully delivering significant efficiency savings and service reductions. Further budget reductions have been included within the Medium Term Plan (£45m over the next 4 years). Continuing to achieve this level of further savings, whilst maintaining service levels, is likely to become harder and harder for services. These will need to be carefully managed;
- Demand Led Budgets – client numbers for statutory services are notoriously difficult to control. Buckinghamshire has an ageing population and an increasing birth rate. Furthermore, the Council has struggled to contain the number of looked after children and those with child protection plans. Although best efforts have been made to accurately forecast budget requirements and contain escalating demand through preventative measures, there will always be a degree of uncertainty;
- New Responsibilities – from the 1st April 2013 the Council took on a range of new responsibilities. This always brings a degree of risk as new practices and processes become embedded into the organisation. These new responsibilities include the transfer of Public Health from the NHS to Local Government (with sufficient funding to cover current commitments), the transfer of the 'Social Fund' from the Department for Work and Pensions (with reduced funding and potentially increasing numbers of claims) and new adoption reforms.

The Council's overall track record for budget management has been very good. Historically, there has been no history of significant Council overspends at the year end and in most years overall budgets have come in below cash limits.

Revenue budget

The table below shows the revenue outturn position against the budgeted income and expenditure for 2012/13

Portfolio Area	Budget for Year £000	Actual for Year £000	Variance for Year £000	Variance %
Portfolio				
Leader	4,792	4,753	(39)	(0.8%)
Community Engagement	14,855	14,461	(394)	(2.7%)
Health and Wellbeing	94,810	94,810	0	0.0%
Children's Services	39,110	38,304	(806)	(2.1%)
Education and Skills	26,668	25,979	(688)	(2.6%)
Finance and Resources	29,974	29,859	(115)	(0.4%)
Environment	21,794	21,597	(197)	(0.9%)
Planning and Transportation	28,294	28,267	(27)	(0.1%)
Client Transport	19,211	18,282	(929)	(4.8%)
Transformation Savings*	(198)	0	198	(100.0%)
Subtotal - Portfolios	279,309	276,312	(2,997)	(1.1%)
Corporate Costs (Non Portfolio)				
Treasury Management and Capital Financing	43,396	42,625	(771)	(1.8%)
Contingencies	5,964	626	(5,338)	(89.5%)
Other Corporate Costs	(490)	(784)	(294)	60.0%
Subtotal - Corporate Costs	48,870	42,467	(6,403)	(13.1%)
Total	328,179	318,779	(9,400)	(2.9%)
Financing				
Council Tax	(233,479)	(233,479)	0	0.0%
Council Tax Grant	(5,802)	(5,805)	(3)	0.1%
Formula Grant	(64,250)	(64,250)	0	0.0%
Other Unringfenced Government Grants	(20,200)	(20,263)	(63)	0.3%
Contrib to/(Use of) Earmarked Reserves	1,200	1,200	0	0.0%
Contrib to/(Use of) General Reserves	(5,648)	3,818	9,466	(167.6%)
Total Financing	(328,179)	(318,779)	9,400	(2.9%)

*The Transformation Savings line holds the unspecified savings target. As specific transformation savings are identified the target is moved to the specific areas where the savings will be delivered, thus reducing the central target. The figure shown here is just the residual amount where no specific savings were identified in-year.

Overall the Council spent £9.4m (2.9%) less than the net revenue budget of £328.179m. Against the revenue budget for Portfolios of £279.309m there is an underspend of £3.0m (1.1%) at the end of the year. Corporate Costs has a significant underspend of £6.4m, mainly due to contingencies which have not been required.

The net increase in the General Fund Balance for the year was £3.818m.

Capital budget

The four year capital programme has been developed following an assessment and prioritisation of aspirations against key Council priorities. This has allowed the Council to put significant investment into existing infrastructure in order to reduce the growing backlog of maintenance (Property and Highways). Furthermore, investment has also been allocated to enable the redesign of Day Care Services, for providing additional school places, for broadband expansion, for infrastructure development and for the proposed energy from waste (EfW) plant.

The Capital Programme shows slippage/net underspends of £6.217m (13.7%) against reprofiled planned budgets for the 2012/13 year.

Portfolio	Budget for Year £000	Actual for Year £000	Variance for Year £000	Variance %
Education and Skills Spend	56,751	48,332	(8,420)	-14.8%
Education and Skills Funding	(40,520)	(34,322)	6,198	-15.3%
Education and Skills Net	16,231	14,010	(2,221)	-13.7%
Community Engagement Spend	336	226	(109)	-32.6%
Community Engagement Funding	(229)	(40)	189	-82.7%
Community Engagement Net	107	187	80	75.2%
Environment Spend	1,432	1,938	506	35.3%
Environment Funding	(415)	(206)	209	-50.3%
Environment Net	1,017	1,732	715	70.3%
Finance and Resources Spend	10,887	8,202	(2,685)	-24.7%
Finance and Resources Funding	(1,832)	(1,982)	(150)	8.2%
Finance and Resources Net	9,055	6,220	(2,835)	-31.3%
Health and Wellbeing Spend	2,551	353	(2,199)	-86.2%
Health and Wellbeing Funding	0	(38)	(38)	0.0%
Health and Wellbeing Net	2,551	315	(2,237)	-87.7%
Planning and Transport Spend	18,525	19,519	994	5.4%
Planning and Transport Funding	(1,968)	(2,681)	(713)	36.2%
Planning and Transport Net	16,557	16,838	281	1.7%
Total Spend	90,482	78,570	(11,912)	-13.2%
Total Funding	(44,964)	(39,269)	5,695	-12.7%
Net Position	45,518	39,301	(6,217)	-13.7%

Adequacy of Reserves

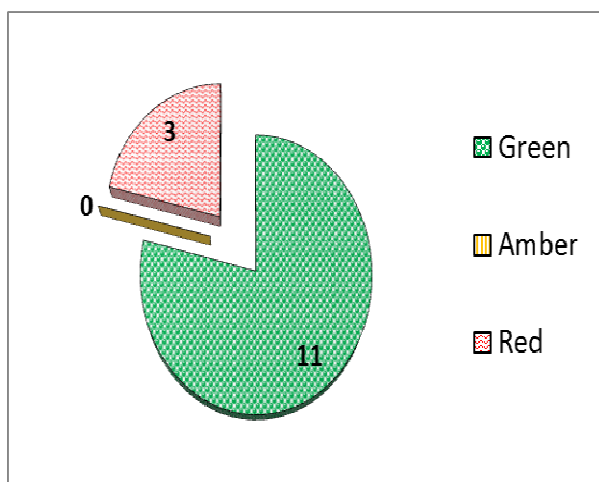
As well as a contingency budget, to enable those more uncertain budgets to be managed, general reserves (non-schools) are also held to meet unforeseen spending requirements and to provide stability in medium term financial planning. The level of reserves takes into account the strategic, operational and financial risks facing the authority and, as such, a review of the level of reserves is undertaken as part of the budget formulation. The proposed budget assumes the use of some general reserves within 2013/14.

The Council holds other earmarked balances. The earmarked reserves total £105m as at 31 March 2013. Some of these reserves can only be used for specific purposes, but others could be called upon if necessary and so provide additional flexibility. One of the reasons for the high level of earmarked reserves is due to the Council's policy to set aside funds to bring down the future cost of borrowing requirements for the Energy from Waste project.

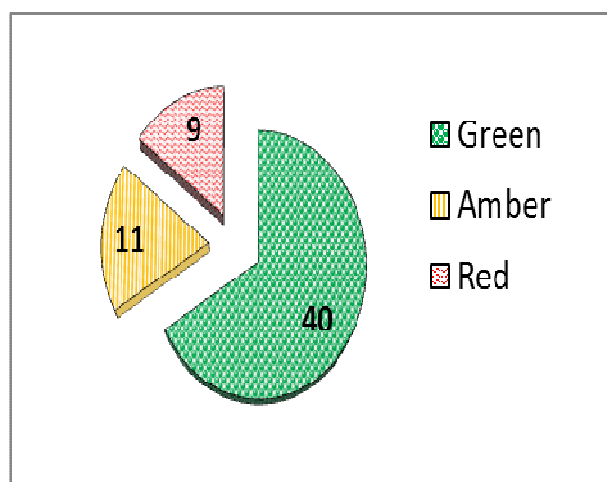
Operational performance

For 2012/13 there are around 60 non-financial key performance indicators, spread across the eight Cabinet Member portfolios, which are monitored and reported at a corporate level. Individual service areas across the Council monitor and report on additional performance indicators at an operational level. At the end of 2012/13 the Council has met the majority of the performance targets that it set itself as shown.

Financial Indicators



Non-financial indicators



Below is a summary of the key trends of non-financial performance by portfolio:

Health and Wellbeing and Children's Services

- In respect of helping vulnerable people, the majority of indicators within the Health & Wellbeing and Children's Services portfolio are at or above target. However, performance is not achieving target for adult social care user satisfaction or the numbers of people aged 18-64 being permanently admitted to residential or nursing care. In addition the numbers of children's core assessments being carried out within 35 days is not achieving the target and parents' satisfaction with short breaks provision is below target.

Planning and Transportation

- Timeliness of road repairs within the Planning and Transportation portfolio continues to be above or within 5% of the targets set.

Education and Skills

- Final educational performance results are now available from Department for Education. Buckinghamshire continues to do well nationally for young people achieving 5 or more A*- C GCSEs. However, performance for children on free school meals at Key Stage 4 fell below target and performance declined compared to last year. The overall annual Council figure for the number of 16-18 year olds not in employment, education or training has been met, however the figure for November, December and January which the Government uses to benchmark councils has missed the target slightly.

Community Engagement

- The majority of targets have been met including the reduction in burglaries and accessing libraries on-line. There are two libraries still to transfer to the community.

Finance and Resources

- The Council has met its corporate target for paying invoices from small and medium firms within 10 days.

Significance of the Pensions Liability

The pensions liability shows the underlying commitments that the Council has in the long run to pay post employment (retirement) benefits. The total liability of £429.417m (425.686m in 2011/12) has a substantial impact on the net worth of the Council as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy:

- the deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary
- finance is only required to be raised to cover discretionary benefits when the pensions are actually paid

The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2014 is £23.976m.

Material and Unusual Charges or Credits in the Accounts

Academy Schools

The Comprehensive Income and Expenditure Statement includes a loss of £26.142m reflecting the value of schools that had transferred to Academy status during 2012/13 (see Note 9). Where schools land and buildings have been leased to the Governing Body of the school under a 125 year lease the buildings element of the assets have been de-recognised in accordance with IAS 17.

There is a reduction of £35m in Dedicated Schools Grant from 2011/12 to 2012/13 as a result of the transfer of schools to Academy status. This is shown on the Education and Children's services line in the CIES. 34 schools have transferred to Academy status as at 31 March 2013.

The Council is managing three major capital schemes within the Education and Skills portfolio in relation to Aylesbury Vale Academy, Chiltern Hills Academy and the University Technical College. None of these buildings are recognised within the balance sheet. As a result the expenditure incurred in year (totalling £25m) has been treated as a revenue expense (within the Education and Children's services line in the CIES). Under statutory regulations this expenditure can be funded from capital and is reversed (see Note 7 Adjustments under Regs) and charged to the capital adjustment account. The schemes are fully funded from capital grants with are included under taxation and non specific grant income in Note 11. The balance of grants received but not yet committed to these schemes is held in the Capital Grants Unapplied account.

Future Developments in Service Delivery

Future developments in service delivery that may impact significantly on amounts reported in the Statement of Accounts in future years include:

Buckinghamshire Learning Trust

On 10 December 2012, the Council agreed to create the Buckinghamshire Learning Trust (BLT), a charitable trust that aims to support the provision of excellent educational outcomes whilst securing substantial savings through a new model of service delivery. Services transferring to the Trust include the School Improvement Service (Governor Service, Education Business Partnership and Music Service), Early Years Improvement Service, Schools, Workforce Development and Business Development. It is anticipated that around 200 staff will TUPE transfer to the Trust. The approximate value of the budgets transferring is expected to be £7m. The Council will retain a 20% holding in the Trust. The Trust is expected to go live on 1 July 2013.

Local Authority Trading Company

On 11 March 2013 the Council agreed in principle to the establishment of the Local Authority Trading Company (LATC) into which Day Care, Employment, Respite and Reablement services would transfer. The Council would be a 100% shareholder in this new organisation. It is anticipated that the LATC will go live in October 2013, and that around 360 staff will TUPE transfer. The approximate value of budgets transferring is £7m.

Buckinghamshire Council Museum Trust

On 16 April 2012, Cabinet agreed that a new charitable trust would be formed with the aim of transferring the operational running of the County Museum in Church Street, Aylesbury and the Museum Resource Centre in Halton to the new trust in 2013/14. On 13 May 2013, the Leader, on behalf of the Cabinet Member for Community Engagement, agreed to implement the decision to transfer the County Museum to Buckinghamshire County Museum Trust, with the aim to have the transfer completed by 1st October 2013. The museum has an operating budget of around £0.65m and around 20 employees are expected to transfer.

The Grade 2* Church Street Museum Site and the pre 1957 collections are owned by the Bucks Archaeological Society and leased to the Council at a peppercorn rent for 125 years. The value of Heritage Assets linked to the Museum is recognised in the balance sheet, as at 31 March 2013, at £5.2m.

Material Prior Year Error

A material error has been identified in the treatment of deferred capital receipts in the 2011/12 Statement of Accounts.

In the period from 2000/01 to 2007/08, the Council transferred a number of properties to social care providers for nil cash consideration or consideration that was less than market value in return for other future benefits. Under the Local Authority SORP in place at the time of the original disposals, the future benefits were recorded as usable capital receipts as the payments were contractual and not contingent on future events. The 2012/13 Code of Practice on Local Authority Accounting requires that gains may not be treated as usable until they are backed by cash receipts.

The effect of the change has been applied retrospectively as follows:

Effect on the Balance Sheet

	Opening Balance Sheet 1 April 2011			Closing Balance Sheet 31 March 2012		
	2011/12	2011/12	Adjustments	2011/12	2011/12	Adjustments
	Statements	Restated	made	Statements	Restated	made
	£000	£000	£000	£000	£000	£000
Usable Reserves	(146,215)	(123,551)	22,664	(201,342)	(179,484)	21,858
Unusable reserves	(518,114)	(540,778)	(22,664)	(381,707)	(403,563)	(21,856)
Net worth	(664,329)	(664,329)	-	(583,049)	(583,048)	-

Effect on Movement in Reserves Statement – Usable Reserves 2011/12

	Capital Receipts Reserve			Total Usable Reserves		
	2011/12 Statements	2011/12 Restated	Adjustment	2011/12 Statements	2011/12 Restated	Adjustment
	£000	£000	£000	£000	£000	£000
Balance at 1 April 2011	(26,006)	(3,341)	22,664	(146,215)	(123,551)	22,664
Surplus or Deficit on the Provision of Services	-	-	-	71,188	71,188	-
Other Comprehensive Income and Expenditure	-	-	-	-	-	-
Adjustments between the accounting basis and the funding basis under regulations	(10,954)	(11,761)	(807)	(126,315)	(127,122)	(807)
Balance at 31 March 2012	(36,959)	(15,102)	21,858	(201,342)	(179,484)	21,858

Effect on Movement in Reserves Statement – Unusable Reserves

	Deferred Capital Receipts Reserve			Capital Adjustment Account			Total Unusable Reserves		
	2011/12 Statements	2011/12 Restated	Adjustment	2011/12 Statements	2011/12 Restated	Adjustment	2011/12 Statements	2011/12 Restated	Adjustment
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2011	(5,261)	(28,154)	(22,893)	(740,859)	(740,631)	228	(518,114)	(540,778)	(22,664)
Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	10,092	10,092	-
Adjustments between the accounting basis and the funding basis under regulations	240	934	694	118,125	118,239	114	126,315	127,123	808
Balance at 31 March 2012	(5,021)	(27,220)	(22,199)	(622,734)	(622,392)	343	(381,707)	(403,563)	(21,856)

Current Borrowing Facilities and Capital Borrowing

Gross External Borrowing and the Capital Financing Requirement

This indicator records the extent that gross external borrowing is less than the capital financing requirement (underlying need to borrow). This is a key indicator of the Council's prudence in managing its capital expenditure and is designed to ensure that, over the medium term, external borrowing is only for a capital purpose. The values are measured at the end of the financial year. The figures for 2012/13 onwards are based on estimates:

	Actual 2012/13	2013/14	2014/15	2015/16	2016/17
	£000	£000	£000	£000	£000
Gross Borrowing	193,928	195,000	205,000	215,000	205,000
Capital Financing Requirement	220,151	211,743	203,660	195,887	318,414

The above figures show that during the next 4 years gross external borrowing may temporarily exceed the capital financing requirement. The Council is committed to building an EfW plant. This may require additional borrowing during 2016/17, although in practice much of this may be financed through a combination of earmarked reserves and current cash investments. The gross borrowing indicator assumes borrowing £10m, £20m and £20m in advance of need during 2013/14, 2014/15 and 2015/16 respectively, gross debt exceeds the capital financing requirement in 2014/15 and 2015/16. The need for borrowing in advance will be reviewed once all issues have been resolved.

During 2012/13, £11.732m of external borrowing was re-paid.

Internal and External Sources of Funds for Capital Expenditure

Authorities can finance schemes in a variety of ways these include:

- The application of usable capital receipts. The capital receipts currently available to finance future years' capital expenditure can be seen in the Movement in Reserves Statement (page 17).
- A direct charge to revenue or by use of earmarked revenue reserves. The balance of the Revenue Contributions to Capital reserve and the Waste Reserve can be seen in the Earmarked Reserves Statement (Note 8)
- Application of a capital grant. The Capital grants currently available to finance future years' capital expenditure can be seen in the Movement in Reserves Statement (page 17).
- Contributions received from another party, including Developer Contributions
- Borrowing

Estimated capital expenditure for the next four years is shown below:

	2013/14	2014/15	2015/16	2016/17
	£000	£000	£000	£000
Estimates of expenditure	112,268	56,131	44,774	217,399

The authorised borrowing limit provides a maximum figure that the Council could borrow at any given point during each financial year. This limit can only be breached with the approval of the full Council:

	Actual 2012/13	2013/14	2014/15	2015/16	2016/17
	£000	£000	£000	£000	£000
Authorised limit for borrowing	250,000	250,000	250,000	250,000	300,000

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure (revenue or capital) or reduce local taxation) and unusable reserves. The unusable reserves include reserves that hold unrealised gains and losses (for example the Revaluation Reserve) and reserves that hold timing differences identified at Note 7: Adjustments between Accounting Basis and Funding Basis under Regulations. The Surplus or Deficit on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for Council Tax setting purposes. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

	General Fund Balance £000	Earmarked Schools Revenue Balances £000	Earmarked Schools Devolved Formula Capital £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied Account £000	Total Useable Reserves £000	Unusable Reserves £000	Total Reserves £000
Restated									
Balance at 31 March 2012	(35,861)	(10,436)	(4,407)	(88,500)	(15,103)	(25,178)	(179,485)	(403,564)	(583,049)
Movement in reserves during 2012/13									
(Surplus) or deficit on the Provision of Services	(7,355)	-	-	-	-	-	(7,355)	-	(7,355)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	(15,766)	(15,766)
Total Comprehensive Income and Expenditure	(7,355)	-	-	-	-	-	(7,355)	(15,766)	(23,122)
Adjustments between accounting basis & funding basis under regulations (Note 7)	(11,788)	-	-	-	6,930	(21,776)	(26,634)	26,633	()
Net (Increase) / Decrease before Transfers to Earmarked Reserves	(19,143)	-	-	-	6,930	(21,776)	(33,989)	10,867	(23,122)
Transfers to/(from) Earmarked Reserves (Note 8)	15,325	(104)	1,293	(16,514)	-	-	-	-	-
(Increase) / Decrease in 2012/13	(3,818)	(104)	1,293	(16,514)	6,930	(21,776)	(33,989)	10,867	(23,122)
Balance at 31 March 2013	(39,679)	(10,540)	(3,114)	(105,014)	(8,172)	(46,954)	(213,474)	(392,697)	(606,171)

Movement in Reserves Statement

Restated figures for 2011/12

Restated	General Fund Balance £000	Earmarked Schools Revenue Balances £000	Earmarked Schools Devolved Formula Capital £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied Account £000	Total Useable Reserves £000	Unusable Reserves £000	Total Reserves £000
Balance at 1 April 2011	(25,516)	(13,065)	(8,083)	(51,301)	(3,342)	(22,244)	(123,551)	(540,778)	(664,329)
Movement in reserves during 2011/12									
(Surplus) or deficit on the Provision of Services	71,188	-	-	-	-	-	71,188	-	71,188
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	10,092	10,092
Total Comprehensive Income and Expenditure	71,188	-	-	-	-	-	71,188	10,092	81,280
Adjustments between accounting basis & funding basis under regulations (Note 7)	(112,427)	-	-	-	(11,761)	(2,934)	(127,122)	127,122	-
Net (Increase) / Decrease before Transfers to Earmarked Reserves	(41,239)	-	-	-	(11,761)	(2,934)	(55,934)	137,214	81,280
Transfers to/(from) Earmarked Reserves (Note 8)	30,894	2,629	3,676	(37,199)	-	-	-	-	-
(Increase) / Decrease in 2011/12	(10,345)	2,629	3,676	(37,199)	(11,761)	(2,934)	(55,934)	137,214	81,280
Balance at 31 March 2012 carried forward	(35,861)	(10,436)	(4,407)	(88,500)	(15,103)	(25,178)	(179,485)	(403,564)	(583,049)

The following table shows a summary of the earmarked reserves balances at the end of each year

	31 March 2012 £000	31 March 2013 £000
Earmarked Schools Revenue Balances	(10,436)	(10,540)
Earmarked Schools Devolved Formula Capital	(4,407)	(3,114)
Earmarked General Fund Reserves	(88,500)	(105,014)
Capital Receipts Reserve	(15,103)	(8,172)
Capital Grants Unapplied Account	(25,178)	(46,954)
Total	(143,624)	(173,794)

Further details regarding the transactions and balances of earmarked reserves can be seen in Note 8.

Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this is different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

2011/12			2012/13			
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
1,735	(1,233)	502	Central Services to the Public	2,090	(1,383)	707
594	(85)	509	Court Services	795	(57)	738
13,427	(3,006)	10,421	Culture and Related Services	14,911	(2,669)	12,242
25,007	(1,932)	23,075	Environment and Regulatory Services	33,674	(1,860)	31,814
4,425	(1,354)	3,071	Planning Services	3,836	(1,262)	2,574
452,783	(363,732)	89,051	Education and Children's Services	455,255	(316,450)	138,805
97,511	-	97,511	- Exceptional item Loss on revaluation of schools	-	-	-
46,220	(4,993)	41,227	Highways and Transport Services	48,836	(5,061)	43,775
4,869	(146)	4,723	Other Housing Services	4,561	(53)	4,508
145,880	(47,635)	98,245	Adult Social Care	149,711	(55,686)	94,025
2,761	(1,017)	1,744	Corporate and Democratic Core	2,137	(996)	1,141
(6,579)	-	(6,579)	Non Distributed Costs	691	-	691
788,633	(425,133)	363,500	Cost of Services	716,497	(385,477)	331,020
66,706	-	66,706	Other Operating Expenditure (Note 9)	29,855	-	29,855
19,168	(2,837)	16,331	Financing and Investment Income and Expenditure (Note 10)	24,258	(2,701)	21,556
(2,219)	(373,130)	(375,349)	Taxation and Non-Specific Grant Income (Note 11)	-	(389,786)	(389,786)
872,288	(801,100)	71,188	(Surplus) or Deficit on Provision of Services	770,610	(777,964)	(7,355)
		(150,518)	(Surplus) or Deficit on Revaluation of Non-Current Assets			(11,387)
		160,610	Actuarial (gains)/losses on Pension Assets/Liabilities			(4,379)
		10,092	Other Comprehensive Income and Expenditure			(15,766)
		81,280	Total Comprehensive Income and Expenditure			(23,122)

Balance Sheet

The Balance Sheet shows the value as at the balance sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council.

Restated 31 March 2011 £000	Restated 31 March 2012 £000		Notes	31 March 2013 £000
1,054,647	1,047,097	Property, Plant & Equipment	12	1,026,325
7,546	7,546	Heritage Assets	13	7,550
3,674	3,648	Intangible Assets	14	3,007
3,753	2,137	Long Term Investments	15	1,764
28,522	27,497	Long Term Debtors	17	22,616
1,098,142	1,087,925	Long Term Assets		1,061,262
83,110	117,914	Short Term Investments	15	207,547
2,076	2,108	Assets Held for Sale	19	7,897
495	256	Inventories		132
35,719	33,132	Short Term Debtors	17	41,558
13,565	24,746	Available for Sale Financial Assets	15	36,426
66,562	74,851	Cash and Cash Equivalents	18	641
201,527	253,007	Current Assets		294,201
(3,848)	(13,772)	Short Term Borrowing	15	(8,000)
(8,039)	(14,659)	Temporary Loans	15	(15,779)
(123,752)	(96,801)	Short Term Creditors	20	(97,005)
(16,730)	(9,601)	Current Provisions	21	(7,601)
(152,369)	(134,833)	Current Liabilities		(128,385)
(5,323)	(5,703)	Provisions and Long Term Liabilities	21	(5,562)
(199,392)	(191,660)	Long Term Borrowing	15	(185,928)
(278,256)	(425,686)	Pension Liability	41	(429,417)
(482,971)	(623,049)	Long Term Liabilities		(620,907)
664,329	583,050	Net Assets		606,171
(123,551)	(179,487)	Usable Reserves	MiRS*	(213,475)
(540,778)	(403,564)	Unusable Reserves	23	(392,696)
(664,329)	(583,050)	Total Reserves		(606,171)

*MiRS - Movement in Reserves Statement (see page 18)

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made from resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. lenders) to the Council.

2011/12		2012/13
£000		£000
71,188	Net (surplus) or deficit on the provision of services	(7,355)
(173,990)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	(81,922)
10,828	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	70,472
(91,975)	Net cash flows from Operating Activities (Note 25)	(18,805)
86,142	Investing Activities (Note 26)	81,511
(2,456)	Financing Activities (Note 27)	11,504
(8,289)	Net (increase) or decrease in cash and cash equivalents	74,210
66,562	Cash and cash equivalents at the beginning of the reporting period	74,851
74,851	Cash and cash equivalents at the end of the reporting period	641

Notes to the Accounts

1 - Accounting Policies

1.1 General Principles

The Statement of Accounts summarises the Council's transactions for the 2012/13 financial year and its position at the year end of 31 March 2013. The Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 (the Code) and the Service Reporting Code of Practice 2012/13 (SeRCOP), supported by International Financial Reporting Standards (IFRS).

The purpose of the Accounting Policies is to explain how transactions and other disclosures are recognised and measured in the accounts. The accounting convention adopted is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

Only accounting policies that have a material impact on the Accounts are disclosed. Those specific to the Pension Fund are set out in the Pension Fund accounts on page 85.

1.2 Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- revenue from the sale of goods or from the provision of services is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council
- expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made
- interest receivable on investments and payable on borrowings is based on the effective interest rate for the relevant financial instrument rather than the cash flows determined by the contract
- where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

1.3 Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.4 Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are charged with the following amounts to record the cost of holding non-current assets during the year:

- depreciation attributable to the assets used by the relevant service
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- amortisation of intangible fixed assets attributable to the service

The Council is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance.

Depreciation, revaluation and impairment losses and amortisations are therefore replaced by this contribution from the General Fund balance by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement.

1.5 Employee Benefits

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (eg cars) for current employees and are recognised as an expense in the year in which employees render service to the Council.

An accrual is made for the cost of holiday entitlements (or any form of leave, eg time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is charged to the relevant service lines in the Comprehensive Income and Expenditure Statement, but then reversed out through the Movement in Reserves Statement by way of an adjusting transaction with the Accumulated Absences Account, so that there is no impact on Council Tax in accordance with statutory guidance.

Post Employment Benefits

Employees of the Council are members of two separate pension schemes:

- the Teachers' Pension Scheme – the scheme provides defined benefits to members. However, the liabilities for these benefits cannot be identified specifically to the Council. As a result the scheme is accounted for as if it was a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Education and Children's Services line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pensions in the year. Further information is provided at Note 39.
- the Local Government Pensions Scheme, administered by Buckinghamshire County Council is accounted for as a defined benefits scheme.

The Local Government Scheme

The Local Government Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Buckinghamshire County Council Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – ie an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of future earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 1% (based on the annualised yield at the 20 year point on the Merrill Lynch AA rated corporate bond curve. This approach has been updated from previous disclosures when the yield on the iBoxx AA rated over 15 year corporate bond index was used).
- The assets of Buckinghamshire County Council Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:
 - quoted securities – current bid price
 - unquoted securities – professional estimate
 - unitised securities – current bid price
 - property – market value.
- The change in the net pensions liability is analysed into seven components:
 - current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked

Notes to the Accounts

- past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to Non Distributed Costs in the Comprehensive Income and Expenditure Statement.
- interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- expected return on assets – the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return – credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- gains or losses on settlements and curtailments – the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Pensions Reserve
- contributions paid to the Buckinghamshire County Council Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the Pension Fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the Pension Fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

1.6 Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Premiums and discounts on the early redemption of loans are charged to the Comprehensive Income and Expenditure Statement when incurred, however regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on

the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

Financial assets are classified into two types:

- Loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market
- Available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments.

Loans and receivables

Loans and receivables are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are measured at fair value. They are subsequently measured at amortised cost. Annual credits to the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Available-for-Sale Assets

Available-for-sale assets are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions and are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (eg dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis

1.7 Government Grants and Contributions

Government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- the Council will comply with the conditions attached to the payments, and
- the grants or contributions will be received

Amounts are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (unringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Notes to the Accounts

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

1.8 Heritage Assets

Heritage Assets are those assets (either tangible or intangible) with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture.

Where information is held on the cost or value of a Heritage Asset, the asset is recognised and measured (including the treatment of revaluation gains and losses and impairments) in accordance with the policy for Property, Plant and Equipment (see 1.12 below) in respect of tangible heritage assets or in accordance with 1.12 below in respect of intangible heritage assets. Where this information is not available, and cannot be obtained at a cost which is commensurate with the benefits to users of the financial statements, the assets are not recognised in the Balance Sheet. No depreciation or amortisation is charged on heritage assets which have indefinite lives.

1.9 Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Intangible assets are measured initially at cost. Amounts are not revalued as their fair value cannot be determined by reference to an active market. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

1.10 Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Council as Lessee

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied by writing down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement)

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets as set out at 1.12, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the asset. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (eg if there is a rent-free period at the commencement of the lease).

The Council as Lessor

Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal, a gain or loss on disposal is credited to the Comprehensive Income and Expenditure Statement and matched by a lease (long-term debtor) asset in the Balance Sheet. Any consideration is treated as a capital receipt in as set out at 1.12.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the asset – applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement)

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (eg there is a premium paid at the commencement of the lease).

1.11 Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the principles of the CIPFA SeRCOP 2012/13. The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Council's status as a multifunctional, democratic organisation.
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early.

Notes to the Accounts

These two cost categories are defined in SeRCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

1.12 Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Where additions on any single suite of works falls below the de-minimis level of £10,000 this expenditure will be charged to revenue. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (ie repairs and maintenance) is charged as an expense when it is incurred. The Council does not capitalise borrowing costs. All borrowing costs are charged to interest payable shown under Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement.

Separate components are recognised where the individual gross replacement cost of the component exceeds 10% of the gross replacement cost of the whole asset (with a minimum of £200,000) and where the following criteria are met:

- New assets: where the total cost of the asset is equal to or greater than £1,000,000
- Enhanced assets: when the net book value is equal to or greater than £1,000,000 and there is a minimum enhancement expenditure of £50,000 incurred on the item of Property, Plant and Equipment.
- Other existing assets: when the net book value, after revaluation, is equal to or greater than £1,000,000 as part of the five year rolling programme.
- Where the component cost is equal to or greater than £1,000,000

The recognition of the non-current assets is based on the extent to which the Council controls the future service potential of the asset, rather than the ownership of the underlying assets. In respect of schools:

- All assets of Voluntary Controlled Schools and Community Schools are recognised in the balance sheet, even those it does not own, as the Council controls the service and economic potential of these assets.
- The Council recognises only the value of land it owns in relation to Voluntary Aided Schools in the Balance Sheet.
- The transfer of assets to Academies is subject to a formal lease agreement and recognised in the Balance Sheet in accordance with the requirements of IAS 17 set out at paragraph 1.10 above.
- The fixed assets of Foundation Schools are vested in the Governing Bodies and are not included in the Balance Sheet.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- Components of are measured at gross replacement cost.

The Council does not capitalise borrowing costs.

Assets are then carried in the Balance Sheet using the following measurement bases:

- infrastructure, community assets and assets under construction – depreciated historical cost

- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, or the assets have short useful lives or low values, depreciated replacement cost (DRC) is used as an estimate of fair value.

Assets included in the Balance Sheet with a fair value (individually or collectively) of £50,000 or more, are revalued every five years by an external valuer in accordance with the Statement of Asset Valuation Practice and Guidance Notes of the Royal Institute of Chartered Surveyors (RICS). Components of assets enhanced or revalued are valued at gross replacement cost. BCIS indices are applied to the gross replacement cost to calculate the net book value of the component.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (ie assets under construction).

Depreciation is calculated on the following bases:

- buildings – straight-line allocation over the useful life of the property as estimated by the Valuer
- vehicles, plant, furniture and equipment – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer
- infrastructure – straight-line allocation over 40 years.

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Assets Held for Sale

Notes to the Accounts

When it becomes probable that the carrying amount of a non-current asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as Held for Sale, adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Disposals and De-recognition

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal.

When a component is replaced, the carrying amount of the old component is derecognised and the new component reflected at cost in the carrying amount of the overall asset. Such recognition and derecognition takes place regardless of whether the replaced part has been depreciated separately.

Any revaluation gains accumulated for the asset or component in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Capital Receipts Reserve from the General Fund balance in the Movement in Reserves Statement.

Where the amount due in relation to the asset (including leased assets) is contingent on payments in future financial years, this is posted to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement and a long term debtor is created in the Balance Sheet. Under statutory arrangements, the Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the future payments are received, the element for the capital receipt for the disposal of the asset is used to write down the long-term debtor. At this point, the Deferred Capital Receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against Council Tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund balance in the Movement in Reserves Statement.

1.13 Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (eg from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the Accounts.

1.14 Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against Council Tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, and retirement and employee benefits and do not represent usable resources for the Council – these reserves are explained in the relevant policies.

1.15 Revenue Expenditure Funded from Capital Under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of Council Tax.

Notes to the Accounts

1.16 Value Added Tax (VAT)

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

2 - Accounting Standards that have been Issued but have not yet been Adopted

The 2013/14 Code of Practice includes the adoption of amendments to the following Accounting Standards –

- IAS 1 *Presentation of Financial Statements* (other comprehensive income)
- IFRS 7 *Financial Instruments Disclosures* (offsetting financial assets and liabilities)
- IAS 12 *Income Taxes* (deferred tax: recovery of underlying assets)
- IAS 19 *Employee Benefits*
- IFRS 13 *Fair Value Measurement*

Amendment of IAS19 *Employee Benefits*

The main changes relate to Defined Benefit Pension Schemes. Those changes that affect the pension charge to the Comprehensive Income & Expenditure Statement ('CIES') are:

- Removal of the expected return on assets, to be replaced by a net interest cost comprising interest income on the assets and interest expense on the liabilities, which are both calculated with reference to the discount rate
- Some labelling changes to the charge to the CIES eg "Service cost" will comprise both "Current Service Cost" plus the "Past Service Cost".
- Administration expenses are now shown separately within the charge to the CIES; previously these were deducted from the actual and expected returns on assets

The table below shows anticipated disclosure for 2012/13 and the projected impact for 2013/14 on the CIES. The actuary has not provided a balance sheet projection as this will depend on market conditions and the asset value of the Scheme at the end of 2014.

Effect on the Comprehensive Income and Expenditure Statement:	2012/13	2013/14
	£000	£000
Service Cost	23,375	27,726
Net Interest on the defined liability (asset)	18,899	18,350
Administration expenses	379	420
Total	42,653	46,496

Actual return on Scheme assets	94,908	Not projected
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Note that these figures exclude the capitalised cost of any early retirements or augmentations which may occur after 31 March 2013. These projections are based on the assumptions as at 31 March 2013, as described at Note 40.

It is not anticipated that adopting any of the remaining accounting standards will have a significant impact on the 2013/14 statement of accounts.

3 - Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- **Schools** non-current assets are recognised in the Accounts based on the extent to which the Council controls the future service potential of the school, rather than the ownership of the underlying assets. As a result the non-current assets of Community schools and Voluntary Controlled schools are included in the balance sheet but the non-current assets of Foundation schools and Voluntary Aided schools are excluded. The income and expenditure for all of these schools is included within the CIES as their funding allocation (DSG) is controlled by

Notes to the Accounts

the Council. Academy schools non-current assets and income and expenditure are not recognised within the Statement of Accounts.

- **Infrastructure Assets (including Highways)** are currently recognised in the Balance Sheet on a depreciated historical cost basis at £277.835m. This is in accordance with the 2012/13 Code. Consultation is being undertaken to move to a depreciated replacement cost basis. It is estimated that a change in basis would result in a valuation of £3.5bn.
- **Teachers' Pension Scheme** is accounted for as a Defined Contribution Scheme as the liabilities attributable to the Council cannot be specifically identified. The Scheme is an unfunded defined benefit scheme. It is estimated that the liabilities attributable to the Scheme would be significant.
- **Grants** are recognised immediately in the CIES provided that there is reasonable assurance that the Council will comply with the conditions attached to the grant. The Council has determined that all unringfenced grants and a number of ringfenced grants can be recognised on this basis. As a result £21.571m of capital grants have been recognised in the CIES in 2012-13, where expenditure is planned for future years. This funding is held in the Capital Grants Unapplied Reserve.

4 - Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Council's Balance Sheet at 31 March 2013 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Depreciation (and amortisation of intangible assets)	Useful lives of assets are estimated and components are only recognised and depreciated separately where the asset value is greater than £1m. The Council relies on the expertise of a qualified valuer to provide these estimates based on his professional opinion and experience.	Any increase or decrease in component values and useful lives will affect the level of depreciation and the carrying value of the assets. Since each asset has a different remaining useful life, it is not practicable to quantify the potential impact of any changes on the figures that appear in the Statement of Accounts. The carrying amount of assets subject to depreciation is £1.026m.
Valuations / Impairments	Valuations and impairments are arrived at by a qualified valuer based on the latest guidance from the Royal Institute of Chartered Surveyors. Actual values may be higher or lower depending on variations in market conditions	Impracticable to quantify - assumptions are standard recommended practice for valuation of properties. The carrying amount of assets subject to revaluation and impairment is £1.026m.
Pensions Liability	The valuation of the liability is based on a number of assumptions	The value of the liability may increase/decrease, but this is impracticable to quantify. The carrying amount of the liability is £429.417m.

This list does not include assets and liabilities that are carried at fair value based on a recently observed market price

5 - Material Items of Income and Expense Not Disclosed in Other Notes to the Core Financial Statements

Minimum Revenue Provision (MRP)

The Council is required to set aside a minimum amount from revenue for the repayment of debt. The amount set aside is calculated on the following basis:

- Debt relating to capital expenditure incurred prior to 1 April 2008 will be calculated broadly on the basis of 4% of the Council's Capital Financing Requirement (reducing balance).
- Debt relating to capital expenditure incurred from 1 April 2008 will be calculated broadly on the annuity asset life method. The MRP charge in relation to this expenditure will apply from the year following the year in which the fixed asset becomes operational

The MRP charge for 2012/13 is £8.832m net (£9.073m net for 2011/12). The amount charged to services as depreciation is reversed in Note 7 and replaced by the MRP.

6 - Events After the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Service Director Finance and Commercial Services on xx June 2013. Events taking place after this date are not reflected in the Financial Statements or Notes. Where events taking place before this date provided information about conditions existing at 31 March 2013, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Public Health

From 1 April 2013 statutory responsibility for Public Health activities (ranging from cancer prevention and tackling obesity to sexual health services) funded from the ring-fenced Public Health Grant of £15.681m have transferred to the Council from the NHS primary care trusts. A new Service Expenditure Analysis (SEA) line will be included within the CIES for Public Health from 2013/14.

Academy Schools

As at xx June 2013, one further school has converted to academy status. The value of the buildings that have transferred to the school under a finance lease are recorded in the balance sheet as at 31 March 2013 at £0.444m. It is possible that further schools will convert to academy status during 2013/14.

Social Fund Reform

Changes contained in the Welfare Reform Act 2012 mean that certain elements of the discretionary Social Fund scheme will be abolished in April 2013 and a new locally based Local Emergency Support will be delivered by the Council to help customers in an emergency/crisis situation. Local Emergency Support will be in the form of goods/services and grant funding of £479,510 is available for 2013/14 and 2014/15.

Overhaul of Local Government Funding

The Local Government Finance Act 2012 introduced from 1 April 2013 a business rates retention scheme that enables local authorities to retain a proportion of the business rates generated in their area. Local authorities have also assumed liability for refunding ratepayers who have successfully appealed against the rateable value of their properties on the rating list. This includes amounts that were paid over to Central Government in respect of 2012/13 and prior years. From 2013/14 a provision will be recognised in the accounts to reflect this liability. The Council's share of this liability is estimated at £0.66m.

The Act also introduced the localisation of Council Tax benefit support, with a 10% reduction in funding and saw the transfer of services around local emergency support (formerly known as the Social Fund) as part of the programme of welfare reform, also with reduced funding.

Energy from Waste

On 17 April 2013 the Council signed a 30-year contract for circa £315m with FCC Environment to build and operate an Energy from Waste (EfW) facility. A judicial review challenge against the planning decision has gone to appeal, and as a result, financial close is not anticipated until autumn of 2013. The breakage costs that the Council is now exposed to are estimated at £13.5m. A Waste reserve has been set up to manage the financial implications of this contract, the current value of this is £27.974m.

7 - Adjustments between Accounting Basis and Funding Basis Under Regulations

This note analysis the differences between the Comprehensive Income and Expenditure Statement compiled in accordance with proper accounting practice and the resource specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

General Fund Balance

The General Fund is the statutory fund into which all the receipts of an authority are required to be paid and out of which all liabilities of the authority are to be met, except to the extent that statutory rules might provide otherwise. The General Fund Balance summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment at the end of the financial year.

Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets. The reserve is restricted by statute from being used other than to fund new capital expenditure or to repay debt. The balance on the reserve shows the resources that have yet to be applied for these purposes at the yearend.

Capital Grants Unapplied

The Capital Grants Unapplied Reserve holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

Usable Reserves

	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied Reserve £000	Movement in Unusable Reserves £000
Adjustments primarily involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non-current assets	(34,081)	-		34,081
Revaluation losses on Property, Plant and Equipment	(13,082)	-		13,082
Amortisation of intangible assets	(1,430)	-		1,430
Capital grants and contributions applied	36,249	-		(36,249)
Revenue Expenditure Funded from Capital Under Statute	(26,407)	-		26,407
Amounts of non-current assets written off on disposal as part of the (gain)/loss on disposal to the Comprehensive Income and Expenditure Statement	(30,577)	-		30,577
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment (minimum revenue provision)	8,832	-		(8,832)
Capital expenditure financed from the General Fund	21,571	-		(21,571)
Voluntary minimum revenue provision	1,961	-		(1,961)
Adjustments primarily involving the Capital Grants Unapplied Reserve:				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	29,824	-	(29,824)	
Application of grants to capital financing transferred to the Capital Adjustment Account	-		8,048	(8,048)
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the (gain)/loss on disposal to the Comprehensive Income and Expenditure Statement	5,222	(5,222)		-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	12,702		(12,702)
Contribution from the Capital Receipts Reserve towards the costs of non-current asset disposals	(823)	823		
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	(1,372)		1,372
Write Down of deferred capital receipts	(3,264)			3,264
Adjustments primarily involving the Financial Instruments Adjustment Account:				
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	160	-		(160)
Adjustments primarily involving the Pension Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(34,612)	-		34,612
Employer's pensions contributions and direct payments to pensioners payable in the year	26,502	-		(26,502)
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which Council Tax income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax income calculated for the year in accordance with statutory requirements	171	-		(171)
Adjustments primarily involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accrual basis is different from remuneration chargeable in the year in accordance with statutory requirements	1,996	-		(1,996)
Total Adjustments	(11,788)	6,930	(21,776)	26,633

Notes to the Accounts

Comparative Figures

	Usable Reserves			Movement in Unusable Reserves £000
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied Reserve £000	
Restated				
Adjustments primarily involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non-current assets	(30,360)	-		30,360
Revaluation losses on Property, Plant and Equipment	(97,511)	-		97,511
Amortisation of intangible assets	(1,740)	-		1,740
Capital grants and contributions applied	47,076	-		(47,076)
Revenue Expenditure Funded from Capital Under Statute	(1,718)	-		1,718
Writedown of grants relating to Revenue Expenditure Funded from Capital Under Statute	849	-		(849)
Amounts of non-current assets written off on disposal as part of the (gain)/loss on disposal to the Comprehensive Income and Expenditure Statement	(77,121)	-		77,121
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment (minimum revenue provision)	9,073	-		(9,073)
Capital expenditure financed from the General Fund	2,442	-		(2,442)
Voluntary minimum revenue provision	1,961	-		(1,961)
Adjustments primarily involving the Capital Grants Unapplied Reserve:				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	2,934	-	(2,934)	
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the (gain)/loss on disposal to the Comprehensive Income and Expenditure Statement	11,272	(11,272)		-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	114		(114)
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	(603)		603
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	363	-		(363)
Adjustments primarily involving the Financial Instruments Adjustment Account:				
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	160	-		(160)
Adjustments primarily involving the Pension Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(14,806)	-		14,806
Employer's pensions contributions and direct payments to pensioners payable in the year	27,986	-		(27,986)
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which Council Tax income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax income calculated for the year in accordance with statutory requirements	1,271	-		(1,271)
Adjustments primarily involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accrual basis is different from remuneration chargeable in the year in accordance with statutory requirements	6,249	-		(6,249)
Total Adjustments	(111,620)	(11,761)	(2,934)	126,315

8 - Transfers To/From Earmarked Reserves

This note sets out the amounts set aside from the General Fund Balance in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2012/13.

	Balance at 1 April 2011	Transfers Out 2011/12	Transfers In 2011/12	Balance at 31 March 2012	Transfers Out 2012/13	Transfers In 2012/13	Balance at 31 March 2013
	£000	£000	£000	£000	£000	£000	£000
Earmarked General Fund Reserves							
A - Revenue Contribution to Capital	(21,768)	7,142	(11,904)	(26,530)	20,848	(18,125)	(23,807)
B - Doubtful Debt Reserve	(1,472)	14	-	(1,458)	1	-	(1,457)
C - Priority Spend	(1,477)	-	(794)	(2,271)	1,029	(322)	(1,564)
D - LPSA Reserve	(1,067)	1,067	-	-	-	-	-
E - LSC Reserve	(600)	231	-	(369)	-	(46)	(415)
F - Efficiency Fund and SALX	(1,737)	478	(310)	(1,569)	1,057	(1,590)	(2,102)
G - Commuted Sums	(464)	-	-	(464)	-	(47)	(511)
H - Renew als	(1,144)	1,402	(2,268)	(2,010)	1,222	(1,637)	(2,425)
I - Insurance	(3,476)	72	(423)	(3,827)	6	(1,082)	(4,903)
J - Election Expenses	(158)	-	(91)	(249)	-	(212)	(461)
K - Transformation	(310)	-	(422)	(732)	-	(1,011)	(1,743)
L - Social Care	(3,944)	1,053	(3,333)	(6,224)	1,376	(6,795)	(11,643)
M - Car Leasing	(679)	465	(136)	(350)	138	-	(212)
N - Waste	(8,115)	-	(9,581)	(17,696)	1,129	(11,407)	(27,974)
O - Revenue Grants Unapplied	-	-	(6,960)	(6,960)	760	(132)	(6,332)
P - DSG carry forward	-	-	(11,166)	(11,166)	3,566	(4,349)	(11,949)
AA - Other	(4,890)	2,839	(4,575)	(6,626)	1,593	(2,484)	(7,517)
Subtotal	(51,301)	14,763	(51,963)	(88,501)	32,725	(49,239)	(105,015)
Earmarked for Schools							
AB - Earmarked Schools Revenue Balances	(13,065)	16,148	(13,519)	(10,436)	12,967	(13,071)	(10,540)
AB - Earmarked Schools Devolved Formula Capital	(8,083)	8,083	(4,407)	(4,407)	4,407	(3,114)	(3,114)
Subtotal	(21,148)	24,231	(17,926)	(14,843)	17,374	(16,185)	(13,654)
Total	(72,449)	38,994	(69,889)	(103,344)	50,099	(65,424)	(118,669)

- A) The Revenue Contribution to Capital Reserve is used for the financing of capital expenditure. The balance represents amounts set aside to fund future capital schemes.
- B) The Doubtful Debt Reserve relates to the amounts that the Council is setting aside to mitigate the risk of bad debts.
- C) The Priority Spend Reserve is to help address Council budget priorities.
- D) The Local Public Service Agreement (LPSA) Reserve held monies earned in reward grant that relates to 2008/09 but was earmarked to be spent in future years. It has now been fully utilised.
- E) The LSC Reserve is used as a mechanism for equalising under and overspends on the adult learning budgets. These budgets are monitored on an academic year basis rather than a financial year.
- F) The Efficiency Fund and Salix Reserve is called on by Portfolios to finance initial expenditure on projects that will lead to longer-term savings. The repayment of Salix loans is recycled to fund further projects.
- G) The Commuted Sums Reserve is made up of payments from private developers to compensate the Council for additional costs incurred in maintaining infrastructure associated with new developments.

Notes to the Accounts

- H) The Renewals Reserve is used for the financing of capital expenditure. The balance represents amounts set aside to fund future purchases, particularly vehicles and computers.
- I) The Insurance Reserve relates to the estimated liabilities in respect of insurance claims not yet notified.
- J) The Election Expenses Reserves has been set up to fund the expenses for the full Council elections which occur every four years.
- K) The Transformation Reserve is used to fund upfront work required to achieve future savings resulting from the Council's service transformation activities.
- L) The Social Care Reserve supports a range of projects that have social care and health benefits. The funding for these projects is fully allocated to the ongoing projects.
- M) The Car Leasing Reserve covers the cost of administration, insurance and relief vehicles.
- N) The Waste Reserve has been established to smooth the financial impact of the Energy from Waste project to reduce future borrowing requirements in 2016/17.
- O) The Revenue Grants Unapplied Reserves has been established to set aside unringfenced, unused revenue grants to be used in future years
- P) The DSG Carryforward Reserve relates to unused Dedicated Schools Grant (DSG)
- AA) The Other Earmarked Reserves include:
- Support Services Options Appraisal
 - Winter Maintenance
 - HS2
 - EDRMS
 - Country Parks
 - Revenue Project
- AB) The General Fund Reserve for Schools contains the balances held by schools under delegated schemes that are ring-fenced.

Further details of the balances earmarked for schools are shown in the table below:

	Balance at 31 March 2012	Balance at 31 March 2013
Devolved Formula Capital carried forward	(4,407)	(3,114)
Supluses carried forward*	(12,556)	(12,834)
Deficits carried forward*	2,120	2,294
Total	(14,843)	(13,654)

* Excluding schools that became academies in year.

9 - Other Operating Expenditure

2011/12	2012/13
£000	£000
(3,051) (Gain)/losses on the disposal of non-current assets	3,301
69,344 Loss on de-recognition of Academies non-current assets	26,142
413 Levies - Environment Agency	412
66,706 Total	29,855

10 - Financing and Investment Income and Expenditure

2011/12	2012/13
£000	£000
12,668 Interest payable and similar charges	12,398
41,884 Pensions interest cost	40,579
(35,306) Expected return on pensions assets	(28,627)
(2,830) Interest receivable and similar income	(2,718)
(85) Impairment of financial assets	(76)
16,331 Total	21,556

11 - Taxation and Non Specific Grant Income

2011/12	2012/13
£000	£000
(232,740) Council Tax income	(233,651)
(50,764) National Non Domestic Rates	(63,029)
(15,691) Revenue Support Grant	(1,222)
(30,129) Non-ringfenced government grants	(25,811)
(46,025) Capital grants and contributions	(66,073)
(375,349) Total	(389,786)

Notes to the Accounts

12 – Property, Plant and Equipment

Movements on Balances

	Other Land and Buildings £000	Vehicles, Plant and Equipment £000	Infrastructure Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
Cost or Valuation						
At 1 April 2012	826,797	22,513	303,601	1,965	3,548	1,158,424
additions	26,214	522	19,428	-	5,306	51,471
revaluation increases/(decreases) recognised in the Revaluation Reserve	7,371	-	-	-	-	7,371
revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(13,082)	-	-	-	-	(13,082)
derecognition - disposals	(30,085)	(279)	-	-	-	(30,364)
derecognition - other	(2,488)	-	-	-	-	(2,488)
assets reclassified	(5,142)	-	-	1,728	(3,374)	(6,788)
At 31 March 2013	809,585	22,756	323,029	3,693	5,480	1,164,544
Accumulated Depreciation and Impairment						
At 1 April 2012	(60,449)	(14,101)	(36,670)	(107)	-	(111,327)
depreciation charge	(22,602)	(2,932)	(8,524)	(11)	-	(34,069)
depreciation written out to the Revaluation Reserve	4,015	-	-	-	-	4,015
derecognition - disposals	2,432	195	-	-	-	2,627
derecognition - other	472	-	-	-	-	472
At 31 March 2013	(76,132)	(16,838)	(45,194)	(118)	-	(138,282)
Net Book Value						
as at 31 March 2013	733,453	5,918	277,835	3,575	5,480	1,026,262
as at 31 March 2012	766,348	8,412	266,931	1,858	3,548	1,047,097

	Other Land and Buildings £000	Vehicles, Plant and Equipment £000	Infrastructure Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
Comparative Movements 2011/2012						
Cost or Valuation						
At 1 April 2011	879,510	20,594	279,573	1,383	6,256	1,187,316
additions	20,253	2,045	24,028	-	605	46,931
revaluation increases/(decreases) recognised in the Revaluation Reserve	113,258	-	-	-	-	113,258
revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(97,511)	-	-	-	-	(97,511)
derecognition - disposals	(87,294)	(126)	-	-	-	(87,420)
derecognition - other	(3,644)	-	-	-	-	(3,644)
assets reclassified	2,226	-	-	582	(3,313)	(505)
At 31 March 2012	826,797	22,513	303,601	1,965	3,548	1,158,424
Accumulated Depreciation and Impairment						
At 1 April 2011	(92,562)	(11,262)	(28,749)	(96)	-	(132,669)
depreciation charge	(19,495)	(2,933)	(7,921)	(11)	-	(30,360)
depreciation written out to the Revaluation Reserve	37,259	-	-	-	-	37,259
derecognition - disposals	14,200	94	-	-	-	14,294
other movements in depreciation and impairment	149	-	-	-	-	149
At 31 March 2012	(60,449)	(14,101)	(36,670)	(107)	-	(111,327)

Measurement bases

The following measurement bases are used for each category of Property, Plant and Equipment:

- Other Land and Buildings – fair value based on existing use value (EUV) or depreciated replacement cost (DRC) if EUV cannot be determined
- Infrastructure, Assets under construction, Vehicles, Plant and Equipment – depreciated historic cost

Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation:

- Other Land and Buildings 5 - 60 years
- Vehicles, Plant and Equipment 1 - 15 years
- Infrastructure 31 - 40 years
- Surplus Assets 15 - 60 years

Notes to the Accounts

Capital Commitments

Project	Type of Contract	Name of Contractor	Contract Value	Amount Outstanding at 31st March 2013
Aylesbury Vale Academy	Building Works	BAM	23,232	12,250
Chiltern Hills Academy	Building Works	BAM	9,432	2,900
University Technical College, Aylesbury	Building Works	BAM	8,738	5,583
Berryfields Primary	Building Works	BAM	6,900	2,800
Chiltern Skills, Chesham	Building Works	Kingerlee	2,902	2,615
Cottesloe, Wing	Building Works	Kingerlee	2,611	2,611
Other - Under £2m Outstanding			10,914	7,201
Total Value			64,729	35,960

At 31 March 2013, the Council has £35.960m capital contracts for the construction or enhancement of Property, Plant and Equipment. Commitments as at 31 March 2012 were £0m.

Revaluations

The following table shows the progress of the Council's five year rolling programme for the revaluation of fixed assets. The valuations have been carried out by external valuers. The effective date of valuation for the current year was 1 April 2012.

	Other Land and Buildings £000	Vehicles, Plant and Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000
Carried at historical cost		5,918	277,835		
valued at fair value as at:					
31 March 2009	61,328				
31 March 2010	65,486				1,228
31 March 2011	102,308				
31 March 2012	526,661				
31 March 2013	108,238				
Total Cost or Valuation	864,021	5,918	277,835	-	1,228

The significant assumptions applied in estimating fair values are:

- Unless otherwise stated, the title of the properties is free from onerous and unusual restrictions
- No structural surveys or internal inspections have been carried out
- The properties are not affected by deleterious or hazardous materials, land contamination or adverse ground conditions; and no investigation has been carried out to determine the presence of any such contamination
- Assets are unaffected by flooding, subsidence and any matters which would be revealed by local search
- Fair Value in Existing Use is based on the 'modern equivalent asset'

Foundation Schools

The total value of Foundation Schools within Buckinghamshire was £48.450m as at 31 March 2013 (£61.576m as at 31 March 2012). The reduction in the value of Foundation Schools is due to them converting to Academy Schools, the values are reflected below.

Academy Schools

The total value of Academy Schools that are now held under finance leases (note 37) within Buckinghamshire was £95.896m as at 31 March 2013 (£69.344m as at 31 March 2012).

13 – Heritage Assets

Reconciliation of the Carrying Value of Heritage Assets Held by the Authority

	Historic Sites and Monuments £000	Kedminster Library and Pew £000	Museum Collections and Paintings £000	Total £000
Cost or valuation				
1 April 2012	847	1,019	5,681	7,547
Additions	-	4	-	4
Disposals	-	-	-	-
Impairment	-	-	-	-
31 March 2013	847	1,022	5,681	7,550
Cost or valuation				
1 April 2011	847	1,019	5,681	7,547
Additions	-	-	-	-
Disposals	-	-	-	-
Impairment	-	-	-	-
31 March 2012	847	1,019	5,681	7,547

All heritage assets recognised in the balance sheet are tangible assets. It is not practical to provide a summary of transactions in relation to Heritage Assets prior to 1 April 2010.

Historic Sites and Monuments

The Council has identified six Heritage Assets sited within the Country Parks and Green Spaces, managed and maintained by Countryside Services. These sites are included within the Historic Environment Record, a database of over 17,000 records of traditional archaeological sites including excavations, earthworks and stray artefacts, historic buildings and landscapes. The database is compiled and maintained by the County Archaeological Service of Buckinghamshire County Council and the database, alongside further information on each site is accessible via the Councils website.

Valuation of Historic Sites and Monuments

The following sites have been valued by a RICS qualified District Valuer at market value, which is ‘the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion’ using the comparable method of valuation. The valuation was undertaken in May 2012 and assumes that the property is constructed and decorated to a reasonable standard, that there are no structural or environmental issues that would affect value and that there are no planning proposals that adversely affect the property.

- Brill Windmill;
- Cholesbury Camp;
- Whiteleaf Cross and Woods

Where a lack of comparable market values exists the sites have been shown at insurance value. This represents the cost of repair of the structure as a result of fire damage and applies to the remaining three sites. It should be noted that this valuation is limited in scope as it is based on estimations undertaken internally prior to 2006. This valuation has been applied to the following sites:

- Coombe Hill Monument

- The John Hampden Memorial
- Gott's Monument

In September 2009, the Council agreed that a major review of Buckinghamshire's Country Parks and Green Spaces should be undertaken with a view to transferring the management of the sites to alternative providers to be managed for future preservation. A number of options are currently being explored and proposals are being considered from a diverse range of organisations including public groups, environmental charities and trusts. The Council is not currently looking to acquire any additional heritage sites.

Kederminster Library and Pew

Kederminster Library and the adjoining aisle and family vault were acquired by the Council in 1945 as part of the Langley Park estate. The Library contains a collection of 300 theological works and is housed in a highly-ornate room provided by Sir John Kederminster in 1623. The heraldic over-mantle to the fireplace provides a focus for the sumptuous painting of the room. The room is lined with bookshelves, with the doors to each cupboard decorated inside and out, the panels having pictures of the benefactors and of Saints and Prophets.

The Library buildings and theological collection are shown at insurance value due to a lack of comparable market values. The theological collection has been valued by the County Archivist based on an estimated average value of the items within the collection.

County Museum Collections and Paintings

Buckinghamshire County Museum cares for more than 130,000 items, which represent the heritage of the county in collections built up over the last 150 years. The museum is accredited through the National Museum Accreditation programme. Approximately half the collection is owned directly by the Council with the remainder belonging to or on loan to the Buckinghamshire Archaeological Society (BAS), which transferred responsibility for managing its buildings and collections to the Council in 1957. BAS loan collections are managed under a finance lease agreement which runs until 2116.

The Museum collections include archaeology, social history, natural history, geology, art works and photographs, as well as nationally important collections of British studio pottery, costume and lace. Entrance to the museum is free with opening times published on the website. Most of the collections however are not on public display but are held in store at the Museum Resource Centre where they can be viewed by appointment.

There are a number of notable items within the collection, including:

- Nine paintings by Balthasar Nebot showing the spectacular garden landscape of Hartwell House, just outside Aylesbury, in 1738.
- The Darell-Tucker-Dayrell Cup, an Elizabethan silver-gilt cup, in the form of a gourd, with a vine as the stem.

The paintings have been valued internally at market value in 2011 by one of the Museum Patrons, gallery owner and leading dealer in British paintings, watercolours and drawings. All other items on display within the Museum are held at insurance value. This policy is updated annually for inflation; however the core valuation undertaken internally by the Museum curator has not been reviewed since 2006. It should be noted that this valuation is limited in scope due to the diverse nature of the assets held and lack of comparable market values. There is no reliable cost or valuation information for the collections held in store at the Museum Resource Centre.

The Museum's Collections Development Policy 2013/17 sets out the Council's approach to building up the Museum's collections in a structured and consistent way to meet the Museum's objectives.

On the 16th April 2012 the Cabinet agreed that a new charitable trust is to be formed with the aim (initially) of transferring the operational running of the County Museum in Church Street Aylesbury and the Museum Resource Centre in Halton to the new trust in 2013/14 and later any other appropriate heritage property.

The Council also holds a series of paintings and portraits within the Judges Lodgings primarily representing notable figures from the history of the Council. These are reported at insurance value and are not normally open to the public.

Centre for Buckinghamshire Studies

The Centre for Buckinghamshire Studies is located in the County Offices, Aylesbury, and provides the archive service covering the historical county of Buckinghamshire. The Centre holds the County Council's own archive, dating from 1889, and archives inherited from other county bodies, eg the Court of Quarter Sessions (1678-1971). It also acquires records from other bodies and individuals, whether by gift, purchase or on long-term deposit. Records held date from c.1200 to the present day and include maps and plans, parish registers, wills, title deeds, correspondence, diaries, minute books, accounts, wills and potentially any records created by the originating body or individual in the course of their business or everyday life. The Centre is appointed by the National Archives as the sole place of deposit for public records within Buckinghamshire and Milton Keynes and is also appointed by the Diocese of Oxford as the place of deposit for Anglican parish records within the archdeaconry of Buckingham, ie effectively the historical county.

The collection as a whole has never been professionally valued, but is insured for a nominal £54,500, a figure that has remained unchanged for many years and is likely to be considerably short of the monetary value of the whole collection. Many of the most valuable records in monetary terms are held on deposit and therefore belong to private individuals or organisations.

The collections held within the Centre's care provide an unparalleled source for research into all aspects of the history of the county and its inhabitants. They are available for use by any member of the public, including overseas residents, for whatever purpose, including business, academic, educational or leisure-time use, and by Council officers and other public officials in the course of their business, and are also a resource for use by schools.

The Council does not consider that reliable cost or valuation information can be obtained for the items held within the collections. This is because of the diverse nature of the assets held and lack of comparable market values.

Langley Urn

This fine 18th Century Italian marble vase came into the possession of Buckinghamshire County Council in 1945 when it purchased Langley Mansion and the surrounding Park from the Trustees of Sir Robert Grenville Harvey. The vase has been moved to the Buckinghamshire County Council New County Offices so it can be appreciated by many more people. No reliable cost or valuation information is held.

14 - Intangible Assets

The Council accounts for its software as intangible assets to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. All software is given a finite useful life, which has been assessed as between 1 and 6 years, based on the period that it is expected to be used.

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £1.430m charged to revenue in 2012/13 is absorbed as an overhead across all the service headings in the Comprehensive Income and Expenditure Statement. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

The movement of Intangible Asset balances during the year is as follows:

	2011/12	2012/13
	Intangible Assets	Intangible Assets
	£000	£000
Balance at start year:		
Gross carrying amounts	6,906	8,620
Accumulated amortisation	(3,232)	(4,972)
Net carrying amount at start of year		
Purchases	1,714	689
Assets reclassified		100
Amortisation for the period	(1,740)	(1,430)
Net carrying amount at end of year	3,648	3,007
Comprising:		
Gross carrying amounts	8,620	9,409
Accumulated amortisation	(4,972)	(6,402)
	3,648	3,007

Notes to the Accounts

15 - Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet:

	Long-term		Current	
	31 March 2012	31 March 2013	31 March 2012	31 March 2013
N.B. Prior year comparators are restated	£000	£000	£000	£000
Investments				
Cash and Cash Equivalents		-	74,851	641
Investments	2,137	1,764	117,914	207,546
Available-for-sale Financial Assets		-	24,746	36,426
Total Investments	2,137	1,764	217,511	244,613
Debtors				
Loans and Receivables	27,497	22,616	33,132	41,558
Total Debtors	27,497	22,616	33,132	41,558
Less Statutory Items to be Excluded				
Payments in Advance	-	-	(2,130)	(3,662)
Collection Fund Adjustment	-	-	(4,442)	(4,834)
HMRC	-	-	(3,320)	(7,843)
Total to be Deducted from Loans and Receivables	-	-	(9,891)	(16,339)
Total Value of Assets	29,634	24,380	240,751	269,832
Borrowings				
Temporary Loans	-	-	(14,659)	(15,779)
Financial Liabilities at Amortised Cost	(191,660)	(185,928)	(13,772)	(8,000)
Total Borrowings	(191,660)	(185,928)	(28,431)	(23,779)
Creditors				
Financial Liabilities at Amortised Cost	-	-	(96,802)	(97,006)
Total Creditors	-	-	(96,802)	(97,006)
Less Statutory Items to be Excluded				
Receipts in Advance and Deferred Income	-	-	38,140	24,221
Collection Fund Adjustment	-	-	2,231	2,444
HMRC	-	-	2,548	2,586
Total to be Deducted from Liabilities	-	-	42,919	29,251
Total Value of Liabilities	(191,660)	(185,928)	(82,313)	(91,534)

	Financial Liabilities measured at amortised cost £000	Financial Assets: Loans and receivables £000	Financial Assets: Available for sale £000	Assets and Liabilities at Fair Value through Profit and Loss	Total £000
Interest Expense	12,398	-	-	-	12,398
Impairment Losses	-	(76)	-	-	76
Total expense in Surplus or Deficit on the Provision of Services	12,398	(76)	-	-	12,474
Interest Income	-	(2,437)	(281)	-	(2,718)
Total income in Surplus or Deficit on the Provision of Services	-	(2,437)	(281)	-	(2,718)
Amounts Recycled to the Surplus or Deficit on the Provision of Services after Impairment	-	76	-	-	(76)
Surplus/deficit arising on revaluation of financial assets in Other Comprehensive Income and Expenditure	-	76	-	-	(76)
Net loss/(gain) for the year	12,398	(2,437)	(281)	-	9,680

Fair Values of Assets and Liabilities

Financial liabilities and financial assets, represented by loans and receivables and long-term debtors and creditors are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- The fair value of PWLB loans as at 31 March 2013 is the repayment cost calculated using the repayment interest rates at 31 March 2013. The relevant interest rates are published on the Debt Management Office website
- The fair value of the Lender Option, Borrower Option loans (LOBOs) are based on calculations using the market interest rates available for similar loans from similar lenders at 31 March 2013
- No early repayment or impairment is recognised
- Where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value
- The fair value of trade and other receivables is taken to be the invoiced amount less the provision for bad debt

The fair values calculated are as follows:

	31 March 2012		31 March 2013	
	Carrying amount £000	Fair value £000	Carrying amount £000	Fair value £000
Financial liabilities	(273,974)	(363,474)	(277,811)	(352,420)

Notes to the Accounts

The fair value is higher than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the prevailing rates at the Balance Sheet date. This commitment to pay interest above current market rates increases the amount that the Council would have to pay if the lender requested or agreed to early repayment of the loans.

	31 March 2012		31 March 2013	
	Carrying amount	Fair value	Carrying amount	Fair value
	£000	£000	£000	£000
Loans and receivables	242,889	242,949	271,597	272,216
Long-term debtors	27,497	27,497	22,616	22,616

The fair value is higher than the carrying amount because the Council's portfolio of investments includes a number of fixed rate loans where the interest rate receivable is higher than the rates available for similar loans at the Balance Sheet date. This guarantee to receive interest above current market rates increases the amount that the Council would receive if it agreed to early repayment of the loans.

16 - Landfill Allowances

The Waste and Emissions Trading Act 2003 places a duty on waste disposal authorities to reduce the amount of biodegradable municipal waste (BMW) disposed to landfill. From 1 April 2005 it introduced a trading scheme, which allocates tradable landfill allowances. Each year the tonnage figures are based on estimated usage. 2011/12 has been restated to reflect the actual tonnages used. The residual balance of allowances for 2011/12 is not able to be carried forward to 2012/13. There is a surplus of allowances over the country so the remaining allowances have been valued at zero as it is unlikely that they will realise any value. This is the last year of the scheme.

	31 March 2012	31 March 2013
	Tonnes	Tonnes
Allowances brought forward from previous year	3,063	-
Allowances received from DEFRA	79,327	67,968
Allowances purchased	10,500	29,000
Allowances used	(92,332)	(82,000)
Total	558	14,968

17 - Debtors

Short-term Debtors

	31 March 2012	31 March 2013
	£000	£000
Central government bodies	4,223	8,413
Other local authorities	2,180	2,089
Collection Fund adjustment	4,442	4,834
Sundry debtors	20,535	23,202
Payments in advance	2,130	3,662
Total	33,510	42,199
Provision for doubtful debts	(378)	(641)
Total Short Term Debtors	33,132	41,558

Long Term Debtors

	31 March 2012	31 March 2013
	£000	£000
Reprovisioning of social care	21,507	17,284
Finance lease debtors	4,462	3,885
Other Adult Social Care long term debt	933	933
Learning and Skills Council	583	503
Right to buy mortgages and other loans	12	11
Total Long Term Debtors	27,497	22,616

18 - Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

31 March 2012	31 March 2013
£000	£000
(5,262) Bank current accounts	(2,361)
80,113 Short-term deposits *	3,002
74,851 Total Cash and Cash Equivalents	641

* Cash equivalents are defined as investments with an initial term of 90 days or less. Given the very poor rate of return on short dated investments we have actively focused investments in periods of 6-12 months. Any daily cash flow requirement has been provided by our money market funds (defined as available for sale assets). As at 31.03.2013, only 1 trade fell within the definition of cash equivalents. There has been a corresponding increase in current Investments (note 15).

19 - Assets Held for Sale

	2011/12	2012/13
	£000	£000
Balance outstanding at start of the year:	2,076	2,108
Assets newly classified as held for sale:		
Property, Plant and Equipment	941	6,626
Depreciation	-	(12)
Assets declassified as held for sale:		
Property, Plant and Equipment	(582)	-
Assets sold	(327)	(824)
Balance outstanding at year end	2,108	7,897

Notes to the Accounts

20 – Creditors

	31 March 2012	31 March 2013
	£000	£000
HM Revenue and Customs	(2,548)	(2,586)
Central government bodies	(5,024)	(810)
Other local authorities	(5,079)	(5,728)
Collection Fund adjustment	(2,231)	(2,444)
Deposits from contractors and others	(2,893)	(17,373)
Other sundry creditors	(37,295)	(38,390)
Receipts in advance and deferred income	(38,140)	(24,221)
Capital expenditure creditors	(3,591)	(5,454)
Total	(96,802)	(97,006)

21 - Provisions

The following provisions have been made as at 31 March 2013:

	Current Provisions			Long Term Provisions	
	Redundancy and Pension Strain	Accumulated Absences	Carbon Reduction Commitment	Insurance	Total
	£000	£000	£000	£000	£000
1 April 2012	(589)	(9,012)	(421)	(5,282)	(15,304)
Additional provisions made	(208)	(7,015)	(397)	(280)	(7,900)
Amounts used	425	9,012	360	-	9,797
Unused amounts reversed	184	-	61	-	245
Balance at 31 March 2013	(188)	(7,016)	(397)	(5,562)	(13,162)

Current Provisions

- Redundancy and Pension Strain - the Council has an obligation to make these payments to employees who are made redundant. A provision is recognised when a redundancy plan is reasonably certain and the amount can be reasonably estimated. The amount recognised in 2012/13 would be expected to be used in 2013/14.
- Accumulated Absences - a provision is made for the cost of holiday entitlement earned by employees but not taken before the year end which employees can carry forward into the next financial year. The balance as at 31 March 2013 is expected to be reversed in 2013/14.
- Carbon Reduction Commitment (CRC) – A provision has been made to cover the cost of purchasing allowances for estimated carbon dioxide emissions for 2012/13 in accordance with the CRC Energy Efficiency Scheme.

Long Term Provisions

- Insurance - these exist for meeting claims under a self-insurance scheme. There are cumulative limits to these, above which claims will be met by the Council's insurers. These cover areas of insurance such as motor, fire, maternity cover and employees. In addition a provision is maintained for probable liabilities following the Municipal Mutual Insurance ceasing to undertake new business. The level of the insurance provision has been determined by the Council's risk and insurance department based on claims records. The timing of the outflows is uncertain.

22 - Unusable Reserves

2011/12 restated £000	2012/13 £000
(189,153) Revaluation Reserve	(182,273)
(622,391) Capital Adjustment Account	(624,443)
2,723 Financial Instruments Adjustment Account	2,563
(27,220) Deferred Capital Receipts Reserve	(22,584)
425,686 Pensions Reserve	429,417
(2,219) Collection Fund Adjustment Account	(2,391)
9,012 Accumulated Absences Account	7,015
(403,563) Total Unusable Reserves	(392,695)

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2011/12 £000	2012/13 £000
(67,445) Balance at 1 April	(189,153)
(150,518) Upward revaluation of assets	(17,718)
- Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	6,331
(150,518) Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	(11,387)
1,012 Difference between fair value depreciation and historical cost depreciation	2,513
27,798 Accumulated gains on assets sold or scrapped	15,754
28,810 Amount written off to the Capital Adjustment Account	18,267
(189,153) Balance at 31 March	(182,273)

Notes to the Accounts

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 7 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2011/12		2012/13
restated		£000
£000		£000
(740,631) Balance at 1 April		(622,391)
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
30,360 - Charges for depreciation and impairment of non-current assets	34,081	
97,511 - Revaluation losses on Property, Plant and Equipment	13,082	
1,740 - Amortisation of intangible assets	1,430	
869 - Revenue Expenditure Funded from Capital Under Statute	26,407	
77,121 - Amounts on non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	30,578	
207,601		105,578
	Adjusting amounts written out of the Revaluation Reserve	
(28,810) - Net written out amount of the cost of non-current assets consumed in the year	(18,266)	
	Capital financing applied in the year:	
- Use of the Capital Receipts Reserve to finance new capital expenditure	(12,702)	
(17,109) - Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(36,249)	
(29,967) - Application of grants to capital financing from the Capital Grants Unapplied Account	(8,048)	
(9,073) - Statutory provision for the financing of capital investment charged against the General Fund balance	(8,832)	
(1,961) - Statutory provision for the financing of capital investment charged against the General Fund balance	(1,961)	
(2,442) - Capital expenditure financed from the General Fund	(21,571)	
(89,362)		(107,629)
(622,391) Balance at 31 March		(624,443)

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for premiums and discounts on the early repayment of loans per statutory provisions. The premium or discount is spread over the unexpired term of the loan when it was redeemed.

2011/12		2012/13
£000		£000
2,883	Balance at 1 April	2,723
(160)	Proportion of premiums incurred in previous financial years to be charged against the General Fund balance in accordance with statutory requirements	(160)
<u>(160)</u>		<u>(160)</u>
2,723	Balance at 31 March	2,563

Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non current assets but for which cash settlement has yet to take place. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

2011/12		2012/13
restated		
£000		£000
(28,154)	Balance at 1 April	(27,220)
	Write-down / impairment of benefit	3,264
(363)	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-
1,297	Transfer to the Capital Receipts Reserve upon receipt of cash	1,372
<u>(27,220)</u>	Balance at 31 March	<u>(22,584)</u>

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The debit balance on the Pensions Reserve indicates a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them.

2011/12		2012/13
£000		£000
278,256	Balance at 1 April	425,686
160,610	Actuarial gains or losses on pensions assets and liabilities	(4,379)
14,806	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	34,612
(27,986)	Employer's pension contributions and direct payments to pensioners payable in the year	(26,502)
<u>425,686</u>	Balance at 31 March	<u>429,417</u>

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council Tax income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2011/12	2012/13
£000	£000
(948) Balance at 1 April	(2,219)
Amount by which Council Tax income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax income calculated for the year in accordance with statutory requirements	(171)
(2,219) Balance at 31 March	(2,391)

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, eg annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund balance is neutralised by transfers to or from the Account.

2011/12	2012/13
£000	£000
15,260 Balance at 1 April	9,012
(15,260) Settlement or cancellation of accrual made at the end of the preceding year	(9,012)
9,012 Amounts accrued at the end of the current year	7,015
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(1,996)
9,012 Balance at 31 March	7,015

23 - Cash Flow Statement - Operating Activities

The cash flows for operating activities includes the following items:

2011/12	2012/13
£000	£000
(2,830) Interest received	(2,717)
12,668 Interest paid	12,398

24 - Cash Flow Statement - Investing Activities

2011/12	2012/13
£000	£000
48,670 Purchase of property, plant and equipment, investment property and intangible assets	52,164
1,181,078 Purchase of short-term and long-term investments	2,379,833
(10,465) Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(4,399)
(1,133,140) Proceeds from short-term and long-term investments	(2,280,012)
- Other receipts from investing activities	(66,073)
86,143 Net cash flows from investing activities	81,512

25 - Cash Flow Statement - Financing Activities

2011/12	2012/13
£000	£000
(10,188) Cash receipts of short and long-term borrowing	-
7,732 Repayments of short and long-term borrowing	11,504
(2,456) Net cash flows from financing activities	11,504

Notes to the Accounts

26 - Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the CIPFA Service Reporting Code of Practice ('SeRCOP'). However, decisions about resource allocation are taken by the Council's Cabinet on the basis of budget reports analysed across Cabinet member portfolios. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- no charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement)
- the cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year
- expenditure on some support services is budgeted for centrally and not charged to front-line services

The income and expenditure of the Council's principal portfolios recorded in the budget reports for the year is as follows:

	Health and Wellbeing £000	Children's Services £000	Education and Skills (Non DSG) £000	Education and Skills (DSG) £000	Community Engagement £000	Leader £000	Environment £000	Finance and Resources £000	Planning and Transportation £000	Corporate Costs £000	Total £000
Fees, charges and other service income	(35,511)	(1,383)	(12,814)	(19,654)	(3,519)	(52)	(2,525)	(5,306)	(7,544)	(237,144)	(325,452)
Government grants	(16,458)	(1,100)	(5,464)	(272,015)	(232)	(670)	(87)	-	(129)	(90,061)	(386,216)
Total Income	(51,969)	(2,483)	(18,278)	(291,669)	(3,751)	(722)	(2,612)	(5,306)	(7,673)	(327,205)	(711,668)
Employee expenses	16,468	15,311	22,836	193,850	10,653	3,818	2,697	26,226	5,096	441	297,396
Other operating expenses	129,973	23,878	23,278	89,960	7,524	1,723	20,998	6,351	48,866	46,547	399,098
Support Service Recharges	338	1,598	390	5,612	35	(66)	514	2,588	260	87	11,356
Total Expenditure	146,779	40,787	46,504	289,422	18,212	5,475	24,209	35,165	54,222	47,075	707,850
Net Expenditure	94,810	38,304	28,226	(2,247)	14,461	4,753	21,597	29,859	46,549	(280,130)	(3,818)

Comparative figures for 2011/12

	Health and Wellbeing £000	Children's Services £000	Education and Skills (Non DSG) £000	Education and Skills (DSG) £000	Community Engagement £000	Leader £000	Environment £000	Finance and Resources £000	Planning and Transportation £000	Below the Line £000	Total £000
Fees, charges & other service income	(28,005)	(2,204)	(12,258)	(21,247)	(3,452)	(80)	(2,691)	(5,437)	(6,278)	(226,566)	(308,217)
Government grants	(16,339)	(642)	(4,413)	(328,098)	(145)	(6,619)	(57)	(64)	(334)	(92,535)	(449,248)
Total Income	(44,344)	(2,847)	(16,671)	(349,345)	(3,597)	(6,700)	(2,748)	(5,501)	(6,612)	(319,101)	(757,465)
Employee expenses	20,071	18,513	24,475	229,987	11,279	3,444	3,217	20,919	5,922	2,208	340,034
Other operating expenses	120,896	23,283	19,069	110,694	6,923	8,372	21,697	9,100	47,626	27,273	394,932
Support Service Recharges	494	1,672	358	6,590	(116)	2	292	2,605	257	-	12,154
Total Expenditure	141,461	43,468	43,902	347,271	18,086	11,818	25,205	32,624	53,805	29,480	747,120
Net Expenditure	97,116	40,621	27,231	(2,074)	14,489	5,119	22,458	27,123	47,193	(289,621)	(10,345)

Reconciliation of Income and Expenditure Reported to Cabinet to Cost of Services in the Comprehensive Income and Expenditure Statement

This reconciliation shows how the figures in the analysis of income and expenditure reported to Cabinet relate to the amounts included in the Comprehensive Income and Expenditure Statement.

	2011/12 £000	2012/13 £000
Net expenditure in the Analysis	(10,345)	(3,818)
Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis	125,525	70,350
Amounts in the Analysis not reported in the Net Cost of Service in the Comprehensive Statement of Income and Expenditure	248,320	264,487
Cost of Services in Comprehensive Income and Expenditure Statement	363,500	331,019

Notes to the Accounts

Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of income and expenditure reported to Cabinet relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

	Analysis £000	Amounts not reported to management for decision making £000	Amounts not included in Net Cost of Services £000	Allocation of Recharges £000	Cost of Services £000	Corporate Amounts £000	Total £000
Fees, charges and other service income	(89,132)	(21,842)	-	35,706	(75,268)	-	(75,268)
Interest and investment income	(2,669)	(49)	2,718		-	(2,717)	(2,717)
Income from Council Tax	(233,651)	-	233,651		-	(233,651)	(233,651)
Government grants and contributions	(386,218)	(1,692)	90,061		(297,849)	(156,135)	(453,984)
Total Income	(711,670)	(23,583)	326,430	35,706	(373,117)	(392,503)	(765,620)
Employee expenses	297,397	36,386	-		333,783		333,783
Other service expenses	386,290	(19,330)	(49,133)	(22,474)	295,353	11,876	307,229
Support Service recharges	11,355	1,877		(13,232)	-		-
Depreciation, amortisation and impairment	-	75,000	-		75,000		75,000
Interest Payments	12,398	-	(12,398)		-	12,398	12,398
Precepts and Levies	412	-	(412)		-	412	412
Gain or (Loss) on Disposal of non current Assets					-	29,443	29,443
Total Expenditure	707,852	93,933	(61,943)	(35,706)	704,136	54,129	758,265
Surplus or deficit on the provision of services	(3,818)	70,350	264,487	-	331,019	(338,374)	(7,355)

Comparative figures for 2011/12

	Analysis £000	Amounts not reported to management for decision making £000	Amounts not included in Net Cost of Services £000	Allocation of Recharges £000	Cost of Services £000	Corporate Amounts £000	Total £000
Fees, charges and other service income	(83,160)	(22,677)	(24,674)	24,662	(105,849)	-	(105,849)
Interest and investment income	(2,830)	-	2,830	-	-	(2,830)	(2,830)
Income from Council Tax	(232,739)	-	232,739	-	-	(232,740)	(232,740)
Government grants and contributions	(446,764)	(1,298)	142,609	-	(305,453)	(142,609)	(448,062)
Total Income	(765,493)	(23,975)	353,505	24,662	(411,302)	(378,179)	(789,481)
Employee expenses	340,022	12,816	-	-	352,838	-	352,838
Other service expenses	389,891	5,534	(92,103)	(11,837)	291,485	6,493	297,978
Support Service recharges	12,154	671	-	(12,825)	-	-	-
Depreciation, amortisation and impairment	-	130,480	-	-	130,480	-	130,480
Interest Payments	12,668	-	(12,668)	-	-	12,668	12,668
Precepts and Levies	413	-	(413)	-	-	413	413
Gain or (Loss) on Disposal of non current Assets	-	-	-	-	-	66,293	66,293
Total Expenditure	755,148	149,500	(105,184)	(24,662)	774,802	85,867	860,669
Surplus or deficit on the provision of services	(10,345)	125,525	248,320	-	363,500	(292,312)	71,188

Notes to the Accounts

27 - Trading Operations

Trading accounts are internal services operating under service level agreements, recharging their customers for the costs of their services. A small proportion of the trading accounts' customers are external to the Council. The turnover and surplus/deficits on the Council's trading accounts are shown below.

		2011/12	2012/13
		£000	£000
Legal and Administration	Turnover	(4,796)	(4,677)
	Expenditure	4,584	4,500
	(Surplus)/deficit	(212)	(178)
Fleet Hire	Turnover	(1,115)	(812)
	Expenditure	1,018	784
	(Surplus)/deficit	(98)	(28)
Net (surplus)/deficit on trading operations		(201)	(206)

Trading operations are incorporated into the Comprehensive Income and Expenditure Statement. The expenditure of these operations is allocated or recharged to headings in the Net Operating Expenditure of Continuing Operations.

28 - Agency Services

The Council has entered into a number of agency agreements to provide payroll and other services to Academy schools and other bodies.

	2011/12	2012/13
	£000	£000
Buckinghamshire County Council Services provided to Academies	(62)	(738)
Schools Improvement Services provided to Other bodies		(41)
Services provided to Buckinghamshire and Milton Keynes Fire and Rescue Service		(197)
Total	(62)	(976)

29 - Pooled Budgets

Joint Pooled Community Equipment Loan Service (CELS) with Buckinghamshire Primary Care Trust

From 28 July 2009, the Council acted as host for the Joint Pooled Community Equipment Loan Service. The Joint Pooled Fund supports the procurement, storage, delivery, installation and technical demonstration, subsequent collection, cleaning, recycling, maintenance and repair of equipment for eligible client's use. Contributions to the fund are based on the agreed S75.

2011/12	2012/13
£000	£000
2,685 Expenditure	3,229
Income	
(982) Contribution from Buckinghamshire County Council	(1,221)
(1,703) Contribution from Buckinghamshire Primary Care Trust	(2,008)
(2,685) Total Income	(3,229)
- Balance	-

Integrated Mental Health Provision for Adults of Working Age Agreement

This is a partnership with Oxfordshire and Buckinghamshire Mental Health Partnership NHS Trust (OBMH). OBMH acted as host for the pooled budget.

2011/12	2012/13
£000	£000
Expenditure	
8,783 Integrated mental health provided services	8,638
8,783 Total Expenditure	8,638
Income	
(2,443) Contribution from Buckinghamshire County Council	(2,527)
(6,340) Contribution from Oxfordshire and Buckinghamshire Mental Health Trust	(6,111)
(8,783) Total Income	(8,638)
- Balance	-

Integrated Mental Health Provision for Older People Agreement

This is a partnership with Oxfordshire and Buckinghamshire Mental Health Partnership NHS Trust (OBMH). OBMH acted as host for the pooled budget.

2011/12	2012/13
£000	£000
Expenditure	
2,923 Integrated older peoples' mental health provided services	2,982
2,923 Total Expenditure	2,982
Income	
(1,068) Contribution from Buckinghamshire County Council	(1,128)
(1,855) Contribution from Oxfordshire and Buckinghamshire Mental Health Trust	(1,854)
(2,923) Total Income	(2,982)
- Balance	-

Notes to the Accounts

Children and Adolescence Mental Health Services (CAMHS)

This is a partnership with Buckinghamshire Primary Care Trust. The Council is the host authority for the pooled fund arrangement

2011/12		2012/13
£000		£000
Expenditure		
5,903	Children and adolescence mental health services	5,504
5,903	Total Expenditure	5,504
Income		
(1,390)	Contribution from Buckinghamshire County Council	(1,296)
(4,513)	Contribution from Buckinghamshire Primary Care Trust	(4,208)
(5,903)	Total Income	(5,504)
	- Balance	-

Residential Respite Short Breaks Pooled Fund

This is a partnership with Buckinghamshire Primary Care Trust. Buckinghamshire County Council is the host authority for the pooled fund arrangements.

2011/12		2012/13
£000		£000
Expenditure		
2,575	Residential respite short breaks	2,539
2,575	Total Expenditure	2,539
Income		
(1,932)	Contribution from Buckinghamshire County Council	(1,895)
(644)	Contribution from Buckinghamshire Primary Care Trust	(644)
(2,575)	Total Income	(2,539)
	- Balance	-

Speech and Language Therapy

This is a pooled budget arrangement with Buckinghamshire Primary Care Trust and Buckinghamshire County Council for the provision of Speech & Language Therapy. Buckinghamshire County Council is the lead authority.

2011/12		2012/13
£000		£000
Expenditure		
1,333	Speech and Language Therapy	2,549
1,333	Total Expenditure	2,549
Income		
(744)	Contribution from Buckinghamshire County Council	(1,303)
(589)	Contribution from Buckinghamshire Primary Care Trust	(1,246)
(1,333)	Total Income	(2,549)
	- Balance	-

30 - Members' Allowances

The Council paid the following amounts to Members of the Council during the year.

	2011/12	2012/13
	£000	£000
Salaries	707	702
Allowances	325	325
Total	1,032	1,027

31 - Officers' Remuneration

The remuneration paid to the Council's senior employees during 2012/13 was as follows:

	Salary, Fees and Allowances	Benefits in Kind	Pension Contributions	Total
	£	£	£	£
Chief Executive - Chris Williams	207,750	2,820	47,196	257,766
Strategic Director - Resources and Business Transformation	142,850	6,877	32,695	182,422
Strategic Director - Children and Young People	142,850	1,599	32,399	176,848
Strategic Director - Communities and Built Environment	143,150	-	32,399	175,549
Strategic Director - Adults and Family Wellbeing	130,225	1,515	29,483	161,222
Service Director - Finance and Commercial Services	111,364	4,203	25,220	140,787
Service Director - Legal and Demorcratic Services	81,722	4,066	19,191	104,979
Total	959,911	21,080	218,582	1,199,573

Notes to the Accounts

The Council's employees (including those listed individually as senior employees) receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

	2011/12			2012/13		
	Non Schools	Schools	Total	Non Schools	Schools	Total
£50,000 - £54,999	52	63	115	57	56	113
£55,000 - £59,999	50	44	94	42	47	89
£60,000 - £64,999	22	31	53	23	30	53
£65,000 - £69,999	18	21	39	16	15	31
£70,000 - £74,999	11	9	20	7	8	15
£75,000 - £79,999	1	3	4	3	7	10
£80,000 - £84,999	4	3	7	5	5	10
£85,000 - £89,999	3		3	4		4
£90,000 - £94,999	4	1	5		1	1
£95,000 - £99,999	4	2	6	1	1	2
£100,000 - £104,999				2		2
£105,000 - £109,999	1	1	2			
£110,000 - £114,999						
£115,000 - £119,999				1		1
£120,000 - £124,999		1	1		1	1
£125,000 - £129,999						
£130,000 - £134,999				1		1
£135,000 - £139,999						
£140,000 - £144,999	2		2	2		2
£145,000 - £149,999	2		2	1	1	2
£150,000 - £154,999	1		1			
£210,000 - £214,999	1		1	1		1
	176	179	355	166	172	338

32 - External Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Council's external auditors (Grant Thornton) appointed by the Audit Commission:

	2011/12	2012/13
	£000	£000
Fees payable with regard to external audit services carried out by the appointed auditor for the year	186	109
Fees payable for the certification of grant claims and returns for the year	18	9
Fees payable in respect of other services provided during the year	3	4
Total	207	122

33 - Dedicated Schools Grant

The Council's expenditure on schools is funded primarily by grant monies provided by the Department for Education (DfE), the Dedicated Schools Grant (DSG). An element of DSG is recouped to by the DfE to fund academy schools in the Council's area.

DSG is ringfenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance (England) Regulations 2012. The Schools Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget, which is divided into a budget share for each maintained school. Details of the deployment of DSG receivable for 2012/13 are as follows

	Central Expenditure	Individual Schools Budgets	Total
	£000	£000	£000
Final DSG for 2012/13 before Academy recoupment	-	-	349,584
Academy figure recouped for 2012/13	-	-	(93,587)
Total DSG after Academy recoupment for 2012/13	-	-	255,997
Brought forward from 2011/12	-	-	11,352
Carry-forward to 2013/14 agreed in advance	-	-	(8,374)
Agreed initial budgeted distribution in 2012/13	46,289	212,685	258,975
Final budgeted distribution for 2012/13	46,289	212,685	258,975
Less Actual central expenditure	(42,563)	-	(42,563)
Less Actual ISB deployed to schools	-	(212,838)	(212,838)
Plus agreed carry-forward for 2013/14	-	-	8,374
Carry Forward to 2013/14	3,727	(154)	11,948

Notes to the Accounts

34 - Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2012/13:

	2011/12	2012/13
	£000	£000
Credited to Taxation and Non Specific Grant Income		
Early Intervention Grant	16,184	17,709
Local Service Support Grant	1,406	1,319
Growing Places	6,276	-
Council Tax Grant (including Freeze Grant)	5,763	5,832
Total of other grants below £1 million each	500	951
Total	30,129	25,811

	2011/12	2012/13
	£000	£000
Credited to Services		
Dedicated Schools Grant	291,580	255,996
Education Funding Agency 16-19 (formerly Young People's Learning Agency)	19,331	10,269
General Sure Start Grant	70	-
Drug Action Team Adult Pooled Treatment	1,925	-
Education Standard Fund Grant	13,193	-
Learning and Skills Council and Further Education Grant Income	3,788	4,114
Social Care Reform Grant	904	-
Department for Transport Grant	174	-
Learning Difficulties Campus Closure Grant	262	-
Teacher Training Agency Grant	908	-
Learning Disability and Health Reform	15,045	16,032
Pupil Premium	2,138	4,027
Devolved Formula Capital Grant		1,206
Total of other grants below £1 million	3,985	5,432
Total	353,303	297,076

35 - Related Parties

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. 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 party's ability to bargain freely with the Council.

Central Government

Central government has effective control over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates and prescribes the terms of many of the transactions that the Council has with other parties (eg Council Tax bills). Grants received from government departments are set out in the subjective analysis in Note 26 on reporting for resources allocation decisions and in Note 34 Grant Income.

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of Members' allowances paid in 2012/13 is shown in Note 30. Details of all these transactions are recorded in the Register of Members' Interest, open to public inspection at County Hall during office hours.

TWK Transit

TWK Transit is a specialist transport management company that has both private and public sector contracts providing transport services. One of the Council's members is a senior manager in the firm and the firm is owned by a close family member. TWK Transit is part of the Khattak Group of companies including Redline Buses and Red Eagle Buses Ltd. During 2012/13 TWK transit provided Buckinghamshire County Council with transport services for Children's Services directorate to the value of £1,330,000.

Pension Fund

During the year, the Pension Fund had an average borrowing of £525k (2011/12 £540k) of cash from the Council. The Fund paid the Council a total for interest of £6.5k (2011/12 £5k) on this loan. The Council charged the Fund £1.37m (2011/12 £1.158m) for expenses incurred in administering the Fund.

Local Authority Companies

Each of the following companies is regulated under the Local Authorities (Companies) Order 1995, by virtue of the Council's interest and any other interest held by other local authorities. Copies of the accounts of the Council's associated companies disclosed are available from Companies House.

Beaconsfield High School (Superturf) Ltd

This Company Limited by Guarantee, with no share capital, is wholly owned by Beaconsfield High School, a charity. In the event of a winding up of the company the liability of each member is limited to £1. The latest accounts show that as at 31 March 2012 the company's net assets were £30k (2010/11 £40k). The principal activity of the company is the provision of sports facilities for hockey, tennis and netball.

Aylesbury Vale Advantage Ltd (AVA)

Aylesbury Vale Advantage Ltd is a Company Limited by Guarantee and is owned by five shareholders, Aylesbury Vale District Council, Buckinghamshire County Council, Buckinghamshire Primary Care Trust, Homes and Communities Agency and South East England Development Agency.

AVA is the lead development delivery body (LDV) charged with ensuring sustainable housing, economic, social and environmental regeneration and growth in Aylesbury Vale. In December 2009 the Council entered into a loan facility agreement and received £4 million from AVA as part of the Berryfields development. This balance remains outstanding as at 31 March 2013. The agreement expires in December 2013. The Council repaid £848k in 2012/13 to AVA in respect of the Aylesbury Vale Parkway Loan agreement dated 20th November 2008.

Partnerships

Buckinghamshire Drug and Alcohol Action Team

The County Council is the host authority for the Buckinghamshire Drug and Alcohol Action Team (DAAT), a partnership of organisations (Health, Police, Probation, and the Prison Service) that have a role in tackling substance misuse. The DAAT Partnership Board is the strategic group that is responsible for overseeing the implementation of the National Drug Strategy and the National Alcohol Harm Reduction Strategy. Funding is received from the Government and various other agencies and utilised in line with the agreed aims and objectives of the DAAT. The officers of the DAAT adhere to the County Council's Standing Orders, Financial Regulations and the Commercial Services Strategy.

Notes to the Accounts

Buckinghamshire County Council's contribution in 2012/13 was £315k (2011/12 £1,208k)

Joint Waste Committee for Bucks

The Committee's objective is to promote joint working on the implementation of the Waste Strategy for Buckinghamshire for the sustainable management of municipal waste. The purpose of the Committee is to facilitate the effective planning and delivery of local authority waste services by establishing a framework and partnership for consultation and co-operation, so as to make best use of the Councils' combined resources to mutual advantage. The Committee's finances are managed by South Bucks District Council.

Buckinghamshire County Council's contribution in 2012/13 was £65k (2011/12 £65k).

Youth Offending Service

The Youth Offending Service is a support service for 8-18 year olds. It supports offenders and provides positive action to prevent offending. It is funded externally by the Police, Probation Service and Health, and internally by Children and Young Peoples Services.

Buckinghamshire County Council's element of the funding in 2012/13 was £773k (2011/12 £777k)

36 - Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the second part of this note.

	2011/12 £000	2012/13 £000
Opening Capital Financing Requirement	238,056	228,983
Capital Investment		
Property, plant and equipment	46,931	51,474
Intangible assets	1,713	689
Revenue Expenditure Funded from Capital Under Statute	1,718	26,407
Source of Finance		
Capital receipts	-	(12,702)
Government grants and other contributions	(47,920)	(44,297)
Direct revenue contributions	(2,442)	(21,571)
Minimum revenue provision	(9,073)	(8,832)
Closing Capital Financing Requirement	228,983	220,151
Explanation of movements in year		
Increase/(decrease) in underlying need to borrowing (unsupported by government financial assistance)	(9,073)	(8,832)
Increase/(decrease) in Capital Financing Requirement	(9,073)	(8,832)

37 - Leases

Council as Lessee

Finance Leases

The Council has nine properties (libraries and offices) included in its asset register that are finance leases with a net book value of £9.448m (2011/12 £9.460m). All properties have rentals payable of less than £1k per annum, with the exception of Chiltern Area Office for which the rental is £12k per annum. As a result no corresponding liability has been recognised in relation to these assets.

	31 March 2012	31 March 2013
	£000	£000
Other Land and Buildings	9,460	9,448
Vehicles, Plant, Furniture and Equipment	24	-
Finance Lease Net Book Value	9,484	9,448

Operating Leases

The future minimum lease payments due under operating leases in future years are:

	31 March 2012	31 March 2013
	£000	£000
Amounts paid during the year	2,074	1,880
Not later than one year	1,585	1,066
Later than one year and not later than five years	1,809	950
Later than five years	1,370	976
Total Estimated Future Payments	4,764	2,992

The amounts paid in year comprise the following elements:

	2011/12	2012/13
	£000	£000
Minimum lease payments	2,258	1,880
Contingent rents	175	3
Sublease payments receivable	(359)	(295)
	2,074	1,588

Council as Lessor

Finance Leases

In 2007/08 the Council granted a finance lease to a company for rights to gravel extraction from Council land near Denham. The Council receives a guaranteed payment related to the extraction of gravel.

The Council has a gross investment in the lease, made up of the minimum lease payments expected to be received over the remaining term and the residual value anticipated for the land when the lease comes to an end. The minimum lease payments comprise settlement of the long-term debtor for the interest in the property acquired by the lessee and finance income that will be earned by the Council in future years whilst the debtor remains outstanding. The gross investment is made up of the following amounts:

Notes to the Accounts

	31 March 2012	31 March 2013
	£000	£000
Finance lease debtor (net present value of minimum lease payments):		
■ current	545	577
■ non-current	4,462	3,885
Unearned finance income	1,313	1,023
Unguaranteed residual value of property	200	200
Gross investment in the lease	6,520	5,685

The gross investment in the lease and the minimum lease payments will be received over the following periods:

	Gross Investment in the Lease		Minimum Lease Payments	
	31 March 2012	31 March 2013	31 March 2012	31 March 2013
	£000	£000	£000	£000
Not later than one year	835	835	835	835
Later than one year and not later than five years	3,339	3,339	3,339	3,339
Later than five years	2,346	1,511	2,146	1,311
	6,520	5,685	6,320	5,485

Schools Finance Leases

The Council has granted finance leases to 21 schools on obtaining Academy status for nil rentals. The value of buildings derecognised is shown below; the land has not been derecognised. No residual values are held in respect of buildings.

	31 March 2012	31 March 2013
	£000	£000
Other Land & Buildings	69,344	95,896

Operating Leases

As a lessor, the Council leases some of its property and vehicles. These are leased for a variety of purposes including agricultural tenancies, service tenancies, provision of community services, roundabout sponsorship and commercial lets. The future minimum lease payments receivable under these leases in future years are:

	31 March 2012	31 March 2013
	£000	£000
Not later than one year	877	1,172
Later than one year and not later than five years	2,308	2,814
Later than five years	3,950	3,635
	7,135	7,621

38 - Termination Benefits

The Council terminated the contracts of a number of employees in 2012/13, incurring liabilities of £1.378m (£4.950m in 2011/12). The table below details the total number of exit packages and total cost per band. 2011/12 figures have been restated to include Pension Strain amounts.

	Number of compulsory		Number of other		Total number of exit		Total cost of exit	
	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13
							£000	£000
£0 - £20,000	183	54	182	78	365	132	2,369	681
£20,001 - £40,000	9	4	26	14	35	18	978	494
£40,001 - £80,000	6		12	1	18	1	873	57
£80,001-£100,000			2		2		178	
£100,001-£200,000	2		1	1	3	1	337	146
£200,001-£250,000			1		1		215	
	200	58	224	94	424	152	4,950	1,378

39 - Pensions Schemes Accounted for as Defined Contributions Schemes

Teachers employed by the Council are members of the Teachers' Pension Scheme, a defined benefit scheme administered by the Department for Education. The Scheme provides teachers with specified benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The Scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. In 2012/13, the Council paid an estimated £13.962m to Teachers' Pensions in respect of teachers' retirement benefits, representing 14.1% of pensionable pay. The figures for 2011/12 were £17.092m and 14.1%. The figure for 2012/13 is lower, this is due to more schools transferring to academy status. There were no contributions remaining payable at the year-end.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis and detailed in Note 40.

40 - Defined Benefit Pension Schemes

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

Local Government Pension Scheme

The Local Government Pension Scheme is administered locally by Buckinghamshire County Council – this is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a Fund, calculated at a level intended to balance the pensions' liabilities with investment assets.

Transactions Relating to Post-employment Benefits

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against Council Tax is based on the cash payable in the year, so the real cost of post employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions

Notes to the Accounts

have been made in the Comprehensive Income and Expenditure Statement and the General Fund balance via the Movement in Reserves Statement during the year:

	2011/12 £000	2012/13 £000
Comprehensive Income and Expenditure Statement		
Cost of Services		
- current service cost	18,430	26,802
- past service costs	2,533	-
- settlements and curtailments	(12,735)	(4,142)
Financing and Investment Income and Expenditure		
- interest cost	41,884	40,579
- expected return on scheme assets	(35,306)	(28,627)
Total Post Employment Benefit Charged to the Surplus Deficit on the Provision of Services	14,806	34,612
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement		
- actuarial gains and losses	160,610	(4,379)
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	175,416	30,233
Movement in Reserves Statement		
- reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(14,806)	(34,612)
Actual amount charged against the General Fund Balance for pensions in the year		
- employers' contributions payable to the scheme	27,986	26,502
Assets and Liabilities in Relation to Post Employment Benefits		

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

	2011/12 £000	2012/13 £000
Opening balance at 1 April	(782,998)	(904,836)
Current service cost	(18,430)	(26,802)
Interest cost	(41,884)	(40,579)
Contributions by scheme participants	(6,227)	(7,235)
Actuarial gains and losses	(109,236)	(62,026)
Benefits paid	32,594	37,051
Past service costs	(2,533)	-
Curtailments and Settlements	(2,517)	1,085
Liabilities extinguished on Settlements	24,657	3,929
Unfunded pension payments	1,738	1,799
Closing balance at 31 March	(904,836)	(997,614)

Reconciliation of fair value of the scheme (plan) assets:

	2011/12	2012/13
	£000	£000
Opening balance at 1 April	504,742	479,150
Projected rate of return	35,306	28,627
Actuarial gains and losses	(51,374)	66,405
Employer contributions	27,986	26,502
Contributions by scheme participants	6,227	7,235
Benefits paid	(34,332)	(38,850)
Receipts of bulk transfer value	(9,405)	(872)
Closing balance at 31 March	479,150	568,197

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date.

Scheme History

	2008/09	2009/10	2010/11	2011/12	2012/13
	£000	£000	£000	£000	£000
Present value of liabilities	(657,774)	(1,029,042)	(782,998)	(904,836)	(997,614)
Fair value of assets	346,684	466,940	504,742	479,150	568,197
Surplus/(deficit) in the scheme	(311,090)	(562,102)	(278,256)	(425,686)	(429,417)

The liabilities show the underlying commitments that the Council has in the long run to pay post employment (retirement) benefits. The total liability of £429.417m has a substantial impact on the net worth of the Council. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy:

- the deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary
- finance is only required to be raised to cover discretionary benefits when the pensions are actually paid

The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2013 is £23.976m.

Basis for Estimating Assets and Liabilities

The Local Government Pension Scheme liabilities have been assessed by Barnett Waddingham Public Sector Consulting, an independent firm of actuaries, based on the latest full valuation of the scheme as at 31 March 2010. The principal assumptions used by the actuary are:

Notes to the Accounts

	2011/12	2012/13
Long-term expected rate of return on assets in the scheme:		
Equity investments	6.6%	6.3%
Gilts	3.3%	3.0%
Bonds	4.6%	4.1%
Property	6.1%	5.8%
Cash	3.0%	0.5%
Other	6.6%	6.3%
Mortality assumptions:		
Longevity at 65 for current pensioners:		
■ Men	20.0 years	20.1 years
■ Women	24.0 years	24.1 years
Longevity at 65 for future pensioners:		
■ Men	22.0 years	22.1 years
■ Women	25.9 years	26.0 years
Other assumptions:		
RPI Increases	3.3%	3.4%
CPI Increases	2.5%	2.6%
Rate of increase in salaries	4.7%	4.8%
Rate of increase in pensions	2.5%	2.6%
Rate for discounting scheme liabilities	4.6%	4.4%
Take-up of option to convert annual pension into retirement lump sum	50.0%	50.0%

The Local Government Pension Scheme's assets consist of the following categories, by proportion of the total assets held:

	31 March 2012	31 March 2013
	%	%
Equity investments	68	70
Gilts	8	4
Bonds	9	9
Property	9	8
Cash	2	1
Other	4	8
	100	100

History of Experience Gains and Losses

The actuarial gains identified as movements on the Pensions Reserve in 2012/13 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2013:

	2008/09	2009/10	2010/11	2011/12	2012/13
	%	%	%	%	%
Differences between the expected and actual return on assets	(30.1)	20.0	0.9	(10.8)	11.7
Experience gains and losses on liabilities	0.0	0.0	14.8	0.0	(0.1)

41 - Nature and Extent of Risks Arising from Financial Instruments

General Principles

The Council's overall treasury risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services.

Treasury risk management is carried out by a central treasury team, under policies approved by the Council in the annual Treasury Management Strategy. The Council provides 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.

Credit Risk

A country is assigned a sovereign rating which signifies the country's ability to provide a secure investment environment which reflects factors such as economic status, political stability and foreign currency reserves. The strongest sovereign rating that can be achieved is AAA; AA+ is the next strongest.

The Council invests in the UK or specified AAA and AA+ sovereign rated countries, the total maximum that can be invested in an individual AAA sovereign rated country is £30m and the total maximum that can be invested in an individual AA+ sovereign rated country is £15m.

Creditworthiness

CIPFA's Treasury Management in the Public Services: Code of Practice revised in 2011 advises authorities to have regard to the ratings issued by all three main agencies – Fitch, Moodys and Standard and Poor. The Council defines the following as being of "high credit quality" for making investments, subject to the monetary and time limits shown.

	Monetary limit	Time limit for UK or AAA sovereign rated countries	Time limit for AA+ sovereign rated countries
Banks and building societies holding long-term credit ratings no lower than AAA or equivalent	£25m each	5 years	5 years
Banks and building societies holding long-term credit ratings no lower than AA+ or equivalent	£25m each	5 years	4 years
Banks and building societies holding long-term credit ratings no lower than AA or equivalent	£25m each	4 years	3 years
Banks and building societies holding long-term credit ratings no lower than AA- or equivalent	£25m each	3 years	2 years
Banks and building societies holding long-term credit ratings no lower than A+ or equivalent	£25m each	2 years	1 year
Banks and building societies holding long-term credit ratings no lower than A or equivalent	£10m each	18 months	6 months
Banks and building societies holding long-term credit ratings no lower than A- or equivalent, with assets greater than £1bn	£10m each	6 months	6 months
UK Building societies holding long-term credit ratings no lower than BBB or equivalent, with assets greater than £1bn	£3m each	6 months	N/A
Money market funds and similar pooled vehicles whose lowest published credit rating is AAA	£20m each	1 year	N/A
UK Local Authorities (irrespective of credit rating)	£25m each	25 years	N/A
Organisations and pooled funds which do not meet the above criteria, subject to an external credit assessment and a specific recommendation from the Council's treasury management adviser	£15m each	3 months	N/A
	£10m each	1 year	N/A

Group Limits

The maximum amount invested with a connected group of counterparties is £25m (although the maximum investment with a single counterparty within any group is dependent on the bank's credit rating.) Investments in part nationalised and nationalised banks are not subject to a government group limit.

Credit Watch / Outlook Overlay

From time to time an institution will be placed on negative watch or negative outlook, indicating that a downgrade is either likely or possible in the future. Watches are considered short term actions, whereas outlooks are considered over a longer time horizon. If an institution is on negative watch so that it is likely to fall below the above criteria, then no further investments will be made until the outcome of the review is announced.

Credit Default Swaps (CDS) Overlay

Credit rating agencies lag market events and therefore do not provide investors with an up to date picture of the credit quality of a particular institution. A CDS is a financial instrument which insures against the risk of a counterparty defaulting on its credit. When the cost of this insurance is highest, then it is more likely that the market considers a credit event will occur. Each week Arlington Close (treasury management advisors), provides CDS spreads information enabling the treasury team to monitor short, medium and long term trends of CDS spreads.

Exposure to Credit Risk

The following analysis summarises the Council's potential maximum exposure to credit risk, based on experience of default and uncollectability over the last three financial years, adjusted to reflect current market conditions.

	Amount at 31 March 2013	Historical experience of default	Historical experience adjusted for market conditions at 31 March 2013	Estimated maximum exposure to default and uncollectability at 31 March 2013	Estimated maximum exposure at 31 March 2012
	£000	%	%	£000	£000
	A	B	C	(A x C)	
Deposits with banks and financial institutions (excluding Icelandic banks)	245,985	0.038	0.038	93.6	142.6
Customers	23,202	0	1.716	641.2	378
				734.8	520.6

No credit limits were exceeded during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits.

Of the £23.202m (2011/12 £29.1m) balance £16.1m (2011/12 £12.9m) of debtors were individually assessed for impairments. A risk evaluation based on the value and types of debt was carried out to determine which debts to individually assess. This review resulted in a required provision of £0.641m (2011/12 £0.378m) to be made in respect of these debtors.

The Council does not generally allow credit for customers, such that £5.156m of the £16.1m balance is past its due date for payment. The past due amount can be analysed by age as follows:

	31 March 2012	31 March 2013
	£000	£000
Less than three months	4,321	1,002
Three to six months	685	1,295
Six months to one year	457	726
More than one year	2,881	2,133
	8,344	5,156

Landsbanki Impairment

Early in October 2008, the Icelandic banks Landesbanki, Kaupthing and Glitnir collapsed and the UK subsidiaries of the banks, Heritable and Kaupthing Singer and Friedlander (KS&F) went into administration. The Council had £5m deposited direct with Landesbanki.

The Landsbanki appeal hearing before the Icelandic District Court took place on the 14th and 15th September 2011 and was found in our favour. The losing parties lodged an appeal.

On 28 October, the Supreme Court of Iceland decided by a 6-1 majority that local authorities' claims are deposits that qualify in full for priority in the bank administrations. Securing priority creditor status means that authorities with deposits in Landsbanki are estimated to recover 100 per cent. These decisions are now final and there is no further right of appeal.

A distribution of funds worth approximately 30% of our claim was received on the 17th February 2012 in Sterling, Euros, U.S. Dollars and Icelandic Króna. Buckinghamshire County Council received £0.518m, \$0.776m, and €0.496m, equating to £1.474m. A further 6.989m ISK worth £0.037m, is being held in escrow until such time as the Icelandic authorities allow ISK to be exchanged or withdrawn from the country.

A second distribution of £0.619m was received on 29th May 2012 and a further distribution of £0.109m, \$0.138 and €0.124m was received on 9th October 2012 equating to £0.300m, bringing the total received to date to £2.430m, approximately 49% of the claim. No indication has been given of the value or date of the next distribution.

Liquidity Risk

As the Council has ready access to borrowings from the Public Works Loans Board, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Council will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. The strategy is to ensure that not more than 15% of loans are due to mature within any rolling three-year period through a combination of careful planning of new loans taken out and (where it is economic to do so) making early repayments.

	31 March 2012	31 March 2013
	£000	£000
Less than one year	11,732	1,732
Between one and two years	1,732	11,732
Between two and five years	35,196	35,196
More than five years	150,732	139,000
	199,392	187,660

Notes to the Accounts

Market Risk

Interest Rate Risk

The Council is exposed to significant risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council. For instance, a rise in interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise
- Borrowings at fixed rates – the fair value of the liabilities borrowings will fall
- Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise
- Investments at fixed rates – the fair value of the assets will fall

Borrowings are not carried at fair value, so notional gains and losses on fixed rate borrowings would not impact on the Comprehensive Income and Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments would be posted to the Comprehensive Income and Expenditure Statement and affect the General Fund balance pound for pound.

The Council has a number of strategies for managing interest rate risk. The policy is to aim to keep a maximum of 20% of its borrowings in variable rate loans. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses. The risk of loss is ameliorated by the fact that a proportion of government grant payable on financing costs will normally move with prevailing interest rates or the Council's cost of borrowing and provide compensation for a proportion of any higher costs. If interest rates had been 1% higher with all other variables held constant, the financial effect in 2012/13 would have been:

	31 March 2012	31 March 2013
	£000	£000
Increase in interest payable on variable rate borrowings	165	212
Increase in interest receivable on variable rate investments	(496)	(363)
Impact on Surplus/Deficit on the Provision of Services	(331)	(151)
Decrease in fair value of fixed rate investment assets	527	1,151
Impact on other Comprehensive Income and Expenditure	527	1,151
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus/Deficit on the Provision of Services or other Comprehensive Income and Expenditure)	33,040	24,670

The impact of a 1% fall in interest rates would be as above but with the movements being reversed.

Price Risk

The Council does not invest in equity shares (although the Pension Fund, for which the Council is the administering authority, does invest in equity shares)

Foreign Exchange Risk

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

The Council is responsible for administering trust funds, which have been established over the years for a variety of purposes:

- Education Trust Funds are connected with the education service and were established to provide either school prizes or grants to students.
- The Thameside Preservation Trust was established in the 1930s for the purpose of acquiring and preserving an area of land adjoining the River Thames at Bourne End.

Receipts of the funds are invested internally, whilst the capital bases of the funds are either invested in gilts or income shares of the Charities Official Investment Fund. The funds are not included in the Council's Balance Sheet. The financial position of the funds is set out below:

Total 2011/12	Education Trust Funds	Thameside Preservation Trust	Others	Total 2012/13
£000	£000	£000	£000	£000
185 Market Value at 1 April	133	35	15	183
54 Add income	4	1		5
(55) Less expenditure	(8)		(15)	(23)
(1) Movement in investments	12			12
183 Total	141	36	-	177
Comprising				
78 Cash	25	36		61
11 Capital	11			11
94 Other investments	105			105
183 Total	141	36	-	177

In addition to the above the Council manages monies on behalf of clients in the form of receiverships and other quasi trustee relationships totalling £4.963m (£4.728m in 2011/12).

Description of the Fund

Buckinghamshire County Council Pension Fund (the Fund) is part of the Local Government Pension Scheme and is administered by Buckinghamshire County Council. Organisations participating in the Fund include the County Council, Milton Keynes Council, the district and parish Councils of Buckinghamshire, Thames Valley Police Authority, Buckinghamshire Fire and Rescue Service, and other scheduled and admitted bodies. These are listed in Note 21 to these Financial Statements. There have been no major changes to the Fund during 2012/13. Teachers, fire fighters and police officers, for whom separate pension schemes apply, are excluded from the Pension Fund.

The purpose of the Pension Fund is to provide defined benefits for employees and their widows, widowers and children, based on pay and past service. A new Scheme is to be introduced in April 2014.

Membership of the Fund

The following summarises the membership of the Fund:

31 March 2012	Membership of the Fund	31 March 2013
20,437	Contributors	20,965
13,774	Pensioners	14,522
18,575	Deferred Pensioners	19,708
52,786	Total Membership of the Fund	55,195

Statement of Investment Principles (SIP)

In order to ensure the proper management of the Fund, the Council has adopted a Statement of Investment Principles (SIP) in relation to the investment of the Pension Fund's assets. The SIP can be viewed on the Council's pension website <http://www.buckscc.gov.uk/bcc/pensions/investments/introduction.page?>

Further Information

The County Council publishes a separate Annual Report on the Pension Fund, which gives more detailed information, a copy can be viewed on the Council's pension website <http://www.buckscc.gov.uk/bcc/pensions/investments/accounts.page?>

Pension Fund Accounts

Pension Fund Account for the Year Ended 31 March 2013

31 March 2012 Pension Fund Account £000	Note	31 March 2013 £000
Contributions	3	
79,085 Employer contributions		81,657
23,920 Member contributions		25,503
7,267 Transfers in from other pension funds		5,594
-		105
110,272 Total Contributions		112,859
Benefits	5	
(60,490) Pensions		(66,732)
(24,169) Commutation of pensions and lump sums		(22,848)
Payments to and on Account of Leavers	6	
(318) Refunds of contributions		(13)
(4,351) Transfers out		(6,797)
(1,555) Administrative expenses	7	(1,757)
(90,883)		(98,147)
19,389 Net Additions from Dealings with Members		14,712
Returns on Investments		
31,503 Investment income	8	30,646
(16,241) Profits and losses on disposal of investments and changes in value of inv	9	187,598
(1,401) Taxes on Income	16	(1,296)
(2,772) Investment management expenses	10	(2,964)
11,089 Net Return on Investments		213,984
30,478 Net Increase/(Decrease) in the Net Assets Available for Benefits During the Year		228,696
1,525,034 Net Assets of the Fund available to fund benefits at 1 April 2012		1,555,512
1,555,512 Net Assets of the Fund available to fund benefits at 31 March 2013		1,784,208

Net Assets Statement

31 March 2012	Net Assets Statement	Note	31 March 2013
£000			£000
	Investments	11	
	Fixed Interest Securities		
14,687	• Public Sector		22,259
101,252	• Other		113,974
545,035	Equities - quoted		647,380
39,373	Index-linked Securities		31,943
687,427	Pooled Investment Vehicles		792,727
128,366	Unit Trusts - Property		130,920
23,464	Cash Deposits		28,992
199	Derivative Contracts		(125)
5,429	Dividend income receivable		5,208
1,545,232	Net Investments		1,773,278
	- Borrowings - Sterling		
12,990	Current Assets	15	21,205
(2,710)	Current Liabilities	15	(10,275)
1,555,512	Net Assets of the Fund available to fund benefits at 31 March		1,784,208

1. Basis of Preparation

The accounts summarise the fund's transactions for the 2012/13 financial year and its position at year end as at 31 March 2013. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting (the Code), which is based on International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits. The accounts do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year. The actuarial present value of promised retirement benefits is disclosed at Note 18 of these accounts.

The Pension Fund is administered by Buckinghamshire County Council, but the Fund balances are not included in Buckinghamshire County Council's Consolidated Balance Sheet.

2. Accounting Policies

Accruals of Income and Expenditure

The financial statements are prepared on an accruals basis, unless otherwise stated. That is, income and expenditure are recognised as they are earned or incurred, not as they are received or paid.

Contributions, benefits and investment income are included on an accruals basis. All settlements for buying and selling investments are accrued on the day of trading. Interest on deposits is accrued if not received by the end of the financial year. Investment management expenses are accounted for on an accruals basis. Administrative expenses are accounted for on an accruals basis, staff costs are paid by Buckinghamshire County Council then recharged to the Pension Fund at the year end. Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Net Asset Statement. Some additional payments are made to beneficiaries on behalf of certain employers. These payments are subsequently reimbursed by those employers. The figures contained in the accounts are shown exclusive of both payments and reimbursements.

Pension Fund Accounts

Employers' augmentation contributions and pension strain contributions are accounted for in the period in which the liability arises. Individual transfers in / out are accounted for when received / paid, which is normally when the member liability is accepted or discharged.

Financial Instruments

Financial Instruments that are "held for trading" are classified as financial assets and liabilities at fair value through profit or loss when the financial instrument is:

- Acquired or incurred principally for the purpose of selling or repurchasing it in the near term, or
- Part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking, or
- A derivative.

Financial assets and liabilities at fair value through profit or loss are initially recognised at fair value excluding transaction costs and carried at fair value without any deduction for transaction costs that would be incurred on sale or disposal.

Financial instruments have been classified as Loans and Receivables when they have fixed or determinable payments and are not quoted in an active market. Loans and receivables are initially recognised at Fair Value and carried at historic cost as they are all short term.

The value of market quoted investments is determined by the bid market price ruling on the final day of the accounting period. Fixed interest securities are recorded at net market value based on their current yields. Pooled investments in property funds, equity funds, fixed interest funds, private equity funds and hedge fund of funds are valued by the fund manager in accordance with industry guidelines.

Cash and Cash Equivalents

Cash comprises cash in hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

Contingent Assets and Liabilities

Contingent liabilities are disclosed by way of note when there is a possible obligation which may require a payment or a transfer of economic benefits. The timing of the economic transfer and the level of certainty attaching to the event are such that it would be inappropriate to make a provision.

Contingent assets are disclosed by way of note where inflow or a receipt or an economic benefit is possible and whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly within the control of the Pension Fund.

Unquoted private equity investments

It is important to recognise the highly subjective nature of determining the fair value of private equity investments. They are inherently based on forward looking estimates and judgements involving many factors. Private equities are valued by the investment managers using guidelines set out by the British Venture Capital Association.

Foreign Currency Transactions

Foreign currency transactions are translated into sterling at the exchange rate ruling at the date of transaction. End of year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, market values of overseas investments and purchases and sales outstanding at the end of the reporting period.

Pension Fund Liability

The Fund liability is calculated every three years by the appointed actuary, with annual updates in the intervening years. The methodology used is in line with accepted guidelines and in accordance with IAS19.

3. Contributions

Contributions relating to wages and salaries paid up to 31 March 2013 have been included in these accounts.

2011/12	Contributions	2012/13
£000		£000
	Employers	
27,986	Administering Authority	24,822
46,107	Scheduled Bodies	49,195
4,992	Admitted Bodies	7,634
	Employers Augmentation Costs	
-	- Administering Authority	-
-	- Scheduled Bodies	6
-	- Admitted Bodies	-
	Members	
7,431	Administering Authority	6,872
15,696	Scheduled Bodies	16,330
793	Admitted Bodies	2,301
103,005	Total Contributions	107,160

4. Transfer Values

The individual transfer values relate to transfers, which have been received and paid during the financial year i.e. included on a cash basis.

On 31 March 2013 there were 3 (3 on 31 March 2012) transfer values out greater than £50,000, for which £202k (£352k on 31 March 2012) had not been paid; there were no outstanding transfer values in greater than £50,000 on 31 March 2013. There was 1 on 31 March 2012, where £118k had not been received.

On 31 March 2013 there were 4 group transfers to the Fund being negotiated with other Funds, the value of the transfers in is being negotiated between the Funds' actuaries. The income due to the Fund has not been accrued since negotiations are at too early a stage for an estimate of the value to be available.

5. Benefits

Benefits include all valid benefit claims notified during the financial year.

2011/12	Benefits	2012/13
£000		£000
	Pensions	
24,703	Administering Authority	26,903
31,845	Scheduled Bodies	35,330
3,942	Admitted Bodies	4,499
21,184	Commutations of pensions and lump sum retirement benefits	21,177
2,985	Lump sum death benefits	1,671
84,659	Total Benefits	89,580

Pension Fund Accounts

6. Payments to and on Account of Leavers

2011/12	Payments to and on Account of Leavers	2012/13
£000		£000
23	Refunds to members leaving service	15
295	Payments for members joining the state scheme	(2)
-	Group transfers to other schemes	769
4,351	Individual transfers to other schemes	6,028
4,669	Total Payments to and on Account of Leavers	6,810

7. Administrative Expenses

2011/12	Administrative Expenses	2012/13
£000		£000
1,299	Administration of benefits	1,547
130	Actuarial fees	110
55	External Audit Fees	16
71	Legal and performance measurement fees	84
1,555	Total Administrative Expenses	1,757

8. Investment Income

2011/12	Investment Income	2012/13
£000		£000
5,818	Interest from fixed interest securities	6,752
19,064	Dividends from equities	17,768
1,029	Income from index-linked securities	737
(622)	Interest on cash deposits	(671)
5,664	Income from property unit trusts	6,150
550	Other	(90)
31,503	Total Investment Income	30,646

9. Investments

All investments are valued on a fair value basis and where there is an active market the bid price is the appropriate quoted market price. The investment accounting information is provided by BNY Mellon, the Fund's custodian bank.

Investments (All values are shown £000)	Value at 31 March 2012	Reclassification of Assets	Purchases at Cost	Sales Proceeds	Change in Market Value	Value at 31 March 2013
	£000	£000	£000	£000	£000	£000
Fixed interest securities	115,939	-	123,142	(112,312)	9,464	136,233
Equities - quoted	545,035	-	358,123	(339,549)	83,771	647,380
Index-linked securities	39,373	-	293,540	(303,955)	2,985	31,943
Pooled investment vehicles	687,427	-	59,829	(51,201)	96,672	792,727
Unit Trusts - Property Funds	128,366	-	10,812	(3,053)	(5,205)	130,920
Derivative contracts	199	-	1,245	(1,606)	37	(125)
Cash deposits	23,464	-	-	5,654	(126)	28,992
	1,539,803	-	846,691	(806,022)	187,598	1,768,070
Investment income due	5,429					5,208
	1,545,232					1,773,278

Investments (All values are shown £000)	Value at 31 March 2011	Reclassification of Assets	Purchases at Cost	Sales Proceeds	Change in Market Value	Value at 31 March 2012
	£000	£000	£000	£000	£000	£000
Fixed Interest Securities	108,352	-	97,729	(96,879)	6,737	115,939
Equities - quoted	592,974	-	392,375	(416,329)	(23,985)	545,035
Index-linked securities	28,759	-	394,696	(390,239)	6,157	39,373
Pooled investment vehicles	638,405	-	183,160	(130,209)	(3,929)	687,427
Unit Trusts - Property	125,492	-	8,984	(4,150)	(1,960)	128,366
Derivative contracts	8	(25)	177	(160)	199	199
Cash Deposits	19,177	25	-	3,722	540	23,464
	1,513,167	-	1,077,121	1,034,244	(16,241)	1,539,803
Investment income due	4,413					5,429
	1,517,580					1,545,232

Pooled investment vehicles are funds where the Pension Fund is not the named owner of specific investments such as shares or bonds, but owns a proportion of a pooled fund. The Code requires that pooled investments are analysed between unit trusts, unitised insurance policies and other managed funds, the pooled investment vehicles in the tables above are other managed funds. The funds include the following types of investments:

- Equities
- Fixed interest securities
- Index linked securities
- Hedge fund of funds
- Diversified Growth Funds
- Private equity fund of funds

The change in the fair value of investments during the year comprises all increases and decreases in the fair value of investments held at any time during the year, including profits and losses realised on sales of investments during the

Pension Fund Accounts

year. The Fund's investments in derivatives are not material and therefore further disclosures are not included in the accounts.

Transaction costs are included in the cost of purchases and in sale proceeds. These include transaction costs, brokerage commission and other fees incurred in the acquisition of investments. Indirect costs are also incurred through the bid-offer spread on investments within pooled investments.

The Fund does not participate in a stock lending programme.

On 31 March 2013 the only asset which exceeds 5% of the total value of the net assets of the Fund is a £167.5m investment in Legal & General's Europe (ex UK) Equity Index (£110.2m as at 31 March 2012).

IFRS accounting requires that the Fund discloses information on fair value hedges, cash flow hedges and hedges of net investments in foreign operations. The Fund has exposure to hedges through its investments in a hedge fund of funds pooled investment vehicle, the hedge disclosure is not applicable to this type of investment.

10. Investment Management Expenses

The value of the Fund with the fund managers as at 31 March 2013 was £1,769m (£1,543m at 31 March 2012). Fund manager fees have been calculated according to the specific mandate and the associated contract agreement as follows:

Fund Manager	Mandate	Negotiated Fee Basis	Proportion of Fund 31 March 2012	Proportion of Fund 31 March 2013
Aviva Investors	Property	Percentage of fund	9%	8%
BlackRock	Cash / inflation plus	Percentage of fund	5%	4%
Blackstone Alternative Asset Management	Hedge fund of funds	Percentage of fund	4%	4%
DB Advisors	Less constrained global equities	Performance related fee	7%	7%
Investec Asset Management	Less constrained global equities	Performance related fee	7%	7%
Legal & General Investment Management	Passive index-tracker	Percentage of fund	27%	27%
Mirabaud Investment Management Limited	UK equities	Percentage of fund	9%	9%
Pantheon Private Equity	Private Equity	Percentage of Funds Committed & Incentive Fee	5%	6%
Partners Group	Private Equity	Percentage of fund	3%	3%
Royal London Asset Management	Core Plus Bonds	Performance related fee	10%	10%
Schroders	Less constrained UK equities	Performance related fee	7%	7%
Standard Life Investments	Less constrained UK equities	Performance related fee	7%	8%

11. Analysis of the Value of Investments

2011/12 £000	Analysis of the Value of Investments	2012/13 £000
	Fixed Interest Securities	
13,871	UK public sector	21,452
816	Overseas public sector	807
98,634	UK other	113,508
2,618	Overseas other	466
115,939	Total Fixed Interest Securities	136,233
	Equities	
221,808	UK quoted	269,286
323,227	Overseas quoted	378,094
545,035	Total Equities	647,380
	Other	
39,373	Index-linked securities public sector	31,943
-	Index-linked securities other	-
687,427	Pooled Investment vehicles	792,727
128,366	Unit Trusts - Property Funds	130,920
5,429	Investment income due	5,208
199	Derivatives	(125)
23,464	Cash deposits - sterling and foreign cash	28,992
884,258	Total Other	989,665
1,545,232	Total Value of Investments	1,773,278

Pension Fund Accounts

12. Financial Instruments

The Net Assets of the Fund disclosed in the Net Asset Statement are made up of the following categories of financial instruments:

31 March 2012			31 March 2013		
Fair value through profit and loss £000	Loans And Receivables £000	Financial Liabilities At amortised cost £000	Fair value through profit and loss £000	Loans And Receivables £000	Financial Liabilities At amortised cost £000
Financial Assets					
115,939	-	-	Fixed Interest Securities	136,233	-
545,035	-	-	Equities - quoted	647,380	-
39,373	-	-	Index-linked Securities	31,943	-
687,427	-	-	Pooled investment vehicles	792,727	-
128,366	-	-	Property – Unit Trusts	130,920	-
199	-	-	Derivatives	-	-
5,429	-	-	Dividend Income Receivable	5,208	-
-	23,464	-	Cash Deposits	-	28,992
-	340	-	Current Assets	-	11,708
1,521,768	23,804	-		1,744,411	40,700
Financial Liabilities					
-	-	-	Derivatives	(125)	-
-	-	-	Borrowings	-	-
-	-	(1,972)	Current Liabilities	-	(9,413)
-	-	(1,972)		(125)	(9,413)
1,521,768	23,804	(1,972)	Total	1,744,286	40,700
				40,700	(9,413)

The net gains and losses on financial instruments are shown in the table below.

31 March 2012		31 March 2013	
£000		£000	
Financial Assets			
13,502	Fair value through profit and loss	217,947	
(548)	Loans and receivables	(819)	
-	Financial liabilities measured at amortised cost	-	
Financial Liabilities			
-	Fair value through profit and loss	-	
-	Loans and receivables	-	
-	Financial liabilities measured at amortised cost	-	
12,954	Total	217,128	

The code requires that for each class of financial assets and financial liabilities an authority shall disclose the fair value of that class of assets and liabilities in a way that permits it to be compared with its carrying amount. As all investments are disclosed at fair value, carrying value and fair value are therefore the same.

Valuation of Financial Instruments Carried at Fair Value

The valuation of financial instruments has been classified into three levels, according to the quality and reliability of information used to determine fair values.

Level 1: Financial instruments where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as level 1 include quoted equities, quoted index linked securities and unit trusts. Listed investments are shown at bid prices. The bid value of the investment is based on the bid market quotation of the relevant stock exchange.

Level 2: Financial instruments where quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data, e.g. fixed interest securities.

Level 3: Financial instruments at level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data. Such instruments would include unquoted equity investments and hedge fund of funds, which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions. The values of the investment in private equity are based on valuations provided by the general partners to the private equity fund of funds in which the Fund has invested. These valuations are prepared in accordance with the International Private Equity and Venture Capital Valuation Guidelines, which follow the valuation principles of IFRS and US GAAP. Valuations are audited annually as at 31 December, the valuations as at 31 March reflect cash flow transactions since 31 December.

The values of the hedge fund of funds are based on the net asset value provided by the fund manager. Assurances over the valuation are gained from the independent audit of the value.

The table below analyses financial instruments, measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

Pension Fund Accounts

Value at 31 March 2013	Quoted Market Price	Using	With	Total
		Observable	Significant	
		Inputs	Unobservable	
	Level 1	Level 2	Level 3	
	£000	£000	£000	£000
Fixed Interest Securities	-	136,233	-	136,233
UK Equities - quoted	269,286	-	-	269,286
Overseas Equities - quoted	378,094	-	-	378,094
Index-linked Securities	-	31,943	-	31,943
Pooled investment vehicles	7,673	-	785,054	792,727
Property – Unit Trusts	27,645	-	103,275	130,920
Derivatives	-	(125)	-	(125)
Dividend Income Receivable	5,208	-	-	5,208
Cash Deposits	28,992	-	-	28,992
Borrowings	-	-	-	-
Current Assets	11,708	-	-	11,708
Current Liabilities	(9,413)	-	-	(9,413)
Total	719,193	168,051	888,329	1,775,573

Value at 31 March 2012	Quoted Market Price	Using	With	Total
		Observable	Significant	
		Inputs	Unobservable	
	Level 1	Level 2	Level 3	
	£000	£000	£000	£000
Fixed Interest Securities	-	115,939	-	115,939
UK Equities - quoted	221,808	-	-	221,808
Overseas Equities - quoted	323,227	-	-	323,227
Index-linked Securities	-	39,373	-	39,373
Pooled investment vehicles	4,833	-	682,594	687,427
Property – Unit Trusts	26,662	-	101,704	128,366
Derivatives	-	199	-	199
Dividend Income Receivable	5,429	-	-	5,429
Cash Deposits	23,414	50	-	23,464
Borrowings	-	-	-	-
Current Assets	340	-	-	340
Current Liabilities	(1,972)	-	-	(1,972)
Total	603,741	155,561	784,298	1,543,600

13. Additional Financial Risk Management Disclosures

The Fund's primary long term risk is that the Fund's assets will fall short of its liabilities (i.e. promised benefits payable to members.) Therefore the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure that there is sufficient liquidity to meet the Fund's forecast cash flows. The Pension Fund Committee manages these investment risks as part of its overall Fund risk management programme.

Responsibility for the Fund's risk management strategy rests with the Pension Fund Committee. The Pension Fund Risk Assessment analyses the risks faced by the Council's pensions operations, it is reviewed regularly by the Pension Fund Committee to reflect changes in activity and in market conditions. The analysis below is designed to meet the disclosure requirements of IFRS 7.

Market Risk

Market risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in market prices of equities, commodities, interest rates, foreign exchange rates and credit spreads. This could be as a result of changes in market price, interest rates or currencies. The objective of the Fund's Investment strategy is to manage and control market risk exposure within acceptable parameters, while optimising the return.

In general excessive volatility in market risk is managed through diversification across asset class, investment manager, country, industry sector and individual securities. Each manager is expected to maintain a diversified portfolio within their allocation.

Market Price Risk

Market price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting the market in general.

By diversifying investments across asset classes and managers, the Fund aim to reduce the exposure to price risk. Diversification of asset classes seeks to reduce correlation of price movements, whilst the appointment of specialist managers enables the Fund to gain from their investment expertise.

Market Price - Sensitivity Analysis

Whilst the value of the Fund's assets is sensitive to changes in market conditions and the Fund's assets are diversified across fund managers and asset classes to mitigate the risks. The Fund's liability to pay future benefits is equally sensitive, particularly to interest rate changes. The Fund's investment consultant undertakes triennial strategy reviews following the triennial actuarial valuation to ensure that the asset allocation of the Fund remains appropriate to expectations for its liabilities both in the short term and in the long term. The latest review, carried out in June 2011, showed an overall risk factor (standard deviation) for the Fund of 15.2% had increased compared to the previous review due to volatility in the financial markets. The next review is due in early 2014, interim strategy reviews can be undertaken if required. Following analysis of historical data and expected investment return movement during the financial year, State Street Investment Analytics have determined that the following movements in market price risk are reasonably possible for the 2013/14 reporting period.

Pension Fund Accounts

Asset Type	Percentage Change 31 March 2013 %
Fixed interest securities	4.50
UK equities – quoted	14.03
Overseas equities - quoted	13.65
Index-linked securities	7.31
Pooled Investment vehicles	15.22
Unit Trusts – Property Funds	1.93
Alternatives	4.27
Derivative contracts	4.27
Cash deposits	0.01
Investment income due	15.22

If the market price of the Fund's investments does in/decrease in line with the above, the change in the market price of net assets available to pay benefits would be as follows.

Asset Type	31 March 2013 £000	Percentage Change %	Value on increase £000	Value on decrease £000
Fixed interest securities	136,233	4.50	142,363	130,103
UK equities – quoted	269,286	14.03	307,067	231,505
Overseas equities – quoted	378,094	13.65	429,704	326,484
Index-linked securities	31,943	7.31	34,278	29,608
Pooled Investment vehicles	349,391	15.22	402,568	296,214
Unit Trusts – Property Funds	130,920	1.93	133,447	128,393
Alternatives	443,336	4.27	462,267	424,406
Derivative contracts	(125)	4.27	(120)	(130)
Cash deposits	28,992	0.01	28,995	28,989
Investment income due	5,208	15.22	6,001	4,415
Total	1,773,278		1,946,570	1,599,987

Following analysis of historical data and expected investment return movement during the financial year, State Street Investment Analytics have determined that the following movements in market price risk are reasonably possible for the 2012/13 reporting period.

Asset Type	Percentage Change 31 March 2012 %
Fixed interest securities	4.83
UK equities – quoted	15.97
Overseas equities - quoted	15.83
Index-linked securities	6.13
Pooled Investment vehicles	17.24
Unit Trusts – Property Funds	6.07
Alternatives	4.32
Derivative contracts	4.32
Cash deposits	0.02

Investment income due	17.24
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If the market price of the Fund's investments had in/decreased in line with the above, the change in the market price of net assets available to pay benefits would have been as follows.

Asset Type	31 March 2012	Percentage	Value on	Value on
	£000	Change	increase	decrease
		%	£000	£000
Fixed interest securities	115,939	4.83	121,539	110,339
UK equities – quoted	221,808	15.97	257,231	186,385
Overseas equities – quoted	323,227	15.83	374,394	272,060
Index-linked securities	39,373	6.13	41,787	36,959
Pooled Investment vehicles	426,186	17.24	499,660	352,711
Unit Trusts – Property Funds	128,366	6.07	136,158	120,574
Alternatives	261,241	4.32	272,527	249,956
Derivative contracts	199	4.32	208	190
Cash deposits	23,464	0.02	23,469	23,459
Investment income due	5,429	17.24	6,365	4,493
Total	1,545,232		1,733,338	1,357,126

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund's exposure to interest rate movements from its investments in cash and fixed interest investments at 31 March 2012 and 31 March 2013 is provided below.

	31 March 2012	31 March 2013
	£000	£000
Cash deposits	23,464	28,992
Cash balances (not forming part of the investment assets)	1,295	10,318
Fixed interest securities	115,939	136,233
Total	140,698	175,543

Interest Rate – Sensitivity Analysis

The Pension Fund recognises that interest rates vary and can impact on the fair value of the assets. The sensitivity of the Fund's investments to changes in interest rates has been analysed by showing the impact of a 1% change in interest rates. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Value	Change for the year in net assets available to pay benefits	
		1%	-1%
As at 31 March 2013	£000	£000	£000
Cash deposits	28,992	290	(290)
Cash balances (not forming part of the investment assets)	10,318	103	(103)
Fixed interest securities	136,233	1,362	(1,362)
Total	175,543	1,755	(1,755)

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	Value	Change for the year in net assets available to pay benefits	
		1%	-1%
As at 31 March 2012	£000	£000	£000
Cash deposits	23,464	235	(235)
Cash balances (not forming part of the investment assets)	1,295	13	(13)
Fixed interest securities	115,939	1,159	(1,159)
Total	140,698	1,407	(1,407)

A 1% increase in interest rates will reduce the fair value of the relevant net assets and vice versa.

Currency Risk

Currency risk represents the risk that the fair value of financial instruments will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than sterling. When sterling depreciates the sterling value of foreign currency denominated investments will rise and when sterling appreciates the sterling value of foreign currency denominated investments will fall. Over the long term the differences in currencies are likely to balance out and the Fund has chosen not to hedge its currencies, with the exception of the European element of the Aviva property mandate.

The following table summarises the Fund's currency exposure as at 31 March 2012 and 31 March 2013.

Currency Exposure by Asset Type	31 March 2012	31 March 2013
	£000	£000
Fixed interest securities	468	-
Equities – quoted	291,424	345,433
Index-linked securities	-	-
Pooled Investment vehicles	122,655	156,758
Unit Trusts – Property Funds	17,307	16,568
Cash deposits	7,264	2,428
Total	439,118	521,187

Currency Risk – Sensitivity Analysis

The sensitivity of the Fund's investments to changes in foreign currency rates have been analysed using a 5.47% movement in exchange rates in either direction for 31 March 2013. This analysis assumes that all variables, in particular interest rates, remain constant. State Street Investment Analytics provided data on currency risk for various currencies, based on the Fund's make up of the Fund's currency exposure a 5.47% fluctuation in the currency is considered reasonable.

A 5.5% strengthening or weakening of Sterling against the various currencies at 31 March 2013 would have increased or decreased the net assets by the amount shown below.

Currency Exposure by Asset Type	31 March 2013	Value on increase	Value on decrease
	£000	£000	£000
		+5.47%	-5.47%
Fixed interest securities	-	-	-
Equities – quoted	345,433	364,328	326,538
Index-linked securities	-	-	-
Pooled Investment vehicles	156,758	165,333	148,183
Unit Trusts – Property Funds	16,568	17,474	15,662
Cash deposits	2,428	2,561	2,295
Total	521,187	549,696	492,678

The sensitivity of the Fund's investments to changes in foreign currency rates have been analysed using a 9.59% movement in exchange rates in either direction for 31 March 2012. This analysis assumes that all variables, in particular interest rates, remain constant. A 9.59% strengthening or weakening of Sterling against the various currencies at 31 March 2012 would have increased or decreased the net assets by the amount shown below.

Currency Exposure by Asset Type	31 March 2012	Value on increase	Value on decrease
	£000	£000	£000
		+9.59%	-9.59%
Fixed interest securities	468	513	423
Equities – quoted	291,424	319,378	263,470
Index-linked securities	-	-	-
Pooled Investment vehicles	122,655	134,420	110,890
Unit Trusts – Property Funds	17,307	18,967	15,647
Cash deposits	7,264	7,961	6,567
Total	439,118	481,239	396,997

One important point to note is that currency movements are not independent of each other. If sterling strengthened generally it may rise against all the above currencies producing losses across all the currencies.

Credit Risk

Credit risk represents the risk that the counterparty to a transaction or financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The market value of investments generally reflects an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's financial assets and liabilities. In essence the Fund's entire investment portfolio is exposed to some sort of credit risk. The Fund is exposed to credit risk through its investment managers, custodian and its daily treasury management activities. Credit risk is minimised through the careful selection and monitoring of financial institutions and counterparties. Contractual credit risk is represented by the net payment or receipt that remains outstanding.

A source of credit risk is the cash balances held internally or by managers. The Pension Fund's bank account is held at Lloyds TSB, which holds an A long term credit rating. The management of the cash held in this account is managed by the Council's Treasury Management Team in line with the Council's Treasury Management Strategy which sets out the permitted counterparties and limits. The value of the Fund invested by the Treasury Management Team at 31 March 2013 was £3.389m in an instant access Lloyds TSB account (£1.285m at 31 March 2012 in an

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instant access Santander UK call account which has an A long term credit rating). Cash held by investment managers is invested with the global custodian, BNY Mellon, in a diversified money market fund rated AAAM.

Liquidity Risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The main liabilities of the Fund relate to the benefits payable which fall due over a long period of time. The investment strategy reflects this and set out the strategic asset allocation of the Fund. Liquidity risk is mitigated by investing a proportion of the Fund in actively traded instruments in particular equities and fixed income investments. The Fund maintains a cash balance to meet operational requirements.

The Fund defines liquid assets as assets that can be converted to cash within three months. Illiquid assets are those assets which will take longer to convert in to cash. The following table summarises the Fund's illiquid assets by fund manager.

31 March 2012		31 March 2013
£000		£000
134,088	Aviva	134,015
63,675	Blackstone	69,216
64,271	Pantheon Private Equity	113,988
38,050	Partners Group	46,104
342	Hg Capital	344
285,863		363,667

14. Related Parties

The Buckinghamshire County Council Pension Fund is administered by Buckinghamshire County Council and therefore there is a strong relationship between the Council and the Pension Fund.

The County Council was reimbursed £1.4m (£1.2m in 2011/12) for administration costs incurred by the County Council on behalf of the Pension Fund. The Council is also the single largest employer of members of the Pension Fund and contributed £31.7m to the Fund in 2012/13 (£35.4m in 2011/12).

The Pension Fund's surplus cash held for day to day cash flow purposes is invested on the money markets by the treasury management function of Buckinghamshire County Council, through a service level agreement. During the year to 31 March 2013, the Fund had an average investment balance of £5.4m (year to 31 March 2012, £4.4m), earning interest of £39k (£35k year to 31 March 2012). In recent years the average cash balances have been lower due to an increase in the value and frequency of cash draw downs requested by the Fund's private equity managers resulting in the Fund carrying lower average cash balances. The Pension Fund cash balances are replenished when the Fund receives contributions from the Fund's employers. In order to reduce the requirement to hold excess working cash balances the Pension Fund Committee agreed that since there is no external market that will lend cash to the Fund, the Fund could borrow temporarily from the County Council to meet ad hoc unexpected expenditure. There was one (four in 2011/12) instance when the Pension Fund cash balances were low resulting in the Fund borrowing short term from the County Council in order to pay pension benefits due or to meet its investment commitments.

There are three members of the Pension Fund Committee who are active members of the Fund and one who is a deferred member. There are three employees who hold key positions in the financial management of the Fund who are active members. A proportion of their role is in respect of the Fund, the cost of that proportion of their work is

lower than the value required for further detailed disclosure. The remuneration paid to the County Council's senior officers is published in the County Council's accounts.

Paragraph 3.9.4.3 of the Code exempts local authorities from the key management personnel disclosure requirements of IAS 24, on the basis that the disclosure requirements for officer remuneration and members' allowances detailed in section 3.4 of the Code (which are derived from the requirements of Regulation 7(2) – (4) of the Accounts and Audit (England) Regulations 2011) satisfy the key management personnel disclosure requirements of paragraph 16 of IAS 24. This applies in equal measure to the Buckinghamshire County Council Pension Fund.

The disclosures required by Regulation 7(2)–(4) of the Accounts and Audit (England) Regulations can be found in the main accounts of Buckinghamshire County Council.

15. Current Assets and Liabilities

2011/12 £000	Current Assets and Liabilities	2012/13 £000
	Current Assets	
7,074	Contributions due from employers 31 March	7,453
1,295	Cash Balances (not forming part of the investment assets)	10,318
4,621	Other Current Assets	3,434
12,990	Total Current Assets	21,205
	Current Liabilities	
(794)	Management charges	(891)
(738)	HM Revenue and Customs	(862)
(498)	Unpaid benefits	(1,131)
(680)	Other Current Liabilities	(7,391)
(2,710)	Total Current Liabilities	(10,275)
10,280	Net Current Assets or (Liabilities)	10,930

2011/12 £000	Current Assets and Liabilities	2012/13 £000
	Current Assets	
2,439	Central Government Bodies	2,610
7,705	Other Local Authorities	5,872
7	NHS Bodies	8
1,772	Public Corporations and Trading Funds	10,362
1,067	All Other Bodies	2,353
12,990	Total Current Assets	21,205
	Current Liabilities	
(745)	Central Government Bodies	(862)
(571)	Other Local Authorities	(296)
-	NHS Bodies	-
(610)	Public Corporations and Trading Funds	(688)
(784)	All Other Bodies	(8,429)
(2,710)	Total Current Liabilities	(10,275)
10,280	Net Current Assets or (Liabilities)	10,930

16. Taxes on Income

The Fund is unable to reclaim Advance Corporation Tax (ACT). However, the fund retains the following taxation status:

- VAT input tax is recoverable on all fund activities by virtue of Buckinghamshire County Council being the administering authority.
- The fund is an exempt approved fund under the Income Taxes Act 1988 and is therefore not liable to UK income tax or capital gains tax.
- Income earned from investments overseas in the United States and certain other countries is exempt from national taxation and therefore not subject to withholding tax.

17. Actuarial Position of the Fund

In accordance with the Local Government Pension Scheme Regulations 2008 as amended, actuarial valuations are currently made at three-yearly intervals.

The main purposes of actuarial valuations are:

- to assess the contributions required to provide for benefits currently accruing to active members;
- to assess whether the funds in hand are sufficient to meet the existing commitments.

If funds are not sufficient, additional employers' contributions are payable, whereas if the funds are more than sufficient these may be reduced.

The Fund's Actuary, Barnett Waddingham LLP, undertook a valuation of the Fund as at 31 March 2010 in accordance with Regulation 36 of the Local Government Pension Scheme (Administration) Regulations 2008 as amended. On that date the market value of the assets held were £1,376m, sufficient to cover 79% of the accrued liabilities assessed on an ongoing basis. The funding policy is set to recover the deficit over a twenty-year period, average contributions required are 19%. The revised employers' contribution arrangements were effective from 1 April 2011; employer contribution rates range from 14.0% to 27.6%, with Buckinghamshire County Council paying 22.8%.

The main assumptions used in the valuation were:

▪ Investment return – equities / absolute return funds	7.5%	per annum
▪ Investment return - gilts	4.5%	per annum
▪ Investment return - bonds and property	5.6%	per annum
▪ Investment return - discount rate	7.1%	per annum
▪ Investment return – risk adjusted discount rate	6.8%	per annum
▪ Pay increases	5.0%	per annum
▪ Price inflation	3.5%	per annum
▪ Pension increases	3.0%	per annum

The outcome of the next triennial valuation as at 31 March 2013 will be published towards the end of 2013. The most recent interim valuation took place as at 31 March 2012 which showed that the funding level had decreased to 75%.

18. Actuarial Present Value of Promised Retirement Benefits

International Financial Reporting Standards (IFRS) requires the disclosure of the actuarial present value of promised retirement benefits. The Fund's Actuary has prepared a report which rolls forward the value of the Employers' liabilities calculated for the Triennial valuation as at 31 March 2010. On an IAS 19 basis the Actuary estimates that the net liability as at 31 March 2013 is £532m (31 March 2012 £643m), figures calculated on an IAS 19 basis are not relevant for calculations undertaken for funding purposes or for other statutory purposes undertaken under UK pensions legislation. The Fund accounts do not take account of liabilities to pay pensions and other benefits in the future.

For the Triennial Valuation the actuary asks the question – what is the value of the assets required based on existing investment strategy to be sufficient to meet future liabilities? For IAS 19 valuations, however, the actuary asks the question – how much would need to be borrowed on the corporate bond market to meet future liabilities?

The expected returns on the assets actually held will be different to borrowing costs, and so different amounts are required. This manifests itself in different discount rates being used in each type of valuation, and so different values are placed on the same liabilities.

31 March 2012		31 March 2013
£000		£000
2,100,889	Present Value of Funded Obligation	2,316,281
1,457,774	Fair Value of Scheme Assets	1,784,200
643,115	Net Liability	532,081

The Present Value of Funded Obligation consists of £1,863m (£1,721m at 31 March 2012) in respect of Vested Obligation and £453m (£379m at 31 March 2012) in respect of Non-Vested Obligation. Vested benefits are the benefits that employees have a right to receive even if they do not render services to the employer. In other words, the employees will receive their vested benefits even if they stop working for the employer. Thus, non-vested benefits are the benefits an employee can receive in the future if he or she continues providing services to the employer. The liabilities above are calculated on an IAS19 basis and therefore differ from the results of the triennial funding valuation (see Note 17) because IAS19 stipulates a discount rate rather than a rate that reflects market rates. The main assumptions used were:

31 March 2012		31 March 2013
3.3%	RPI Increases	3.4%
2.5%	CPI Increases	2.6%
4.7%	Salary Increases	4.8%
2.5%	Pension Increases	2.6%
4.6%	Discount Rate	4.5%

These assumptions are set with reference to market conditions at 31 March. The Actuary's estimate of the duration of the Fund's liabilities is 22 years. The discount rate is the annualised yield at the 22 year point on the Merrill Lynch AA rated corporate bond curve which has been chosen to meet the requirements of IAS19 and with consideration of the duration of the Fund's liabilities. This approach has been updated from previous disclosures when the yield on the iBoxx AA rated over 15 year corporate bond index was used as a standard assumption for most employers in the Fund.

The RPI increase assumption is set based on the difference between conventional gilt yields and index-linked gilt yields at the accounting date using data published by the Bank of England, specifically the 22 year point on the Bank of England spot inflation curve. Previously the 20 year point was used and so this has been updated. This measure

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has historically overestimated future increases in the RPI and so the Actuary made a deduction of 0.25% to get the RPI assumption of 3.4%. As future pension increases are expected to be based on CPI rather than RPI, the Actuary made a further assumption about CPI which is that it will be 0.8% below RPI i.e. 2.6%.

Salary increases are then assumed to be 1.4% above RPI in addition to a promotional scale.

19. Contingent Liabilities and Contractual Commitments

Contractual commitments that the Fund has entered into by 31 March 2013 are:

Contractual Commitments	Amount Paid as at 31 March 2012	Amount Paid as at 31 March 2013	Total Contractual Commitment
	\$000	\$000	\$000
Pantheon Asia Fund VI LP	15,875	19,375	25,000
Pantheon Asia Fund V LP	-	9,400	47,000
Pantheon USA Fund VII Limited	13,961	15,555	21,250
Pantheon USA Fund VIII Feeder LP	37,875	45,075	75,000
Pantheon Global Secondary Fund IV Feeder LP	3,990	7,065	15,000
Partners Group Global Resources 2009, LP	18,919	21,523	35,000
	90,620	117,993	218,250
	€000	€000	€000
Pantheon Europe Fund V "A" LP	12,325	13,956	18,125
Pantheon Europe Fund VI LP	30,550	39,000	65,000
Partners Group Global Real Estate 2008 SICAR	19,291	21,411	25,000
Partners Group Global Infrastructure 2009 SICAR	12,047	14,552	25,000
	74,213	88,919	133,125

These contractual commitments relate to outstanding call payments due on unquoted limited partnership funds held in the private equity, resources, global real estate and infrastructure parts of the portfolio. The amounts "called" by the funds are irregular in both size and timing over several years from the date of each original commitment. The total contractual commitment at 31 March 2013 includes a \$47m commitment to Pantheon Asia Fund VI, this is the only difference in the total contractual commitment at 31 March 2013 compared to 31 March 2012.

On 31 March 2013 there were 4 group transfers to the Fund under discussion with other Funds, the value of the transfers is being negotiated between the Funds' actuaries.

20. Additional Voluntary Contributions (AVCs)

AVC providers secure additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions. The AVC providers to the Fund are Prudential and Clerical Medical. Prudential invests in several funds including a with profits accumulation fund, a deposit fund and a discretionary fund. Clerical Medical invests in with profits and unit-linked funds, the financial year for this fund is 1 November to 31 October and the financial information included is for this period. These amounts are not included in the Pension Fund Net Asset Statement in accordance with regulation 5(2)c of the Pension Scheme (Management and Investment of Funds) Regulations 1998 (SI 1998 No 1831).

2011/12	Prudential	2012/13
£000		£000
4,480	Value of AVC fund at beginning of year	4,168
650	Employees contributions	698
296	Investment income	198
(1,258)	Benefits paid and transfers out	(825)
4,168	Value of AVC fund at year end	4,239
<hr/>		
1.11.2010 - 31.10.2011	Clerical Medical	1.11.2011 - 31.10.2012
£000		£000
3,803	Value of AVC fund at beginning of year	3,642
276	Employees contributions	265
469	Investment income	298
(906)	Benefits paid and transfers out	(681)
3,642	Value of AVC fund at year end	3,524

21. List of Scheduled and Admitted Bodies

Scheduled Bodies

Buckinghamshire County Council	Woburn Sands Town Council
Buckinghamshire Fire and Rescue Service	Wolverton & Greenleys Town Council
Thames Valley Police	Wooburn & Bourne End Parish Council
Aylesbury Vale District Council	Woughton Community Council
Chiltern District Council	Alfriston School
Milton Keynes Council	Amersham School
South Bucks District Council	Amersham & Wycombe College
Wycombe District Council	Aylesbury College
	Aylesbury Grammar School
Amersham Town Council	Aylesbury High School
Aston Clinton Parish Council	Aylesbury Vale Academy
Aylesbury Town Council	Beaconsfield High School
Bletchley & Fenny Stratford Town Council	Beechview Middle School
Buckingham Town Council	Bedgrove Infant School
Burnham Parish Council	Bedgrove Junior School
Campbell Park Parish Council	Bourton Meadow Academy
Chalfont St Giles Parish Council	Brookmead School
Chalfont St Peter Parish Council	Brooksward School
Chepping Wycombe Parish Council	Brushwood Middle School
Chesham Bois Parish Council	Buckinghamshire New University
Chesham Town Council	Burnham Grammar School
Chiltern Crematorium	Burnham Park E-Act Academy
Chilterns Conservation Board	Castlefield School
Denham Parish Council	Chalfonts Community College
Farnham Royal Parish Council	Chalfont St Peter CE Academy
Gerrards Cross Parish Council	Chalfont Valley E-Act Academy
Great Missenden Parish Council	Chepping View Primary Academy
Hambleden Parish Council	Chesham Grammar School
Hazlemere Parish Council	Chiltern Hills Academy
Iver Parish Council	Cottesloe School
Lane End Parish Council	Cressex School
Little Marlow Parish Council	Danesfield School
Loughton Parish Council	Denbigh School
Marlow Town Council	Dr Challoner's Grammar School
Newport Pagnell Town Council	Dr Challoner's High School
Newton Longville Parish Council	Germander Park School
Olney Town Council	Gerrards Cross C E School
Piddington & Wheeler End Parish Council	Glastonbury Thorn First School
Princes Risborough Town Council	Great Marlow School
Shenley Brook End and Tattenhoe Parish Council	Green Park School
Shenley Church End Parish Council	Hamilton Primary School
Stantonbury Parish Council	Hazeley School
Stony Stratford Town Council	Highcrest Academy
Wendover Parish Council	Holmer Green Senior School
West Bletchley Town Council	John Colet School
West Wycombe Parish Council	John Hampden Grammar School
Winslow Town Council	Lord Grey School

Loudwater Combined School
 Loughton Middle School
 Milton Keynes Academy
 Milton Keynes College
 New Bradwell Combined School
 Oakgrove School
 Olney Infant School
 Ousedale School
 Overstone Combined School
 Oxley Park Academy
 Portfields Combined School
 Princes Risborough School
 Radcliffe School
 Royal Grammar School, Wycombe
 Royal Latin School
 St Nicholas' CoE Combined School
 St Paul's RC School
 Seer Green CofE School
 Shenley Brook End School
 Sir Henry Floyd Grammar School
 Sir Herbert Leon Academy (formerly Leon School and Sports College)
 Sir William Borlase Grammar School

Sir William Ramsay School
 Southwood Middle School
 Stanton Middle School
 Stantonbury Campus
 Stephenson Academy
 The Premier Academy
 Tickford Park School
 Two Mile Ash School
 Waddesdon C E School
 Walton High School
 Wycombe High School

Election Fees:
 Aylesbury Vale Local
 Aylesbury Vale Parliamentary
 Chiltern Local
 Chiltern Parliamentary
 Milton Keynes Local
 Milton Keynes Parliamentary
 Wycombe Local
 Wycombe Parliamentary
 South Bucks Local
 South Bucks Parliamentary

Admitted Bodies

Acorn Childcare
 Action for Children
 Ambassadors Theatre Group
 AMEY plc
 Archgate Cleaning
 Aylesbury Vale Advantage
 Aylesbury Vale Community Trust
 Aylesbury Vale Dial-a-Ride
 Beacon Housing Association
 Braybourne Cleaning Services
 Bucks Association of Local Councils
 Bucks Vision
 Community Impact Bucks
 Connection FS
 Connexions
 Cygnet Foods
 Excelcare
 Fremantle Trust
 Hays Specialist Recruitment
 Heritage Care
 Hertsmere Leisure Trust
 Hightown Praetorian & Churches Housing Association
 MK Dons
 Mouchel
 Northgate Arinso

NSL Services Group
 Oxfordshire Health NHS Foundation Trust
 Paradigm Housing Association
 Penn School
 Pitney Bowes
 Police Superintendents Association
 Race Equality Council
 Red Kite Community Housing Ltd
 Ringway Jacobs
 Risk Management Security Services
 SDK (Environmental)
 Vale of Aylesbury Housing Trust
 Wolverton & Watling Way Pools Trust
 Wycombe Dial-A-Ride

Glossary of Terms and Acronyms Used

Academies

Academies are publicly funded independent schools, free from local authority and national government control. Other freedoms include setting their own pay and conditions for staff, freedoms concerning the delivery of the curriculum, and the ability to change the length of their terms and school days. The income, expenditure and assets of academies with Buckinghamshire do not form part of the Council's accounts.

Accrue

If an organisation owes money for goods and services but has not received a bill up to the date it prepares its accounts, it will estimate what it owes. It will then include the debt in its accounts. This estimated liability is called an accrual.

Actuary

An actuary is an expert on pension scheme assets and liabilities, life expectancy and probabilities for insurance purposes (the likelihood of things happening). An actuary works out whether enough money is being paid into a pension scheme to pay the pensions when they are due.

Additional Voluntary Contributions (AVC)

An extra pension contribution you can make when a member of an employer Occupational Pension Scheme.

Amortisation

The process of charging capital expenditure, usually on intangible fixed assets, to the accounts over a suitable period of time.

Appropriations

Amounts transferred between the revenue account and revenue or capital reserves.

Balance Sheet

A balance sheet is a summary of an organisation's financial position. It lists the values, in the books of account on a particular date (in the case of the Council this is 31 March) of all the organisation's assets and liabilities. The assets and liabilities are grouped in categories, to paint a picture of the organisation's strengths and weaknesses.

Best Value Accounting Code of Practice (BVACOP)

This determines the structure of the Statement of Accounts. It is designed to facilitate comparisons between different local authorities' Statements of Accounts.

Biodegradable Municipal Waste (BMW)

Municipal waste that will degrade within a landfill, giving rise to landfill gas emissions. It includes, amongst other materials, food waste, green waste, paper and cardboard.

Budget

A statement which reflects the County Council's policies in financial terms and which sets out its spending plans for a given period. The revenue and capital budgets are finalised and approved in February before the start of the financial year on 1 April.

Capital Adjustment Account

The purpose of the Capital Adjustment Account is to contain the details of the costs of consuming fixed assets and the resources that have already been set aside to finance capital expenditure.

Capital Expenditure

Spending on assets which adds value and will provide benefit to the Council for more than one year, for example land, buildings and equipment. It is also referred to as 'capital expenditure' and 'capital payments'.

Capital Financing

The means by which capital expenditure incurred by the Council is funded.

Capitalisation

The classification of expenditure as capital rather than revenue, subject to the condition that the expenditure yields a benefit to the Council for a period of more than one year.

Capital Financing Requirement (CFR)

The CFR measures the Council's underlying need to borrow or finance by other long-term liabilities for a capital purpose. It represents the amount of capital expenditure that has not yet been resourced absolutely, whether at the point of spend (by capital receipts, capital grants/contributions or from revenue income), or over the longer term (by prudent minimum revenue provision (MRP) or voluntary application of capital receipts for debt repayment etc). Alternatively it means, capital expenditure incurred but not yet paid for.

Capital Receipts

Amounts received from the sale of capital assets. These can only be used for 'capital purposes' – to repay an existing debt, or to finance new capital expenditure. Amounts received that have not yet been used are referred to a 'capital receipts unapplied'.

Cash Flow Statement

Summarises the inflows and outflows of cash arising from transactions with third parties for capital and revenue purposes. It provides a link between the Balance Sheet at the beginning of the year, the Income and Expenditure Statement for the year and the Balance Sheet at the end of the year.

Chartered Institute of Public Finance and Accountancy (CIPFA)

The Chartered Institute of Public Finance and Accountancy is the accountancy body which recommends accounting practice for the preparation of local authority accounts.

Comprehensive Income and Expenditure Statement (CIES)

This account records an organisation's income and spending and shows the surplus or shortfall.

Consistency

The principle that the same accounting treatments are used from year to year so that useful comparisons can be made. Any significant change in policies must be declared in the accounting statements.

Contingencies

Sums set aside to meet the potential costs of activities expected to occur during future years.

Corporate and Democratic Core

Corporate and Democratic Core represents costs associated with democratic representation and management and corporate management. Democratic representation and management includes all aspects of Members' activities. Corporate management concerns the cost of the infrastructure that allows services to be provided and the cost of

providing information that is required for public accountability. Such costs form part of total service expenditure, but are excluded from the costs of any particular service.

Council Tax

This is a tax charged locally on private houses. It provides some of the money to run local councils.

Creditor

This is someone who is owed money.

Current Assets

These are short-term assets which are constantly changing in value, such as stocks, debtors and bank balances.

Current Liabilities

These are short-term liabilities which are due to be paid in less than one year, such as bank overdrafts, money owed to suppliers and employees' PAYE.

Debtor

This is someone who owes money.

Dedicated Schools Grant (DSG)

A specific grant that must be spent on schools.

Deferred Benefits

A future benefit which is being paid for in the current accounting period.

Deferred Liabilities

An amount already received by the County Council that is being credited to the Comprehensive Income and Expenditure Statement over a number of years.

Depreciation

Depreciation is the drop in value of an asset due to wear and tear, age and obsolescence (going out of date) as recorded in an organisation's financial records.

Depreciated Historic Cost

The value of an asset shown in the Balance Sheet calculated from the original cost less depreciation to date.

Disposals

This happens when something is sold, transferred or given away.

Earmarked Reserves

These reserves represent monies set aside that can only be used for a specific usage or purpose.

Exceptional Items

Items that derive from the ordinary activities of the Council and are material in terms of the Council's overall expenditure and not expected to recur frequently or regularly.

Finance Lease

Under this type of lease the organisation leasing the goods is treated as if it owns the goods and reflects this in the Balance Sheet. It gains the profits that would come with ownership but it also suffers the losses.

Financial Instrument

For all terminology relating to financial instruments please see Financial Instruments section in the sub glossary below.

Fixed Asset

A fixed asset is one which is intended to be used for several years. Examples are buildings, machinery and vehicles.

General Fund

The Council's main revenue fund to which all revenue receipts are credited, and from which revenue liabilities are discharged. The movement on the fund in year represents the excess of income over expenditure once notional charges and credits have been replaced by the amounts required to be funded from Council Tax.

Government Grants

Amounts received from central Government towards funding the County Council's activities.

Her Majesty's Revenue and Customs (HMRC)

Formed on 18 April 2005, following the merger of the Inland Revenue and HM Customs and Excise Departments. HMRC ensure the correct tax is paid at the right time.

Impairment

A reduction in the value of a fixed asset arising from physical damage to the asset, dilapidation, obsolescence or a fall in market values.

Infrastructure

The County Council's network of roads, pavements and bridges.

Income

Amounts which the Council receives, or expects to receive, from any source. Income includes fees, charges, sales, capital receipts, government grants, the precept on Council Tax collection funds, Revenue Support Grant and National Non-Domestic Rates.

Intangible Fixed Assets

Intangible assets cannot be touched. An example is computer software (although the storage device the software is contained on can be touched, the value of the asset is primarily contained within the software coding, which cannot be touched).

International Financial Reporting Standards (IFRS)

Standards, interpretations and the framework for the preparation and presentation of financial statements.

Investments

Short term investments comprise deposits of temporary surplus funds with banks or similar institutions. Long term investments comprise similar funds held for a period of more than one year.

Lender Option, Borrower Option Loans (LOBOs)

A LOBO is a form of loan where, after an agreed initial period, and then at other pre-agreed intervals, the lender has the option to change the interest rate. If the lender changes the interest rate, the borrower then has the option of either continuing the loan at the new rate, or ending the loan without penalty, by repaying the outstanding principal in full, within the contracted time (usually five days).

Lessor

A lessor is the owner of an asset which is leased to another party.

Lessee

A lessee is the party that leases an asset that is owned by another party.

Local Government Pension Scheme (LGPS)

The pension scheme administered by Buckinghamshire County Council on behalf of its employees and other scheduled and admitted bodies.

Long Term Borrowing

The main element of long term borrowing is comprised of loans over one year in duration that have been raised to finance capital expenditure projects.

Market Value

The monetary value of an asset as determined by current market conditions at the Balance Sheet date.

Materiality

The concept that any omission from or inaccuracy in the Statement of Accounts should not be so large as to affect the understanding of those statements by a reader.

Minimum Revenue Provision (MRP)

The minimum amount (as laid down in statute) that the County Council must charge to the accounts each year in order to meet the costs of repaying amounts borrowed.

National Non-Domestic Rates (NNDR)

Business tax set by central government and distributed to local authorities.

Net Book Value

This is what an asset cost, as recorded in the books of account, less all the depreciation taken off the asset for age and wear.

Net Depreciated Replacement Cost

The estimated cost of replacing or recreating the particular asset in its existing condition and in its existing use.

Net Realisable Value

The expected proceeds from the sale of an asset when sold on the open market between a willing buyer and a willing seller less all the expenses incurred in selling the asset.

Non Distributed Costs

Costs that cannot be specifically applied to a service or services and are held centrally, comprising certain pension costs and the costs of unused shares of IT facilities and other assets.

Non Operational Assets

Fixed assets held by the Council that are not currently used in the provision of services. This includes properties that are awaiting sale and properties and assets under construction.

Operating Lease

Under this type of lease, ownership of the leased goods stays with the lessor (the company leasing out the goods).

Precept

The amount collected by the District Councils on behalf of the County Council for the County Council's share of the Council Tax.

Prepayments

In a set of accounts this means something which has been paid out which covers a period after the end of the accounting period.

Primary Care Trust (PCT)

A type of NHS trust, part of the National Health Service in England, that provides some primary and community services or commissions them from other providers, and are involved in commissioning secondary care.

Prior Period Adjustments/Prior Year Adjustments

Those material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors. They do not include minor corrections or adjustments of accounting estimates made in prior years.

Projected Unit Method

An accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings.

Provisions

When accounts are being prepared and an amount needs to be set aside for liabilities which are known to exist, but which cannot be measured accurately, the amount set aside is called a provision.

Prudential Code

Since 1 April 2004 the Local Government Act 2003 has required local authorities to have regard to CIPFA's Prudential Code. This replaces the old system of credit approvals and allows local authorities to decide for themselves how much to borrow to finance their capital programme. Under the Code, borrowing must be affordable, prudent and sustainable, as measured by a range of prudential indicators, over the long term.

Public Works Loan Board (PWLB)

A government body from which a local authority may borrow money in the form of loans.

Receipts in Advance

Amounts received by the Council during this year that relate to goods or services to be delivered in future years.

Related Party

This is someone, or an organisation, which controls or significantly influences another organisation.

Reserves

These are amounts set aside in one year's accounts, which can be spent in later years. Some types of reserve can only be spent if certain conditions are met.

Revenue Expenditure

Revenue expenditure is spending on the day to day running costs of the Council. It includes expenditure on employees, premises, transport and supplies and services.

Revenue Expenditure Funded from Capital Under Statute (REFCUS)

Expenditure which legislation classifies as capital, although it does not result in the creation of a fixed asset.

Revenue Support Grant (RSG)

A general grant from central government to contribute towards the cost of providing services. When taken together with national non-domestic rates, it is known as the 'Formula Grant'.

Right to Buy (RTB)

The Right to Buy scheme gives eligible Council tenants the right to buy their property from the Council at a discount.

Royal Institution of Chartered Surveyors (RICS)

Professional body for qualifications and standards in land, property and construction.

Section 151 Officer

The Officer designated to assume overall responsibility for the administration of the financial affairs of the Council and for the preparation of the Council's Statement of Accounts.

Service Expenditure Analysis (SEA)

The SEA structure is determined by CIPFA Best Value Accounting Code of Practice 2008 (BVACOP) and reflects the format of returns required by the Government and is designed to allow comparisons between the Statements of Accounts of different local authorities.

Service Level Agreement (SLA)

Part of a service contract where the level of service is formally defined.

Statement of Investment Principles (SIP)

Principles adopted by Buckinghamshire County Council in relation to the investment of assets of the Council's Pension Fund.

Surplus

The remainder after taking away all expenditure from income.

Tangible Fixed Assets

Fixed assets that have physical substance and which yield benefits to the County Council for a period of more than one year.

Trading Account

Services which are funded by generating income from internal and external clients.

Trust Funds

Funds administered by the Council for such purposes as charities, prizes and specific projects.

Usable Capital Receipts Reserve

A reserve held to provide an alternative source for financing future capital expenditure, and to ensure some stability in the level of capital programmes that can be financed.

Value Added Tax (VAT)

A tax that is charged on most goods and services that VAT-registered businesses provide in the UK.

Voluntary Aided Schools (VA School)

Voluntary Aided schools are mainly religious or 'faith' schools, although anyone can apply for a place.

Voluntary Controlled Schools (VC Schools)

Voluntary Controlled schools are similar to voluntary aided schools, but are run by the local authority.

Work in Progress (WIP)

The value of rechargeable work which has not been recharged at the end of the financial year.

Financial Instrument Accounting is based upon some of the most complicated accounting standards. This sub glossary has been produced to explain some terms to readers of the accounts.

Amortised Cost Using the Effective Interest Rate Method

Amortised cost is a mechanism that sees through contractual terms to measure the real cost that an authority bears each year from entering into a financial liability. For instance, if a premium is paid for the right to enter into a loan at less than market rates or a period of lower than market interest rates is granted and compensated for by a period of higher than market rates, authorities are required to account using a single effective interest rate. Interest payable in the Comprehensive Income and Expenditure Account will then be recognised on a level interest rate basis over the expected life of the loan.

Available for Sale Financial Instrument Reserve

The gain or loss arising from a change in the fair value of an Available for Sale financial asset should be taken to the Available for Sale Reserve with the exception of impairment losses.

Discount

An unforeseen gain to the Council resulting from the early repayment of a loan or restructuring of a loan portfolio.

Effective Interest Rate

When determining 'fair value', adjustments for transaction costs need to be taken into account when calculating the effective interest rate of the instrument. The effective interest rate is defined as the rate of interest that will discount all the cash flows that will take place throughout the expected life of a financial instrument down to the fair value of the asset calculated at initial measurement. The cash flows included in the calculation will cover both interest and principal, plus any other consideration that the authority is scheduled to give or receive during the instrument's life, however described in the contract. Effective Interest Rate Accounting does not apply to all loans. Examples of loans that do involve effective interest rate calculations include:

- Those where interest is programmed to vary in accordance with an underlying measure that reflects the cost of borrowing
- Those where the variation in the interest payable is programmed at the start of the contract (such as a stepped interest loan)

Equity Instrument

A contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities (such as an equity share in a company) – will only apply to investments in other entities held by the authority.

Fair Value

The amount for which an asset could be exchanged or a liability settled, assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy/sell at an appropriate price, with no other motive in their negotiations other than to secure a fair price adjusted for transaction costs that are directly attributable to the acquisition/issue of the instrument (e.g. fees, commissions, taxes etc).

Financial Asset

A right to future economic benefits controlled by the authority that is represented by:

- Cash
- An equity instrument of another entity
- A contractual right to receive cash (or another financial asset) from another entity
- A contractual right to exchange financial assets/liabilities with another entity under conditions that are potentially favourable to the authority

Financial Asset Available for Sale

This category contains items that do not fit under any of the other financial asset categories. Examples include equity shareholdings and quoted investments. Available for Sale assets are carried at their fair value, with movements in fair value taken to the Other Comprehensive Income and Expenditure. Interest and dividends income are charged to the Comprehensive Income and Expenditure Account as part of the (Surplus) or Deficit on Provision of Services, alongside gains/losses on derecognition.

Financial Asset Fair Value through Profit and Loss

This designation is used for assets that an entity determines are held for trading and for derivatives with a positive value. The distinctive treatment of such assets would be that all gains and loss are posted to the I+E Account when they arise. However, the Council does not hold any assets of this nature.

Financial Asset Loans and Receivables

These are defined as financial assets (excluding derivatives) that have fixed or determinate payments and that are not quoted in an active market. Examples include operational debtors and bank deposits. Loans and receivables are carried at amortised cost. The I+E Account is charged with interest receivable, impairment losses and any gain or loss on 'derecognition' (i.e. disposal or maturity). Movements in fair value during the life of the asset are not recognised.

Financial Instrument

Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another.

Financial Instruments Adjustment Account

This account has been set up to ameliorate the effects on the General Fund Balance of exceptional occurrence of having to restate financial instruments on the 2007/08 Balance Sheet.

Financial Liability

An obligation to transfer economic benefits controlled by the authority that is represented by:

- A contractual obligation to deliver cash (or another financial asset) to another entity
- A contractual obligation to exchange financial assets/liabilities with another entity under conditions that are potentially unfavourable to the authority

Financial Liability Amortised Cost

This category contains all of an authority's financial liabilities that are not 'held for trading' or are derivatives. Examples include operational creditors and borrowings. These liabilities are carried at amortised cost. The Comprehensive Income and Expenditure Account is charged with interest payable.

Financial Liability Fair Value Through Profit and Loss

This classification is used for liabilities held for trading or derivatives with a negative value. Under FRS 26, an entity can also choose to designate a financial liability as at fair value through profit and loss that would not by definition be required to be so classified, but the Code does not permit this. The distinctive treatment of such assets would be that all gains and loss are posted to the Comprehensive Income and Expenditure Account when they arise. However, the Council does not hold any assets of this nature.

Guarantees

A requirement for the Council to make specified payments to reimburse the holder of a debt if the debtor fails to make payment when due in accordance with the terms of the contract.

Impairments

At each Balance Sheet date an assessment is made of whether there is objective evidence that any financial asset or group of financial assets may be impaired (this includes assessing provision for doubtful debts). An assessment should first be made of whether evidence of impairment exists individually for financial assets that are individually significant. Then an assessment of impairment should be made individually or collectively for financial assets that are not individually significant.

Overhanging Premiums and Discounts

Premiums and discounts that relate to transactions prior to 1 April 2007 for which there is either no qualifying replacement loan or modified financial liability or for which the loan/liability has been derecognised. Premiums and discounts do not have a separate existence as financial instruments (as they usually represent payments made in termination of a contractual obligation) but will only be carried on the Balance Sheet to the extent that they can be linked in substance to a replacement transaction. If there is no replacement transaction to link to, the accumulated premiums and discounts will need to be derecognised at 1 April 2007, no matter what year they were first recognised.

Premium

An unforeseen loss to the Council resulting from the early repayment of a loan or restructuring of a loan portfolio.

Soft Loans

These are loans given to or received by the Council with associated interest payments at less than market rates. Examples of Soft Loans made by the Council include loans to employees. The Code requires the discounted interest rate to be recognised as a reduction in the fair value of the asset when measured for the first time. There may be occasions when an authority is in receipt of loans that are interest free or at less than prevailing market rates. If material, the effective interest rate of these loans will need to be calculated so that the value of the financial

assistance provided to the authority by the lender can be separated from the financing cost of the transaction. It should be noted that this does not apply to PWLB loans – although they might have marginally lower than market interest rates, this reflects the ability of the Government itself to borrow cheaply, not a subsidisation of local government.