



SOUTH BUCKS DISTRICT COUNCIL

Statement of Accounts **For the year ended 31 March 2008**

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Explanatory Foreword

Introduction

The Accounts of South Bucks District Council for the year ended 31 March 2008 are set out on the following pages. The various statements include, where relevant, comparative figures relating to the previous financial year and supporting notes.

Financial Statements

The financial statements are prepared on an accruals basis and follow best practice recommended by the Code of Practice on Local Authority Accounting. They summarise the overall financial position of the Council and in particular include the following:

- **Income and Expenditure Account** - This statement brings together the net cost for the year of the functions for which the Council is responsible and shows how that cost has been financed from Council Tax payers, business rate income and Government grants.
- **Statement of Movement on the General Fund Balance** - This statement shows those amounts that are required by statute and non-statutory proper practices to be charged or credited in addition to the Income and Expenditure Account surplus or deficit in determining the movement on the General Fund Balance for the year.
- **Statement of Total Recognised Gains and Losses** - This statement brings together all the recognised gains and losses of the Authority for the year and identifies those, which have not been recognised in the Income and Expenditure Account.
- **Balance Sheet** - This statement shows the assets and liabilities of all the activities of the Council and the balances and reserves at the Council's disposal.
- **Cash Flow Statement** - This statement shows the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.
- **Collection Fund** - This statement reflects a statutory requirement to maintain a separate Collection Fund, which shows the transactions of the Council as a billing authority in relation to council tax and non-domestic rates, and the way in which the total amount collected has been distributed to the precepting authorities and the national non-domestic pool.

Review of the Year

Revenue Income and Expenditure

The actual overall 2007/08 expenditure of the Council, including parish precepts, was £8,417m and the total income from council tax and general Government grants was £8.947m. Giving a net surplus in the year of £530,000.

The main issues to note are:

- The position in regard to general service budgets was an overall underspend of £603,000.
- The Authority earned £1.951m in unallocated interest in 2007/08 compared to a budget of £1.561m, a surplus of £390,000.
- The Authority had planned to use £630,000 in reserves during the year, however these were not needed.
- The Authority authorised additional expenditure of £239,000 during the year that was not included in the original budget.
- LABGI grant of £630,000 was awarded in the year.

The table below summaries the net revenue expenditure by portfolio and compares the budget for the year with the actual expenditure, together with variances between the two. It also shows how the overall Council expenditure was funded by income from Council Tax payers, business rate income, and Government Grants.

	Original Budget £'000	Latest Budget £'000	Yr End Actual £'000	Variance (Act-LB) £'000
Community	1,506	1,589	1,630	41
Environment	4,296	4,326	3,816	(510)
Health & Housing	1,671	1,599	1,579	(20)
Resources	2,573	2,998	2,884	(114)
Net Cost of Services	10,046	10,512	9,909	(603)
Interest & Investment Income	(1,350)	(1,561)	(1,951)	(390)
Less Capital Charges	(1,018)	(1,273)	(1,274)	(1)
Transfer to/(from) LDF Reserves	(152)	(152)	63	215
Transfer to/(from) Revenue Reserves - Planned	(630)	(630)	-	630
Budget Requirement	6,896	6,896	6,747	(149)
Adjustment re Farnham Charitable Assets	-	-	(89)	(89)
Additional expenditure funded from reserves	-	272	239	(33)
Parish Precepts	1,421	1,421	1,421	-
Planned deficit on Grounds Maintenance account	-	-	36	36
Exceptional adjustment re financial instruments	-	-	(15)	(15)
Transfer to/(from) Allocated Reserve	-	-	38	38
Required top up of insurance reserve	-	-	40	40
Amounts to be met from Government Grants and local taxation	8,317	8,589	8,417	(172)
Government Grants and local Taxation				
Council Taxpayers - District element	(4,009)	(4,009)	(4,009)	-
Council Taxpayers - Parish element	(1,421)	(1,421)	(1,421)	-
Share of Business Rate Income	(2,500)	(2,500)	(2,500)	-
Revenue Support Grant	(419)	(419)	(419)	-
LABGI Grant	-	-	(630)	(630)
Share of Collection Fund Deficit	32	32	32	-
	(8,317)	(8,317)	(8,947)	(630)
Decrease / (Increase) in General Reserve	-	272	(530)	

Capital Income and Expenditure

Capital expenditure is all expenditure on the acquisition, creation, or enhancement of fixed assets, which yield benefits to the Authority and the services it provides for a period of more than one year. Total capital expenditure for the year amounted to £1.292m, which was financed from internal capital receipts and central government grants. Further details are shown on page 25.

It was estimated that net capital income of £743,000 would be received in 2007/08. The actual income totalled £1,008,000. The main income being sale of property £700,000 and capital grants £269,000.

Total Recognised Gains and Losses

The Statement of Total Recognised Gains and Losses shows that in 2007/08 the Authority's overall resources increased by £2,514,000. Further details are shown on page 17.

Summary of Key Assets & Liabilities (Balance Sheet)

The main Council assets and liabilities as at 31 March are shown in the following table:

	Value 31 Mar 08 £m	Value 31 Mar 07 £m
Assets		
Intangible assets	0.6	0.8
Land, buildings and equipment	11.4	10.2
Investments, cash and bank holdings	28.1	26.0
Current Assets: Debtors (including Council tax and NNDR)	6.6	7.6
Liabilities		
Creditors	3.7	3.5
Pension Liability	11.8	13.2

The notes to the Core Accounting Statements provide additional information relating to these balances; however the key issues to note are as follows.

The value of intangible assets (eg software) increased by £0.2m as a result of capital expenditure. This was offset by depreciation /amortisation of £0.3m, and impairments of £0.1m resulting in a net decrease in the value of intangibles of £0.2m.

The value of land, building and equipment increased by £0.5m as a result of capital expenditure and by £2.6m due to revaluations. This was offset by disposals of £0.7m, depreciation of £0.4m, and impairments of £0.8m resulting in a net increase in the value of land, buildings and equipment and intangibles of £1.2m.

Investments levels fluctuate due to two main factors: normal cash flow movements, and the income and expenditure plans of the Authority. Normal cash flow movements are a result of the timing of when payments are actually made; for instance at the 31 March 2008 £6.6m was owed to this Authority, down from £7.6m the previous year. With regard to the income and expenditure plans of the Authority, in 2007/08 the Authority spent £1.4m on capital projects and received £1.0m in capital cash receipts. In addition the figure as at 31 March 2008 now includes interest receivable on investments, whereas previously this figure was shown within debtors.

The amount of short-term debt owed to the Authority has decreased from £7.6m as at 31 March 2007 to £6.6m as at 31 March 2008, primarily due to a reduction in the amount owed by central Government and the change in how interest receivable is shown in the accounts.

The amount of money owed by the Authority as at 31 March 2008 has remained at a similar level to that owed as at 31 March 2007.

The Authority, as part of the terms and conditions of employment, offers retirement benefits to staff. Although these benefits will not be payable until employees retire, the Authority has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement. In common with many public and private companies, who offer defined benefit pension schemes; the current valuation of the pension fund assets is significantly less than the actuarial estimate of the liability. For South Bucks the pension asset value is £28.7m and the liability £40.5m giving a net deficit of £11.8m as at 31 March 2008. However statutory arrangements for the funding of the pension scheme means that the financial position of the Authority remains healthy as the deficit will be made good by increased contributions over the remaining working life of employees.

Reserves

Accumulated general fund revenue balances at 31 March 2008 were £2,355,000. In addition specific earmarked reserves total £544,000. A more detailed breakdown of the earmarked reserves is shown on page 35.

The total balance on accumulated usable capital receipts as at 31 March 2008 is £21.46m and the interest earned on this sum will be used to reduce the ongoing SBDC budget requirement.

Cash Flow

The Cash Flow Statement shows the inflows and outflows of cash arising from transactions with third parties and shows that in 2007/08 the Authority increased the amount of cash that it holds by £752,000. Further details are shown on page 19.

Collection Fund

In 2007/08 SBDC raised £39.6m in Council Tax, and collected over 98% of the sums due for the year. The Council also awarded £2.5m in Council Tax Benefit. Council Tax income is paid over to the precepting bodies (BCC, BF&R, TVPA and SBDC) and the amount paid over in 2007/08 (£41.7m) equals the amount that was requested as part of the 2007/08 budget setting process.

In 2007/08 SBDC raised £23.0m in business rates, and collected over 99.5% of the sums due for the year. All business rate income (less an allowance of £107,000 payable to SBDC for collecting business rates) is paid over to the national pool.

Further details are shown on pages 40-41.

<h2>Significant Factors Affecting the 2007/08 Accounts</h2>

Changes to the Code of Practice on Local Authority Accounting

In line with the Code of Practice on Local Authority Accounting a number of substantive changes have been made to the 2007/08 Account. The main changes are as follows:

- The implementation of a Revaluation Reserve with a zero opening balance.
- The Fixed Asset Restatement Account and the Capital Financing Account were merged at the start of the financial year to form a new Capital Adjustment Account.
- The incorporation of Financial Reporting Standards FRS25, 26 and 29 (relating to Financial Instruments) into the Accounts.

Note 1 to the Core Financial Statements provides details of how these changes have impacted on 2007/08 Accounts.

These changes are part of an ongoing move to make local authority accounts more in line with UK Generally Accepted Accounting Practice (UK GAAP).

Farnham Charitable Trust Fund

The Eton Rural District Council Act 1971 transferred to South Bucks District Council land and buildings at Stoke Poges Memorial Gardens, Farnham Park Sport Field, and parts of Farnham Park Golf Course, and the usage of these assets is still subject to restrictions contained within that Act - parts of which are held on trust for charitable purposes.

It has now been confirmed that the Farnham assets transferred under the Eton Rural District Council Act 1971 form a charitable trust and, as such, in line with the Code of Practice on Local Authority Accounting, all transactions relating to the Farnham Assets have been excluded from the SBDC Accounts and the Charitable Trust produces completely separate Accounts for its activities.

Future

In common with all local authorities the Council is managing change in order to continue to improve services and increase value for money. The Council's Corporate Plan brings together changes and relates these to the Council's aims and priorities. The key issues for the coming financial year are:

- The Authority's participation in the Pathfinder programme for Buckinghamshire, designed to enhance working between the county council and districts to improve services for local residents.*
- The continuing work on preparing the Local Development Document which in due course will replace the Local Plan.*
- Working with other public sector bodies on the delivery of the new Local Area Agreement for Buckinghamshire, and to prepare for the Comprehensive Area Assessment of Buckinghamshire.*
- Maintaining a sound financial position in the context of reducing central Government funding and limitations on the council tax, by reviewing the Council's medium term financial strategy planning and starting to take appropriate actions to safeguard the Council's financial position from 2009 onwards.*

The future is challenging for the Council, and the importance of collaboration with other authorities will be an important part of meeting these challenges. Financial control will be important to preserve financial resources in order that they can be deployed in line with the priorities of the Corporate Plan.

Further Information

Further information about the Accounts can be obtained from:

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Statement of Accounting Policies

1. General Principles

The Statement of Accounts summarises the Council's transactions for the 2007/08 financial year and its position at the year-end of 31 March 2008. It has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2007 - A Statement of Recommended Practice (the SORP). The accounting convention adopted is historical cost, modified by the revaluation of certain categories of tangible fixed assets.

2. Accruals of income and expenditure

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

- Fees, charges and rents due from customers are accounted for as income at the date the council provides the relevant goods or services.
- Supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption; they are carried as stocks on the Balance Sheet.
- Interest receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or 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.

3. Charges to Revenue for Fixed Assets

Service revenue accounts, support services and trading accounts are debited with the following amounts to record the real cost of holding fixed assets during the year:

- Depreciation attributable to the assets used by the relevant service
- Impairment losses attributable to the clear consumption of economic benefits on tangible fixed assets used by the service and other losses where there are no accumulated gains in the Revaluation Reserve against which they can be written off
- Amortisation of intangible fixed assets attributable to the service.

The council is not required to raise council tax to cover depreciation, impairment losses or amortisations. Depreciation, impairment losses and amortisations are therefore removed in the Statement of Movement on the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account.

4. Contingent Assets and Liabilities

Contingent assets are not recognised in the accounting statements. Instead they are disclosed by way of notes if the inflow of a receipt or economic benefit is probable.

Contingent liabilities are not recognised in the accounting statements. Instead they are disclosed by way of a note if there is a possible obligation, which may require a payment or transfer of economic benefits.

5. Deferred Charges

Deferred charges represent expenditure that may be capitalised under statutory provisions but does not result in the creation of a tangible asset owned by the authority. Deferred charges incurred during the year have been written off as expenditure to the relevant service revenue account in the year. As the Council has determined to meet the cost of deferred charges from existing capital resources a transfer to the Capital Adjustment Account then reverses out the amounts charged in the Statement of Movement on the General Fund Balance so there is no impact on the level of council tax.

6. Financial Assets

Financial assets are classified into three 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
- Fair value through profit or loss assets - assets that are 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.

Loans and Receivables

Loans and receivables are initially measured at fair value and carried at their amortised cost. Annual credits to the Income and Expenditure Account for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Income and Expenditure Account.

Any gains and losses that arise on the derecognition of the asset are credited / debited to the Income and Expenditure Account.

Available-for-Sale Assets

Available-for-sale assets are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Income and Expenditure Account 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 is credited to the Income and Expenditure Account when it becomes receivable by the Council.

Assets are maintained in the Balance Sheet at fair value. Values are generally based on the market price.

Changes in fair value are balanced by an entry in the Available-for-sale Reserve and the gain / loss is recognised in the Statement of Total Recognised Gains and Losses (STRGL). The exception is where impairment losses have been incurred - these are debited to the Income and Expenditure Account, along with any net gain / loss for the asset accumulated in the Reserve.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Income and Expenditure Account.

Any gains and losses that arise on the derecognition of the asset are credited / debited to the Income and Expenditure Account, along with any accumulated gains / losses previously recognised in the STRGL.

Fair Value through Profit or Loss Assets

Fair value through profit and loss assets are measured and carried at fair value. Values are generally based on the market price. Annual credits to the Income and Expenditure Account for interest receivable are based on the change in fair value.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Income and Expenditure Account.

Any gains and losses that arise on the de-recognition of the asset are credited / debited to the Income and Expenditure Account.

7. Financial Liabilities

Financial liabilities are initially measured at fair value and carried at their amortised cost.

Instruments Entered Into Before 1 April 2006

The council entered into a financial guarantee prior to 1 April 2006 and in accordance with the SORP this is not required to be accounted for as a financial instrument. This guarantee is reflected in the Statement of Accounts as a contingent liability note.

8. Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as income at the date that the Authority satisfies the conditions of entitlement to the grant / contribution, there is reasonable assurance that the monies will be received and the expenditure for which the grant is given has been incurred.

Revenue grants are matched in service revenue accounts with the service expenditure to which they relate.

Grants to cover general expenditure (eg Revenue Support Grant) are credited to the foot of the Income and Expenditure Account after Net Operating Expenditure.

Capital grants and contributions: Where grants and contributions are received that are identifiable to fixed assets with a finite useful life, the amounts are credited to the Government Grants Deferred Account. The balance is then written down to revenue to offset depreciation charges made for the related assets in the relevant service revenue account, in line with the depreciation policy applied to them.

9. Intangible Fixed Assets

Expenditure on assets that do not have physical substance but are identifiable and controlled by the council (eg software licences) is capitalised when it will bring benefits to the Council for more than one financial year. The balance is amortised to the relevant revenue account over the economic life of the investment to reflect the pattern of consumption of benefits. Assets are not amortised in the year of acquisition and are subject to a full year's amortisation in the year of disposal.

The values of all intangible assets are reviewed at the end of each financial year for evidence of reductions in value. Where impairment is identified as part of this review this is accounted for by writing the amount off against the relevant service revenue account.

10. Leases

The Council has no finance leases. Rentals payable under operating leases are charged to the relevant service revenue account on a straight-line basis over the term of the lease.

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 costing principals of the CIPFA Best Value Accounting Code of Practice 2007 (BVACOP). The total absorption costing principal is used - the 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 multi-functional, democratic organisation.
- *Non-Distributed Costs* - the cost of discretionary benefits awarded to employees retiring early and any depreciation and impairment losses chargeable on non-operational properties.

These two cost categories are defined in BVACOP and accounted for as separate headings in the Income and Expenditure Account, as part of Net Cost of Services.

12. Provisions

Provision for Bad and Doubtful Debts

Where it is doubtful that debt will be settled, the balance of debtors is written down (by establishing a provision for doubtful debts) and a charge made to revenue for the income that might not be collected.

This provision is recalculated annually by applying an estimate of the proportion of debt that is unlikely to be collectable, taking into account the age of the debt and the recovery status, based on past experience.

Other Provisions

Provisions are made where an event has taken place that gives the Council an obligation that probably requires settlement by a transfer of economic benefits, but where the timing of the transfer is uncertain.

Provisions are charged to the appropriate service revenue account in the year that the Authority becomes aware of the obligation, based on the best estimate of the likely settlement. When payments are eventually made, they are charged to the provision set up in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year - where it becomes more likely than not that a transfer of economic benefits will not be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service revenue account.

13. Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts in Statement of Movement on the General Fund Balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year to score against the Net Cost of Services in the Income and Expenditure Account. The reserve is then appropriated back into the General Fund Balance statement so that there is no net charge against council tax for the expenditure.

In addition the Authority maintains the following two capital reserves:

- *The Memorial Gardens Maintenance Fund* - This was set up as a result of the Eton Rural District Council Act 1971, which transferred certain properties and monies relating to the Stoke Poges Memorial Gardens to the Council. The fund is invested and the income is applied towards general maintenance of Memorial Gardens.
- *Stoke Park Investment Fund* - This was set up from part of a receipt from the sale of a long lease. The fund is invested and the income is applied towards general maintenance of Stoke Park.

The following statutory reserves are also maintained:

- *Revaluation Reserve* - this represents the accumulated gains arising from the revaluation of fixed assets since 1 April 2007.
- *Capital Adjustments Account* - this represents the balance of resources that have been applied to finance capital expenditure and the depreciation of capital assets. This account does not constitute a resource available to the Council.
- *Usable Capital Receipts Reserve* - this represents capital receipts available to finance further capital expenditure.
- *Pensions Reserve* - this represents the underlying commitments that the Authority has in the long run to pay retirement benefits.

14. Retirement Benefits

Employees of the council are members of the Local Government Pensions Scheme, administered by Buckinghamshire County Council. This scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the council.

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

- The liabilities of the pension scheme 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 projected earnings for current employees.
- Liabilities are discounted to their value at current prices using a discount rate based on the indicative rate of return on a high quality corporate bond.
- The assets of the pension fund attributable to the Council are included in the Balance Sheet at their fair value.

The change in the net pensions liability is analysed into seven components:

- *Current service cost* - The increase in liabilities as the result of years of service earned this year - allocated in the Income and Expenditure Account to the revenue accounts of the services for which the employees worked.
- *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 the Net Cost of Services in the Income and Expenditure Account as part of Non Distributed Costs.
- *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 Net Operating Expenditure in the Income and Expenditure Account.
- *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 Net Operating Expenditure in the Income and Expenditure Account.
- *Gains / 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 to the Net Cost of Services in the Income and Expenditure Account 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 Statement of Total Recognised Gains and Losses.
- *Contributions paid to the pension fund* - Cash paid as employer's contributions to the pension fund.

Statutory provisions limit the council to raising council tax to cover the amounts payable by the Council to the pension fund in the year. In the Statement of Movement on the General Fund Balance 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 any amounts payable to the fund but unpaid at the year-end.

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 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.

15. Stocks

Stocks are included in the Balance Sheet at the lower of cost and net realisable value.

16. Tangible Fixed Assets

Tangible fixed assets are assets that have physical substance and are held for use in the provision of services or for administrative purposes on a continuing basis.

Recognition

Expenditure on the acquisition, creation or enhancement of tangible fixed assets is capitalised on an accruals basis, provided that it yields benefits to the Council and the services that it provides for a period of more than one financial year. Expenditure that secures but does not extend the previously assessed standards of performance of assets (eg repairs and maintenance) is charged to revenue as it is incurred.

Measurement

Assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use. Assets are then carried in the balance sheet using the following measurement bases:

- *Operational land and properties and other operational assets are included in the balance sheet at open market value in existing use. In the case of buildings where no market exists for them, the properties are included in the balance sheet at depreciated replacement cost.*
- *Non-operational assets, including investment properties and assets that are surplus to requirements, are included in the balance sheet at market value.*

Assets included in the balance sheet at current value are revalued where there have been material changes in the value, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Income and Expenditure Account where they arise from the reversal of an impairment loss previously charged to a service revenue account.

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

The values of all material assets are reviewed at the end of each financial year for evidence of reductions in value. Where impairment is identified as part of this review or as a result of a valuation exercise, this is accounted for by:

- *Where attributable to the clear consumption of economic benefits - the loss is charged to the relevant service revenue account*
- *Otherwise - written off against any revaluation gains attributable to the relevant asset in the Revaluation Reserve, with any excess charged to the relevant service revenue account.*

Where an impairment loss is charged to the Income and Expenditure Account but there were accumulated revaluation gains in the Revaluation Reserve for that asset, an amount up to the value of the loss is transferred from the Revaluation Reserve to the Capital Adjustment Account.

Disposals

When an asset is disposed of or decommissioned, the value of the asset in the Balance Sheet is written off to the Income and Expenditure Account as part of the gain or loss on disposal. Receipts from disposal are credited to the Income and Expenditure Account as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal). Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustments Account.

Amounts in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to old housing disposals is payable to the Government. The balance of receipts is required to be credited to the Usable Capital Receipts reserve, and can then only be used for new capital investment. Receipts are appropriated to the Reserve from the Statement of Movement on the General Fund Balance.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Financing Account from the Statement of Movement on the General Fund Balance.

Depreciation

Depreciation is provided for on all assets with a determinable finite life (except for investment properties), by allocating the value of the asset in the Balance Sheet over the periods expected to benefit from their use. Assets are not depreciated in the year of acquisition and are subject to a full year's depreciation in the year of disposal.

Where an asset has major components with different estimated useful lives, these 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.

17. VAT

Income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to HM Revenue & Customs and all VAT paid is recoverable from it.

Statement of Responsibilities for the Statement of Accounts

The Authority's Responsibilities

The Authority is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Director of Resources;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the Statement of Accounts.

The Director of Resources' Responsibilities

The Director of Resources is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ("the SORP").

In preparing this Statement of Accounts, the Director of Resources has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the local authority SORP.

The Director of Resources has also:

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

I confirm that the Statement of Accounts presents fairly the financial position of the Authority as at 31 March 2008 and its income and expenditure for the year then ended.

Director of Resources

Date 25th June 2009

Certificate of Approval - Chair of Audit Committee

I confirm that these accounts have been approved by the Audit Committee.

Signed on behalf of South Bucks District Council
Chair of Audit Committee

Date 25th June 2009

Income and Expenditure Account

This statement shows the gross expenditure, income and net expenditure analysed by service and how that cost has been financed from Council Tax payers, business rate income and Government grants. The analysis reflects the requirements of the Best Value Accounting Code of Practice for Local Authorities.

Notes	2007/08 Gross Expenditure £'000	2007/08 Gross Income £'000	2007/08 Net Expend £'000	2006/07 Net Expend Restated £'000	2006/07 Net Expend £'000
Central Services to the Public	6,010	(4,581)	1,429	609	609
Cultural, Environmental & Planning Services	9,102	(2,521)	6,581	6,258	6,367
Highways, Roads and Transport Services	677	(876)	(199)	(235)	(235)
Housing Services	11,079	(10,008)	1,071	1,139	1,139
Corporate & Democratic Core	1,696	(3)	1,693	1,943	1,943
Non Distributed Costs	331	(5)	326	79	79
Net Cost of Services	28,895	(17,994)	10,901	9,793	9,902
(Gain) / Loss on Disposal of Fixed Assets			-	(21)	(21)
2 Parish Precepts			1,421	1,106	1,106
(Surplus) / deficit on Grounds Maintenance account			36	36	36
Contribution to Housing Pooled Capital Receipts			4	3	3
12 Interest & Investment Income			(2,006)	(1,569)	(1,569)
18 Pensions Interest Cost and Return on Assets			399	279	279
Net Operating Expenditure			10,755	9,627	9,736
Council Taxpayers			(5,430)	(4,948)	(4,948)
Share of Business Rate Income			(2,500)	(2,430)	(2,430)
Revenue Support Grant			(420)	(471)	(471)
LABGI Grant			(630)	(927)	(927)
Share of Collection Fund deficit / (surplus)			32	31	31
Net (Surplus) / Deficit for year			1,807	882	991

Statement of Movement on the General Fund Balance

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

- Capital investment is accounted for as it is financed, rather than when the fixed assets are consumed.
- Retirement benefits are charged as amounts become payable to pension funds and pensioners, rather than as future benefits are earned

The General Fund Balance shows whether the Council has over or under-spent against the council tax that it raised for the year, taking into account the use of reserves built up in the past and contributions to reserves earmarked for future expenditure.

This reconciliation statement summarises the differences between the outturn on the Income and Expenditure Account and the General Fund Balance.

Notes	2007/08 £'000	2006/07 Restated £'000	2006/07 £'000
Deficit/(Surplus) for the year on the I&E account	1,807	882	991
1 Exceptional adjusting transactions required by the implementation Of the new accounting policies for financial instruments.			
- Establishment of Financial Guarantee Liability	18	-	-
- Revaluation of available for sale assets to amortised cost	(35)	-	-
- Revaluation of fair value through profit and loss assets to fair value	2	-	-
Amounts included in the I&E account but required by statute to be excluded when determining the Movement on the General Fund Balance for the year.			
10 - Depreciation and impairment of Intangible fixed assets	(342)	(150)	(158)
11 - Depreciation and impairment of Tangible fixed assets	(1,212)	(380)	(472)
17 - Government Grants Deferred amortisation	42	41	41
11 - Write down deferred charges to be financed from capital resources	(503)	(520)	(520)
- Net gain / (loss) on sale of fixed assets	-	21	21
18 - Amount by which pension costs calculated in accordance with the SORP (i.e. in accordance with FRS17) are different from the contributions due under the pension scheme regulations	(388)	(277)	(277)
Amounts not included in the I&E account but required by statute to be included when determining the Movement on the General Fund Balance for the year.			
- Minimum revenue provision for capital financing	-	-	-
- Capital expenditure charged in year to the General Fund Balance	-	-	-
- Transfer from Usable Capital Receipts to meet payments to the Housing Capital Receipts pool	(4)	(3)	(3)
Transfers to or from the General Fund Balance that are required to be taken into account when determining the Movement on the General Fund Balance for the year.			
19g - Net transfer to / (from) earmarked reserves	85	(211)	(211)
(Increase) / Decrease in General Fund Balance for the Year	(530)	(597)	(588)
General Fund Balance b/f	(1,825)	(1,228)	(1,802)
General Fund Balance c/f	(2,355)	(1,825)	(2,390)

Statement of Total Recognised Gains and Losses

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

Notes	2007/08 £'000	2006/07 Restated £'000	2006/07 £'000
Income & Expenditure Account (Surplus)/Deficit	1,807	882	991
1 Exceptional adjusting transactions required by the implementation of the new accounting policies for financial instruments.			
- Establishment of Financial Guarantee Liability	18	-	-
- Revaluation of available for sale assets to amortised cost	(35)	-	-
- Revaluation of available for sale assets to fair value	27	-	-
- Revaluation of fair value through profit and loss assets to fair value	2	-	-
11 Surplus arising on revaluation of fixed assets / 2006/07 impairment review losses on fixed assets	(2,570)	557	557
19c (Surplus)/deficit arising on revaluation of available-for-sale financial assets	17	-	-
18 Actuarial (gains)/losses on pension fund assets/liabilities	(1,743)	(2,108)	(2,108)
Movement in element of Collection Fund attributable to SBDC	(27)	(133)	(133)
Other (Gains)/losses	(10)	111	111
Total Recognised (Gains) and Losses	(2,514)	(691)	(582)

Balance Sheet

This statement shows the assets and liabilities of all the activities of the Council and the balances and reserves at the Council's disposal.

Notes	At 31 March 2008 £'000	At 31 March 2007 Restated £'000	At 31 March 2007 £'000	
10	Intangible Fixed Assets	608	766	782
11	Tangible Fixed Assets			
	Land and Buildings	1,554	1,607	3,636
	Car Parks and Public Conveniences	2,464	1,942	1,942
	Vehicles, Fixtures & Fittings and Equipment	1,439	1,552	1,607
	Community Assets	67	163	163
	Non Operational Assets - Investment Properties	5,829	4,959	4,991
		11,353	10,223	12,339
1,12	Long-term Investments	13,713	13,040	13,040
13	Long-term Debtors	303	334	334
	Total Long-term Assets	25,977	24,363	26,495
	Current Assets			
	Stocks	3	10	53
14	Debtors	4,153	5,783	5,788
1,12	Short-term Investments	11,754	11,018	11,018
	Cash and Bank	2,666	1,914	3,037
		18,576	18,725	19,896
	Current Liabilities			
15	Creditors	(3,671)	(3,450)	(3,453)
	Creditors - Amounts due to Preceptors*	(353)	(183)	(183)
	Total Assets less Current Liabilities	40,529	39,455	42,755
16	Provisions	(145)	(205)	(205)
	Financial Guarantee Liability	(17)	-	-
17	Government and other grants - deferred	(321)	(363)	(363)
18	Pensions Liability	(11,823)	(13,178)	(13,178)
	Total Assets less Liabilities	28,223	25,709	29,009
	Financed by:			
1,19	Capital Adjustment Account	9,250	10,627	12,758
1,19	Revaluation reserve	2,279	-	-
1,19	Available-for-Sale Financial Instruments reserve	(44)	-	-
19	Deferred credits	224	253	253
19	Usable capital receipts reserve	21,460	21,771	22,375
19	Capital reserves	3,925	3,925	3,925
19	Specific reserves	544	459	459
19	General fund reserve	2,355	1,825	2,390
19	Pensions reserve	(11,823)	(13,178)	(13,178)
19	Collection fund reserve *	53	27	27
	Total Net Worth	28,223	25,709	29,009

*See supplementary financial statement for details

Cash Flow Statement

This statement shows the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes

Notes	2007/08 £'000	2006/07 Restated £'000	2006/07 £'000
REVENUE ACTIVITIES			
Cash Outflows			
	5,746	5,421	5,507
	9,124	8,621	9,164
	9,622	8,913	8,913
	22,156	25,168	25,168
	37,476	35,368	35,368
	4	3	3
	84,128	83,494	84,123
Cash Inflows			
	-	(9)	(9)
	(39,572)	(36,717)	(36,717)
27	(2,500)	(2,430)	(2,430)
	(22,699)	(25,039)	(25,039)
27	(419)	(471)	(471)
27	(13,112)	(12,046)	(12,046)
27	(82)	(927)	(927)
27	(1,198)	(405)	(405)
	(4,561)	(3,876)	(4,449)
	(84,143)	(81,920)	(82,493)
24	Revenue Activities Net Cash (Inflow) / OutFlow	1,574	1,630
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Cash Outflows			
	155	90	90
Cash Inflows			
	(1,474)	(1,205)	(1,205)
	(1,319)	(1,115)	(1,115)
CAPITAL ACTIVITIES			
Cash Outflows			
	700	680	726
	-	4,777	4,777
	668	841	841
	1,368	6,298	6,344
Cash Inflows			
	(700)	(3,627)	(3,627)
	(220)	-	-
27	(270)	(250)	(250)
	(62)	(62)	(62)
	(1,252)	(3,939)	(3,939)
	116	2,359	2,405
	Capital Activities Net Cash Outflow/(Inflow)	2,818	2,920
	NET CASH (INFLOW) / OUTFLOW BEFORE FINANCING	2,818	2,920
MANAGEMENT OF LIQUID RESOURCES			
25	466	(4,767)	(4,767)
	(752)	(1,949)	(1,847)
FINANCING			
	-	-	-
	-	-	-
26	NET (INCREASE) / DECREASE IN CASH	(1,949)	(1,847)

Notes to the Core Financial Statements

1. Prior Period Adjustments

Implementation of the Revaluation Reserve

The Balance Sheet figures for 31 March 2007 have been adjusted from those included in the Statement of Accounts for 2006/07 to accommodate the implementation of the Revaluation Reserve (see accounting policies).

The Revaluation Reserve replaces the Fixed Asset Restatement Account (FARA). The credit balance of £1.688m on the FARA at 31 March 2007 has been written off to the Capital Financing Account (£11.070m credit balance) to form the new Capital Adjustment Account with a balance of £12.758m. The Revaluation Reserve has then been included in the Balance Sheet with a zero opening balance.

The closing position on the Revaluation Reserve at 31 March 08 therefore only shows revaluation gains accumulated since 1 April 2007.

Financial Instruments

South Bucks District Council has reviewed its portfolio of investments and other financial instruments at 1 April 2007 and made the following adjustments.

The Council operates a rent guarantee scheme under which the Council acts as guarantor for private sector rent deposits for certain high need applicants. As at 31 March 2007 these liabilities were disclosed as contingent liabilities. However on the implementation of the new accounting arrangements for financial instruments a financial liability of £18,000 was created as at 1 April 08 for these guarantees.

As part of its portfolio of investments the Council holds a number of bonds. As at 31 March 2007 these assets were shown in the balance sheet at cost (or market value if lower). However on the implementation of the new accounting arrangements for financial instruments these are now required to be held at fair value (eg market value). The difference between the carrying amount and the new value has been adjusted as follows:

- Restatement to amortised cost
- Restatement from amortised cost to fair value.

The Council uses a fund manager to manage part of its portfolio of investments. As at 31 March 2007 these assets were shown in the balance sheet at cost (or market value if lower). However on the implementation of the new accounting arrangements for financial instruments these are now required to be held at fair value (eg market value). The difference between the carrying amount and the new value has been adjusted as follows:

- Restatement to fair value.

	SMGFB £'000	STRG&L £'000
	18	18
	(35)	(35)
	-	27
	2	2
	(15)	12

Farnham Charitable Trust Fund

See note 22 for details.

2. Parish Precepts

	2007/08 £'000	2006/07 £'000
Beaconsfield	226	214
Burnham	472	236
Denham	83	82
Dorney	13	12
Farnham Royal	65	65
Fulmer	15	15
Gerrards Cross	156	137
Hedgerley	13	13
Iver	267	225
Stoke Poges	55	53
Taplow	26	25
Wexham	30	29
	1,421	1,106

3. S137 Local Government Act 1972

Section 137(3) of the Local Government Act 1972, as amended, empowers local authorities to make contributions to certain charitable funds; not-for-profit bodies providing a public service, and mayoral appeals. Actual expenditure was as follows:

	2007/08 £'000	2006/07 £'000
Grants to Voluntary Organisations	66	53

4. Expenditure on Publicity

S.5 (1) of the Local Government Act 1986 requires the Council to keep a separate account of its expenditure on publicity. Actual expenditure was as follows:

	2007/08 £'000	2006/07 £'000
Recruitment advertising	38	18
Other publicity	137	107
	175	125

5. Building Control Trading Account

The Local Authority Building Control Regulations require the disclosure of information regarding the setting of charges for the administration of the building control function. However, certain activities performed by the Building Control Section cannot be charged for, such as providing general advice and liaising with other statutory authorities. The statement below shows the total cost of operating the Building Control Section divided between the chargeable and non-chargeable activities.

	Chargeable £'000	Non-chargeable £'000	2007/08 Total £'000	2006/07 Total £'000
Total Expenditure	343	134	477	487
Less Income:				
Building Regulation charges	(393)	-	(393)	(378)
Miscellaneous Income	-	-	-	(2)
(Surplus)/Deficit for year	(50)	134	84	107

6. Members' Allowances

The total amount paid on Members' Allowances in 2007/08 was £152,384.

7. Officers' Emoluments

The number of officers receiving annual remuneration of £50,000 or more (this includes all amounts paid to or receivable by an employee and includes salary payments, other cash benefits, and the value of any non-cash benefits but excludes pension contributions) was as follows:

	2007/08 Number of Employees Left during year	2007/08 Number of Employees Total	2006/07 Number of Employees Total
£ 50,000 - £ 59,999	-	6	7
£ 60,000 - £ 69,999	-	1	-
£ 70,000 - £ 79,999	-	-	-
£ 80,000 - £ 89,999	1	3	2
£ 90,000 - £ 99,999	-	-	1
£100,000 - £109,999	-	1	-

8. Related Party Transactions

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 has effective control over the general operations of the Council - it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. housing benefits). Details of transactions with Government departments are set out in note 27 in the notes to the core financial statements.

Members of the Council have direct control over the Council's financial and operational policies. However any contracts entered into are in full compliance with the Council's constitution. In addition a few minor grants were paid to voluntary bodies in which Members had a position of influence, these grants were made with proper consideration of declarations of interest and the relevant members did not take part in any discussion or decision relating to the grant award. Details of any material interests are recorded in the Register of Members' Interests, which is open to public inspection.

Senior Officers of the Council have control over the day-to-day management of the Council and all senior officers have been asked to declare any related party transactions. From the replies provided there are no such transactions to be declared.

Assisted organisations. The Council did not provide any material assistance to any organisations that comprised more than 50% of their funding, on terms that gave the Council effective control over their operations.

Companies and joint ventures. The Council does not have any interests in companies outside of its normal contractual arrangements.

9. Audit Costs

South Bucks District Council incurred the following fees relating to external audit and inspection.

	2007/08 £'000	2006/07 £'000
Fees payable with regard to external audit services carried out by the appointed auditor	89	84
Fees payable to the Audit Commission in respect of statutory inspection	6	6
Fees payable for the certification of grant claims and returns by the appointed auditor	24	24
Fees payable in respect of other services provided by the appointed auditor	1	-
	120	114

This note is prepared based on the fee payable for the audit work related to those years' Accounts, as opposed to what has actually been paid in the year.

10. Movement on Intangible Fixed Assets

	<i>Purchased Software Licenses £'000</i>	<i>Internally Developed Software £'000</i>	<i>Total £'000</i>
Gross valuation at 31 March 07 (restated)	573	389	962
Accumulated depreciation / amortisation (restated)	(93)	(103)	(196)
Net Book Value at 31 March 07 (restated)	480	286	766
Movement in 2007/08			
Additions	117	66	183
Disposals - Gross book value	(60)	-	(60)
Disposals - Accumulated depreciation / amortisation	60	-	60
Revaluations	-	-	-
Depreciation / amortisation	(168)	(128)	(296)
Impairments	(45)	-	(45)
Gross valuation at 31 March 08	585	455	1,040
Accumulated depreciation / amortisation	(201)	(231)	(432)
Net Book Value at 31 March 08	384	224	608

Purchased software licenses are held for the following: Microsoft software, BACS payment software, mapping software, usage of technical indices, performance management software, backup software, document management software, and system integration software. All these costs are being written off over a maximum of 4 years.

The Authority is also internally developing its websites and elements of its document management system. Again these costs are being written off over a maximum of 4 years.

11. Movement on Tangible Fixed Assets

	Operational Land and Buildings	Car Park & Public Conven- iences	Vehicles, Fixtures & Fittings and Equip't £'000	Community Assets £'000	Non Operational Assets Investment Properties* £'000	Total £'000
Gross valuation 31 March 07 (restated)	1,665	1,960	2,347	163	4,959	11,094
Accumulated depreciation (restated)	(58)	(18)	(795)	-	-	(871)
Net Book Value 31 March 07 (restated)	1,607	1,942	1,552	163	4,959	10,223
Movement in 2007/08						
Additions	58	124	289	-	-	471
Disposals - Gross book value	-	-	(102)	-	(700)	(802)
Disposals - Acc depreciation	-	-	102	-	-	102
Transfers	(4)	-	-	4	-	-
Revaluations	380	506	-	-	1,684	2,570
Depreciation	(21)	(2)	(388)	-	-	(411)
Impairments	(466)	(106)	(14)	(100)	(114)	(800)
Gross valuation 31 March 08	1,633	2,484	2,520	67	5,829	12,533
Accumulated depreciation	(79)	(20)	(1,081)	-	-	(1,180)
Net Book Value 31 March 08	1,554	2,464	1,439	67	5,829	11,353

* As at 31 March 2007 there was one non operational property that was being held awaiting disposal, and this was sold in 2007/08.

Valuation

The freehold and leasehold properties, which comprise the Authority's property portfolio, were independently valued by an external valuer as at 1 April 2008 in accordance with the Appraisal and Valuation Manual issued by The Royal Institute of Chartered Surveyors (RICS). Certificates of valuation were issued by Paul Coombe FRICS of Yule Peterson Coombe (East), Little Woodcote, Grange Drive, Wooburn Green, Bucks. The valuations included in the Accounts are based on these valuations.

Properties regarded by the Authority as operational have been valued on the basis of market value for existing use (or depreciated replacement cost for properties for which there is little if any evidence of market transactions). Non-operational assets and assets surplus to requirements have been valued on the basis of market value. Plant and machinery that form an integral part of the property is included in the valuation of the building. Community Assets are valued on an historical cost basis.

Depreciation is provided on all fixed assets with a finite useful life in accordance with FRS 15 as follows:

Land - not depreciated

Buildings - using the straight-line method over the useful life of the asset after the year of expenditure

Fixtures & Fittings - using the straight-line method over a period of 10 years after the year of expenditure

Vehicles & equipment - using the straight-line method over a period of 4 years after the year of expenditure

Major Assets Held

	Number at 31 March 2008	Number at 31 March 2007 Restated
Council dwellings	1	1
Beaconsfield Town Hall	1	1
Brindley House	1	1
Depots	2	3
Off-street car parks	14	14
Golf courses	1	1
Sports centres	1	1
Cemeteries & memorial gardens	4	4
Public conveniences	3	3

	2007/08	2006/07
	£'000	Restated £'000
Summary of Capital Expenditure		
Deferred Charges (see below)	636	654
Stoke Poges Memorial Gardens	-	18
IT Equipment & systems	258	453
Car Parks	141	27
Beacon Centre	43	2
The Lanes Golf Course	-	4
Public Offices	18	13
CCTV	46	7
Cemeteries	16	-
Green Waste/Recycling	94	34
Other schemes	40	24
	1,292	1,236

	2007/08	2006/07
	£'000	Restated £'000
Capital Financing Requirement		
Opening Capital Finance Requirement	-	-
Capital Expenditure	1,292	1,236
Sources of Finance:		
Capital Receipts	(1,046)	(944)
Government Grants - Deferred charges	(133)	(134)
Government Grants - Other	(113)	(158)
	(1,292)	(1,236)
Closing Capital Finance Requirement	-	-

Analysis of Deferred Charges	<i>Expenditure In Year £'000</i>	<i>Funded by Gov't Grant £'000</i>	<i>Net Charge to Revenue In year £'000</i>
Environmental improvements	131	-	131
Improvement grants	344	(130)	214
Community Development Schemes	17	-	17
Stoke Common	125	-	125
Other	19	(3)	16
	636	(133)	503
2006/07	654	(134)	520

Capital Commitments

There are no significant commitments under capital contracts as at 31 March 2008.

12. Financial Instruments

Balances

The investments disclosed in the Balance Sheet comprise the following categories of financial instruments.

	Long-Term		Current	
	At 31 March 2008 £'000	At 1 April 2007 £'000	At 31 March 2008 £'000	At 1 April 2007 £'000
Loans and receivables				
-Money market loans- Callable Deposits	11,346	10,500	-	-
Available-for sale financial assets				
-Bonds	2,367	2,540	213	396
Fair value through profit or loss assets				
-Investment fund managed by Investec	-	-	11,541	10,622
	13,713	13,040	11,754	11,018

Gains / Losses

The gains and losses recognised in the Income and Expenditure and STRGL in relation to financial instruments are made up as follows:

	Cash and Bank £'000	Loans and receivables - Money Market Loans £'000	Available- for-sale -Bonds £'000	Fair value through P&L - Fund Manager £'000	Total £'000
Interest income to I&E	(554)	(656)	(138)	(658)	(2,006)
Revaluation (gain)/loss	-	-	17	-	17
Impairment losses	-	-	-	-	-
Gain/(loss) for the Year	(554)	(656)	(121)	(658)	(1,989)

Fair Value

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

- Estimated interest rates at 31 March 2008 of between 5.66% and 5.76% depending on the loan duration
- 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 or billed amount.

The fair value of loans and receivables as at 31 March 2008 (£11.287m) is lower than the carrying amount (£11.346m) because the Authority's portfolio of investments includes 3 fixed rate loans where the interest rate receivable is lower than the rates available for similar loans at the Balance Sheet date. This decreases the amount that the Authority would receive if it agreed to early repayment of the loans.

Nature and extent of risks arising from financial instruments

The Authority's activities expose it to a variety of financial risks:

- Credit risk - the possibility that other parties might fail to pay amounts due to the Authority
- Liquidity risk - the possibility that the Authority might not have funds available to meet its commitments to make payments
- Market risk - the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates.

SBDC has adopted CIPFA's Treasury Management in the Public Services: Code of Practice and has set treasury management indicators to control key financial instrument risks in accordance with CIPFA's Prudential Code.

The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by experienced finance officers, under policies approved by the Council in the annual treasury management strategy.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's customers.

Investments managed in house - The Council uses credit ratings published by FITCH IBCA and Standards & Poors to establish the credit quality of counter parties and investment schemes. There is a minimum credit rating of AA- and in 2007/08 a maximum of £10m could be invested in any one institution. In 2008/09 the Authority has implemented a further limit of £2m for any new long term investment. If a counterparty's or investment scheme's rating is downgraded with the result that it no longer meets the Council's minimum criteria the further use of that counterparty will be withdrawn immediately.

Fund Manager - The Council has set its fund manager the following investment conditions:

- Securities holdings must be permitted by the Approved Investment Rules, held with institutions with a minimum credit rating of AA, and no more than 20% of the holding can be with one institution.
- No limit on UK Government backed investments.
- Money market investments must have a minimum short term rating of F1+.
- The average duration of the investments in the fund must not exceed 5 years.
- The maximum maturity of any investment must not exceed 20 years.

Before the Authority enters into arrangements, which could result in large amounts being due to the authority, potential customers are assessed taking into account their financial position, past experience and other factors.

The following analysis summarises the Authority's potential maximum exposure to credit risk, based on experience of default and uncollectability over the last 3 financial years, adjusted to reflect current market conditions.

	Amount at 31 March 2008 £'000	Historical experience of default £'000	Experience adjusted for market conditions £'000	Estimated Maximum Exposure to default £'000
Deposits with banks and other financial institutions	28,133	0.2%	0.3%	87
Customers	6,921	5.4%	7.5%	520

The Authority does not generally allow credit, such that £4.2m of the £6.9m balance is past its due date for payment. The past due amount can be analysed by age as follows:

	Council Tax £m	NNDR £m	Other £m	Total £m
Less than one year	0.8	0.3	0.4	1.5
One to 2 years	0.6	0.1	0.4	1.1
More than two years	0.9	0.4	0.3	1.6
	2.3	0.8	1.1	4.2

Liquidity Risk

As the Authority has significant investment holdings there is no significant risk that the Authority will be unable to meet its commitments. Instead, the risk is that the Authority will have to seek early repayment of investments at unfavourable rates in order to finance its short term cash requirements.

To prevent this occurring, the strategy is to ensure that a significant proportion of investments are held on demand and / or mature within 1 year.

The maturity analysis of financial assets is as follows:

As at 31 March 2008	Cash and Bank £'000	Loans and receivables - Money Market Loans £'000	Available- for-sale -Bonds £'000	Fair value through P&L - Fund Manager £'000
On demand	2,666	-	-	-
Seven day notice (75% of fund)	-	-	-	8,656
3 month notice (25% of fund)	-	-	-	2,885
Less than one year	-	-	213	-
Between one and two years	-	-	887	-
More than two years	-	11,346	1,480	-
	2,666	11,346	2,580	11,541

All trade and other payables are due to be paid in less than one year.

Market Risk - Interest Rate Risk

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

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

Loans and receivables are not carried at fair value, so nominal gains and losses on these investments would not impact on the Income and Expenditure Account or STRGL. However, changes in interest receivable on investments will be posted to the Income and Expenditure Account and affect the General Fund Balance £ for £.

The Authority has a number of strategies for managing interest rate risk. In particular the Authority holds a mix of long and short term investments and a mix of fixed and variable rate investments. The upper limit for variable rate investments in 2007/08 was 50% of the portfolio.

Finance officers assess interest rate exposure during the annual budget setting process and review the interest budget forecasts regularly during the year. This allows any adverse changes to be accommodated.

As at 31 March 2008, if interest rates had been 1% higher with all other variables held constant, the estimated financial effect, based on reassessing the cash and bank interest earnings and the Net Present Value of the fixed rate investments, would be:

	£'000
Change in Interest and Investment income shown in Income and Expenditure Account	
Increase in interest receivable on cash and bank holdings	(88)
Reduction in fair value of Fair Value through P&L investments (Fund Manager)	52
Impact on Income and Expenditure Account	(36)
Change in fair value of fixed rate investments shown in STRGL	
Reduction in fair value of Available for Sale investments (Bonds)	101
Impact on STRGL	101
Reduction in fair value of Loans and Receivables (no impact on I&E or STRGL)	298

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

Market Risk - Price Risk

The authority does not generally invest in equity shares and thus is not exposed to losses arising from movements in the price of shares.

Market Risk - Foreign Exchange Risk

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

13. Long-term Debtors

	New Advances	Repayments	At 31 March 2008	At 31 March 2007
	£'000	£'000	£'000	£'000
House Purchase Mortgages	-	(7)	8	15
Other Loans & Advances	31	(55)	295	319
	31	(62)	303	334

14. Debtors

	At 31 March 2008	At 31 March 2007
	£'000	Restated £'000
Government departments	1,658	2,128
Housing rents	135	87
Collection Fund	3,100	2,972
Interest receivable	17	658
Payments in advance	278	324
Sundry debtors	1,430	1,429
	6,618	7,598
Less provision for bad debts - Collection Fund	(1,847)	(1,284)
Less provision for bad debts - Other Debts	(618)	(531)
	4,153	5,783

15. Creditors

	At 31 March 2008 £'000	At 31 March 2007 Restated £'000
Government departments	-	(7)
Collection Fund	(1,635)	(1,808)
Prepayments	-	(10)
Sundry creditors	(2,036)	(1,625)
	(3,671)	(3,450)

16. Provisions

	At 31 March 2008 £'000	At 31 March 2007 £'000
Legal fees - planning appeal	-	(40)
Settlement - tree damage	-	(20)
Settlement - contaminated land dispute	(145)	(145)
	(145)	(205)

Resolution of an ongoing claim relating to a contaminated land dispute reached practical resolution in 2004/05. The total amount payable by South Bucks District Council is £200,000, of which £55,000 was paid in 2005/06. The remaining £145,000 has not yet been paid and therefore a provision for this sum has been made as at 31 March 2008. The remaining sum is likely to be paid in 2008/09.

17. Movement on Government and Other Grants - Deferred

	At 31 March 2008 £'000	At 31 March 2007 £'000
Balance brought forward 1 April	(363)	(245)
New grants received	(38)	(159)
Transfer to Unapplied Government Grant	38	-
Released to Income & Expenditure account	42	41
Balance carried forward 31 March	(321)	(363)

18. Local Government Pension Scheme

As part of the terms and conditions of employment, the Authority offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The Authority participates in the Local Government Pension Scheme administered by Buckinghamshire County Council - this is a funded scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

We recognise the cost of retirement benefits in the Net Cost of Services when employees earn them, rather than when the benefits are actually 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 retirement benefits is reversed out as part of the reconciling figure shown in the Statement of Movement on the General Fund Balance. The following transactions have been made in the General Fund during the year.

	2007/08 £'000	2006/07 £'000
Net Cost of Services:		
- Current service cost	744	806
- Past service cost	49	14
- Unfunded pension payments	(88)	(102)
- (Gains) and losses on settlements	-	-
- (Gains) and losses on curtailments	76	-
Net Operating Expenditure:		
- Interest cost	2,369	2,186
- Expected return on assets in the scheme	(1,970)	(1,907)
Amounts to be met from Government Grants and Local Taxation:		
- Movement on pensions reserve	(388)	(277)
Actual amounts charged against council tax for the pension in the year	792	720

Assets and Liabilities

The underlying assets and liabilities for retirement benefits attributable to the authority at 31 March are as follows:

	2007/08 £'000	2006/07 £'000
Estimated Liabilities in scheme	(40,562)	(44,986)
Estimated assets in scheme	28,739	31,808
Net liability	(11,823)	(13,178)

The liabilities show the underlying commitments that the Authority has in the long run to pay retirement benefits. The total liability has a substantial impact on the net worth of the authority as recorded in the balance sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy. The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The scheme liabilities have been assessed by Barnett Waddingham, an independent firm of actuaries, and are based on the latest full valuation of the scheme as at 31 March 2007.

The main assumptions used in their calculations have been:

	2007/08	2006/07
Rate of increase in inflation	3.7%	3.3%
Rate of increase in salaries	5.2%	5.1%
Rate of increase in pensions	3.7%	3.3%
Rate for discounting scheme liabilities	6.6%	5.4%
Proportion of employees opting to take a commuted lump sum	50.0%	50.0%

Assets in the Pension Scheme are valued at fair value, principally market value for investments, and consist of the following categories.

	Long-Term Return %	31 March 2008 £'000	Long-Term Return %	31 March 2007 £'000
Equity investment	7.1%	18,410	7.2%	21,731
Property	6.6%	1,987	6.7%	2,643
Gilts	4.3%	4,924	4.4%	4,771
Other Bonds	6.6%	2,029	5.4%	2,031
Cash	5.0%	1,389	5.0%	632
	6.4%	28,739	6.6%	31,808

Pensions Reserve

	2007/08 £'000	2006/07 £'000
Balance brought forward 1 April	(13,178)	(15,009)
Appropriations (to) / from revenue	(388)	(277)
Actuarial gains and (losses) relating to pensions	1,743	2,108
Balance carried forward 31 March	(11,823)	(13,178)

The actuarial gains identified as movements on the Pensions Reserve can be analysed into the following categories, measured as absolute amounts and as a percentage of assets or liabilities at 31 March.

	2007/08		2006/07		2005/06		2004/05		2003/04	
	£'000	%	£'000	%	£'000	%	£'000	%	£'000	%
Differences between the expected and actual return on assets	(2,602)	(9.1)	462	1.5	5,380	18.1	424	1.8	2,433	13.6
Differences between actuarial assumptions about liabilities and actual experience	(819)	(2.0)	-	-	-	-	3,155	8.1	-	-
Changes in the demographic and financial assumptions used to estimate liabilities	5,164	12.7	1,646	3.7	(4,917)	11.0	(7,605)	19.4	(279)	1.0
	1,743		2,108		463		(4,026)		2,154	

19. Movement on Reserves

The Council keeps a number of reserves in the Balance Sheet. Some are required to be held for statutory reasons, some are needed to comply with proper accounting practice, and others have been set up voluntarily to earmark resources for future spending plans.

	Net Movement In Year £'000	Balance 31 March 2008 £'000	Balance 31 March 2007 Restated £'000	Further details
Capital Adjustments Account <i>Store of capital resources set aside to meet past capital expenditure.</i>	(1,377)	9,250	10,627	(a) below
Revaluation Reserve <i>Store of revaluation gains recognised since 1 April 2007.</i>	2,279	2,279	-	(b) below
Available for Sale Financial Reserve <i>Store of gain / losses resulting from the change in fair value of available for sale investments.</i>	(44)	(44)	-	(c) below
Deferred credits <i>Future capital receipts that will become available once loans are repaid.</i>	(29)	224	253	(d) below
Usable capital receipts reserve <i>Proceeds of fixed asset sales available to meet future capital investment.</i>	(311)	21,460	21,771	(e) below
Capital reserves <i>Specific funds reserved for the Memorial gardens and stoke park.</i>	-	3,925	3,925	(f) below
Specific reserves <i>Funds set aside to meet specific future costs.</i>	85	544	459	(g) below
General fund reserves <i>Resources available to meet future running costs.</i>	530	2,355	1,825	Statement of Movement on the General Fund Balance Page 16
Pensions Reserve <i>Balancing account to allow inclusion of Pension Liability in Balance Sheet.</i>	1,355	(11,823)	(13,178)	Note 18 to the Core Financial Statements Page 31
Collection Fund reserve <i>Resources available to offset future Council Tax demands.</i>	26	53	27	Supplementary Financial Statement Collection Fund Page 39
	2,514	28,223	25,709	

a. Movement on Capital Adjustments Account

	2007/08 Restated £'000
Balance brought forward 1 April (Restated)	(10,627)
Financing of Capital Expenditure - Total	(1,292)
Financing of Capital Expenditure - Grants	246
Disposals	700
Disposals - Transfer of Accumulated revaluations from RR	(292)
Write back of impairment	845
Write back of depreciation / amortisation	709
Release Government Grant Deferred	(42)
Write down of deferred charges	503
	<u>(9,250)</u>

b. Movement on Revaluation Reserve

	2007/08 Restated £'000
Balance brought forward 1 April	-
Revaluations in year	(2,571)
Disposals - Transfer of accumulated revaluations to CAA	292
	<u>(2,279)</u>

c. Movement on Available For Sale Financial Reserve

	2007/08 £'000
Balance brought forward 1 April	-
Implementation of new financial instruments accounting standards	27
In year change in fair value of available for sale assets	17
	<u>44</u>

d. Movement on Deferred Credits

	Repayments £'000	At 31 March 2008 £'000	At 31 March 2007 £'000
House Purchase Mortgages	7	(2)	(9)
Other Loans	22	(222)	(244)
	<u>29</u>	<u>(224)</u>	<u>(253)</u>

e. Movement on Usable Capital Receipts Reserve

	2007/08 £'000	2006/07 Restated £'000
Balance brought forward 1 April	(21,771)	(19,091)
Capital receipts received in year	(739)	(3,627)
Transfer re Housing Pooled Capital Receipts contribution	4	3
Less capital receipts used for financing	1,046	944
	<u>(21,460)</u>	<u>(21,771)</u>

f. Movement on Capital Reserves

	Net (Surplus) / Deficit for year £'000	At 31 March 2008 £'000	At 31 March 2007 £'000
Memorial Gardens Maintenance Fund	-	(2,954)	(2,954)
Stoke Park Investment Fund	-	(971)	(971)
	-	(3,925)	(3,925)

The Memorial Gardens Maintenance Fund was set up as a result of the Eton Rural District Council Act 1971, which transferred certain properties and monies relating to the Stoke Poges Memorial Gardens to the Council. The fund is invested and the income is applied towards general maintenance of Memorial Gardens.

Stoke Park Investment Fund was set up from part of a receipt from the sale of a long lease. The fund is invested and the income is applied towards general maintenance of Stoke Park.

g. Movement on Specific Reserves

	Net (Surplus) / Deficit for year £'000	At 31 March 2008 £'000	At 31 March 2007 £'000
Allocated Funding	(39)	(39)	-
Bequests	-	(15)	(15)
Disasters/Emergencies	-	(27)	(27)
Insurance	-	(35)	(35)
Leisure	3	(14)	(17)
Local Development Fund (LDF)	(62)	(350)	(288)
Memorial Gardens	32	(22)	(54)
Renewals & Repairs	(19)	(42)	(23)
	(85)	(544)	(459)

20. Leases

The Authority leases its main offices on a long-term lease, which has been accounted for as an operating lease. The rental due from SBDC in 2007/08 was £745,800 (2006/07 £745,800). The amount payable under this lease is subject to review every five years. The last review date was 25th December 2006.

The Authority was committed at 31 March 2008 to making payments of £745,800 under this lease agreement in 2008/09 as follows:

	Other land & Buildings £'000
Leases expiring 2008/09	-
Leases expiring 2009/10 to 2013/14	-
Leases expiring after 2013/14	746

The Authority also leases a number of buildings to other parties. The total rental payable to the Authority in 2007/08 was £224,000 (2006/07 £224,000).

With regard to the properties that the Authority leases to other parties. The Net Book Value of these assets as at 31 March 08 was £4.15m (31 March 07 £3.15m). There is no accumulated depreciation on these assets.

21. Contingent Assets and Liabilities

Contingent Assets

The Authority currently charges VAT on car parking fees and pays this over to HM Revenue and Customs. However whether car park fees levied by councils should be subject to VAT is currently the subject of an ongoing legal challenge. If the result of this is that the Authority's car parking fees are not liable for VAT, then the Authority could be due a refund of £610,000 of overpaid VAT relating to the period since September 2001.

The Authority also has various rights over certain land and building assets, which could result in future payments being made to the Authority (eg if assets previously sold by SBDC are resold).

Contingent Liabilities

The Council has the following contingent liabilities:

- The Council acts as guarantor for loans raised by the Home Housing Association. The Council has nomination rights on properties owned by the Association. The Association confirmed the outstanding amount as £2.3m. The likelihood of this guarantee ever being called is considered to be very low.
- As part of the sale of a shopping centre for redevelopment, SBDC have agreed that if planning consent is not granted for a new library within the development then SBDC will pay £210,000 in compensation.
- There is an ongoing dispute regarding whether or not SBDC should make a contribution to the relocation of a Household Waste and Recycling centre. The maximum liability is £200,000.

22. Farnham Charitable Trust Fund

The Farnham Park Sports Fields Charity is governed by the Eton Rural District Council (ERDC) Act 1971.

Prior to the ERDC Act land and buildings at Farnham Park Sport Field (FPSF), and parts of Farnham Park Golf Course (FPGC) were controlled by the Farnham Park Recreational Trust, which was constituted by a conveyance dated 30th December 1946 between United Commercial Association Limited and the Trustees of the Trust.

The ERDC Act transferred these assets to Eton Rural District Council. South Bucks District Council (SBDC) is the successor in title to Eton Rural District Council, under provisions contained in the Local Government Act 1972.

The ERDC Act obliges SBDC to maintain and manage the transferred land in accordance with the purposes of the original trust (as substantially re-enacted in schedule 4 of the ERDC Act). These assets therefore form a charitable trust, with the Members of SBDC being the sole charity trustees.

The objectives of the Trust are set out in the ERDC Act and are as follows:

'The maintenance and improvement of the physical well-being of persons resident in the rural district of Eton and adjoining areas by the provision of facilities for physical training and recreation and for promoting and encouraging all forms of recreational activities calculated to contribute to the health and physical well-being of such persons.'

During 2007/08 the Trust earned income of £580,000 and spent £770,000. Giving a net loss for the year of £190,000, which was funded from the Trust's accumulated reserves. As at 31 March 2008 the Trust owned land and buildings valued at £1.9m.

Prior to 2007/08 the Charitable Trust's income and expenditure and assets and liabilities were incorporated into the SBDC accounts. However in line with the Code of Practice on Local Authority Accounting these transactions have now been excluded and this change has been accounted for as a prior period adjustment.

23. Involvement in Local Area Agreement (LAA)

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

The purpose of the LAA is:

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

The Buckinghamshire Strategic Partnership Partners include:

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

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

The total amount of LAA grant received by the LSP in 2007/08 is £9.6m. South Bucks District Council received £125,000 of this total.

24. Reconciliation of I&E Account to Revenue Activities Net Cash Flow

	2007/08 £'000	2006/07 Restated £'000
(Increase) / Decrease in General Fund Balance for the Year	(530)	(597)
Collection fund (surplus) / deficit	(196)	(1,061)
Servicing of Finance	1,319	1,115
Non-Cash Transactions		
Reduction / (increase) in provisions	60	-
Reduction / (increase) in bad debt provision	(125)	(291)
Reduction / (increase) in specific reserves	(85)	211
Transfer to cover payment to capital receipts pool	4	3
Exceptional adjustment re implementation of financial instruments	15	-
Change in current assets/liabilities		
(Decrease) / increase in stock	(8)	-
Decrease / (increase) in revenue creditors	(128)	(134)
(Decrease) / increase in revenue debtors	(341)	2,328
Revenues Activities Net Cash Flow (per Cash flow statement)	(15)	1,574

25. Management of Liquid Resources

Liquid Resources comprise of cash held by the Council's Fund Managers and other investments together with any temporary placements of excess cash with approved institutions. The figure shown within the cash flow statement may be reconciled to the movement in Short Term Investments shown under Current Assets on the Balance Sheet.

	2007/08 £'000
Short Term Investments 1 April 07	11,018
Short Term Investment interest 1 April 07	305
Less interest received	-35
Net New Investments (per cashflow statement)	466
Short Term Investments 31 March 08	<u>11,754</u>

26. Cash Movements

	Movement in year £'000	At 31 March 2008 £'000	At 31 March 2007 Restated £'000
Cash in hand and at bank	752	<u>2,666</u>	<u>1,914</u>

27. Analysis of Government Grants Received in Year

	2007/08 £'000	2006/07 £'000
Revenue Grants		
National Non-Domestic Rate	2,500	2,430
Revenue Support Grant	419	471
Housing Benefit Grants	10,439	9,408
Council Tax Benefit Grants	2,673	2,638
LA Business Growth Incentive Scheme	82	927
Cost of Collection Allowance	107	106
Elections	706	-
Employment Support Allowance	15	-
Community Safety	69	42
Homelessness Prevention	35	58
Planning Delivery	250	130
Recycling	30	89
Air Quality	15	16
Smoke Free	24	-
Contaminated Land	-	22
Other grants	54	48
	<u>17,418</u>	<u>16,385</u>
Capital Grants		
Community Safety	3	38
Planning Delivery	83	43
Improvement Grants	154	120
Polling Booths	-	14
Waste	30	35
	<u>270</u>	<u>250</u>
	<u>17,688</u>	<u>16,635</u>

28. Events after the Balance Sheet Date

Events arising after the balance sheet date should be reflected in the Statement of Accounts if they provide additional evidence of conditions that existed at the balance sheet date and materially affect the amounts to be included (adjusting events).

Similarly events which arise after the balance sheet date and concern conditions which did not exist at that time should be detailed in the notes if they are of such materiality that their disclosure is required for the fair presentation of the financial statements (non adjusting events).

For the 2007/08 accounts there are no significant adjusting or non-adjusting events to disclose.

29. Date Accounts Authorised for Issue

The Director of Resources authorised the Accounts for issue on 26th June 2008, and thus no events after this date have been recognised in the Statement of Accounts.

Supplementary Financial Statements - Collection Fund

This statement reflects a statutory requirement to maintain a separate Collection Fund, which shows the transactions of the Council as a billing authority in relation to council tax and non-domestic rates, and the way in which the total amount collected has been distributed to the precepting authorities and the national non-domestic pool.

Notes	2007/08 £'000	2006/07 £'000
Income		
1		
Income from Council Tax	(39,616)	(37,750)
Transfer from General Fund		
Council tax benefit	(2,515)	(2,453)
Transitional relief	6	4
2		
Income collectable from business ratepayers	(22,971)	(25,071)
Contribution towards previous year's estimated deficit	(258)	(370)
	(65,354)	(65,640)
Expenditure		
3		
Precepts and demands	41,711	39,549
Business rate:		
Payment to national pool	22,606	24,810
Cost of collection	107	106
Interest on Refunds	155	90
Bad debt write offs	16	188
Increase / (reduction) in Provision for bad debts	563	(164)
	65,158	64,579
	(196)	(1,061)
Deficit / (Surplus) for year		
	(210)	851
Balance carried forward 31 March		
	(406)	(210)

The balance on the collection fund is payable to / collectable from the preceptors in proportion to the amount of their precept as detailed below.

	2007/08 £'000	2006/07 £'000
South Bucks District Council	(53)	(27)
Other Preceptors		
Buckinghamshire County Council	(295)	(153)
Bucks & MK Fire Authority	(16)	(8)
Thames Valley Police Authority	(42)	(22)
	(353)	(183)
	(406)	(210)

Supplementary Financial Statements - Notes to the Collection Fund

1. Council Tax

The average Band D charge for 2007/08 was £1,341.13 (£1,275.04 in 2006/07). The Council Tax base (adjusted for dwellings where discounts apply) was made up of the following number of equivalent Band D dwellings:

Band	Band D Equivalent Estimate 2007/08	Band D equivalent Estimate 2006/07
A	300	286
B	500	505
C	2,433	2,526
D	4,695	4,591
E	5,421	5,345
F	4,175	4,220
G	10,378	10,382
H	3,394	3,372
	31,296	31,227

2. Income from Business Rates

The Council collects Business Rates for the area, which is based on rateable values multiplied by the rate poundage set by central government. The total amount, less certain reliefs and other deductions, are paid to a central pool (the NNDR pool), which is redistributed back to local authorities on the basis of a standard amount per head of local population.

	2007/08	2006/07
Non-domestic rateable value (at end of year)	£67.603m	£70.768m
Rate poundage - Standard Multiplier	44.4p	43.3p
- Small Business Multiplier	44.1p	42.6p

3. Precepts

	2007/08 £'000	2006/07 £'000
Buckinghamshire County Council	30,324	28,934
Bucks & MK Fire Authority	1,628	1,556
Thames Valley Policy Authority	4,329	4,111
South Bucks District Council - Main Precept	4,009	3,842
South Bucks District Council - For Parishes	1,421	1,106
	41,711	39,549

Annual Governance Statement

1) Scope of Responsibility

South Bucks District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. South Bucks District Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, South Bucks District Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

South Bucks District Council has approved and adopted a code of Corporate Governance, which is consistent with the principals of the CIPFA / SOLACE Framework Delivering Good Governance in Local Government. A copy of the code can be obtained from the Director of Resources. This statement explains how South Bucks District Council has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of a statement of internal control.

2) The Purpose of the Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which the Authority is directed and controlled and its activities through with it accounts to, engages with and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, value for money services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of South Bucks District Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at South Bucks District Council for the year ended 31 March 2008 and up to the date of approval of the statement of accounts.

3) The Governance Framework

South Bucks has put in place appropriate management and reporting arrangements to enable it to satisfy itself that its approach to corporate governance is both adequate and effective in practice. Specifically it developed and adopted a Code of Corporate Governance and a risk management strategy and the Director of Resources has been given responsibility for:

- overseeing the implementation and monitoring of the operation of the Code and risk management strategy;
- reviewing the operation of the Code and risk management strategy in practice; and
- ensuring that there is an effective internal audit function.

Bentley Jennison, our internal auditors, have been given the responsibility to review independently the status of the Authority's internal control arrangements and report to the Audit Committee, to provide assurance on the adequacy and effectiveness of internal control.

The system of internal control is based on a framework of regular management information, financial and contract procedure rules, administrative procedures, management supervision and a system of delegation and accountability. Development and maintenance of the system is undertaken by managers within the Council and is reviewed by internal and external audit. In particular the system includes:

- *performance management framework and performance plans;*
- *regular performance monitoring;*
- *comprehensive budgeting systems;*
- *regular reviews of financial reports which indicate financial performance against the forecasts;*
- *setting targets to measure financial and other performance; and*
- *clearly defined expenditure guidelines.*

4) Review of Effectiveness

South Bucks District Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the senior managers within the Authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

For 2007/08 this review has been undertaken by the Audit Committee and included carrying out:

- *a review of internal audit;*
- *an assessment of the SBDC internal control framework against the CIPFA best practice checklist; and*
- *an assessment of the SBDC corporate governance framework against the CIPFA / SOLACE framework.*

We have been advised on the implications of the results of the review of the effectiveness of the governance framework by the Audit Committee, and plans are in place to address weaknesses and ensure continuous improvement of the system is in place.

5) Significant Governance Issues

We report that there are five control weaknesses that are still in the process of being addressed as follows.

- *Risk Management controls. Although the Council has appropriate risk management strategies and procedures in place, improvement can be made in the way that we devise and monitor controls for risks. Appropriate tailored training will therefore be provided over the coming year.*
- *Governance Awareness. Although the Council has appropriate governance procedures including Codes of Conduct, there is some concern that not all staff are sufficiently aware of these. All staff will therefore be reminded of the Council's Governance framework including the Codes of Conduct and if considered necessary appropriate training will be provided.*
- *Business Continuity Planning. At present there are not robust business continuity plans in place for all critical systems. A business continuity policy has been developed and adopted, but this does not contain detailed service recovery plans for all areas. Until these are developed this remains a control weakness.*
- *Partnership Arrangements. The Authority has agreed what it defines as its key partnerships, and there is a framework in place detailing the key elements that need to be in place for any partnership arrangement. However currently not all of the Council's key partnership arrangements have been reviewed to ensure that they meet best practice. A new Partnership Policy is due to be adopted over the coming months and its subsequent implementation will improve the Council's partnership arrangements but until this is completed this remains a control weakness.*

- *ICT arrangements - Not all ICT policies and procedures have been fully documented and, due to the small size of the Authority, the Authority is reliant on key ICT staff. To some extent reliance on key staff is unavoidable and thus some level of risk has to be accepted. However the Authority currently has a potential control risk in relation to ICT.*

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation.

*Chris Furness
Chief Executive*

4th July 2008

*Cllr Adrian Busby
Leader of the Council*

4th July 2008

Independent Auditors' Report to the Members of South Bucks District Council

Glossary of Terms

Accruals

Income and expenditure included in the accounts as sums due to or from the Council during the year but not actually received or paid in the year.

Capital expenditure

Expenditure on the acquisition of fixed assets or expenditure that adds to and not merely maintains the value of existing assets.

Capital receipt

The proceeds from the disposal of land or other assets. Capital receipts can be used to finance new capital expenditure, but they cannot be used to finance revenue expenditure.

Collection fund

A statutory fund maintained by South Bucks District Council, which is used to record council tax and non-domestic rates collected by the Authority, along with payments to precepting authorities, the non-domestic rates national pool and its own general fund.

Council tax

The main source of local taxation to local authorities. Council tax is levied on households within the South Bucks area and the proceeds are paid into its Collection Fund for distribution to precepting authorities and for use by its own General Fund.

Council tax benefit

Assistance provided by South Bucks District Council to adults on low incomes to help them pay their council tax bill. The cost to South Bucks of council tax benefit is largely met by Government grant.

Depreciation

The loss of value of assets due to wear and tear, age or obsolescence.

External audit

The independent examination of the activities and accounts of local authorities to ensure the accounts have been prepared in accordance with legislative requirements and proper practices and to ensure the authority has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Direct revenue financing

Resources provided from the income and expenditure account to finance capital expenditure.

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.

Fees and charges

Income raised by charging users of services for the facilities. For example planning applications fees, charges for the use of leisure facilities etc.

Financial Instrument

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

Fixed assets

Assets that yield benefits to the Authority and its services for a period of more than one year.

General fund

The main fund of the Council.

Gross expenditure

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

Housing benefit

An allowance provided by South Bucks District Council to persons on low income to meet, in whole or part, their rent. The cost to South Bucks of housing benefit is largely met by Government grant.

Intangible Assets

Assets that do not have physical substance but are identifiable and bring benefits to the authority (eg software licences).

Local authority business growth incentive scheme (LABGI)

A Government grant related to the growth in business rates revenue.

National non-domestic rates (NNDR)

A levy on businesses, based on a national rate in the pound set by the Government multiplied by the 'rateable value' of the premises they occupy. NNDR is collected by South Bucks District Council on behalf of central Government and paid into a national 'pool'. The 'pool' is then redistributed among all local authorities and police authorities on the basis of population.

Net expenditure

Gross expenditure less specific service income, but before deduction of revenue support grant.

Precept

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

Precepting authorities

Those authorities which are not billing authorities, ie do not collect the council tax and non-domestic rate. Buckinghamshire County Council, Thames Valley Policy Authority and Buckinghamshire & Milton Keynes Fire Authority are 'major precepting authorities' and parish councils are 'local precepting authorities'.

Provisions and reserves

Amounts set aside in one year to cover expenditure in the future. Provisions are for liabilities or losses which are likely or certain to be incurred, but the amounts or the dates on which they will arise are uncertain. Reserves are amounts set aside which do not fall within the definition of provisions and include general reserves (or 'balances'), which every authority must maintain as a matter of prudence.

Revenue expenditure

The day-to-day costs of running Council services.

Revenue support grant (RSG)

A grant paid by central Government to aid local authority services in general, as opposed to specific grants. The amount paid to authorities is based on a 'four block' system, which takes account of the relative needs of different councils.

Specific grants

Grants paid to South Bucks District Council that may only be used for a specific purpose.