South Bucks
District Council

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DEMOCRATIC AND ELECTORAL SERVICES

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Dear Councillor

AUDIT COMMITTEE – SUPPLEMENTARY AGENDA

The next meeting of the Audit Committee will be held as follows:

DATE: **THURSDAY, 29TH SEPTEMBER, 2016**

TIME: **6.00 PM**

VENUE: **ROOM 6, CAPSWOOD, OXFORD ROAD, DENHAM**

Only apologies for absence received prior to the meeting will be recorded.

Yours faithfully

Jim Burness

Director of Resources

To: The Audit Committee

Mr Bradford
Mr D Smith
Mrs Gibbs
Mr Hogan
Mr Hollis
Mr Sangster

Audio/Visual Recording of Meetings
Please note: This meeting might be filmed, photographed, audio-recorded or reported by a party other than South Bucks District Council for subsequent broadcast or publication.

If you intend to film, photograph or audio record the proceedings or if you have any questions please contact the Democratic Services Officer (members of the press please contact the Communications Officer).

Declarations of Interest

Any Member attending the meeting is reminded of the requirement to declare if he/she has a personal interest in any item of business, as defined in the Code of Conduct. If that interest is a prejudicial interest as defined in the Code the Member should also withdraw from the meeting.

SUPPLEMENTARY AGENDA

(Pages)

7. **Final 2015/16 Statement of Accounts**

To consider report of the Director of Resources. **(5 - 12)**

Appendix 1 - Statement of Accounts **(13 - 86)**

The next meeting is due to take place on Thursday, 19 January 2017

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SUBJECT:	*Final 2015/16 Statement of Accounts*
REPORT OF:	*Director of Resources – Jim Burness*
RESPONSIBLE OFFICER	*Director of Resources – Jim Burness*
REPORT AUTHOR	*Principal Accountant - Jacqueline Ing* *01494 732292 jing@chiltern.gov.uk*
WARD/S AFFECTED	*All*

1. Purpose of Report

1.1 The purpose of this report is to:

- Present the 2015/16 Statement of Accounts for members to review.
- Request that the Accounts are approved by the Audit Committee and signed in accordance with the Accounts and Audit Regulations.

RECOMMENDATION

The Accounts are approved by the Audit Committee and signed by the chair of the Audit Committee to signify the completion of the Authority's approval process.

2. Background

2.1 Each year the Authority is required to produce a formal Statement of Accounts document in accordance with the Accounts and Audit Regulations.

These Accounts must:

- follow the format laid out in the Code of Practice on Local Authority Accounting – which is based on International Financial Reporting Standards (IFRS);
- be approved by the Council's s151 senior finance officer by 30 June;
- be subject to external audit;
- be made available to the public for inspection;
- be considered and approved by Members by 30 September; and
- be published by 30 September.

3. Report Structure

3.1 The Statement of Accounts is a complex document as they are designed to provide detailed financial information which would allow the technical reader to gain a comprehensive understanding of all the key financial activities of the organisation.

3.2 To assist members in reviewing the Statement of Accounts a commentary on each of the main sections of the Accounts is detailed below using the following standard headings:

- Narrative Report
- Statement of Responsibilities
- Movement in Reserves Statement
- Comprehensive Income and Expenditure Statement
- Balance Sheet
- Notes to the Accounts
- Collection Fund
- Auditor’s Report
- Annual Governance Statement

4. Narrative Report

4.1 The purpose of the Narrative Report is to offer interested parties a summary of the most significant matters reported in the Accounts.

4.2 It gives a high level overview of the year’s performance in terms of both revenue and capital spend, and highlights the Authority’s financial position at the end of the year and the outlook for the future. It also outlines significant factors that affect the understanding of the Accounts.

5. Statement of Responsibilities

5.1 The Statement of Responsibilities is a formal requirement to set out the respective responsibilities of the Authority and the most senior SBDC finance officer (the Director of Resources) in regards to preparing and producing the Statement of Accounts. The wording is based on best practice requirements and does not tend to change from year to year.

6. Movement in Reserves Statement

6.1 The Movement in Reserves Statement brings together all the recognised gains and losses of the Authority, to show how the different reserves held by the Authority have changed over the year.

6.2 The key movement in the Council’s usable reserves are as follows:

- The General Fund Balance increased by £2,488,000 to £4,350,000. This is primarily due to adjustments relating to retained income from Non Domestic Rates.
- Earmarked reserves increased by £599,000 to £3,026,000.
- The Council’s capital receipts reduced by £1,162,000 to £6,089,000. This is because receipts were used to fund the Council’s capital investment programme.

6.3 The financial position on the General Fund Balance at the end of the year is an important indication of the Council's financial stewardship. There is no statutory guidance as to the level of this reserve. Local authorities are expected on the advice of their chief finance officer, to make their own judgements on minimum levels taking into account all relevant local circumstances. For 2015/16 the Director of Resources recommended the minimum level for this reserve was £770,000.

6.4 The key movement in the Council's unusable reserves is as follows:

- The Pension's deficit decreased by £2,583,000. The accumulated estimated pension fund deficit now stands at £25,370,000.

7. Comprehensive Income and Expenditure Statement (CIES)

7.1 The CIES is fundamental to the understanding of the Council's activities in that it reports the net cost for the year of all the functions for which the Council is responsible for and demonstrates how that cost has been financed from general government grants and income from local taxpayers.

7.2 The statement is split into a number of sections:

- The first section provides information on the costs of the Council's different operations, net of specific grants and income from fees and charges, to give the net cost of services of £9,908,000.
- The second section comprises items of income and expenditure relation to the Council as a whole i.e. not service specific – primarily the Parish Precepts of £1,907,000.
- The third section shows Financing and Investment Income and Expenditure.
- The fourth section shows the income from local taxation and general government grants, including Council Tax of £6,488,000.

8. Balance Sheet

8.1 The balance sheet reports on the Council's financial position as at 31 March and shows the value of its assets and liabilities.

8.2 The following table provides a summary of the Council's key assets and liabilities:

	Value 31 March 2015 £m	Value 31 March 2016 £m
Assets		
Property, Plant and Equipment	12.9	13.6
Investment Property	6.1	6.8
Investments, Cash and Bank Holdings	24.8	21.0
Short Term Debtors	4.1	7.2
Long Term Debtors	2.0	1.9
Liabilities		
Short Term Creditors / Receipts in Advance	-8.3	-8.2
Provisions	-1.8	-1.6
Finance Lease Liability	-4.1	-3.8
Pension Liability	-28.0	-25.4

8.3 With regard to the pension liability, this valuation is an accounting valuation calculated at a point in time in accordance with IAS19 and is different to the triennial actuarial revaluation which determines the Council's cash contribution to the pension fund. The accounting valuation methodology and derivation of the main assumptions used can produce very volatile numbers from one year to another. The deficit will be made good by ongoing contributions into the fund over the remaining life of employees.

9. Cashflow Statement

9.1 The cashflow statement shows the inflow and outflow of cash for the year for both revenue and capital and shows how the Council's cash position has changed on a year on year basis

9.2 It shows that in 2015/16 the authority decreased the amount of cash (and cash equivalents) that it holds by £1,732,000.

10. Notes to the Accounts

10.1 Accompanying the Accounts are a large number of disclosure notes that give further explanations of the figures. The notes are required under the Code of Practice to give added clarity and understanding for the readers of the accounts.

10.2 Detailed below is a commentary on a number of the key notes.

10.3 <u>Note 1: Accounting Policy</u>

Note 1 detail the accounting policies that have been used to compile the Accounts. The accounting policies that all major local authorities are required to use are set out in the Accounting Code of Practice. The policies are therefore in line with the standard requirements.

10.4 Note 7: Earmarked Reserves

This note gives a breakdown of the amounts held in Earmarked Reserves. Particularly, it shows that of the £3,026,000 held as Earmarked, £1,940,000 is for S106 commuted sums. A further £189,000 of S106 monies are held as a long term creditor on the Balance Sheet.

10.5 Note 8: Property, Plant and Equipment

This note provides a breakdown of the Council's Property, Plant and Equipment. In particular it should be noted that this includes the value of the Capswood building lease.

10.6 Note 9: Investment Properties

This note provides further information about the Council's Investment Properties. Investment Properties are those land and buildings that are not used to provide services but are instead rented out to generate income.

Investment properties are required to be revalued every year and the change in value is charged to the Comprehensive Income and Expenditure Account

10.7 Note 11: Financial Instruments

This note provides more information on the Council's investments and contractual debtors/creditors.

10.8 Note 16: Amounts Reported for Resource Allocation Decisions

This note reconciles the amounts that are reported to Management as part of the budget monitoring process and the final figures that are produced for Accounts purposes.

10.9 Note 18: Officer's Remuneration

This note shows the amounts paid to senior staff in 2015/16. As the Senior Management team are shared with CDC, all shared staff are shown in this note; although SBDC only bears 45.1% of the cost.

10.10 Note 23: Leases

This note provides additional information about the lease commitments that the Authority has. This is so that the technical reader can see the long term lease commitments that the Authority has.

10.11 Note 24: Defined Benefit Pension Schemes

This note provides additional information about the Council's pensions arrangements. It is long and detailed as the method of calculating the future pension liabilities is complex and it is considered important that the technical reader can understand the specific assumptions that underpin the pension valuation included in the Accounts.

10.12 Note 26: Nature and Extent of Risks arising from Financial Instruments

This note provides extensive details about the potential risks that the Council faces from its financial dealings. It is long and detailed so that the technical reader can understand the full implications of the Council's investment strategy/debt profile.

11. Collection Fund

11.1 The Collection Fund is a separate account which receives all income from Council Tax and Non Domestic Rates (NDR).

11.2 This account pays out Council Tax, in the form of precepts, to Bucks County Council, South Bucks District Council (including an element for Town/Parish Councils), the Police & Crime Commissioner for Thames Valley, and Bucks and Milton Keynes Fire Authority.

11.3 NDR Income is shared as follows:

- Central Government 50%
- South Bucks District Council 40%
- Bucks County Council 9%
- Bucks and Milton Keynes Fire Authority 1%

11.4 Any surplus, or deficit, arising on the account is either paid out to, or recovered from, the appropriate parties in subsequent years.

11.5 During 2015/16 £49.7m of Council Tax income was due and £30.5m of NDR income was due

12. Auditor's Report

12.1 In accordance with the Accounts and Audit Regulations the Authority's external auditors, Ernst & Young, are required to audit the Accounts to ensure that they present fairly the financial position of the Authority.

12.2 Once their audit is completed they issue a formal opinion on the Accounts and this has to be included in the Accounts.

12.3 The External Audit is substantially complete and the Audit Results Report is included as a separate agenda item to this Audit Committee meeting. It is anticipated that the auditors will issue a formal opinion on the Accounts once these have been approved by the Audit Committee.

13. Annual Governance Statement

13.1 One of the requirements of the Accounts and Audit Regulations is that an Annual Governance Statement is produced and published in the Accounts. This statement provides details of the Council's Internal Control and governance arrangements.

13.2 The Annual Governance Statement is additional o the main Accounts document as it is prepared and produced separately from the accounting information.

13.3 The 15/16 Annual Governance Statement has already been:
- approved by the Officer Management Team
- approved by the Audit Committee on the 28th June 2016 and
- approved and signed off by the Chief Executive and the Leader of the Council on the 30th August 2016.

14. Formal Approval of the Accounts

14.1 The Accounts and Audit Regulations require the Chairman of the Committee receiving the accounts to sign and date the Accounts to formally represent completion of the Authority's approval process.

14.2 The Chairman of the Audit and Standards Committee is therefore requested to sign the declaration in the financial statements once Members have considered the revised Accounts.

15. Member Review of the Accounts

15.1 Members should note that, as the Accounts are an important pubic document, it is considered good practice that these are subject to detailed review. Members should feel free to ask questions about the Accounts and if appropriate request additional information to support the figures presented. However due to the length and complexity of the Accounts, officers would request advance notice if possible of any particularly detailed questions in order to provide comprehensive answers.

15.2 There is a risk that the SBDC Accounts will be incorrect due to fraud or error. The risk of fraud is considered to be low and the risk of error is low/medium – due to the complexity of the Accounts. The following controls mitigate this risk:

- The Council has detailed Financial and Contract Procedure rules
- Access to the finance system is limited to authorised staff and password protected
- Internal audit carry out annual reviews of all key finance systems
- The Accounts are produced by an experienced finance team, led by a qualified accountant.
- The Authority has obtained and followed the appropriate Codes of Practice and associated guidance notes
- Key staff in the finance team attend update courses, to ensure that they are aware of any changes to the Accounts
- A comprehensive timetable/checklist of what needs to be done and when is produced, and progress is monitored against this.
- A full set of working papers is produced to support the figures in the Accounts
- All working papers are reviewed by another experienced team member
- The Director of Resources reviews the Accounts and signs these off.
- The Principal Accountants, Head of Finance and the Director of Resources are qualified accountants and are therefore required to comply with their Accounting Institutes codes of practice.
- Members have the opportunity to review the Accounts and ask questions about any of the figures
- The Accounts are subject to external audit review.

16. Corporate Implications

16.1 There are no direct financial, legal or human resources implications from this report

17. Next Step

17.1 Once the Statement of Accounts has been formally signed by the Chairman of the Committee they will be formally adopted by the Council.

17.2 The final Statement of Accounts for 2015/16 will be published on the South Bucks District Council website

Background Papers:	None

SOUTH BUCKS
District Council

Statement of Accounts
For the year ended 31 March 2016

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Narrative Report

1. Introduction

The Accounts of South Bucks District Council (SBDC) for the year ended 31 March 2016 are set out on the following pages. The various statements include, where relevant, comparative figures relating to the previous financial year and supporting notes.

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 include the following:

• **Movement in Reserves Statement** - This statement shows the movement in the year of the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves.

• **Comprehensive Income and Expenditure Statement** - This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices and shows how that cost has been financed from Council Tax payers, Business Rate income and Government grants.

• **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 Central Government.

2. Joint Working Arrangements with Chiltern District Council

On 19th January 2012 Chiltern District Council and South Bucks District Council signed an Inter Authority Agreement to establish Joint Arrangements to work together to share a Joint Chief Executive and a Joint Senior Management Team and then to examine the opportunities for further savings by collaboration and the joining together of services, assets, officer posts and officer teams.

The authorities have a shared Chief Executive and Directors, as well as joint Heads of Service.

The two councils are now implementing opportunities for further savings by collaboration and the joining together of services, assets, officer posts and officer teams. So far the following joint teams have been implemented: Building Control; Community Safety; Licensing; Housing; Car Parking; Finance; Planning Policy; Legal; Property & Facilities; Communications Performance & Policy; HR; Customer Services; Environmental Health; Community & Leisure; Business Support; and Revenues & Benefits

However, the authorities remain sovereign independent bodies, and keep their separate identities, retain their own Councillors and budgets, and set their own council taxes.

3. Financial Performance

Overall Context

We continue to be in a period of challenge for local authorities, as we are faced with having to maintain and improve key services in a time of reducing resources. The Council is committed to working with its communities to try and shape the development of the local areas to their needs and aspirations, whilst at the same time recognising the importance of maintaining a low council tax, and attempting to minimise the impact of reduced resources.

The Council's Medium Term Financial Forecast anticipates Revenue Support Grant disappearing completely by 2018/19, and further savings being required to balance the budget over the next few years.

Movement in Reserves

The Movement in Reserves Statement shows the movement in the year of the different reserves held by the Authority.

The key movement in the Council's usable reserves are as follows.

- The General Fund Balance increased by £2,488,000 to £4,350,000. This is due to adjustments relating to retained income from Non Domestic Rates.
- Earmarked reserves increased by £599,000 to £3,026,000. This is due to in year contribution to reserves relating to S106 commuted sums.
- The Council's Capital Receipts Reserve reduced by £1,162,000 to £6,089,000. This is because receipts were used to fund the Council's capital investment programme. These funds are available to meet future capital investment.

This outturn positon is better than forecast, and helps the Authority in the short term. However it does not negate the longer term funding challenges.

The key movement in the Council's unusable reserves is as follows.

- The Pensions deficit decreased by £2,583,000. The accumulated estimated pension fund deficit now stands at £25,370,000.

Revenue Income and Expenditure

The table below summarises the Council's revenue income and expenditure by portfolio and compares the budget for the year with the actual expenditure. It also shows how the overall Council expenditure was funded by income from Council Tax payers, business rate income, and Government Grants.

	Latest Budget £'000	Outturn £'000	(Under)/ Over Spend £'000
Environment	3,588	3,272	-316
Healthy Communities	1,966	1,902	-64
S106 Commuted Sums	-38	-	38
Green Deal Communities Fund	-	5	5
Resources	2,313	2,317	4
Resources - Investment Properties	-231	-233	-2
Sustainable Development	1,661	1,623	-38
Net Cost of Services	9,259	8,886	-373

	Latest Budget £'000	Outturn £'000	(Under)/ Over Spend £'000
Interest & Investment Income	-400	-366	34
Notional Interest Payable	244	244	-
Transfer from Capital Reserves	-1,225	-1,372	-147
Transfer from LDD Reserve	-98	-	98
Transfer from Funding Change Reserve	-75	-	75
Transfer from Specific Reserves	-62	-50	12
Transfer from General Reserves	-70	-	70
Use of additional new homes bonus	80	80	-
BUDGET REQUIREMENT	7,653	7,422	-231
Council Tax Payers (Precept)	-4,541	-4,541	-
Non Domestic Rates (NDR)	-573	-1,694	-1,121
Non Domestic Rates (NDR) - General Grants	-355	-355	-
Revenue Support Grant (RSG)	-871	-871	-
General Grants - Council Tax Freeze	-48	-48	-
General Grants - New Homes Bonus	-1,330	-1,334	-4
General Grants - Other	-	-53	-53
Collection Fund Council Tax Deficit	65	66	1
Collection Fund NDR Deficit (From NNDR1)	-	-1,697	-1,697
Levy Payable on Business Rates Growth	-	407	407
	-	-2,698	-2,698
Items Agreed to be Funded from Reserves			
Steria Exit Costs	120	149	29
Olympic Legacy programme	10	-	-10
HS2 Expenditure	13	61	48
	143	210	67
NET (SURPLUS) / DEFICIT FOR YEAR	**143**	**-2,488**	**-2,631**

The following table then reconciles the above figures to the figures in the Statement of Accounts

(Surplus)/Deficit on Provision of Services (From Comprehensive Income and Expenditure Statement)	1,326
Adjustments between Accounting Basis and Funding Basis	-4,413
Net Transfer to Earmarked Reserves	599
(Increase)/Decrease in General Fund Reserve	**-2,488**

Capital Expenditure

Capital expenditure is all expenditure on the acquisition, creation, or enhancement of Property, Plant and Equipment 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 £1,538,000. This was financed from internal capital receipts and central Government grants. Further details are shown in note 22.

Cash Flow

The Cash Flow Statement shows the inflows and outflows of cash arising from transactions with third parties

It shows that in 2015/16 the amount of cash and cash equivalents held by the Authority decreased by £1,732,000.

Financial Position at Year End

The Balance Sheet shows the Council's assets and liabilities as at 31 March.

The following table provides a summary of the Council's key assets and liabilities

	Value 31 March 2015 £m	Value 31 March 2016 £m
Assets		
Property, Plant and Equipment	12.9	13.6
Investment Property	6.1	6.8
Investments, Cash and Bank holdings	24.8	21.0
Short Term Debtors	4.1	7.2
Long Term Debtors	2.0	1.9
Liabilities		
Short Term Creditors	8.3	8.1
Short Term Provisions	1.8	1.6
Finance Lease Liability	4.1	3.8
Pension Liability	28.0	25.4

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.

This pension liability has been accounted for under International Accounting Standard 19 Employee Benefits (IAS19) and in common with many public and private companies, who offer defined benefit pension schemes, the current IAS19 valuation of the pension fund assets is significantly less than the actuarial estimate of the liability. For South Bucks the pension asset value is £36.3m and the liability £61.7m giving a net deficit of £25.4m as at 31 March 2016.

However the Authority's actual contributions to the pension fund are independently assessed by the scheme actuary on a different statutory basis to ensure that any deficit on the pension fund is made good in the longer term by increased contributions into the fund.

Further details of the accounting policy and how pension costs have been treated are set out in greater detail within the relevant section of the accounts.

Collection Fund

The Collection Fund Statement shows the transactions of the Council as a billing authority in relation to council tax and non-domestic rates.

In 2015/16 SBDC raised £49.7m in Council Tax. Council Tax income is paid over to the precepting bodies (Bucks County Council, Bucks Fire & Rescue, Police & Crime Commissioner for Thames Valley, Parish & Town Councils and SBDC) and the amount paid over in 2015/16 (£48.9m) equals the amount that was requested as part of the 2015/16 budget setting process.

In 2015/16 SBDC raised £30.5m in business rates. Business rate income is shared as follows: Central Government 50%; SBDC 40%, Bucks County Council 9%; Bucks Fire & Rescue 1%.

4. Financial and Non-Financial Performance

In 2015/16 South Bucks District Council has:

- Started to prepare a Joint Local Plan with South Bucks District Council, which will help shape future development in the district up until 2036.
- Reused, recycled or composted over 11,000 tons of waste, and introduced a new improved recycling collection for flats.
- In conjunction with Chiltern District Council, supported 342 households to secure housing through Bucks Home Choice, prevented 57 households from becoming homeless, and assisted 180 households with homeless applications.
- Processed over 90% of planning applications on time.
- In conjunction with Chiltern District Council, supported 156 people to obtain disability adaptations.
- Worked in partnership with Thames Valley Police to reduce crime and disorder.
- Collected 98.0% of the Council Tax amounts due and 98.8% of the Business Rates amounts due.

Further details can be found in the South Bucks District Council Annual Report 2015/16.

5. Other Matters to Report

We also report to you the following matters:

- Following a revaluation of relevant assets by the Council's valuers, there was a revaluation gain of £1.7m.
- There are no other significant factors affecting the Accounts that require highlighting in 2015/16.
- There are no significant changes in accounting policy to report in 2015/16.
- South Bucks District Council is a debt free authority which transferred its housing stock to a registered social landlord in the early 1990's. The Authority currently has no need to borrow monies.
- There are no significant contingencies or material write offs to report.
- There are no material events after the reporting date to report.

6. Future Plans

Looking ahead, South Bucks District Council will:

- Continue to make savings in order to deal with on-going reductions in Government funding.
- Continue to prepare the Joint Local Plan, which will help shape future development in the district up until 2036.
- Ensure our open spaces and leisure facilities are suitable for the needs of our residents now and in the future.
- Deliver a Housing Strategy to help people in need to secure appropriate housing.
- Mitigate the impact of major infrastructure projects arising from planning development.
- Increase off street car parking spaces in our main centres.
- Progress the joint arrangements with Chiltern District Council, with the focus of changing ways of working to provide more efficient services that respond to the evolving needs to residents and businesses.
- Work with other public sector bodies on the delivery of the public services to provide more efficient and co-ordinated services where possible.

Further details can be found in the South Bucks District Council Annual Report 2015/16.

7. Further Information

Further information about the Accounts can be obtained from:

Director of Resources
South Bucks District Council
Council Offices
Capswood
Oxford Road
Denham
Bucks
UB9 4LH

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 Code of Practice on Local Authority Accounting in the United Kingdom ("the Code").

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 Code.

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 gives a true and fair view of the financial position of the Authority as at 31 March 2016 and its income and expenditure for the year then ended.

Director of Resources

Date 29th September 2016

Certificate of Approval - Chair of Audit Committee

I confirm that these accounts were approved by the Audit Committee at the meeting held on 26th September 2016.

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

Date 29th September 2016

Movement In Reserves Statement

This statement shows the movement in the year of the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves.
The Surplus or (Deficit) on the Provision of Services line shows the economic cost of providing the Authority's services. This is different from the statutory amounts required to be charged to the General Fund Balance for council tax setting purposes. The Net Increase / Decrease before transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves.

	General Fund Balance £'000	Earmarked Reserves £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Capital Reserves £'000	**Total Usable Reserves £'000**	Revaluation Reserve £'000	Pensions Reserve £'000	Capital Adjustments Account £'000	Collection Fund Adjustment C Tax £'000	Collection Fund Adjustment NDR £'000	Available for Sale Financial Instruments £'000	Deferred Credits £'000	**Total Unusable Reserves £'000**	**Total Authority Reserves £'000**
Movement in Reserves 2015/16															
Balance as at 31 March 2015	1,862	2,427	7,251	11	4,350	**15,901**	2,289	-27,953	17,016	-90	184	181	90	**-8,283**	**7,618**
Surplus or (deficit) on provision of services	-1,326	-	-	-	-	**-1,326**	-	-	-	-	-	-	-	**-**	**-1,326**
Other Comprehensive Income & Expenditure	-	-	-	-	-	**-**	1,734	3,572	-	-	-	-34	-	**5,272**	**5,272**
Total Comprehensive Income & Expenditure	-1,326	-	-	-	-	**-1,326**	1,734	3,572	-	-	-	-34	-	**5,272**	**3,946**
Adjustments between accounting basis & funding basis under regulations (Note 6)	4,413	-	-1,162	-	-	**3,251**	-4	-989	-312	107	-2,053	-	-	**-3,251**	**-**
Net Increase / Decrease before Transfers to Earmarked Reserves	3,087	-	-1,162	-	-	**1,925**	1,730	2,583	-312	107	-2,053	-34	-	**2,021**	**3,946**
Transfers to / from Earmarked Reserves (Note 7)	-599	599	-	-	-	**-**	-	-	-	-	-	-	-	**-**	**-**
Increase / Decrease (movement) in Year	2,488	599	-1,162	-	-	**1,925**	1,730	2,583	-312	107	-2,053	-34	-	**2,021**	**3,946**
Balance as at 31 March 2016	**4,350**	**3,026**	**6,089**	**11**	**4,350**	**17,826**	**4,019**	**-25,370**	**16,704**	**17**	**-1,869**	**147**	**90**	**-6,262**	**11,564**
Movement in Reserves 2014/15															
Balance as at 31 March 2014	2,508	2,497	8,718	-	4,350	**18,073**	2,387	-22,596	16,305	-102	-779	123	90	**-4,572**	**13,501**
Surplus or (deficit) on provision of services	-1,490	-	-	-	-	**-1,490**	-	-	-	-	-	-	-	**-**	**-1,490**
Other Comprehensive Income & Expenditure	-	-	-	-	-	**-**	-	-4,451	-	-	-	58	-	**-4,393**	**-4,393**
Total Comprehensive Income & Expenditure	-1,490	-	-	-	-	**-1,490**	-	-4,451	-	-	-	58	-	**-4,393**	**-5,883**
Adjustments between accounting basis & funding basis under regulations (Note 6)	816	-42	-1,467	11	-	**-682**	-98	-906	711	12	963	-	-	**682**	**-**
Net Increase / Decrease before Transfers to Earmarked Reserves	-674	-42	-1,467	11	-	**-2,172**	-98	-5,357	711	12	963	58	-	**-3,711**	**-5,883**
Transfers to / from Earmarked Reserves (Note 7)	28	-28	-	-	-	**-**	-	-	-	-	-	-	-	**-**	**-**
Increase / Decrease (movement) in Year	-646	-70	-1,467	11	-	**-2,172**	-98	-5,357	711	12	963	58	-	**-3,711**	**-5,883**
Balance as at 31 March 2015	**1,862**	**2,427**	**7,251**	**11**	**4,350**	**15,901**	**2,289**	**-27,953**	**17,016**	**-90**	**184**	**181**	**90**	**-8,283**	**7,618**

Comprehensive Income and Expenditure Statement Appendix1

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; which is likely to be different from the accounting cost.

2014/15				Note	2015/16		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000			Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
1,135	-476	659	Central Services to the Public		1,386	-579	807
756	-231	525	Cultural and Related Services		702	-169	533
5,394	-1,027	4,367	Environmental and Regulatory Services		6,707	-1,678	5,029
3,333	-1,762	1,571	Planning Services		3,599	-1,674	1,925
474	-1,005	-531	Highways and Transport Services		397	-1,015	-618
18,537	-17,710	827	Housing Services		19,750	-19,386	364
2,413	-435	1,978	Corporate and Democratic Core		2,369	-603	1,766
66	-1	65	Non Distributed Costs		102	-	102
32,108	**-22,647**	**9,461**	**Cost of Services**		**35,012**	**-25,104**	**9,908**
			Other Operating Expenditure				
		1,901	Parish Council Precepts				1,907
		-363	(Gain) / loss on disposal of non-current assets				-116
		28	Pension Administration Expenses	24			27
			Financing and Investment Income and Expenditure				
		259	Interest element of finance leases				244
		974	Pensions net interest cost	24			905
		-387	Investment interest receivable	11			-366
		-513	(Gain) / loss on investment properties	9			-990
			Taxation and Non-Specific Grant Income and Expenditure				
		-6,435	Council tax income				-6,488
		-10,723	Non domestic rates income				-12,259
		10,716	Non domestic rates expenditure - Tariff payment				10,921
		-713	Non domestic rates (safety net grant)/levy payment				407
		-1,162	Revenue Support Grant				-871
		-1,086	New Homes Bonus				-1,334
		-445	Non service related government grants				-460
		-22	Capital Grants and Contributions				-109
		1,490	**(Surplus) or Deficit on Provision of Services**				**1,326**
		-	(Surplus) or deficit on revaluation of Property, Plant & Equipment assets	8			-1,734
		-58	(Surplus) or deficit on revaluation of available for sale financial assets				34
		4,451	Remeasurement of pension assets/liabilities	24			-3,572
		4,393	**Other Comprehensive Income & Expenditure**				**-5,272**
		5,883	**Total Comprehensive Income & Expenditure**				**-3,946**

Balance Sheet

Appendix1

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

31 March 2015 £'000		Note	31 March 2016 £'000
12,920	Property, Plant & Equipment	8	13,584
63	Heritage Assets		63
6,149	Investment Property	9	6,806
172	Intangible Assets	10	270
6,045	Long Term Investments	11	7,008
1,962	Long Term Debtors	12	1,857
27,311	**Long Term Assets**		**29,588**
10,201	Short Term Investments	11	7,085
3	Inventories		-
4,093	Short Term Debtors	12	7,200
8,599	Cash and Cash Equivalents		6,867
22,896	**Current Assets**		**21,152**
-5,878	Short Term Creditors	13	-7,000
-1,833	Short Term Provisions	14	-1,609
-251	Short Term Finance Lease Liabilities	23a	-268
-2,395	Receipts in Advance	13	-1,191
-10,357	**Current Liabilities**		**-10,068**
-3,817	Long Term Finance lease Liabilities	23a	-3,549
-462	S106 Liabilities		-189
-27,953	Pensions Liabilities	24	-25,370
-32,232	**Long Term Liabilities**		**-29,108**
7,618	**Net Assets**		**11,564**
15,901	Usable reserves *		17,826
-8,283	Unusable Reserves*	15	-6,262
7,618	**Total Reserves**		**11,564**

**See Movement in Reserves Statement for further details.*

The unaudited accounts were issued on 30th June 2016. The audited accounts were authorised for issue on 29th September 2016

Director of Resources

Date: 29th September 2016.

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses and cash equivalents by classifying cash flows as operating, investing and financing activities.

2014/15 £'000	Cash Flow Statement	2015/16 £'000
-1,490	Net surplus or (deficit) on the provision of services	-1,326
3,464	Adjustments to net surplus or deficit on the provision of services for non- cash movements	3,398
-217	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	-65
-405	Interest received	-295
259	Finance lease interest (received) / paid	244
1,611	**Net cash flows from Operating Activities**	**1,956**
	Investing Activities	
-1,917	Purchase of property, plant & equipment, investment property & intangible assets	-1,083
-13,000	Purchase of short-term investments	-7,000
-5,000	Purchase of long-term investments	-1,000
529	Proceeds from the sale of property, plant & equipment, investment property & intangible assets	-
17,187	Proceeds from short-term investments	10,191
87	Other (receipts) / payments for investing activities	107
	Financing Activities	
-385	Change in the outstanding liabilities relating to finance leases	-251
6,376	Other receipts / (payments) for financing activities: Change in NNDR amount due to Gov't and preceptors	-7,113
-1,157	Other receipts / (payments) for financing activities: Change in Council Tax amount due	2,461
4,330	**Net increase or (decrease) in cash and cash equivalents**	**-1,732**
4,269	Cash and cash equivalents at the beginning of the reporting period	8,599
8,599	**Cash and cash equivalents at the end of the reporting period**	**6,867**

-	Cash held	-
1,019	Bank current accounts	680
7,580	Short-term deposits / Money Market Funds	6,187
8,599		**6,867**

1. Accounting Policies

General Principles

The Statement of Accounts summarises the Authority's transactions for the 2015/16 financial year and its position at the year-end of 31 March 2016. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which those regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 and the Service Reporting Code of Practice 2015/16, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

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:

- Revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- 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 inventories on the Balance Sheet.
- Expenses in relation to services received are recorded as expenditure when the services are received rather that when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure 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 revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Cash equivalents are highly liquid investments that mature in 30 days or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

Charges to Revenue for Non-Current Assets

Services are debited with the following amounts to record the cost of holding non-current assets during the year:
- depreciation attributable to the assets used by the relevant service
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- amortisation of intangible fixed assets attributable to the service.

The Authority is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. Depreciation, revaluation and impairment losses and amortisation are therefore removed by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement.

Employee Benefits

Benefits Payable During Employment

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

Proper practice requires that an accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. However, as the value of this accrual is under £100,000 and reasonably consistent between years, the Authority has decided not to adjust for this as it does not materially affect the accuracy of the Accounts.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits, and are charged on an accruals basis to the appropriate service line in the Comprehensive Income and Expenditure Statement at the earlier of when the Authority can no longer withdraw the offer of those benefits or when the Authority recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

Post-Employment Benefits

Employees of the Authority 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 by employees as they worked for the Authority.

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

- The liabilities of the pension fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. 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 Authority are included in the Balance Sheet at their fair value:
    - Quoted securities - current bid price
    - Unquoted securities - professional estimate
    - Unitised securities - current bid price
    - Property - market value.

The change in the net pension liability is analysed into the following components:

- Service cost comprising:
    - Current service cost – The increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
    - Past service cost – The increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
    - Net interest on the net defined benefit liability (asset), i.e. net interest expense for the Authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.
- Remeasurements comprising:
    - The return on plan assets – excluding amounts included in the net interest on the net defined liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
    - 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 – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Contributions paid to the pension fund – Cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

Discretionary benefits – The Authority 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.

Events After the Reporting Period

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of event can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.
- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

Financial Instruments

Financial Liabilities

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

This usually means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year.

Financial Assets

Financial assets are classified into two types:

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

Loans and Receivables

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

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 relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Available-for-Sale Assets

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

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

The inputs to the measurement techniques are categorised in accordance with the following three levels:
- Level 1 Inputs – quoted prices (unadjusted) in active markets for identical assets that the Authority can access at the measurement date.
- Level 2 Inputs – inputs other that quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 Inputs – unobservable inputs for the asset.

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain / loss is recognised in the Surplus or Deficit on Revaluation of Available-for-Sale Financial Assets. The exception is where impairment losses have been incurred - these are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any net gain or loss for the asset accumulated in the Available-for-Sale 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 (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any accumulated gains or losses previously recognised in the Available-for-Sale Reserve.

Instruments Entered Into Before 1 April 2006

The Authority entered into a financial guarantee, prior to 1 April 2006, which 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 under the policies set out in the section on Provisions, Contingent Liabilities and Contingent Assets.

Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Authority when there is reasonable assurance that:
- the Authority will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

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

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

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

Heritage Assets

The Authority owns a small number of Heritage Assets (e.g. antique furniture, paintings, books and manuscripts).

Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Authority's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to Heritage Assets as detailed below.

Heritage Assets are reported in the Balance Sheet at insurance valuation. Heritage Assets are deemed to have indeterminate lives and a high residual value; hence the Authority does not consider it appropriate to charge depreciation.

The collection is relatively static and acquisitions and donations are rare. Where they do occur acquisitions are initially recognised at cost and donations are recognised at insurance valuation.

The carrying amounts of Heritage Assets are reviewed where there is evidence of impairment e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Authority's general policies on impairment.

Intangible Assets

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

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible asset held by the Authority meets this criterion, and they are therefore carried at amortised cost.

The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

An asset is tested for impairment whenever there is an indication that the asset might be impaired - any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

Interests in Companies and Other Entities

The Authority has no material interests in companies and other entities that have the nature of subsidiaries, associates and jointly controlled entities that would require it to prepare group accounts.

Inventories

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

Investment Property

Investment properties are those that are used solely to earn rentals and / or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use.

Properties are not depreciated but are revalued annually according to a fair value hierarchy at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance.

Revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sales proceeds greater than £10,000) the Capital Receipts Reserve.

Leases

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

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

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

The Authority as Lessee

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Authority are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:
- a charge for the acquisition of the interest in the property, plant or equipment - applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter that the asset's estimated useful life (where ownership of the asset does not transfer to the Authority at the end of the lease period).

The Authority is not required to raise council tax to cover depreciation or revaluation and impairment losses arising from leased assets. Instead, Property, Plant and Equipment held under finance leases are funded in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore removed by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments.

The Authority as Lessor

Finance Leases

When the Authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:
- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. When a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payments of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

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

Operating Leases

Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid or discount offered at the commencement of the lease). If material, initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

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 Service Reporting Code of Practice 2015/16. 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 Authority's status as a multi-functional, democratic organisation.
- Non-Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets held for Sale.

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

Property, Plant and Equipment

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

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Authority does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Authority). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Authority.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income and Expenditure line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. When gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

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

- Community assets and assets under construction – depreciated historical cost
- Council offices – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV)
- Surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective
- All other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.

Where non-property assets have short useful lives or low values (or both), depreciated historical cost is used as a proxy for current value.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, 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 Surplus or Deficit on the Provision of Services where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

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

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

Impairment

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

Where impairment losses are identified, they are accounted for by:

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

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

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

Depreciation is calculated on a straight line basis over the useful life of the asset. 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 item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

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

Disposals and Non-current Assets Held for Sale

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

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

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

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposal (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts and are required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment. Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

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

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

Contingent Liabilities

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

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

Contingent Assets

A contingent asset arises where an event has taken place that gives the Authority a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

Reserves

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

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

Revenue Expenditure Funded from Capital under Statute

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

VAT

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

Accounting for the Collection of Council Tax and NDR in an Agency Role

The Authority acts as a billing authority, or agent, in relation to Council Tax and Business Rates (NDR).
The Authority collects Council Tax on behalf of itself, Buckinghamshire County Council, Thames Valley Police & Crime Commissioner and Bucks & Milton Keynes Fire Authority.
The Authority collects Business Rates on behalf of itself, the Department for Communities & Local Government, Buckinghamshire County Council and Bucks & Milton Keynes Fire Authority.

The implication of this is that any Balance Sheet transaction in relation to these Agent relationships, is split between principal parties and therefore the balances contained in the Balance Sheet for a particular debt are the Authority's own proportion of the debt and associated balances. The proportions of transactions that relate to the other parties in the relationship are shown as debtors or creditors due from/to these parties.

2. Accounting Standards Issued, Not Adopted

The Authority is required to disclose information relating to the impact of any accounting change on the financial statements, as a result of the adoption by the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 (the Code) of a new standard that has been issued, but is not yet required to be adopted by the Authority.

Full adoption will be required for the 2016/17 financial statements; however the Authority is required to make disclosure of the estimated effect of the new standards in these (2015/16) financial statements.

The 2016/17 Code has adopted:

- Amendments to IAS19 Employee Benefits (Defined Benefit Plans: Employee Contributions)
- Annual Improvements to IFRSs (2010 – 2012 Cycle)
- Amendments to IFRS 11 Joint Arrangements (Accounting for Acquisitions of Interests in Joint Operations)
- Amendment to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets (Clarification of Acceptable Methods of Depreciation and Amortisation)
- Annual Improvements to IFRSs (2012 – 2014 Cycle)
- Amendment to IAS 1 Presentation of Financial Statements (Disclosure Initiative)
- Changes to the format of the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement and the introduction of the new Expenditure and Funding Analysis
- Changes to the format of the Fund Account and the Net Assets Statement.

Whilst these changes will have a presentational impact on the 2016/17 Statement of Accounts, these new policies are not expected to have any significant impact on the net worth of South Bucks District Council.

3. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events.

The critical judgements made in the Statement of Accounts are:

- The Authority is the sole corporate trustee of the Farnham Park Charitable Trust, a charitable organisation that owns and operates the Farnham Park Sports Fields and the South Buckinghamshire Golf Course. It has been determined that the Authority does not have control of the Trust (except in its capacity as corporate trustee) and it is not a subsidiary of the Authority.

- The Authority has determined that its main office building lease should be accounted for as a finance lease.

- The Authority values its Sports Centre at Current Value for Existing Use. The external valuer has valued this asset as a specialist property using the Depreciated Replacement Cost methodology.

4. Assumptions Made about the Future and Other Major Source of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However because balances cannot be determined with certainty, actual results could be different from the assumptions and estimates.

The items in the Authority's Balance Sheet at 31 March 2016 that have a significant risk of causing material adjustment in the forthcoming financial year are as follows.

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £4k for every year that useful lives had to be reduced.
Debtor Arrears	At 31 March 2016, the Council had a balance of invoiced sundry debts of £2,096k. Review suggested that an impairment of doubtful debts of 64% (£1,333k) was appropriate.	If collection rates were to deteriorate, increasing the impairment of doubtful debts by 10% would require an additional £218k to be set aside.
Non Domestic Rates Appeals Provision	Business Ratepayers have the right to appeal against their business rate property valuations. If successful they will be entitled to a refund of overpaid Non Domestic Rates. The Authority has therefore made a provision of £1,560k for the settlement of successful appeals.	An increase of 10% in either the total number of successful claims or the estimated average settlement would each have the effect of adding £156k to the provision.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied. The value of the net pension liability in the balance sheet is £25,370k.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the net pension liability of £1,037k.

5. Events after the Reporting Period

The unaudited Statement of Accounts were issued by the Director of Resources on 30 June 2016 and the audited accounts were authorised for issue on the 29th September 2016. Events taking place after this date are not reflected in the financial statement or notes.

Where events taking place before this date provided information about the conditions existing at 31 March 2016, the figures in the financial statements and notes would be adjusted in all material respects to reflect the impact of this information.

The financial statement and notes would not be adjusted for events which took place after 31 March 2016 if they provide information that is relevant to an understanding of the Authority's financial position but do not relate to conditions at that date.

Notes to the Accounts

Following the majority vote to end the UK's membership of the European Union (EU) in the EU Referendum held on 23 June 2016 there is a heightened level of volatility in the financial markets and increased macroeconomic uncertainty in the UK. All three major rating agencies (S&P, Fitch and Moody's) took action on the UK Sovereign credit rating. Note 26 details how the Council protects itself from credit and market risks. There is likely to be an impact on our investment property valuations if confidence in the wider UK property market falls, and the valuation of the Council's defined benefit pension obligations may also be affected.

It is too early to estimate the quantum of any impact on the financial statements, and there is likely to be significant uncertainty for a number of months while the UK renegotiates its relationship with the EU and other nations. For the purposes of these financial statements, the Referendum is considered a non-adjusting event.

There have been no other events occurring after the reporting date that would have a material impact on these financial statements.

6. Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure account recognised by the Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure.

2015/16	General Fund £'000	Earmarked Reserves £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Unusable Reserves £'000
Adjustments primarily involving the Capital Adjustment Account:					
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:					
Charges for depreciation and impairment of non-current assets	831	-	-	-	-831
Charges for depreciation of non-current assets - Finance Leases	291	-	-	-	-291
Revaluation losses on Property, Plant & Equipment	1,093	-	-	-	-1,093
Movement in the market value of investment properties	-757	-	-	-	757
Amortisation of Intangible Assets	57	-	-	-	-57
Use of internal reserves to finance new capital expenditure	-	-	-	-	-
Revenue expenditure funded from capital under statute	455	-	-	-	-455
Amounts of non-current assets written off on disposal	-116	-	-	-	116
Adjustments primarily involving the Capital Grants Unapplied Account:					
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	-	-	-	-	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-376	-	-	-	376
Adjustments primarily involving the Capital Receipts Reserve:					
Transfer of cash sale proceeds	-	-	-	-	-
Use of the Capital Receipts reserve to finance new capital expenditure	-	-	-1,162	-	1,162
Adjustments primarily involving the Pensions Reserve:					
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	2,093	-	-	-	-2,093
Employer's pensions contributions and direct payments to pensioners payable in the year	-1,104	-	-	-	1,104
Adjustments primarily involving the Collection Fund Adjustment Account:					
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	-106	-	-	-	106
Amount by which DR Income credited to the Comprehensive Income and Expenditure Statement is different from NDR in accordance with statutory requirements	2,052	-	-	-	-2,052
Total Adjustments	**4,413**	**-**	**-1,162**	**-**	**-3,251**

2014/15	General Fund £'000	Earmarked Reserves £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Unusable Reserves £'000
Adjustments primarily involving the Capital Adjustment Account:					
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:					
Charges for depreciation and impairment of non-current assets	722	-	-	-	-722
Charges for depreciation of non-current assets - Finance Leases	433	-	-	-	-433
Revaluation losses on Property, Plant & Equipment	112	-	-	-	-112
Movement in the market value of investment properties	-305	-	-	-	305
Amortisation of Intangible Assets	94	-	-	-	-94
Use of internal reserves to finance new capital expenditure	-	-42	-	-	42
Revenue expenditure funded from capital under statute	414	-	-	-	-414
Amounts of non current assets written off on disposal	166	-	-	-	-166
Adjustments primarily involving the Capital Grants Unapplied Account:					
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	-33	-	-	11	22
Application of grants to capital financing transferred to the Capital Adjustment Account	-229	-	-	-	229
Adjustments primarily involving the Capital Receipts Reserve:					
Transfer of cash sale proceeds	-489	-	489	-	-
Use of the Capital Receipts reserve to finance new capital expenditure	-	-	-1,956	-	1,956
Adjustments primarily involving the Pensions Reserve:					
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	2,020	-	-	-	-2,020
Employer's pensions contributions and direct payments to pensioners payable in the year	-1,114	-	-	-	1,114
Adjustments primarily involving the Collection Fund Adjustment Account:					
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	-12	-	-	-	12
Amount by which DR Income credited to the Comprehensive Income and Expenditure Statement is different from NDR in accordance with statutory requirements	-963	-	-	-	963
Total Adjustments	**816**	**-42**	**-1,467**	**11**	**682**

7. Transfers to / from Earmarked Reserves

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

	Balance at 31 March 2015 £'000	Transfers Out £'000	Transfers In £'000	Balance at 31 March 2016 £'000
Allocated Funding	2	-2	1	1
National Infrastructure	-	-	80	80
Bequests	12	-	-	12
Disasters/Emergencies	27	-	-	27
Government Grant Funding Changes	400	-400	-	-
Insurance	34	-	-	34
Local Development Fund	268	-	400	668
Renewals & Repairs	3	-	-	3
Farnham Royal Pump	7	-	-	7
Russo Burial Trust	1	-	-	1
Transformation Reserve	302	-49	-	253
S106 Housing Reserve	1,371	-	569	1,940
	2,427	**-451**	**1,050**	**3,026**

8. Property, Plant and Equipment

Movements in 2015/16

	Land & Buildings (including Car Parks) £'000	Buildings Acquired Under Finance Leases £'000	Vehicle, Plant & Equipment £'000	Vehicles Acquired Under Finance Leases £'000	Community Assets £'000	Total £'000
Cost or valuation:						
As at 1 April 2015	6,825	4,410	5,875	528	67	17,705
Additions	154	-	775	-	-	929
Revaluation increases / (decreases) - recognised in the revaluation reserve	1,544	-	-	-	-	1,544
Revaluation increases / (decreases) - recognised in the Surplus / Deficit on the Provision of Services	-1,145	-	-	-	-	-1,145
Transfers	-	-	-	-	50	50
Disposals	166	-	-	-178	-	-12
As at 31 March 2016	**7,544**	**4,410**	**6,650**	**350**	**117**	**19,071**
Depreciation & Impairments:						
As at 1 April 2015	-335	-1,163	-2,759	-528	-	-4,785
Charge for year	-103	-291	-728	-	-	-1,122
Depreciation written out to the revaluation reserve	191					191
Depreciation written out to the Surplus/Deficit on the Provision of Service	51					51
Disposals	-	-	-	178	-	178
At 31 March 2016	**-196**	**-1,454**	**-3,487**	**-350**	-	**-5,487**
Net book value at 31 March 2016	**7,348**	**2,956**	**3,163**	-	**117**	**13,584**

Comparative movements in 2014/15

	Land & Buildings (including Car Parks) £'000	Buildings Acquired Under Finance Leases £'000	Vehicle, Plant & Equipment £'000	Vehicles Acquired Under Finance Leases £'000	Community Assets £'000	Total £'000
Cost or valuation:						
At 1st April 2014	6,568	4,410	4,881	1,698	67	17,624
Additions	535	-	1,158	-	-	1,693
Revaluation increases / (decreases) - recognised in the Surplus / Deficit on the Provision of Services	-112	-	-	-	-	-112
Disposals	-166		-164	-1,170		-1,500
At 31st March 2015	**6,825**	**4,410**	**5,875**	**528**	**67**	**17,705**
Depreciation & Impairments:						
At 1st April 2014	-211	-872	-2,325	-1,556	-	-4,964
Charge for year	-124	-291	-598	-142	-	-1,155
Disposals	-	-	164	1,170	-	1,334
At 31 March 2015	**-335**	**-1,163**	**-2,759**	**-528**	-	**-4,785**
Net book value at 31st March 2015	**6,490**	**3,247**	**3,116**	-	**67**	**12,920**

There was a negative disposal in 2015/16 as one part of an asset was incorrectly disposed of during 2014/15 and was reinstated during 2015/16

Major Assets Held

	Number at 31 March 2016
Council Offices - Held under Finance Lease	1
Refuse, Recycling & Street Cleaning Vehicles - Acquired under Finance Lease	4
Refuse, Recycling & Street Cleaning Vehicles - Owned	26
Off-street car parks	13
Golf courses	1
Sports centres	1
Cemeteries & memorial gardens	4
Public conveniences	3

Impairment Losses

During 2015/16, the Authority has recognised an impairment loss of £nil (2014/15 £nil).

Depreciation

All Property, Plant and Equipment with a finite useful life is depreciated using the straight-line method after the year of expenditure over the following periods:

Land	- not depreciated
Buildings	- depends on individual property, up to a maximum of 100 years
Fixtures & Fittings	- 10 years
Equipment	- 4 years.

Capital Commitments

There are no significant commitments under capital contracts as at 31 March 2016.

Revaluations

The Authority carries out a programme of valuations that ensures that all Property, Plant and Equipment required to be measured at current value is revalued at least every 5 years.

All operational land and buildings were independently revalued by an external valuer as at 1 April 2011 in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Certifications of valuation were issued by Nathan Hall MRICS of Kempton Carr Croft. In addition to this, Altons and Penncroft Car Parks in Beaconsfield were revalued in 2012/13, Altons Car Park was revalued in 2014/15 and The Beacon Centre and Dropmore Road Depot were revalued in 2015/16. Valuations until 2014/15 were conducted by Kempton Carr Croft, however the 2015/16 valuation was conducted by Wilks Head & Eve, Chartered Surveyors and Town Planners.

	Land & Buildings (including Car Parks) £'000	Buildings Acquired Under Finance Leases £'000	Vehicle, Plant & Equipment £'000	Vehicles Acquired Under Finance Leases £'000	Community Assets £'000	Total £'000
Carried at Historical Cost	-	-	6,650	350	117	7,117
Valued at Fair Value as at						
1 April 2011	3,408	4,410	-	-	-	7,818
31 March 2015	159	-	-	-	-	159
31 March 2016	3,977	-	-	-	-	3,977
Total Cost or Valuation	**7,544**	**4,410**	**6,650**	**350**	**117**	**19,071**

9. Investment Property

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

	2014/15 £'000	2015/16 £'000
Income	-305	-306
Operating Expenditure	97	73
Revaluation Gain	-305	-757
(Surplus)/Deficit in year	**-513**	**-990**

The following table summarises the movement in the fair value of all investment properties over the year:

	2014/15 £'000	2015/16 £'000
Balance at start of year	5,842	6,149
Additions	2	-
Disposals	-	-50
Transfer to Property, Plant & Equipment	-	-50
Net gains / (losses) from fair value adjustments	305	757
Balance at end of year	**6,149**	**6,806**

Fair Value Hierarchy

Details of the Authority's investment properties and information about the fair value hierarchy are as follows:

	Quoted prices in active markets for identical assets (Level 1) £'000	Other significant observable inputs (Level 2) £'000	Significant unobservable inputs (Level 3) £'000	Fair value as at 31 March 2016 £'000
Recurring fair value measurements using:				
Offices	-	3,133	-	3,133
Community Facilities	-	-	114	114
Depot	-	152	-	152
Cemetery Chapel	-	-	15	15
Open Space / Land / Woodland	-	515	262	777
Health Centre Car Park	-	69	-	69
Commercial	-	2,372	-	2,372
Retail	-	174	-	174
Total	-	**6,415**	**391**	**6,806**

	Quoted prices in active markets for identical assets (Level 1) £'000	Other significant observable inputs (Level 2) £'000	Significant unobservable inputs (Level 3) £'000	Fair value as at 31 March 2015 £'000
Recurring fair value measurements using:				
Offices	-	2,405	-	2,405
Community Facilities	-	-	50	50
Depot	-	143	-	143
Cemetery Chapel	-	-	15	15
Open Space / Land / Woodland	-	524	363	887
Health Centre Car Park	-	83	-	83
Commercial	-	2,301	-	2,301
Retail	-	265	-	265
Total	-	**5,721**	**428**	**6,149**

There were no transfers between Levels 1 and 2 during the year.

Valuation Techniques used to Determine Level 2 and 3 Fair Values for Investment Properties

Significant Observable Inputs - Level 2

The fair value for the office, commercial and retail units, the depot and some land has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local authority area. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy.

Significant Unobservable Inputs - Level 3

The community facilities, cemetery chapel and land are measured using the Term and Reversion approach. The approach has been developed using the Authority's own data requiring it to factor in assumptions such as the duration and timing of cash inflows and outflows, rent growth, occupancy levels, bad debt levels, maintenance costs, etc.

These units are therefore categorised as Level 3 in the fair value hierarchy as the measurement technique uses significant unobservable inputs to determine the fair value measurement (and there is no reasonably available information that indicates the market participants would use different assumptions).

Highest and Best Use of Investment Properties

In estimating the fair value of the Authority's investment properties, the highest and best use of the properties is generally their current use. Where this is not the case, it is because there are tenants in occupation with a lease agreement in place or the asset is in use for the benefit of the community.

Reconciliation of Fair Value Measurement (using Significant Unobservable Inputs) Categorised within Level 3 of the Fair Value Hierarchy

Movements in 2015/16

	Community Facilities £'000	Cemetery Chapel £'000	Open Space, Land & Woodland £'000
Balance at start of year	50	15	363
Total gains/(losses) for the period included in the Surplus/Deficit on the Provision of Service resulting from changes in fair value	64	-	-61
Transfer out of Level 3	-	-	-40
Balance at end of year	**114**	**15**	**262**

Movements in 2014/15

	Community Facilities £'000	Cemetery Chapel £'000	Open Space, Land & Woodland £'000
Balance at start of year	50	14	350
Total gains/(losses) for the period included in the Surplus/Deficit on the Provision of Service resulting from changes in fair value	-	1	13
Balance at end of year	**50**	**15**	**363**

Gains or losses arising from changes in the fair value of the investment property are recognised in the Surplus or Deficit on the Provision of Services – Financing and Investment Income and Expenditure line.

Quantitative Information about Fair Value Measurement of Investment Properties using Significant Unobservable Inputs - Level 3

	As at 31 March 2016 £'000	Valuation technique used to measure fair value	Unobservable inputs	Range (weighted average used)	Sensitivity
Community Centres	114	Comparative based on limited rental evidence	Rental Value Yields	£15 - £50 /m^2 9% -13%	Changes in rental growth, yields, occupancy will result in a lower or higher fair value
Cemetery Chapel	15	Comparative based on limited rental evidence	Rental Value Yields	£10 - £40 /m^2 9% -13%	Changes in rental growth, yields, occupancy will result in a lower or higher fair value
Open Space/ Recreational Land	262	Comparative based on limited rental evidence	Capital Value Rental Value Yields	£25,000 - £50,000/ha £0.25 - £6 /m^2 8% -12%	Changes in rental growth, yields, occupancy will result in a lower or higher fair value

Valuation Process for Investment Properties

The fair value of the authority's investment property is measured annually at each reporting date. Valuations in 2015/16 were carried out by registered valuer, Wilks Head & Eve, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

There are no restrictions on the Authority's ability to realise the value inherent in its investment property or on the Authority's right to the remittance of income and the proceeds of disposal.

The Authority has no contractual obligations to purchase, construct or develop investment property.

Notes to the Accounts

10. Intangible Assets

Expenditure on intangible assets, namely IT software, is charged to service revenue accounts with amounts representing the benefit obtained in the year from expenditure on these items. The useful life assigned to all software is up to five years and is written off on a straight line basis.

The movement on intangible asset balances during the year is as follows:

	2014/15			2015/16		
	Purchased Software £'000	Internally Developed Software £'000	Total £'000	Purchased Software £'000	Internally Developed Software £'000	Total £'000
Balance at start of year:						
Gross carrying amounts	837	77	914	822	-	822
Accumulated amortisation	-711	-77	-788	-650	-	-650
Net carrying amount at start of year	**126**	**-**	**126**	**172**	**-**	**172**
Additions	140	-	140	155	-	155
Disposals	-155	-77	-232	-117	-	-117
Amortisation for the period	-94	-	-94	-57	-	-57
Reversal of amortisation on disposal	155	77	232	117	-	117
Net carrying amount at end of year						
Gross carrying amounts	822	-	822	860	-	860
Accumulated amortisation	-650	-	-650	-590	-	-590
Net carrying amount at end of year	**172**	**-**	**172**	**270**	**-**	**270**

11. Financial Instruments

A financial instrument is any contract which gives rise to a financial asset of one entity (such as cash, an equity instrument or a right to receive cash or an equity instrument) and a financial liability of another (such as an obligation to deliver cash or another financial asset).

Categories of Financial Instrument

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

	31 March 2015		31 March 2016	
	Short Term £'000	Long Term £'000	Short Term £'000	Long Term £'000
Fixed deposits / money market loans	10,051	5,000	7,065	6,000
Available-for-sale financial assets	150	1,045	20	1,008
Total Investments	**10,201**	**6,045**	**7,085**	**7,008**
Debtors	**1,296**	**1,959**	**1,176**	**1,857**
Cash and Cash Equivalents	**8,599**	**-**	**6,867**	**-**
Creditors	**-1,831**	**-**	**-2,269**	**-**

Note: Some balance sheet categories, for example debtors, include both items that are financial instruments and items which are not financial instruments.

Income, Expense, Gains and Losses

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

	Cash & Bank £'000	Loans & Receivables - Money Market Loans £'000	Available for Sale Bonds £'000	Total £'000
2015/16				
Interest income to I&E	-68	-248	-50	-366
Revaluation (gain)/loss	-	-	34	34
Gain/(loss) for the year	**-68**	**-248**	**-16**	**-332**
2014/15				
Interest income to I&E	-29	-306	-52	-387
Revaluation (gain)/loss	-	-	-58	-58
Gain/(loss) for the year	**-29**	**-306**	**-110**	**-445**

Fair Values of Assets and Liabilities

The available for sale assets represent corporate bonds. These have been valued using quoted prices in active markets (level 1 valuation).

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

- Estimated interest rates at 31 March 2016 of between 0.33% and 1.29% 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 values are calculated as follows.

	Short Term		Long Term	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
31 March 2016				
Loans and Receivables	7,065	7,062	6,000	5,957
31 March 2015				
Loans and Receivables	10,051	10,080	5,000	4,939

The fair value of loans and receivables as at 31 March 2016 (£13.019m) is lower than the carrying amount (£13.065m) because the Authority's portfolio of investments includes a number of 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.

The fair value hierarchy for financial assets that are not measured at fair value is as follows.

Recurring fair value measurements using:	Quoted prices in active markets for identical assets (Level 1) £'000	Other significant observable inputs (Level 2) £'000	Significant unobservable inputs (Level 3) £'000	Fair value as at 31 March £'000
31 March 2016				
Loans and receivables	-	13,019	-	13,019
Total				**13,019**
31 March 2015				
Loans and receivables	-	15,019	-	15,019
Total				**15,019**

12. Debtors

The amounts owed to the Council, net of impairment, are summarised as follows.

Long Term Debtors	2014/15 £'000	2015/16 £'000
Car Loans	20	6
Swan Road Finance Lease	90	89
Farnham Park Charitable Trust Loan	1,843	1,754
Other Long Term Debt	9	8
	1,962	**1,857**

Short Term	2014/15 £'000	2015/16 £'000
Central Government	661	3,180
Other Local Authorities	2,070	2,330
Council Tax (net of impairments)	279	212
Business Rates (net of impairments)	275	103
Sundry Debtors (net of impairments)	585	800
Farnham Park Charitable Trust Loan	69	81
Payments in Advance	154	494
	4,093	**7,200**

In 2013/14 SBDC lent the Farnham Park Charitable Trust £1.98m to fund the redevelopment of its facilities. This will be repaid over 20 years. SBDC is the sole charity trustee. See related party note for further details.

13. Short Term Creditors

	2014/15 £'000	2015/16 £'000
Central Government	-2,974	-2,840
Other Local Authorities	-1,556	-2,701
Council Tax	-103	-119
NNDR	-105	-177
Sundry Creditors	-1,140	-1,163
Receipts in Advance - Green Deal Funding	-2,395	-1,191
Totals	**-8,273**	**-8,191**

14. Provisions

	NDR Appeals £'000	Land Charges £'000	Total £'000
Balance as at 31 March 2015	-1,791	-42	**-1,833**
Amounts used	121	42	**163**
(Increase to)/release of existing provision	110	-49	**61**
Balance as at 31 March 2016	**-1,560**	**-49**	**-1,609**

A provision has been established in respect of Non-Domestic Rates appeals. Settlement is dependent on when the Valuation Office resolve the appeals.

A provision has been made for potential land charge personal search fee refunds. Some claims were settled in 2015/16. The actual timing and value of the remaining claims is dependent on how the discussions with the claimants progress, however it is expected that the remaining claims will be settled within the next 12 months.

15. Unusable Reserves

Revaluation Reserve

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

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

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

	2014/15 £'000	2015/16 £'000
Balance at 1 April	2,387	2,289
Upwards Revaluation of Assets	-	1,995
Downwards revaluation and impairment losses not charged to CI&E		-261
Difference between fair value depreciation and historical cost depreciation	-50	-52
Accumulated gains on assets sold or scrapped	-48	48
Balance at 31 March	**2,289**	**4,019**

Available For Sale Financial Instruments Reserve

The Available for Sale Financial Instruments Reserve contains the gains / losses made by the Authority arising from increases in the value of its investments that have quoted market prices or otherwise do not have fixed or determinable payments.

	2014/15 £'000	2015/16 £'000
Balance at 1 April	123	181
In year change in fair value of available for sale assets	58	-34
Balance at 31 March	**181**	**147**

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions.

The Authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of services, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements requires benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	2014/15 £'000	2015/16 £'000
Balance at 1 April	-22,596	-27,953
Remeasurements of pension assets and liabilities	-4,451	3,572
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	-2,020	-2,093
Employer's pensions contributions and direct payments to pensioners payable in the year	1,114	1,104
Balance at 31 March	**-27,953**	**-25,370**

Further information relating to the Pension fund can be found in note 24.

Capital Adjustments Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions.

The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

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

Note 6 (Adjustments between accounting basis and funding basis under regulations) provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

	2014/15 £'000	2015/16 £'000
Balance at 1 April	16,305	17,016
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income & Expenditure Statement:		
▪ Charges for depreciation / amortisation	-816	-888
▪ Charges for Depreciation - Assets acquired under Finance leases - Office	-291	-291
▪ Charges for Depreciation - Assets acquired under Finance leases - Vehicles	-142	-
▪ Revaluation / Impairment of non-current assets (via CI&E)	-112	-1,093
▪ Revenue expenditure funded from capital under statute	-414	-455
▪ Disposals	-166	116
Adjustment for additional current value depreciation charges	50	52
Remove accumulated gains on disposal	48	-48
Financing of Capital Expenditure	2,249	1,538
Movement in the market value of Investment Properties	305	757
Balance at 31 March	**17,016**	**16,704**

Collection Fund Adjustment Account

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

	2014/15 £'000	2015/16 £'000
Balance at 1 April	-881	94
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	12	107
Amount by which business rate income credited to the Comprehensive Income and Expenditure Statement is different from business rate income calculated for the year in accordance with statutory requirements	963	-2,053
Balance at 31 March	**94**	**-1,852**

16. Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice. However, decisions about resources allocations are taken by the Authority's Cabinet on the basis of budget reports analysed across Portfolio areas. These reports are prepared on a slightly different basis from the accounting policies used in the financial statements. In particular:

- No charges are made in relation to revaluation gains and impairment losses.
- The cost of retirement benefits is based on cash flows (payment of employer's pension contributions) rather than current service cost of benefits accrued in the year.

The income and expenditure of the Authority's Portfolios recorded in the budget reports for the year is as follows.

2015/16	Healthy Community* £'000	Environment £'000	Resources £'000	Sustainable Development £'000	Total £'000
Fees, charges & other service income	-1,326	-1,314	-2,690	-1,674	-7,004
Government grants	-1,497	-	-15,931	-	-17,428
	-2,823	**-1,314**	**-18,621**	**-1,674**	**-24,432**
Employee expenses	732	303	2,476	2,133	5,644
Transfer payments	464	-	15,477	108	16,049
Depreciation	264	708	400	-	1,372
Other operating expenses	2,494	3,185	2,339	646	8,664
Support service recharges	875	388	-2,029	691	-75
	4,829	**4,584**	**18,663**	**3,578**	**31,654**
Net Expenditure	**2,006**	**3,270**	**42**	**1,904**	**7,222**

* The Healthy Community portfolio now incorporates the old Community and Health & Housing & S106 Portfolio

2014/15	Community £'000	Environment £'000	Health & Housing & S106 £'000	Resources £'000	Sustainable Development £'000	Total £'000
Fees, charges & other service income	-455	-1,797	-1,716	-913	-1,762	-6,643
Government grants	-	-	-138	-16,051	-	-16,189
	-455	**-1,797**	**-1,854**	**-16,964**	**-1,762**	**-22,832**
Employee expenses	368	409	456	2,828	1,742	5,803
Transfer payments	-	-	176	15,683	-	15,859
Depreciation	73	737	154	470	-	1,434
Other operating expenses	546	3,353	2,404	3,241	556	10,100
Support service recharges	115	464	-25	-2,673	814	-1,305
	1,102	**4,963**	**3,165**	**19,549**	**3,112**	**31,891**
Net Expenditure	**647**	**3,166**	**1,311**	**2,585**	**1,350**	**9,059**

Reconciliation of Portfolio Analysis to the Comprehensive Income and Expenditure Statement

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

2015/16	Portfolio analysis £'000	Services not in analysis £'000	Amounts not reported to Mgt £'000	Amounts not in CI&E £'000	Cost of Services as per CI&E £'000	Corporate amounts £'000	Total as per CI&E £'000
Fees, charges & other service income	-7,004	-	-	3,277	**-3,727**	-1,068	-4,795
Interest and investment income	-	-	-	-	-	-366	-366
Income from council tax	-	-	-	-	-	-6,487	-6,487
Income from NDR	-	-	-	-	-	-931	-931
Government grants and contributions	-17,428	-	-	-	**-17,428**	-2,774	-20,202
Fund from reserves	-	-566	-	-	**-566**	-	-566
	-24,432	**-566**	**-**	**3,277**	**-21,721**	**-11,626**	**-33,347**
Employee expenses	5,644	-	-	-	**5,644**	932	6,576
Transfer payments	16,049	-	-	-	**16,049**	-	16,049
Depreciation	1,372	-	-	-	**1,372**	-	1,372
Other operating expenses	8,664	-	-	-25	**8,639**	77	8,716
Support service recharges	-75	-	-	-	**-75**	-	-75
Interest payments	-	-	-	-	-	244	244
Precepts and levies	-	-	-	-	-	1,907	1,907
Gain / loss on disposal of fixed assets	-	-	-	-	-	-116	-116
	31,654	**-**	**-**	**-25**	**31,629**	**3,044**	**34,673**
Surplus or deficit (CI&E Account)	**7,222**	**-566**	**-**	**3,252**	**9,908**	**-8,582**	**1,326**

2014/15	Portfolio analysis £'000	Services not in analysis £'000	Amounts not reported to Mgt £'000	Amounts not in CI&E £'000	Cost of Services as per CI&E £'000	Corporate amounts £'000	Total as per CI&E £'000
Fees, charges & other service income	-6,643	-	-	611	**-6,032**	-611	**-6,643**
Interest and investment income	-	-	-	-	-	-387	**-387**
Income from council tax	-	-	-	-	-	-6,435	**-6,435**
Income from NDR	-	-	-	-	-	-7	**-7**
Government grants and contributions	-16,189	-	-	-	**-16,189**	-3,427	**-19,616**
Fund from reserves	-	-17	-	-	**-17**	-	**-17**
	-22,832	**-17**	**-**	**611**	**-22,238**	**-10,867**	**-33,105**
Employee expenses	5,803	-	-	-	**5,803**	1,002	**6,805**
Transfer payments	15,859	-	-	-	**15,859**	-	**15,859**
Depreciation	1,434	-	-	-	**1,434**	-	**1,434**
Other operating expenses	10,100	-	-96	-96	**9,908**	96	**10,004**
Support service recharges	-1,305	-	-	-	**-1,305**	-	**-1,305**
Interest payments	-	-	-	-	-	259	**259**
Precepts and levies	-	-	-	-	-	1,901	**1,901**
Gain / loss on disposal of fixed assets	-	-	-	-	-	-363	**-363**
	31,891	**-**	**-96**	**-96**	**31,699**	**2,895**	**34,595**
Surplus or deficit (CI&E Account)	**9,059**	**-17**	**-96**	**515**	**9,461**	**-7,972**	**1,490**

Notes to the Accounts

17. Members' Allowances

The Authority paid the following amounts to members of the Council during the year.

	2014/15 £'000	2015/16 £'000
Basic Allowance	166	125
Special Responsibility Allowance	50	44
Expenses	1	2
	217	**171**

18. Officers' Remuneration

The remuneration paid to the Authority's senior employees is shown in the table below.

Chiltern District Council and South Bucks District Council share a joint Senior Management Team. The employees detailed below therefore work across the two authorities and the costs are shared with Chiltern DC contributing 54.9% and South Bucks DC contributing 45.1% towards the costs.

2015/16	Employing Authority	Salary incl fees, allowances & performance related pay £	Expense allowances (charge-able to UK tax) £	Compen-sation for loss of office £	Benefits in kind (Health Insurance) £	Total remuner'n excluding pension contributions £	Employers pension contributions £	Total remuner'n including employers pension contribution £
Chief Executive (Note 1)	CDC	32,000	-	-	57	32,057	-	32,057
Acting Chief Executive (Note 2)	SBDC	93,750			845	94,595	12,487	107,082
Director of Services (Note 2)	SBDC	23,205	-	-	260	23,465	3,137	26,602
Director of Services (Note 3)	Contractor	76,590			-	76,590	-	76,590
Director of Resources	SBDC	92,820	-	-	1,495	94,315	12,490	106,805
Head of Legal & Democratic Services	CDC	77,644	-	-	171	77,815	10,583	88,398
Head of Finance	SBDC	77,644	-	-	968	78,612	10,377	88,989
Head of Customer Services	CDC	72,732	-	-	371	73,103	9,942	83,045
Head of Business Support	CDC	77,644	-	-	493	78,137	10,627	88,764
Head of Health & Housing	CDC	77,644	-	-	438	78,082	10,619	88,701
Head of Sustainable Development	SBDC	77,644	-	-	1,602	79,246	10,461	89,707
Head of Environment	SBDC	77,644		-	1,082	78,726	10,392	89,118

Note 1: The Chief Executive retired 30th June 2015
Note 2: The Director of Services was appointed to Acting Chief Executive effective 1st July 2015
Note 3: The current Director of Services is employed on an agency basis effective September 2015

2014/15	Employing Authority	Salary including fees, allowances & performance related pay £	Expense allowances (chargeable to UK tax) £	Compensation for loss of office £	Benefits in kind (Health Insurance) £	Total remuner'n excluding pension contributions £	Employers pension contributions £	Total remuner'n including employers pension contribution £
Chief Executive	CDC	128,000	-	-	255	128,255	13,605	141,860
Director of Services	SBDC	91,455	-	-	850	92,305	12,144	104,449
Director of Resources	SBDC	91,455	-	-	1,176	92,631	12,187	104,818
Head of Legal & Democratic Services	CDC	75,750	-	-	255	76,005	10,337	86,342
Head of Finance	SBDC	74,488	-	-	776	75,264	9,879	85,143
Head of Customer Services	CDC	68,680	-	-	255	68,935	9,375	78,310
Head of Business Support	CDC	75,750	-	-	255	76,005	10,337	86,342
Head of Healthy Communities	CDC	75,750	-	-	255	76,005	10,337	86,342
Head of Sustainable Development	SBDC	74,488	-	-	1,231	75,719	9,939	85,658
Head of Community	SBDC	17,899	-	33,311	-	51,210	2,363	53,573
Head of Environment	SBDC	74,488		-	838	75,326	9,888	85,214

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:

Remuneration Band	2014/15 Number of employees	2015/16 Number of employees
£50,000 to £54,999	2	1
£55,000 to £59,999	-	1
£60,000 to £64,999	-	2
£65,000 to £69,999	-	-
£70,000 to £74,999	-	-
£75,000 to £89,999	3	3
£90,000 to £94,999	2	1
£115,000 to £119,999	-	1
Total	**7**	**9**

Note: This table includes the senior officers detailed in the tables above, but only if they are directly employed by SBDC.

Exit Packages 2015/16

The number of exit packages with total cost per band, and the total cost of the compulsory and other redundancies are set out in the table below.

Exit Package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Total cost of exit packages in each band £'000s
Under £50,000	4	1	5	40
Over £50,000	-	-	-	-
Total cost included in bandings				40
Amounts provided for in CIES not included in bandings				-
Total cost included in CIES				40

The total cost of £24,000 in the table above has been charged to the Authority's Comprehensive Income and Expenditure Statement in the current year.

Exit Packages 2014/15

The number of exit packages with total cost per band, and the total cost of the compulsory and other redundancies are set out in the table below.

Exit Package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Total cost of exit packages in each band £'000
Under £50,000	2	-	2	51
Over £50,000	-	-	-	-
Total cost included in bandings				51
Amounts provided for in CIES not included in bandings				-
Total cost included in CIES				51

The total cost of £51,000 in the table above was charged to the Authority's Comprehensive Income and Expenditure Statement in 2014/15.

19. External Audit Costs

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and non-audit services provided by the Authority's external auditors.
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.

	2014/15 £'000	2015/16 £'000
Fees payable to Ernst & Young LLP with regard to external audit services	56	42
Fees payable to Ernst & Young LLP for the certification of grant claims and returns	28	19
Fees payable in respect of other services provided by Ernst & Young LLP	-	-
Total	**84**	**61**

20. Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in the year.

Credited to Taxation and Non Specific Grant Income	2014/15 £'000	2015/16 £'000
Revenue Support Grant	1,162	871
New homes bonus grant	1,086	1,334
National Non-Domestic Rate Top Up Grant	713	-
Credited to Taxation and Non Specific Grant Income		
Small Business Rate Relief	180	191
Business Rates Retail Relief	72	124
Business Rates 2% Compensation Grant	-	39
Council tax freeze grant	48	48
Community right to challenge	9	-
New Burdens Grants	78	44
Assets of Community Value New Burdens Grant	8	-
Repair and Renew Grant	23	-
Net Other Grants	12	14
	430	460
Capital Grants and Contributions		
Defra Flood Grant	22	-5
Contribution to Stoke Poges Memorial Gardens	-	20
Transformation Challenge Award	15	94
	37	109
	3,428	2,774

Credited to Services	2014/15 £'000	2015/16 £'000
Housing and Council Tax Benefits Subsidy	15,562	15,547
Housing and Council Tax Benefits Administration	246	202
Cost of Collection Allowance	98	97
Discretionary Housing	90	57
Green Deal	180	1,205
Individual Electoral Registration	19	20
Improvement Grants	229	262
Police Crime Scrutiny	-	30
Other Grants	24	8
	16,448	**17,428**

21. Related Parties

The Authority 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 Authority.

Central Government

Central Government has significant influence over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority 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. council tax bills, housing benefits).
Grants received from government departments are set out in the subjective analysis in Note 16 on reporting for resource allocation decisions. Grant receipts outstanding at 31 March 2016 are shown in Note 12.

Other Local Authorities

The council has in place joint working arrangements with Chiltern District Council. Further details are given in the Narrative Report.

Members

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. In such cases 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 personal interests are recorded in the Register of Members' disclosable pecuniary interests, which is open to public inspection.

Officers

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.

Entities controlled or significantly influenced by the Authority.

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

Farnham Park 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 The South Buckinghamshire golf course (SBGC) 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 SBDC being the sole charity trustee.

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 2015/16 the Trust earned income of £808,000 (2014/15 £691,000) and spent £984,000 (2014/15 £821,000) giving a net operating loss for the year of £176,000 (2014/15 loss of £122,000), which was funded from the Trust's accumulated reserves.

As at 31 March 2016 the Trust owned land and buildings valued at £4.208m.

Interest in Companies

The Council has an interest in two companies.

Green Deal Together Community Interest Company

South Bucks District Council contributed £35,000 in 2013 in order to become a Founding Member Shareholder of the Green Deal Together Community Interest Company. This entitled the Council to nominate a Director and a share of any dividends.

The aim of the Green Deal Together Community Interest Company was to:

Successfully operate as a Green Deal Provider in the administrative areas of the contributing local authorities with the benefits of:

- Providing residents and businesses with a credible scheme and stimulating energy saving improvements, carbon reduction and thermal comfort.
- Helping local installers access the Green Deal market and achieving local economic development opportunities.
- Providing local authorities with a leadership role within the Green Deal landscape.

In May 2015, the Shareholders agreed to close Green Deal Together Community Interest Company and as at the 31st March 2016, the company is in the process of being wound up. The company is limited by shares. Each local authority has 35,000 shares, each at a value of £1. However, due to amounts outstanding to suppliers at company closure, it is likely that South Bucks will recover only a proportion of this.

Colne Valley Park Community Interest Company

The aim of the Colne Valley Park Community Interest Company is to maintain and enhance the countryside of the Colne Valley through the delivery of 6 objectives: landscape, countryside, biodiversity, recreation, rural economy, community participation.

South Bucks District Council contributed £40,000 in 2013 to help establish this company. This entitles the Council membership of the company and a seat on the board. The Company has a Board of a maximum of 15 members and the SBDC Environment Portfolio Holder is a permanent member of the Board.

The company is limited by guarantee (£1 per member)

Further details on the activities and finances of the company can be obtained from www.colnevalleypark.org.uk

22. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is show in the table below together with the resources that have been used to finance it.

Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase to the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed.

	2014/15 £'000	2015/16 £'000
Capital Expenditure		
IT Equipment & Systems	140	155
Beacon Centre	2	-
The Academy Golf Course	24	-
Stoke Poges Memorial Gardens	68	76
Cemeteries	43	17
Refuse Vehicles	1,031	481
Green Waste/Recycling	98	79
Car Park Enhancements	69	19
Depots	127	28
Railtrack Land Purchase	201	-
Station Road Car Park GX (Multi Storey)	-	13
ICT Desktop IT (Unified Network)	29	215
Other Schemes	2	-
	1,834	**1,083**
Revenue Expenditure Funded from Capital Under Statute		
Environmental improvements	40	1
Refuse Vehicles	-	16
Improvement Grants	352	415
Community Development Schemes	23	23
	415	**455**
Total Capital Expenditure	**2,249**	**1,538**
Sources of finance		
Capital Grants Unapplied	42	-
Capital receipts	1,956	1,162
Government grants and other contributions	251	376
Total Funding for Capital Expenditure	**2,249**	**1,538**

23a. Leases - Authority as Lessee

Authority as Lessee - Finance Leases

The Authority acquired its main office building by entering into a finance lease.

The Authority is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the asset acquired by the Authority, and finance costs that will be payable by the Authority in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts.

As at 31 March 2016	Finance Lease Liabilities £'000	Future Finance Costs £'000	Minimum Lease Payments £'000
Under one year	268	228	495
In the second to fifth years	1,250	731	1,981
Over five years	2,299	425	2,724
	3,817	**1,384**	**5,200**

The minimum lease payments to not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

The Authority has sub-let some of the office accommodation held under these finance leases. However these sub leases can be terminated by the lessee, thus as at 31 March 2016 the minimum payments expected to be received under non-cancellable sub leases was £nil.

Authority as Lessee - Operating Leases

The land on which the Authority's main office building sits was acquired by entering into an operating lease. The future minimum lease payments due under this lease are:

	2014/15 £'000	2015/16 £'000
Under one year	251	251
In the second to fifth years	1,002	1,002
Over five years	1,686	1,436
	2,939	**2,689**

The expenditure charged to the Comprehensive Income and Expenditure Statement during to the year in relation to this lease was:

	2014/15 £'000	2015/16 £'000
Operating lease payments	251	251

23b.Leases - Authority as Lessor

Authority as Lessor - Finance Leases

The Authority has leased out a number of it properties on long term leases.

The majority of these are accounted for as Property, Plant and Equipment disposals, as a premium was paid on the disposal and there is only a peppercorn rent due.

However there is one piece of land (Swan Road) which has been disposed of under a 99 year finance lease. The Authority has a gross investment in the lease, made up of the minimum lease payments expected to be received over the remaining term and the residual value anticipated for the property when the lease comes to an end.

The minimum lease payments comprise settlement of the long-term debtor for the interest in the property acquired by the lessee and finance income that will be earned by the Authority in future years whilst the debtor remains outstanding. The gross investment is made up of the following amounts.

	2014/15 £'000	2015/16 £'000
Finance lease debtor	90	90
Unearned finance income	270	266
Gross investment in the lease	**360**	**356**

The annual payment due in respect of this property is £3,870.

Authority as Lessor - Operating Leases

The Authority leases out a number of its Investment Properties under operating leases.

The future minimum lease payments receivable under non-cancellable lease in future years are:

	2014/15 £'000	2015/16 £'000
Not later than one year	324	329
Later than one year and no later than five years	1,247	1,257
Later than five years	14,511	14,466
	16,082	**16,052**

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

24. Defined Benefit Pension Schemes

Participation in pension scheme

As part of the terms and conditions of employment of its officers, the Authority makes contributions towards the cost of post-employment 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 two post-employment schemes:

- The Local Government Pension Scheme, administered locally by Buckinghamshire County Council – this is a funded defined benefit scheme based on career average revalued salary and length of service on retirement, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.
- Arrangements for the award of discretionary post-retirement benefits upon early retirement - this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

Transactions relating to Post-Employment benefits

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, 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 employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Account and the General Fund Balance via the Movement in the Reserves Statement during the year.

	Local Government Pension Scheme		Discretionary Benefits	
Bucks County Council Pension Scheme	**2014/15 £'000**	**2015/16 £'000**	**2014/15 £'000**	**2015/16 £'000**
Comprehensive Income and Expenditure Statement:				
Cost of Services				
• Current service costs	1,018	1,161	-	-
• Administration expenses	28	27	-	-
• Net Interest on the defined liability (asset)	906	849	68	56
Total post-employment benefits charged to the surplus or deficit on the provision of services	**1,952**	**2,037**	**68**	**56**
Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement:				
Remeasurement of the net defined benefit liability comprising:				
• Return on plan assets	-2,617	493	-	-
• Actuarial gains/(losses) arising on changes in financial assumptions	6,995	-4,025	-	-
• Other	73	-40	-	-
Total post-employment benefits charged to the Comprehensive Income and Expenditure Statement	**4,451**	**-3,572**	**-**	**-**
Movement in Reserves Statement:				
• Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	-950	-1,044	44	55
Actual amount charged against General Fund Balance for pensions in the year				
• Employer's contributions payable to the scheme	1,002	993	-	-
• Retirement benefits payable to pensioners	-	-	112	111

Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Authority's obligation in respect of its defined plans is as follows

	Local Government Pension Scheme		Discretionary Benefits	
	2014/15 £'000	2015/16 £'000	2014/15 £'000	2015/16 £'000
Present Value of Liabilities	62,656	60,070	1,743	1,585
Fair Value of Assets	-36,446	-36,285	-	-
Surplus/(Deficit)	**26,210**	**23,785**	**1,743**	**1,585**

Movements in the Fair Value of Scheme Assets

	Local Government Pension Scheme		Discretionary Benefits	
	2014/15 £'000	2015/16 £'000	2014/15 £'000	2015/16 £'000
Opening fair value of Fund assets 1 April	33,301	36,446	-	-
Interest on Assets	1,446	1,189	-	-
Return on Assets less Interest	2,617	-493	-	-
Administration expenses	-28	-27	-	-
Employer Contributions including unfunded	1,114	1,104	-	-
Contributions by Scheme Participants	264	270	-	-
Benefits Paid	-2,268	-2,204	-	-
Closing fair value of Fund assets 31 March	**36,446**	**36,285**	**-**	**-**

Present Value of the Scheme Liabilities

	Local Government Pension Scheme		Discretionary Benefits	
	2014/15 £'000	2015/16 £'000	2014/15 £'000	2015/16 £'000
Opening Liability 1 April	54,296	62,656	1,601	1,743
Current Service Cost	927	1,161	-	-
Interest Cost	2,352	2,038	68	56
Contributions by Scheme Participants	264	270	-	-
Change in financial assumptions	6,882	-3,962	113	-63
Experience loss/(gain) on defined benefit obligation	-	-	73	-40
Benefits Paid	-2,156	-2,093	-	-
Unfunded Pension Payments	-	-	-112	-111
Past Service Costs including curtailments	91	-	-	-
Closing Liability 31 March	**62,656**	**60,070**	**1,743**	**1,585**

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long term real rates of return experienced in the respective markets.

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Both the Local Government Pension Scheme and Discretionary Benefit 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 2013.

The main actuarial assumptions used in their calculations were as follows.

	2014/15	2015/16
Mortality Assumptions		
Longevity at 65 for current pensioners:		
Men	23.7 years	23.8 years
Women	26.1 years	26.2 years
Longevity at 65 for future pensioners:		
Men	26.0 years	26.1 years
Women	28.4 years	28.5 years
Rate of increase in pensions	2.4%	2.3%
Rate of inflation (RPI)	3.2%	3.2%
Rate of inflation (CPI)	2.4%	2.3%
Rate of increase in salaries	4.2%	4.1%
Rate for discounting scheme liabilities	3.3%	3.6%
Take up of option to convert annual pension into retirement lump sum	50%	50%

Note: These are long term actuarial assumptions and do not necessarily reflect current circumstances.

The pension scheme assets consist of the following;

	31 March 2015	31 March 2016		
	Total £'000s	Quoted £'000s	Unquoted £'000s	Total £'000s
Gilts	4,543	4,444	-	4,444
UK Equities	4,090	3,848	-	3,848
Overseas Equities	13,476	13,285	-	13,285
Private Equity	2,337	-	2,287	2,287
UK Other Bonds	4,647	4,423	-	4,423
Overseas Other Bonds	73	-	-	-
Property	3,125	3,226	217	3,443
Cash	709	929	-	929
Alternative Assets	537	-	494	494
Hedge Funds	1,373	-	1,518	1,518
Absolute Return Portfolio	1,536	-	1,614	1,614
Value of Fund Assets	**36,446**	**30,155**	**6,130**	**36,285**

The Discretionary Benefits arrangements have no assets to cover its liabilities.

Contributions to the Fund are set every three years as a result of the actuarial valuation of the Fund. The next actuarial valuation will be carried out as at 31 March 2016 to set contributions for the period from 1 April 17 to 31 March 2020. Contributions are generally set to target a funding level of 100%.

The total contributions expected to be made to the Local Government Pension Scheme and the Discretionary Benefits scheme by the Council in the year to 31 March 2017 is £1,074,000.

The weighted average duration of the defined benefit obligation for scheme members is 18.0 years.

Sensitivity Analysis

The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring and assumes for each change that the assumption analysed changes while all the other assumptions remain constant.

	£000	£000	£000
Adjustment to discount rate	+0.1%	0.00%	-0.10%
Present value of total obligation	60,618	61,655	62,712
Projected service cost	1,130	1,156	1,183
Adjustment to long term salary increase	+0.1%	0.00%	-0.10%
Present value of total obligation	61,760	61,655	61,552
Projected service cost	1,157	1,156	1,155
Adjustment to pension increases and deferred revaluation	+0.1%	0.00%	-0.10%
Present value of total obligation	62,619	61,655	60,708
Projected service cost	1,183	1,156	1,130
Adjustment to mortality age rating assumption	+1 year	None	-1 year
Present value of total obligation	63,564	61,655	59,806
Projected service cost	1,186	1,156	1,127

25. Contingent Assets and Liabilities

Contingent Assets

The Authority has no material contingent assets.

However the Authority 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 Authority has the following contingent liabilities:

There are a few outstanding insurance claims that, if settled, will be covered by insurance, subject to the insurance excess.

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.

26. 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.

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 polices 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.

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, as laid down by Fitch IBCA and Standard & Poors ratings services. The Annual Investment Strategy also imposes a maximum sum to be invested with a financial institution located within each category.

Investments are managed in house by Finance officers placing money in callable or fixed deposits with approved counterparties. The credit criteria in respect of financial assets held by the Authority is approved by Members as part of the Treasury Management Strategy each year and the current credit criteria is shown in the matrix below.

	Duration	Maximum Amount	Fitch Rating	Comment
UK Institutions	Up to 5 years	£5m	A- or better	
	Up to 3 years	£5m	BBB+ or better	
Non UK Institution	Up to 3 years	£2m	A- or better	Sovereignty rating AA or better
Corporate Bonds/Bond Funds	Up to 5 years	£5m	A- or better	

Before the Authority enters into arrangements, which could result in large amounts being due to the Authority, Finance officers assess potential customers taking into account security, liquidity and yield which are inter-related and the balance of the three is determined by the Authority's needs and risk appetite.

The Authority's maximum exposure to credit risk in relation to investments in banks and building societies cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for entities that meet the minimum SBDC credit ratings, to be unable to meet their commitments. A risk of irrecoverability applies to all of the Authority's deposits but there was no evidence at the 31 March 2016 that this was likely to crystallise.

The following analysis summaries the Authority's potential maximum exposure to credit risk, based on experience of default and uncollectability over the last 5 financial years, adjusted to reflect current market conditions.

	Amount As at 31 March 2016 £'000	Historical Experience of default %	Experience adjusted for market conditions As at 31 March 2016 %	Estimated maximum exposure to default and uncollectability As at 31 March 2016 £'000	Estimated maximum exposure as at 31 March 2015 £'000
Deposits with banks and other financial institutions	20,280	-	0.30%	61	71
Customers	3,457	1.08%	5.00%	173	197

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

The Authority does not generally allow credit, such that £1.87m of the £5.31m balance is past its due date for payment. The past due amount can be analysed by age as follows:

	2014/15 £'000	2015/16 £'000
Less than one year	838	753
One to 2 years	526	596
More than 2 years	528	517
Total	**1,892**	**1,866**

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:

	Cash and Bank £'000	Loans and Receivables - Money Market Loans £'000	Available-for-sale Bonds £'000	Total £'000
As at 31 March 2016				
On demand	7,618	-	-	7,618
Less than three months		34	10	44
Between three months and one year		7,031	10	7,041
Between one and two years	-	3,000	113	3,113
More than two years	-	3,000	895	3,895
Total	**7,618**	**13,065**	**1,028**	**21,711**
As at 31 March 2015				
On demand	8,599	-	-	8,599
Between three months and one year		3,018	10	3,028
Less than one year		7,033	140	7,173
Between one and two years	-	-	140	140
More than two years	-	5,000	905	5,905
Total	**8,599**	**15,051**	**1,195**	**24,845**

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 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.

Changes in interest receivable on variable rate investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

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 2015/16 was 54% 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 end March 2016, if interest rates had been 1% higher with all other variables held constant, the estimated financial effect would be:

	£'000
Increase in interest receivable on Cash & Bank holdings	-110
Decrease in fair value of Available for Sale Investments (Bonds)	51
Decrease in fair value of Loans & Receivables (no impact on Surplus or Deficit on provision of services)	169

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

This information helps to show the size of potential impact on the Council's finances if interest rates change.

Market Risk - Price Risk

The Authority does not 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, therefore has no exposure to loss arising from movements in exchange rates.

27. Building Regulations Chargeable and Non Chargeable Account

The Building (Local Authority Charges) Regulations 2010 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.

Since 1 April 2014, Chiltern District Council and South Bucks District Council have run a joint Building Control service, and costs and income are split between the two authorities.

The statement below shows the total cost of operating the joint Building Control Section divided between the chargeable and non-chargeable activities.

	Chargeable £'000	Non Chargeable £'000	Total £'000
Expenditure			
Employee Expenses	527	167	694
Central Support Services	122	13	135
Other Costs	93	23	116
	742	**203**	**945**
Income			
Building Regulation Charges	-732	-	-732
	-732	**-**	**-732**
(Surplus) / Deficit for Year	**10**	**203**	**213**

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 central Government.

	Note	2014/15 Total £'000	2015/16 Council Tax £'000	2015/16 NDR £'000	2015/16 Total £'000
Income					
Income from Council Tax	1	-48,209	-49,672	-	-49,672
Transfers from General Fund		-1	10	-	10
Income Collectable from Business Ratepayers	2	-30,225	-	-30,509	-30,509
Contribution to Previous Year's Estimated Deficit		-2,168	-490	-	-490
		-80,603	-50,152	-30,509	-80,661
Expenditure					
Precepts and Demands / Shares of Business Rates					
Central Government		13,283	-	15,769	15,769
Buckinghamshire County Council		36,987	35,425	2,838	38,263
Thames Valley Police & Crime Commissioner		5,076	5,198	-	5,198
Bucks and MK Fire Authority		2,136	1,859	315	2,174
South Bucks District Council *		17,050	6,447	12,615	19,062
		74,532	48,929	31,537	80,466
Business Rates Transitional Protection Payments		323		244	244
Business Rates Cost of Collection		98	-	97	97
Business Rates Provision for Appeals		2,786	-	-577	-577
Write offs of uncollectable amounts		364	31	-79	-48
Increase / (reduction) in allowance for impairment		28	380	173	553
Contribution to previous year's Collection Fund surplus		-	-	4,242	4,242
		78,131	49,340	35,637	84,977
(Surplus) / Deficit for the Year		**-2,472**	**-812**	**5,128**	**4,316**
Balance brought forward 1 April		2,707	694	-459	235
Balance carried forward 31 March		**235**	**-118**	**4,669**	**4,551**
Analysis of Share of Surplus / Deficit					
Central Government		-230	-	2,335	2,335
Buckinghamshire County Council		462	-85	419	334
Thames Valley Police & Crime Commissioner		74	-12	-	-12
Bucks and MK Fire Authority		23	-5	47	42
South Bucks District Council		-94	-16	1,868	1,852
		235	**-118**	**4,669**	**4,551**

** Includes Council Tax amounts collected on behalf of parish councils.*

Notes to the Collection Fund

1. Council Tax

This Council's requirement from the Council Tax was £143.00 (2014/15 £143.00).

The average Council Tax at band D including all precepts on the Collection Fund was £1,540.96 (£2014/15 £1,516.66).

The Council Tax base (adjusted for dwellings where discounts apply) was made up of the following number of equivalent Band D dwellings.

Band	Net Dwellings	Band D Ratio	Band D Dwellings Equivalent
A	424	6/9	283
B	490	7/9	381
C	2,473	8/9	2,198
D	4,669	9/9	4,669
E	4,416	11/9	5,397
F	3,177	13/9	4,589
G	6,571	15/9	10,952
H	1,925	18/9	3,850
Adjust for estimated collection rate of 98.25% - Council Tax Base			**31,752**

2. Income from Business Ratepayers

The Council collects Business Rates for the area, which is based on rateable values multiplied by the rate poundage set by central government.

	2014/15	**2015/16**
Non-domestic rateable value (at end of year)	£75.602m	£75.618m
Rate poundage - Standard Multiplier	48.2p	49.3p
- Small Business Multiplier	47.1p	48.0p

Opinion on the Authority's financial statements

We have audited the financial statements of South Bucks District Council for the year ended 31 March 2016 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Authority Movement in Reserves Statement,
- Authority Comprehensive Income and Expenditure Statement,
- Authority Balance Sheet,
- Authority Cash Flow Statement and related notes 1 to 27, and
- Collection Fund and the related notes 1 to 2

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

This report is made solely to the members of South Bucks District Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Director of Resources and auditor

As explained more fully in the Statement of the Director of Resources' Responsibilities set out on page 9, the Director of Resources is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Director of Resources; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Statement of Accounts 2015/16 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of South Bucks District Council as at 31 March 2016 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

Opinion on other matters

In our opinion, the information given in the Statement of Accounts 2015/16 for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Council;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Conclusion on South Bucks District Council's arrangements for securing economy, efficiency and effectiveness in the use of resources

Authority's responsibilities

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our conclusion relating to proper arrangements.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG) in November 2015, as to whether the [name of body] had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether South Bucks District Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, South Bucks District Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of our work, having regard to the guidance issued by the C&AG in November 2015, we are satisfied that, in all significant respects, South Bucks District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016.

Certificate

We certify that we have completed the audit of the accounts of South Bucks District Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

Signature
Andrew Brittain (senior statutory auditor)
for and on behalf of Ernst & Young LLP, Appointed Auditor
Reading
Xx September 2016

Annual Governance Statement

1) Scope of Responsibility

South Bucks District Council (SBDC) is responsible for ensuring that:

- its business is conducted in accordance with the law and proper standards;
- public money is safeguarded and properly accounted for; and
- public money is 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 principles 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 the Accounts and Audit Regulations in relation to the publication of an Annual Governance statement.

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 which 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 the 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 2016 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.

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:

- an overall Business Plan and individual Service plans;
- the appointment of a legal Monitoring Officer;
- codes of conduct and staff performance appraisals;
- information asset and data quality policies and procedures;
- setting targets to measure financial and other performance;
- a performance management framework with regular performance monitoring;
- comprehensive budgeting systems; and
- regular reviews of financial reports which indicate financial performance against the forecasts.

4) Role of the Chief Finance Officer

The Authority fully complies with the CIPFA statement on the Role of the Chief Financial Officer in Local Government, the key principles and requirements of which are summarised below.

The Chief Financial Officer:

- is a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the Authority's strategic objectives sustainably and in the public interest;
- must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the Authority's financial strategy; and
- must lead the promotion and delivery by the whole Authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.

To deliver these responsibilities the Chief Financial Officer:

- must lead and direct a finance function that is resourced to be fit for purpose; and
- must be professionally qualified and suitably experienced.

5) 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. As part of the process of compiling the Annual Governance Statement, statements of assurance on the effectiveness of internal control are obtained from Heads of Service.

For 2015/16 this review has been undertaken by the Audit Committee and included carrying out:

- 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.

6) Significant Governance Issues

The following issues arose from a review of the assurance framework or from Internal Audit reports and follow-up work.

ISSUE	ACTION
There is a need to review and update the Business Continuity Management processes and plans, recognising that South Bucks does not have a dedicated resource for Business Continuity.	We will continue to review during 2016/17 the existing Business Continuity plans, taking into account organisational changes and shared working with Chiltern District Council, and will continue to test the IT business continuity arrangements. We are currently updating the Business Impact Analysis and Service Continuity Plan for each service area. A Business Continuity Exercise is planned for September 2016.
There is a need to review and keep up to date the Council's Information Management policies and procedures in the light of national issues raised by the Information Commissioner Office (ICO), Public Sector Network (PSN compliance), and as a result of joint working arrangements and other significant service changes.	We will continue to progress in a co-ordinated manner with Chiltern District Council work on Information Governance. This will be co-ordinated by the Information Governance Group. A joint assessment for compliance with PSN requirements will be undertaken by both Councils. Information governance specifically information security and file management will be taken into account in the changes that will be part of the next phase of joint working. Information Asset Registers will be updated to fully reflect changes from shared services.
The Environmental Services Internal Audit noted that the procedures regarding maintaining appropriate insurance and health & safety documentation for contractors need to be strengthened.	An action plan to address the issues raised has been agreed.

Bob Smith
Acting Chief Executive

August 2016

Cllr Ralph Bagge
Leader of the Council

August 2016

Glossary of Terms

Appendix1

Accounting Period
This is the length of time covered by the accounts. It is normally a period of twelve months commencing on 1 April. The end of the accounting period is the balance sheet date.

Accrual
Accrual accounting is one of the main accounting concepts. It ensures that income / expenditure is shown in the accounting period that it is earned / incurred, and not as money is received or paid.

Actuary
A suitably qualified independent person who advises on the financial position of the Pension Fund.

Actuarial Gains and Losses
Actuarial gains and losses represent changes in the net pension liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions.

Amortisation
A measure of the cost or amount of benefit of an intangible asset that has been consumed during the period.

Appropriation
The transfer of resources between reserves.

Asset
An asset is something that the Council owns that has a monetary value.

- A current asset is one that will be used or cease to have material value by the end of the next financial year e.g. stock or debtors
- A non-current asset provides benefits for a period of more than one year e.g. Council Offices

Balance Sheet
A financial statement summarising the financial position of the Council, in particular its assets, liabilities and other balances at the end of each accounting period.

Billing Authority
A local authority charged by statute with responsibility for the collection of, and accounting for, Council Tax and Non Domestic Rates.

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

Capital Adjustment Account
This account represents amounts set aside from revenue resources or capital receipts to finance expenditure on non-current assets.

Capital Expenditure
Expenditure on the acquisition or refurbishment of a non-current asset and other eligible items that will be of benefit to the Council in providing its services for more than one year.

Capital Financing
This term describes the various sources of money used to pay for capital expenditure.

Capital Programme
This is a plan for capital spending in future years. It shows the capital schemes that the Council intends to carry out.

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.

CLG
The Department for Communities and Local Government, the central government department responsible for local government.

Glossary of Terms

Appendix1

Collection Fund
A statutory fund maintained by the Council, which is used to record council tax and non-domestic rates collected by the Council, along with payments to central Government, precepting authorities and its own general fund.

Community Assets
This is the land and property that the Council intends to hold forever. They generally have no determinable useful life and there are often restrictions regarding their sale. Examples include open spaces.

Contingent Liability
A possible or present obligation arising from a past event which may arise in the future but which cannot be determined in advance. A contingent liability is not recognised in the accounts as an item of expenditure.

Council Tax
Council tax is levied on households and the proceeds are paid into its Collection Fund for distribution to precepting authorities and for use by its own General Fund.

Council Tax Support
Assistance provided by the Council to adults on low incomes to help them pay their council tax bill.

Creditor
This term applies to money the Council owes to others for work done or goods and services it has received during the financial year but not paid for at the end of the accounting period.

Current Asset
An asset which is easily convertible to cash or expected to become cash within the next year.

Current Liability
An amount which will become payable within the next financial year.

Debtor
This term applies to money that others owe to the Council for work done or goods and services that have been provided to them by the Council during the financial year but have not been paid for by the end of the accounting period.

Depreciation
A measure of the cost or amount of benefit of a non-current asset that has been consumed during the period.

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

External Audit
The independent examination of the activities and accounts of the 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.

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.

Finance Lease
A lease that transfers all the risks and rewards of ownership of an asset to the lessee. Such assets are included within the lessee's balance sheet.

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

Glossary of Terms

Forward Purchase Contracts
The purchase of investment assets in advance of the settlement date (i.e. agreeing to make an investment next month).

General Fund
The main fund of the Council from which payments are made to meet the costs of providing services.

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

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

Heritage Assets
Assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture (e.g. antique furniture, paintings, books and manuscripts).

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

Impairment
This is a reduction in the value of a non-current asset as shown in the balance sheet to reflect its current value.

Infrastructure Assets
Inalienable non-current assets, expenditure on which is recoverable only by continued use of the asset created e.g. Pedestrianisation

Intangible Assets
Assets that do not have physical substance but are identifiable and are controlled by the Council and bring benefits to the Council for more than one financial year e.g. software licences.

International Financial Reporting Standards (IFRS)
IFRSs are set by the International Accounting Standards Board, the independent standard setting body of the International Accounting Standards Committee Foundation.

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

Liability
A liability arises when the Council owes money or other assets to others.

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

Non-Current Asset
An asset which is not easily convertible to cash or not expected to become cash within the next year.

Non Domestic Rates (NDR)
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.

Operating Lease
This is an agreement for rental of assets where the risks and rewards of ownership of the asset remain with the lessor. Annual rentals are charged to revenue.

Out-turn
The actual results for the financial year.

Glossary of Terms

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

Precepting Authorities
Those authorities which are not billing authorities i.e. 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.

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

Related Parties
Bodies or individuals that have the potential to control or influence the Council, or to be controlled or influenced by the Council.

Remuneration
All amounts paid to or receivable by an employee including sums due by way of expenses, allowances and the estimated money value of any other benefits received by an employee otherwise than in cash.

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

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

Retirement Benefits
Retirement benefits comprise all forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment. They do not include termination benefits payable as a result of either an employer's decision to terminate an employee's employment before normal retirement age or an employee's decision to accept voluntary redundancy.

Revaluation Reserve
An account containing any unrealised surpluses arising from the revaluation of non-current assets.

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

Revenue Expenditure Funded from Capital Under Statute (REFCUS)
An example of this type of expenditure is where a capital grant is made by the Council to another organisation. This counts as capital expenditure but does not create an asset that belongs to the Council.

Revenue Support Grant (RSG)
A general grant paid by central government to local authorities as a contribution towards the cost of their services.

Section 106 Agreements
Where a developer undertakes to provide community benefits.

Service Reporting Code of Practice (SeRCOP)
The SeRCOP provides guidance on the content and presentation of costs and service activities. The code is driven by the requirements of the International Financial Reporting Standards.

Useful Life
This is the period over which the Council will derive benefits from the use of a non-current asset.

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