



# SOUTH BUCKS DISTRICT COUNCIL

## Statement of Accounts For the year ended 31 March 2007

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

# SOUTH BUCKS DISTRICT COUNCIL

## Statement of Accounts For the year ended 31 March 2007

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## ***Explanatory Foreword***

### ***Introduction***

*The accounts of South Bucks District Council for the year ended 31 March 2007 are set out on the following pages. The various statements include, where relevant, comparative figures relating to the previous financial year and supporting notes.*

### ***Financial Statements***

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

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

### ***Review of the Year***

#### ***Revenue Income and Expenditure***

*The actual overall 2006/07 expenditure of the Council, including parish precepts, was £8.157m and the total income from council tax and general Government grants was £8.745m. Giving a net surplus in the year of £588,000.*

*The main issues to note are:*

- The position in regard to general service budgets was an overall underspend of £283,000.*
- The Authority earned £1.33m in unallocated interest in 2006/07 compared to a budget of £1.18m, a surplus of £150,000.*
- The authority had planned to use £480,000 in reserves during the year, however these were not needed.*
- The authority authorised additional expenditure of £273,000 during the year that was not included in the original budget.*
- LABGI grant of £927,000 was received in the year.*

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

	<i>Original Budget £'000</i>	<i>Latest Budget £'000</i>	<i>Yr End Actual £'000</i>	<i>Variance (Act-LB) £'000</i>
Community, Leisure & Partnerships	1,142	1,009	1,189	180
Community Safety & Communications	344	429	449	20
Environment	4,089	3,941	3,543	(398)
Health & Housing	1,668	1,601	1,591	(10)
Resources	2,933	2,603	2,528	(75)
<b>Net Cost of Services</b>	<b>10,176</b>	<b>9,583</b>	<b>9,300</b>	<b>(283)</b>
Interest & Investment Income	(1,180)	(1,180)	(1,330)	(150)
PSA Reward Grant	(50)	(50)	(79)	(29)
Less Capital Charges	(1,694)	(1,101)	(1,110)	(9)
Transfer to/(from) Earmarked Reserves	(63)	(63)	(18)	45
Transfer to/(from) Revenue Reserves - Plan	(480)	(480)	-	480
<b>Budget Requirement</b>	<b>6,709</b>	<b>6,709</b>	<b>6,763</b>	<b>54</b>
Additional expenditure funded from reserves	-	-	273	273
Parish Precepts	1,106	1,106	1,106	-
Planned deficit on Grounds Maintenance account	-	-	36	36
Transfer from Disaster Emergency Fund	-	-	(59)	(59)
Required top up of insurance reserve	-	-	38	38
<b>Amounts to be met from Government Grants and local taxation</b>	<b>7,815</b>	<b>7,815</b>	<b>8,157</b>	<b>342</b>
<b>Government Grants and local Taxation</b>				
Council Taxpayers	(4,948)	(4,948)	(4,948)	-
Share of Business Rate Income	(2,429)	(2,429)	(2,430)	(1)
Revenue Support Grant	(469)	(469)	(471)	(2)
LABGI Grant	-	-	(927)	(927)
Share of Collection Fund Deficit	31	31	31	-
	<b>(7,815)</b>	<b>(7,815)</b>	<b>(8,745)</b>	<b>(930)</b>
<b>(Increase) in General Reserve</b>	<b>-</b>	<b>-</b>	<b>(588)</b>	

### **Capital Income and Expenditure**

Capital expenditure is all expenditure on the acquisition, creation, or enhancement of fixed assets, which yield benefits to the Authority and the services it provides for a period of more than one year. Total capital expenditure for the year amounted to £1.3m, which was financed from internal capital receipts and central government grants. Further details are shown on page 24.

It was estimated that net capital income of £3,795,000 would be received in 2006/07. The actual income totalled £3,877,000. The main income being insurance claims £90,000, sale of property £3,510,000, and capital grants £250,000.

**Total Recognised Gains and Losses**

The Statement of Total Recognised Gains and Losses shows that in 2006/07 the Authority's overall resources increased by £582,000. Further details are shown on page 16.

**Summary of Key Assets & Liabilities (Balance Sheet)**

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

	Value 31 Mar 07 £m	Value 31 Mar 06 £m
<b>Assets</b>		
Intangible assets	0.8	0.5
Land, buildings and equipment	12.3	16.7
Investments, cash and bank holdings	27.1	25.2
Current Assets: Debtors (including Council tax and NNDR)	5.8	3.7
<b>Liabilities</b>		
Creditors	3.5	3.4
Pension Liability	13.2	15.0

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

The value of land, building, equipment and intangibles increased by £0.5m as a result of capital expenditure. This was offset by disposals of £3.5m, depreciation of £0.6m, and impairments of £0.5m resulting in a net decrease in the value of land, buildings and equipment and intangibles of £4.1m.

Investments levels fluctuate due to two main factors: normal cash flow movements, and the income and expenditure plans of the Authority. Normal cash flow movements are a result of the timing of when payments are actually made; for instance at the 31 March 2007 £7.6m was owed to this Authority, up from £5.5m the previous year. With regard to the income and expenditure plans of the Authority, in 2006/07 the Authority spent £1.6m on capital projects and received £4.0m in capital cash receipts, resulting in a rise in investments, cash and bank holdings.

The net amount of short-term money owed to the Authority has increased from £3.7 as at 31 March 2006 to £5.8m as at 31 March 2007. However this is not considered to be a significant issue as fluctuations in this figure are not unusual and the vast majority of the debt is recoverable.

The net amount of money owed by the Authority as at 31 March 2007 has remained at a similar level to that owed as at 31 March 2006.

The Authority, as part of the terms and conditions of employment, offers retirement benefits to staff. Although these benefits will not be payable until employees retire, the Authority has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement. In common with many public and private companies, who offer defined benefit pension schemes; the current valuation of the pension fund assets is significantly less than the actuarial estimate of the liability. For South Bucks the pension asset value is £31.8m and the liability £45.0m giving a net deficit of £13.2m as at 31 March 2007. However statutory arrangements for the funding of the pension scheme means that the financial position of the Authority remains healthy as the deficit will be made good by increased contributions over the remaining working life of employees.

## Reserves

Accumulated general fund revenue balances at 31 March 2007 were £2,390,000. In addition specific earmarked reserves total £459,000. A more detailed breakdown of the earmarked reserves is shown on page 31.

The total balance on accumulated usable capital receipts as at 31 March 2007 is £22.4m and the interest earned on this sum will be used to reduce the ongoing SBDC budget requirement.

## Cash Flow

The Cash Flow Statement shows the inflows and outflows of cash arising from transactions with third parties and shows that in 2006/07 the Authority increased the amount of cash that it holds by £1,847,000. Further details are shown on page 18.

## Collection Fund

In 2006/07 SBDC raised £37.8m in Council Tax, and collected 97.2% of the sums due for the year. The Council also awarded £2.45m in Council Tax Benefit. Council Tax income is paid over to the precepting bodies (BCC, BF&R, TVPA and SBDC) and the amount paid over in 2006/07 (£39.5m) equals the amount that was requested as part of the 2006/07 budget setting process.

In 2006/07 SBDC raised £25.1m in business rates, and collected 99.9% of the sums due for the year. All business rate income (less an allowance of £106,000 payable to SBDC for collecting business rates) is paid over to the national pool.

Further details are shown on pages 35-36.

<h2>Significant Factors Affecting the 2006/07 Accounts</h2>
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In line with the Code of Practice on Local Authority Accounting a number of substantive changes have been made to the 2006/07 Account. The main changes are as follows:

- The old Consolidated Revenue Account and Statement of Total Movement on Reserves have been replaced with an Income and Expenditure Account, Statement of Movement on the General Fund Balance and Statement of Total Recognised Gains and Losses.
- The 'core' financial statements have been grouped together, followed by the notes to the core statements, followed by the 'supplementary' statements. Previously notes had followed each primary statement.
- Capital financing charges for the use of fixed assets are no longer made.
- Gains and losses on the disposal of fixed assets are recognised in the Income and Expenditure Account for the first time.

Note 1 to the Core Financial Statements provides details of how these changes have impacted on the Income and Expenditure Account and provides details of how the 2005/06 comparative figures have been amended.

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

**Future**

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

- *The authority's participation in the Pathfinder programme for Buckinghamshire, designed to enhance working between the county council and districts to improve services for local residents.*
- *Managing the transition to a new contract for waste services for the District.*
- *The continuing work on preparing the Local Development Document which in due course will replace the Local Plan.*
- *Maintaining a sound financial position in the context of reducing central government funding and limitations on the council tax,*

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

**Further Information**

*Further information about the Accounts can be obtained from:*

*Jim Burness  
Director of Resources  
South Bucks District Council  
Council Offices  
Capswood  
Oxford Road  
Denham, UB9 4LH  
Tel: 01895 837200*

## Statement of Accounting Policies

### 1. General Principles

The Statement of Accounts summarises the Council's transactions for the 2006/07 financial year and its position at the year-end of 31 March 2007. It has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom - A statement of Recommended Practice 2006 (the SORP), which is recognised by statute as representing proper accounting practice. The accounting convention adopted is historical cost, modified by the revaluation of certain categories of tangible fixed assets.

### 2. Accruals of income and expenditure

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

- Fees, charges and rents due from customers are accounted for as income at the date the council provides the relevant goods or services.
- Supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption; they are carried as stocks on the balance sheet.
- Interest receivable on investments is accounted for in the year to which it relates, on a basis that reflects the overall effect of the investment.
- Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet.
- Income and expenditure are credited and debited to the relevant service revenue account, unless they properly represent capital receipts or capital expenditure.

### 3. Charges to Revenue for Fixed Assets

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

- Depreciation attributable to the assets used by the relevant service
- Impairment losses attributable to the clear consumption of economic benefits on tangible fixed assets used by the service
- Amortisation of intangible fixed assets attributable to the service.

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

### 4. Contingent Assets and Liabilities

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

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

### 5. Deferred Charges

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

## 6. Government Grants and Contributions

Whether paid on account, by instalments or in arrears, revenue government grants and third party contributions and donations are recognised as income at the date that the authority satisfies the conditions of entitlement to the grant / contribution, there is reasonable assurance that the monies will be received and the expenditure for which the grant is given has been incurred. Revenue grants are matched in service revenue accounts with the service expenditure to which they relate. Grants to cover general expenditure (eg Revenue Support Grant) are credited to the foot of the Income and Expenditure Account after Net Operating Expenditure.

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

## 7. Intangible Fixed Assets

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

*The values of all intangible assets are reviewed at the end of each financial year for evidence of reductions in value. Where impairment is identified as part of this review this is accounted for by writing the amount off against the Fixed Asset Restatement Account.*

## 8. Investments and Investment Income

*Investments are carried at cost. If the value of an investment falls below cost, the investment is written down to market value.*

*Interest and investment income is shown in the revenue account net of fund manager fees.*

## 9. Leases

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

## 10. Overheads and Support Services

*The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principals of the CIPFA Best Value Accounting Code of Practice 2006. The cost of overheads and support services are shared between users in proportion to the benefits received with the exception of:*

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

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

## 11. Provisions

### *Provision for Bad and Doubtful Debts*

*Where it is doubtful that debts will be settled, the balance of debtors is written down (by establishing a provision for doubtful debts) and a charge made to revenue for the income that might not be collected. This provision is recalculated annually by applying an estimate of the proportion of debt that is unlikely to be collectable, taking into account the age of the debt and the recovery status, based on past experience.*

### *Other Provisions*

*Provisions are made when an event has taken place that gives the Council an obligation that probably requires settlement by a transfer of economic benefits, but where the timing of the transfer is uncertain. Provisions are charged to the appropriate service revenue account in the year that the authority becomes aware of the obligation, based on the best estimate of the likely settlement. When payments are eventually made, they are charged to the provision set up in the balance sheet. Estimated settlements are reviewed at the end of each financial year - when it becomes more likely than not that a transfer of economic benefits will not be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service revenue account.*

## 12. Reserves

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

*In addition the Authority maintains the following two capital reserves:*

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

*The following statutory reserves are also maintained:*

- Fixed Asset Restatement Account - this represents the balance of surpluses or deficits arising from the periodic revaluation of fixed assets. The account is matched by assets within the balance sheet and does not constitute a resource available to the Council.*
- Capital Financing Account - this represents the balance of resources that have been applied to finance capital expenditure and the depreciation of capital assets. This account does not constitute a resource available to the Council.*
- Usable Capital Receipts Reserve - this represents capital receipts available to finance further capital expenditure.*
- Pensions Reserve - this represents the underlying commitments that the Authority has in the long run to pay retirement benefits.*

### 13. Retirement Benefits

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

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

- The liabilities of the pension scheme attributable to the council are included in the balance sheet on an actuarial basis using the projected unit method - ie an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices using a discount rate based on the indicative rate of return.
- The assets of the pension fund attributable to the council are included in the balance sheet at their fair value

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

- Current service cost - The increase in liabilities as the result of years of service earned this year - allocated in the Income and Expenditure Account to the revenue accounts of the services for which the employees worked.
- Past service cost - The increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years - debited to the Net Cost of Services in the Income and Expenditure Account as part of Non Distributed Costs.
- Interest Cost - The expected increase in the present value of liabilities during the year as they move one year closer to being paid - debited to Net Operating Expenditure in the Income and Expenditure Account
- Expected return on assets - the annual investment return on the fund assets attributable to the council, based on an average of the expected long-term return - credited to Net Operating Expenditure in the Income and Expenditure Account.
- Gains / losses on settlements and curtailments - The result of actions to relieve the council of liabilities or events that reduce the expected future service or accrual of benefits of employees - debited to the Net Cost of Services in the Income and Expenditure Account as part of Non Distributed Costs.
- Actuarial gains and losses - Changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions - debited to the Statement of Total Recognised Gains and Losses.
- Contributions paid to the pension fund - Cash paid as employer's contributions to the pension fund.

Statutory provisions limit the council to raising council tax to cover the amounts payable by the council to the pension fund in the year. In the Statement of Movement on the General Fund Balance this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and any amounts payable to the fund but unpaid at the year-end.

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

### 14. Stocks

Stocks are included in the balance sheet at the lower of cost and net realisable value.

## 15. Tangible Fixed Assets

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

### *Recognition*

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

### *Measurement*

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

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

*Assets included in the balance sheet at current value are revalued where there have been material changes in the value, but as a minimum every five years. Increases in valuations are matched by credits to the Fixed Asset Restatement Account to recognise unrealised gains.*

### *Impairment*

*The values of all material assets are reviewed at the end of each financial year for evidence of reductions in value. Where impairment is identified as part of this review or as a result of a valuation exercise, this is accounted for by writing the amount off against the Fixed Asset Restatement Reserve.*

### *Disposals*

*When an asset is disposed of or decommissioned, the value of the asset in the balance sheet is written off to the Income and Expenditure Account as part of the gain or loss on disposal. Receipts from disposal are credited to the Income and Expenditure Account as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal).*

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

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

### *Depreciation*

*Depreciation is provided for on all assets with a determinable finite life (except for investment properties), by allocating the value of the asset in the balance sheet over the periods expected to benefit from their use. Assets are not depreciated in the year of acquisition and are subject to a full year's depreciation in the year of disposal. Where an asset has major components with different estimated useful lives, these are depreciated separately.*

<b>16. VAT</b>
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*Income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to HM Revenue and Customs and all VAT paid is recoverable from them.*

## ***Statement of Responsibilities for the Statement of Accounts***

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### ***The Authority's Responsibilities***

*The Authority is required to:*

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

### ***The Director of Resources' Responsibilities***

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

*In preparing this statement of accounts, the Director of Resources has:*

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

*The Director of Resources has also:*

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

*I confirm that the Statement of Accounts presents fairly the financial position of the Authority as at 31 March 2007 and its income and expenditure for the year then ended.*

*Director of Resources*

*Date 27<sup>th</sup> September 2007*

### ***Certificate of Approval - Chair of Audit Committee***

*I confirm that these accounts were approved by the Audit Committee at the meeting held on 27<sup>th</sup> September 2007.*

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

*Date 27<sup>th</sup> September 2007*

## ***Income and Expenditure Account***

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

<i>Notes</i>	<i>2006/07 Gross Expenditure £'000</i>	<i>2006/07 Gross Income £'000</i>	<i>2006/07 Net Expenditure £'000</i>	<i>2005/06 Net Expenditure £'000 Note 1</i>
Central Services to the Public	4,209	(3,600)	609	805
Cultural, Environmental & Planning Services	9,566	(3,199)	6,367	5,708
Highways, Roads and Transport Services	589	(824)	(235)	(242)
Housing Services	10,671	(9,532)	1,139	878
Corporate & Democratic Core	1,945	(2)	1,943	1,690
Non Distributed Costs	83	(4)	79	(776)
<b><i>Net Cost of Services</i></b>	<b>27,063</b>	<b>(17,161)</b>	<b>9,902</b>	<b>8,063</b>
(Gain) / Loss on Disposal of Fixed Assets			(21)	150
2 Parish Precepts			1,106	1,029
(Surplus) / deficit on Grounds Maintenance account			36	(11)
Contribution to Housing Pooled Capital Receipts			3	3
Interest & Investment Income			(1,569)	(1,578)
Pensions Interest Cost and Return on Assets			279	545
<b><i>Net Operating Expenditure</i></b>			<b>9,736</b>	<b>8,201</b>
Council Taxpayers			(4,948)	(4,660)
Share of Business Rate Income			(2,430)	(1,792)
Revenue Support Grant			(471)	(847)
LABGI Grant			(927)	(223)
Share of Collection Fund deficit / (surplus)			31	49
<b>Net (Surplus) / Deficit for year</b>			<b>991</b>	<b>728</b>

## Statement of Movement on the General Fund Balance

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

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

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

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

Notes	2006/07 £'000	2005/06 £'000
<b>Deficit/(Surplus) for the year on the I&amp;E account</b>	<b>991</b>	<b>728</b>
Amounts included in the I&E account but required by statute to be excluded when determining the Movement on the General Fund Balance for the year.		
10 - Depreciation and impairment of Intangible fixed assets	(158)	(114)
11 - Depreciation and impairment of Tangible fixed assets	(472)	(406)
17 - Government Grants Deferred amortisation	41	-
11 - Write down deferred charges to be financed from capital resources	(520)	(328)
- Net gain / (loss) on sale of fixed assets	21	(150)
18 - Amount by which pension costs calculated in accordance with the SORP (i.e. in accordance with FRS17) are different from the contributions due under the pension scheme regulations	(277)	310
Amounts not included in the I&E account but required by statute to be included when determining the Movement on the General Fund Balance for the year.		
- Minimum revenue provision for capital financing	-	-
- Capital expenditure charged in year to the General Fund Balance	-	-
- Transfer from Usable Capital Receipts to meet payments to the Housing Capital Receipts pool	(3)	(3)
Transfers to or from the General Fund Balance that are required to be taken into account when determining the Movement on the General Fund Balance for the year.		
19f - Net transfer to / (from) earmarked reserves	(211)	112
<b>(Increase) / Decrease in General Fund Balance for the Year</b>	<b>(588)</b>	<b>149</b>
General Fund Balance b/f	(1,802)	(1,951)
General Fund Balance c/f	<b>(2,390)</b>	<b>(1,802)</b>

## ***Statement of Total Recognised Gains and Losses***

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

<i>Notes</i>	<i>2006/07 £'000</i>	<i>2005/06 £'000</i>
Income & Expenditure Account (Surplus)/Deficit	991	728
11 Surplus arising on revaluation of fixed assets	-	(925)
11 Impairment review losses on fixed assets	557	811
18 Actuarial (gains)/losses on pension fund assets/liabilities	(2,108)	(463)
19e Movement on Capital Reserves	200	7
Movement in element of Collection Fund attributable to SBDC	(133)	(103)
Other (Gains) and losses	(89)	(216)
<b><i>Total Recognised (Gains) and Losses</i></b>	<b><u>(582)</u></b>	<b><u>(161)</u></b>

## Balance Sheet

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

Notes	At 31 March 2007 £'000	At 31 March 2006 £'000
10 Intangible Fixed Assets	782	454
11 Tangible Fixed Assets		
Land and Buildings	3,636	3,828
Car Parks and Public Conveniences	1,942	1,921
Vehicles, Fixtures & Fittings and Equipment	1,607	2,318
Community Assets	163	149
Non Operational Assets	4,991	8,499
	<b>12,339</b>	<b>16,715</b>
12 Long-term Investments	13,040	8,263
13 Long-term Debtors	334	405
<b>Total Long-term Assets</b>	<b>26,495</b>	<b>25,837</b>
Current Assets		
Stocks	53	10
14 Debtors	5,788	3,750
Debtors - Amounts due from Preceptors*	-	745
Short-term Investments	11,018	15,785
Cash and Bank	3,037	1,190
	<b>19,896</b>	<b>21,480</b>
Current Liabilities		
15 Creditors	(3,453)	(3,431)
Creditors - Amounts due to Preceptors*	(183)	-
<b>Total Assets less Current Liabilities</b>	<b>42,755</b>	<b>43,886</b>
16 Provisions	(205)	(205)
17 Government and other grants - deferred	(363)	(245)
18 Pensions Liability	(13,178)	(15,009)
<b>Total Assets less Liabilities</b>	<b>29,009</b>	<b>28,427</b>
<b>Financed by:</b>		
19 Fixed assets restatement account	1,688	5,734
19 Capital financing account	11,070	11,190
19 Deferred credits	253	280
19 Usable capital receipts reserve	22,375	19,741
19 Capital reserves	3,925	4,125
19 Specific reserves	459	670
19 General fund reserve	2,390	1,802
19 Pensions reserve	(13,178)	(15,009)
19 Collection fund reserve *	27	(106)
<b>Total Net Worth</b>	<b>29,009</b>	<b>28,427</b>

\*See supplementary financial statement for details

## Cash Flow Statement

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

Notes	2006/07 £'000	2005/06 £'000
<b>REVENUE ACTIVITIES</b>		
<i>Cash Outflows</i>		
Cash paid to and on behalf of employees	5,507	5,628
Other operating cash payments	9,164	9,103
Housing benefit paid out	8,913	8,684
National non-domestic rate payments to national pool	25,168	24,301
Precepts paid	35,368	33,349
Payments to capital receipts pool	3	3
	<b>84,123</b>	<b>81,068</b>
<i>Cash Inflows</i>		
Rents (after rebates)	(9)	(9)
Council tax receipts	(36,717)	(35,388)
25 National non-domestic rate receipts from national pool	(2,430)	(1,792)
National non-domestic rate receipts	(25,039)	(23,825)
25 Revenue support grant	(471)	(847)
25 DWP grants for benefits	(12,046)	(10,665)
25 LAGBI grant	(927)	(223)
25 Other government grants	(405)	(1,242)
Other operating cash receipts	(4,449)	(4,266)
	<b>(82,493)</b>	<b>(78,257)</b>
22 <i>Revenue Activities Net Cash (Inflow) / OutFlow</i>	<b>1,630</b>	<b>2,811</b>
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		
<i>Cash Outflows</i>		
Interest paid	90	89
<i>Cash Inflows</i>		
Interest received	(1,205)	(1,730)
	<b>(1,115)</b>	<b>(1,641)</b>
<b>CAPITAL ACTIVITIES</b>		
<i>Cash Outflows</i>		
Purchase of fixed assets	726	1,563
Net purchase of long-term investments	4,777	5,121
Other capital cash payments	841	514
	<b>6,344</b>	<b>7,198</b>
<i>Cash Inflows</i>		
Sale of fixed assets	(3,627)	(160)
25 Capital grants received	(250)	(565)
Other capital cash receipts	(62)	(52)
	<b>(3,939)</b>	<b>(777)</b>
<i>Capital Activities Net Cash Outflow/(Inflow)</i>	<b>2,405</b>	<b>6,421</b>
<b>NET CASH (INFLOW) / OUTFLOW BEFORE FINANCING</b>	<b>2,920</b>	<b>7,591</b>
<b>MANAGEMENT OF LIQUID RESOURCES</b>		
23 Net increase / (decrease) in short term deposits	(4,767)	(7,877)
	<b>(1,847)</b>	<b>(286)</b>
<b>FINANCING</b>		
Cash Outflows - Repayments of amounts borrowed	-	-
Cash Inflows - New loans raised	-	-
24 <b>NET (INCREASE) / DECREASE IN CASH</b>	<b>(1,847)</b>	<b>(286)</b>

## Notes to the Core Financial Statements

### 1. Prior Period Adjustments

In the 2006/07 Statement of Accounts, the council has adopted two significant new accounting policies that impact on the comparative figures for 2005/06 in the Income and Expenditure Account:

- Capital financing charges for the use of fixed assets are no longer made to service revenue accounts, support services and trading accounts
- Gains and losses on the disposal of fixed assets are recognised in the I&E Account.

In addition LABGI grant is now shown on the face of the I&E Account, rather than being included within Central Services to the Public.

These changes have had the following impact on the comparative figures for 2005/06 compared with those published in the 2005/06 Statement of Accounts (only figures that have changed are included in the table).

	<i>Consolidated Revenue Account in 2005/06 Accounts</i>	<i>Removal of capital financing charges</i>	<i>LABGI / Recognition of gains and losses on disposal of fixed assets</i>	<i>2005/06 comparatives in I&amp;E Account</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Central Services to the Public	670	(88)	223	805
Cultural, Environmental & Planning	5,849	(141)	-	5,708
Highways, Roads and Transport Services	(178)	(64)	-	(242)
Housing Services	878	-	-	878
Corporate & Democratic Core	1,690	-	-	1,690
Non Distributed Costs	(776)	-	-	(776)
<b>Net Cost of Services</b>	<b>8,133</b>	<b>(293)</b>	<b>223</b>	<b>8,063</b>
(Gain) / Loss on Disposal of Fixed Assets	-	-	150	150
Asset management revenue account	(293)	293	-	-
<b>Impact on Net Operating Expenditure</b>	<b>7,840</b>	<b>-</b>	<b>373</b>	<b>8,213</b>
LABGI Grant	-	-	(223)	(223)
<b>Impact on Net (Surplus) / Deficit</b>	<b>7,840</b>	<b>-</b>	<b>150</b>	<b>7,990</b>

**2. Parish Precepts**

	2006/07 £'000	2005/06 £'000
Beaconsfield	214	210
Burnham	236	226
Denham	82	86
Dorney	12	12
Farnham Royal	65	67
Fulmer	15	14
Gerrards Cross	137	130
Hedgerley	13	13
Iver	225	170
Stoke Poges	53	49
Taplow	25	24
Wexham	29	28
	<b>1,106</b>	<b>1,029</b>

**3. S137 Local Government Act 1972**

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

	2006/07 £'000	2005/06 £'000
Grants to Voluntary Organisations	53	44

**4. Expenditure on Publicity**

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

	2006/07 £'000	2005/06 £'000
Recruitment advertising	18	35
Other publicity	107	95
	<b>125</b>	<b>130</b>

**5. Building Control Trading Account**

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

	Chargeable £'000	Non-chargeable £'000	2006/07 Total £'000	2005/06 Total £'000
Total Expenditure	345	142	487	520
Less Income:				
Building Regulation charges	(378)	-	(378)	(357)
Miscellaneous Income	(2)	-	(2)	(2)
(Surplus)/Deficit for year	<b>(35)</b>	<b>142</b>	<b>107</b>	<b>161</b>

## 6. Members' Allowances

The total amount paid on Members' Allowances in 2006/07 was £149,642 (£139,721 in 2005/06).

## 7. Officers' Emoluments

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

	2006/07 Number of Employees Total	2005/06 Number of Employees Total
£ 50,000 - £ 59,999	7	4
£ 60,000 - £ 69,999	-	1
£ 70,000 - £ 79,999	-	2
£ 80,000 - £ 89,999	2	-
£ 90,000 - £ 99,999	1	1

## 8. Related Party Transactions

The Council is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the Council, or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently, or might have secured the ability to limit another party's ability to bargain freely with the Council.

Central Government has effective control over the general operations of the Council - it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. housing benefits). Details of transactions with Government departments are set out in note 24 in the notes to the core financial statements.

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

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

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

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

## 9. Audit Costs

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

	2006/07 £'000	2005/06 £'000
Fees payable with regard to external audit services carried out by the appointed auditor	84	76
Fees payable to the Audit Commission in respect of statutory inspection	6	10
Fees payable for the certification of grant claims and returns by the appointed auditor	24	24
Fees payable in respect of other services provided by the appointed auditor	-	1
	<b>114</b>	<b>111</b>

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

## 10. Movement on Intangible Fixed Assets

	<i>Purchased Software Licenses £'000</i>	<i>Internally Developed Software £'000</i>	<i>Total £'000</i>
Gross valuation at 31 March 06	201	298	499
Accumulated depreciation / amortisation	(16)	(29)	(45)
<b>Net Book Value at 31 March 06</b>	<b>185</b>	<b>269</b>	<b>454</b>
<b>Movement in 2006/07</b>			
Additions	338	91	429
Disposals - Gross book value	-	-	-
Disposals - Accumulated depreciation / amortisation	-	-	-
Transfer from tangible fixed assets	57	-	57
Revaluation	-	-	-
Depreciation / amortisation	(84)	(74)	(158)
Impairments	-	-	-
Gross valuation at 31 March 07	596	389	985
Accumulated depreciation / amortisation	(100)	(103)	(203)
<b>Net Book Value at 31 March 07</b>	<b>496</b>	<b>286</b>	<b>782</b>

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

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

## 11. Movement on Tangible Fixed Assets

	<i>Operational Land and Buildings</i>	<i>Car Parks &amp; Public Conveniences</i>	<i>Vehicles, Fixtures &amp; Fittings and Equipment</i>	<i>Community Assets</i>	<i>Non Operational Assets</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Gross valuation at 31 March 06	3,862	1,935	2,773	149	8,499	17,218
Accumulated depreciation	(34)	(14)	(455)	-	-	(503)
<b>Net Book Value at 31 March 06</b>	<b>3,828</b>	<b>1,921</b>	<b>2,318</b>	<b>149</b>	<b>8,499</b>	<b>16,715</b>
<b>Movement in 2006/07</b>						
Additions	61	25	113	-	-	199
Disposals - Gross book value	-	-	-	-	(3,489)	(3,489)
Disposals - Accum depreciation	-	-	-	-	-	-
Transfers	5	-	(57)	14	(19)	(57)
Revaluations	-	-	-	-	-	-
Depreciation	(96)	(4)	(372)	-	-	(472)
Impairments	(162)	-	(395)	-	-	(557)
Gross valuation at 31 March 07	3,766	1,960	2,434	163	4,991	13,314
Accumulated depreciation	(130)	(18)	(827)	-	-	(975)
<b>Net Book Value at 31 March 07</b>	<b>3,636</b>	<b>1,942</b>	<b>1,607</b>	<b>163</b>	<b>4,991</b>	<b>12,339</b>

Valuation

The freehold and leasehold properties, which comprise the Authority's property portfolio, were independently valued by an external valuer as at 1 April 2003 in accordance with the Appraisal and Valuation Manual issued by The Royal Institute of Chartered Surveyors (RICS). Certificates of valuation were issued by Paul Coombe FRICS of Yule Peterson Coombe (East), PO Box 1424, Bourne End, Bucks. The valuations included in the accounts are still based on these valuations.

At the end of 2006/07 all assets, not due for sale within the next 12 months, valued over £450,000 were assessed for impairment by Paul Coombe FRICS of Yule Peterson Coombe (East) and the carrying value of any asset where the current estimated value was less, was reduced to equal the current estimated value.

Properties regarded by the authority as operational have been valued on the basis of market value for existing use (or depreciated replacement cost for properties for which there is little if any evidence of market transactions). Non-operational assets and assets surplus to requirements have been valued on the basis of market value. Plant and machinery that form an integral part of the property is included in the valuation of the building. There are no assets valued on an historical cost basis.

Depreciation is provided on all fixed assets with a finite useful life in accordance with FRS 15 on the following basis:

Land - not depreciated

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

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

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

Equipment - using the straight-line method over a period of 4 years after the year of expenditure.

	2006/07 £'000	2005/06 £'000
<b>Summary of Capital Expenditure</b>		
Deferred Charges (see below)	654	454
Stoke Poges Memorial Gardens	18	53
IT Equipment & systems	453	609
Car Parks	27	85
Bells Hill	-	128
Beacon Centre	2	68
Farnham Park Golf Course	33	89
The Lanes Golf Course	4	17
Public Offices	13	26
CCTV	7	141
Cemeteries	-	6
Grass cutting / maintenance machinery	11	47
Green Waste/Recycling	34	156
Other schemes	26	52
	<b>1,282</b>	<b>1,931</b>

	2006/07 £'000	2005/06 £'000
<b>Capital Financing Requirement</b>		
Opening Capital Finance Requirement	-	(40)
Adjustment	-	40
Capital Expenditure	1,282	1,931
Sources of Finance:		
Capital Receipts	(990)	(1,360)
Government Grants - Deferred charges	(134)	(126)
Government Grants - Fixed asset expenditure written off	-	(200)
Government Grants - Deferred	(158)	(245)
	<b>(1,282)</b>	<b>(1,931)</b>
Closing Capital Finance Requirement	-	-

<b>Analysis of Deferred Charges</b>	<i>Expenditure In Year £'000</i>	<i>Funded by Gov't Grant £'000</i>	<i>Net Charge to Revenue In year £'000</i>
Environmental improvements	97	-	97
Improvement grants	460	(134)	326
Village Hall Grants	5	-	5
Other	92	-	92
	<b>654</b>	<b>(134)</b>	<b>520</b>
2005/06	<b>454</b>	<b>(126)</b>	<b>(328)</b>

### Capital Commitments

There are no significant commitments under capital contracts as at 31 March 2007.

*Major Assets Held*

	<i>Number at 31 March 2007</i>	<i>Number at 31 March 2006</i>
Council dwellings	1	12
Beaconsfield Town Hall	1	1
Brindley House	1	1
Depots	3	3
Off-street car parks	14	14
Golf courses	2	2
Sports fields	1	1
Sports centres	1	1
Cemeteries & memorial gardens	4	4
Public conveniences	3	3

*12. Long-term Investments*

	<i>At 31 March 2007 £'000</i>	<i>At 31 March 2006 £'000</i>
Stoke Poges Memorial Gardens Fund	2,540	2,762
Other Investments	10,500	5,501
	<b>13,040</b>	<b>8,263</b>

*13. Long-term Debtors*

	<i>New Advances £'000</i>	<i>Repayments £'000</i>	<i>At 31 March 2007 £'000</i>	<i>At 31 March 2006 £'000</i>
House Purchase Mortgages	-	(5)	15	20
Other Loans & Advances	19	(85)	319	385
	19	(90)	<b>334</b>	<b>405</b>

*14. Debtors*

	<i>At 31 March 2007 £'000</i>	<i>At 31 March 2006 £'000</i>
Government departments	2,128	1,906
Housing rents	87	126
Collection Fund	2,972	1,935
Interest receivable	658	294
Payments in advance	324	288
Sundry debtors	1,434	905
	<b>7,603</b>	<b>5,454</b>
Less provision for bad debts - Collection Fund	(1,284)	(1,448)
Less provision for bad debts - Other Debts	(531)	(256)
	<b>5,788</b>	<b>3,750</b>

**15. Creditors**

	<i>At 31 March 2007 £'000</i>	<i>At 31 March 2006 £'000</i>
Government departments	(7)	(14)
Collection Fund	(1,808)	(1,648)
Prepayments	(10)	(27)
Sundry creditors	(1,628)	(1,742)
	<u>(3,453)</u>	<u>(3,431)</u>

**16. Provisions**

	<i>At 31 March 2007 £'000</i>	<i>At 31 March 2006 £'000</i>
Legal fees - planning appeal	(40)	(40)
Settlement - tree damage	(20)	(20)
Settlement - contaminated land dispute	(145)	(145)
	<u>(205)</u>	<u>(205)</u>

*Resolution of an ongoing dispute in relation to a planning appeals case reached practical resolution in 2004/05. Although the final amount due has not been agreed this is likely to be in the order of £40,000 and therefore a provision for this sum has been made. This sum is likely to be paid in 2007/08.*

*South Bucks District Council is also involved in an ongoing dispute relating to alleged damage caused by a tree. As it is probable that South Bucks will need to make a payment to settle this case, a provision of £20,000 has been established to cover the likely costs involved. This sum is likely to be paid in 2007/08.*

*Resolution of an ongoing claim relating to a contaminated land dispute reached practical resolution in 2004/05. The total amount payable by South Bucks District Council is £200,000, of which £55,000 was paid in 2005/06. The remaining £145,000 has not yet been paid and therefore a provision for this sum has been made as at 31 March 2007. The remaining sum is likely to be paid in 2007/08.*

**17. Movement on Government and Other Grants - Deferred**

	<i>At 31 March 2007 £'000</i>	<i>At 31 March 2006 £'000</i>
Balance brought forward 1 April	(245)	-
New grants received	(159)	(245)
Released to I&E account	41	-
Balance carried forward 31 March	<u>(363)</u>	<u>(245)</u>

## 18. Local Government Pension Scheme

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

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

*We recognise the cost of retirement benefits in the Net Cost of Services when employees earn them, rather than when the benefits are actually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out as part of the reconciling figure shown in the Statement of Movement on the General Fund Balance. The following transactions have been made in the General Fund during the year.*

	2006/07 £'000	2005/06 £'000
Net Cost of Services:		
- Current service cost	806	688
- Past service cost	14	(800)
- Unfunded pension payments	(102)	(95)
- Gains and losses on settlements	-	-
- Gains and losses on curtailments	-	-
Net Operating Expenditure:		
- Interest cost	2,186	2,098
- Expected return on assets in the scheme	(1,907)	(1,553)
Amounts to be met from Government Grants and Local Taxation:		
- Movement on pensions reserve	(277)	310
Actual amounts charged against council tax for the pension in the year	720	648

### Assets and Liabilities

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

	2006/07 £'000	2005/06 £'000
Estimated Liabilities in scheme	(44,986)	(44,792)
Estimated assets in scheme	31,808	29,783
Net liability	(13,178)	(15,009)

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

*Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The scheme liabilities have been assessed by Barnett Waddingham, an independent firm of actuaries, and are based on the latest full valuation of the scheme as at 31 March 2004.*

The main assumptions used in their calculations have been:

	2006/07	2005/06
Rate of increase in inflation	3.3%	3.0%
Rate of increase in salaries	5.1%	4.8%
Rate of increase in pensions	3.3%	3.0%
Rate for discounting scheme liabilities	5.4%	4.9%
Proportion of employees opting to take a commuted lump sum	50.0%	50.0%

Assets in the Pension Scheme are valued at fair value, principally market value for investments, and consist of the following categories, by proportion of the total assets held by the Fund:

	Long-Term Return %	31 March 2007 £'000	Long-Term Return %	31 March 2006 £'000
Equity investment	7.2%	21,731	7.0%	21,780
Property	6.7%	2,643	6.5%	1,899
Gilts	4.4%	4,771	4.2%	3,313
Other Bonds	5.4%	2,031	4.9%	2,097
Cash	5.0%	632	4.0%	694
	6.6%	<u>31,808</u>	6.4%	<u>29,783</u>

#### Pensions Reserve

	2006/07 £'000	2005/06 £'000
Balance brought forward 1 April	(15,009)	(15,782)
Appropriations (to) / from revenue	(277)	310
Actuarial gains and (losses) relating to pensions	2,108	463
Balance carried forward 31 March	<u>(13,178)</u>	<u>(15,009)</u>

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

	2006/07		2005/06		2004/05		2003/04		2002/03	
	£'000	%	£'000	%	£'000	%	£'000	%	£'000	%
Differences between the expected and actual return on assets	462	1.5	5,380	18.1	424	1.8	2,433	13.6	(6,000)	40.8
Differences between actuarial assumptions about liabilities and actual experience	-	-	-	-	3,155	8.1	-	-	-	-
Changes in the demographic and financial assumptions used to estimate liabilities.	1,646	3.7	(4,917)	11.0	(7,605)	19.4	(279)	1.0	-	-
	<u>2,108</u>		<u>463</u>		<u>(4,026)</u>		<u>2,154</u>		<u>(6,000)</u>	

## 19. Movement on Reserves

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

	<i>Net Movement In Year £'000</i>	<i>Balance 31 March 2007 £'000</i>	<i>Balance 1 April 2006 £'000</i>	<i>Further details</i>
<b>Fixed Asset Restatement Account</b> <i>Store of gains on revaluation of fixed assets.</i>	(4,046)	1,688	5,734	(a) below
<b>Capital Financing Account</b> <i>Store of capital resources set aside to meet past expenditure.</i>	(120)	11,070	11,190	(b) below
<b>Deferred credits</b> <i>Future capital receipts that will become available once loans are repaid.</i>	(27)	253	280	(c) below
<b>Usable capital receipts reserve</b> <i>Proceeds of fixed asset sales available to meet future capital investment.</i>	2,634	22,375	19,741	(d) below
<b>Capital reserves</b> <i>Specific funds reserved for the Memorial gardens and stoke park.</i>	(200)	3,925	4,125	(e) below
<b>Specific reserves</b> <i>Funds set aside to meet specific future costs.</i>	(211)	459	670	(f) below
<b>General fund reserves</b> <i>Resources available to meet future running costs.</i>	588	2,390	1,802	Statement of Movement on the General Fund Balance Page 15
<b>Pensions Reserve</b> <i>Balancing account to allow inclusion of Pension Liability in Balance Sheet.</i>	1,831	(13,178)	(15,009)	Note 18 to the Core Financial Statements Page 27
<b>Collection Fund reserve</b> <i>Resources available to offset future Council Tax demands.</i>	133	27	(106)	Supplementary Financial Statement Collection Fund Page 35
	<b>582</b>	<b>29,009</b>	<b>28,427</b>	

**a. Movement on Fixed Assets Restatement Account**

	2006/07 £'000	2005/06 £'000
Balance brought forward 1 April	(5,734)	(5,771)
Surplus on revaluation	-	(925)
Impairment Reviews - Intangible Fixed Assets	-	275
Impairment Reviews - Tangible Fixed Assets	557	536
Disposal of fixed assets	3,489	151
Balance carried forward 31 March	<u>(1,688)</u>	<u>(5,734)</u>

**b. Movement on Capital Financing Account**

	2006/07 £'000	2005/06 £'000
Balance brought forward 1 April	(11,190)	(10,719)
Adjustment	-	40
Financing of Capital Expenditure - UCRs	(990)	(1,359)
Release Government Grant Deferred	(41)	-
Write down of deferred charges	520	328
Write back of excess of depreciation over MRP	631	520
	<u>(11,070)</u>	<u>(11,190)</u>

**c. Movement on Deferred Credits**

	Repayments £'000	At 31 March 2007 £'000	At 31 March 2006 £'000
House Purchase Mortgages	5	(9)	(14)
Other Loans	22	(244)	(266)
	<u>27</u>	<u>(253)</u>	<u>(280)</u>

**d. Movement on Usable Capital Receipts Reserve**

	2006/07 £'000	2005/06 £'000
Balance brought forward 1 April	(19,741)	(20,903)
Capital receipts received in year	(3,627)	(160)
Transfer re Housing Pooled Capital Receipts contribution	3	3
Adjustment	-	(40)
Less capital receipts used for financing	990	1,359
	<u>(22,375)</u>	<u>(19,741)</u>

<i>e. Movement on Capital Reserves</i>	<i>Net (Surplus) / Deficit for year £'000</i>	<i>At 31 March 2007 £'000</i>	<i>At 31 March 2006 £'000</i>
Memorial Gardens Maintenance Fund	200	(2,954)	(3,154)
Stoke Park Investment Fund	-	(971)	(971)
	<u>200</u>	<u>(3,925)</u>	<u>(4,125)</u>

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

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

<i>f. Movement on Specific Reserves</i>	<i>Net (Surplus) / Deficit for year £'000</i>	<i>At 31 March 2007 £'000</i>	<i>At 31 March 2006 £'000</i>
Allocated Funding	27	-	(27)
Bequests	-	(15)	(15)
Disasters/Emergencies	59	(27)	(86)
Insurance	5	(35)	(40)
Leisure	21	(17)	(38)
Local Plan	18	(288)	(306)
Memorial Gardens	22	(54)	(76)
Renewals & Repairs	59	(23)	(82)
	<u>211</u>	<u>(459)</u>	<u>(670)</u>

## 20. Leases

*The Authority leases its main offices on a long-term lease, which has been accounted for as an operating lease. The rental due from SBDC in 2006/07 was £745,800 (2005/06 £745,800). The amount payable under this lease is subject to review every five years. The last review date was 25<sup>th</sup> December 2006.*

*The Authority was committed at 31 March 2007 to making payments of £745,800 under this lease agreement in 2007/08 as follows:*

	<i>Other land &amp; Buildings £'000</i>
<i>Leases expiring 2007/08</i>	-
<i>Leases expiring 2008/09 to 2012/13</i>	-
<i>Leases expiring after 2012/13</i>	746

*The Authority also leases a number of buildings to other parties. The total rental payable to the authority in 2007/08 was £224,000 (2005/06 £224,000).*

*With regard to the properties that the Authority leases to other parties. The Net Book Value of these assets as at 31 March 07 was £3.15m (31 March 06 £3.15m). There is no accumulated depreciation on these assets.*

## 21. Contingent Assets and Liabilities

### Contingent Assets

*The Authority currently charges VAT on car parking fees and pays this over to HM Revenue and Customs. However whether car park fees levied by councils should be subject to VAT is currently the subject of an ongoing legal challenge. If the result of this is that the Authority's car parking fees are not liable for VAT, then the Authority could be due a refund of £480,000 of overpaid VAT relating to the period since September 2001.*

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

### Contingent Liabilities

*The Council has the following contingent liabilities:*

- *The Council operates a rent guarantee scheme under which the Council acts as guarantor for private sector rent deposits for certain high need applicants. As at 31 March 2007 the total value of rent deposit guarantees was £121,000 (31 March 2006 £91,000).*
- *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.*
- *As part of the sale of a shopping centre for redevelopment, SBDC have agreed that if planning consent is not granted for a new library within the development then SBDC will pay £210,000 in compensation.*

<b>22. Reconciliation of I&amp;E Account to Revenue Activities Net Cash Flow</b>	<b>2006/07</b>	<b>2005/06</b>
	<b>£'000</b>	<b>£'000</b>
<i>(Increase) / Decrease in General Fund Balance for the Year</i>	(588)	149
Collection fund (surplus) / deficit	(1,061)	(828)
<i>Servicing of Finance</i>	1,115	1,641
<b>Non-Cash Transactions</b>		
Reduction / (increase) in provisions	-	85
Reduction / (increase) in bad debt provision	(291)	(95)
Reduction / (increase) in specific reserves	211	(112)
Transfer to cover payment to capital receipts pool	3	3
<b>Change in current assets/liabilities</b>		
(Decrease) / increase in stock	43	1
Decrease / (increase) in revenue creditors	(130)	980
(Decrease) / increase in revenue debtors	2,328	987
<b>Revenues Activities Net Cash Flow (per Cash flow statement)</b>	<b>1,630</b>	<b>2,811</b>

### 23. Management of Liquid Resources

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

	<i>Movement in year £'000</i>	<i>At 31 March 2007 £'000</i>	<i>At 31 March 2006 £'000</i>
Short Term Investments	(4,767)	<b>11,018</b>	15,785
<b>24. Cash Movements</b>			
	<i>Movement in year £'000</i>	<i>At 31 March 2007 £'000</i>	<i>At 31 March 2006 £'000</i>
Cash in hand and at bank	1,847	<b>3,037</b>	1,190

**25. Analysis of Government Grants Received in Year**

	2006/07 £'000	2005/06 £'000
<b>Revenue Grants</b>		
National Non-Domestic Rate	2,430	1,792
Revenue Support Grant	471	847
Housing Benefit Grants	9,408	8,750
Council Tax Benefit Grants	2,638	2,414
DWP Performance Standards	-	457
LA Business Growth Incentive Scheme	927	223
Cost of Collection Allowance	106	105
Community Safety	42	125
Homelessness Prevention	58	24
Planning Delivery	130	67
Recycling	89	9
Air Quality	16	-
Contaminated Land	22	-
Other grants	48	23
	<b>16,385</b>	<b>14,836</b>
<b>Capital Grants</b>		
Community Safety	38	-
Planning Delivery	43	15
Improvement Grants	120	118
Polling Booths	14	-
Green Waste	35	139
Recycling	-	13
E Government	-	150
	<b>250</b>	<b>435</b>
	<b>16,635</b>	<b>15,271</b>

**26. Events after the Balance Sheet Date**

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

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

*For the 2006/07 accounts there are no significant adjusting or non-adjusting events to disclose.*

**27. Date Accounts Authorised for Issue**

*The Director of Resources authorised the accounts for issue on 28 June 2007, and thus no events after this date have been recognised in the statement of accounts.*

## Supplementary Financial Statements - Collection Fund

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

Notes	2006/07 £'000	2005/06 £'000
<b>Income</b>		
1		
Income from Council Tax	(37,750)	(35,436)
Transfer from General Fund		
Council tax benefit	(2,453)	(2,280)
Transitional relief	4	2
2		
Income collectable from business ratepayers	(25,071)	(23,387)
Contribution towards previous year's estimated deficit	(370)	(392)
	<b>(65,640)</b>	<b>(61,493)</b>
<b>Expenditure</b>		
3		
Precepts and demands	39,549	37,324
Business rate:		
Payment to national pool	24,810	23,231
Cost of collection	106	108
Interest on Refunds	90	89
Bad debt write offs	188	770
Increase /(reduction) in Provision for bad debts	(164)	(857)
	<b>64,579</b>	<b>60,665</b>
	<b>(1,061)</b>	<b>(828)</b>
<b>Deficit / (Surplus) for year</b>		
Balance brought forward 1 April	851	1,679
<b>Balance carried forward 31 March</b>	<b>(210)</b>	<b>851</b>

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

	2006/07 £'000	2005/06 £'000
South Bucks District Council	(27)	106
Other Preceptors		
Buckinghamshire County Council	(153)	623
Bucks & MK Fire Authority	(8)	33
Thames Valley Police Authority	(22)	89
	<b>(183)</b>	<b>745</b>
	<b>(210)</b>	<b>851</b>

## Supplementary Financial Statements - Notes to the Collection Fund

### 1. Council Tax

The average Band D charge for 2006/07 was £1,275.04 (£1,214.20 in 2005/06). The Council Tax base (adjusted for dwellings where discounts apply) was made up of the following number of equivalent Band D dwellings:

Band	Band D Equivalent Estimate 2006/07	Band D equivalent Estimate 2005/06
A	286	284
B	505	496
C	2,526	2,440
D	4,591	4,581
E	5,345	5,303
F	4,220	4,175
G	10,382	10,371
H	3,372	3,302
	<b>31,227</b>	<b>30,952</b>

### 2. Income from Business Rates

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

	2006/07	2005/06
Non-domestic rateable value (at end of year)	£70.768m	£73.119m
Rate poundage - Standard Multiplier	43.3p	42.2p
- Small Business Multiplier	42.6p	41.5p

### 3. Precepts

	2006/07 £'000	2005/06 £'000
Buckinghamshire County Council	28,934	27,341
Bucks & MK Fire Authority	1,556	1,441
Thames Valley Policy Authority	4,111	3,882
South Bucks District Council - Main Precept	3,842	3,631
South Bucks District Council - For Parishes	1,106	1,029
	<b>39,549</b>	<b>37,324</b>

## *Statement of Corporate Governance and Internal Control*

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### *1) Scope of Responsibility*

*South Bucks District Council is responsible for ensuring that:*

- its business is conducted in accordance with the law and proper standards;*
- 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 also responsible for ensuring there is a sound system of internal control which facilitates the effective exercise of the authority's functions and which includes arrangements for the management of risk.*

### *2) Governance Arrangements*

*South Bucks adopted a code of Corporate Governance in 2002/03, which is consistent with the principals and reflects the requirements of the CIPFA / SOLACE Framework of Corporate Governance in Local Government: A keystone for Community Governance. A copy of the code can be obtained from the Director of Resources.*

*South Bucks has also 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 risk management strategy and the Director of Resources has been given responsibility for:*

- overseeing the implementation and monitoring of the operation of the code*
- reviewing the operation of the code in practice*
- presenting the Annual Audit & Inspection letter to the Audit Sub Committee and to Cabinet.*

*During 2006/07 South Bucks continued to develop its Corporate Governance arrangements. This included establishing an Audit Sub Committee and putting in place a process to review governance of major partnership arrangements, based on the Audit Commission paper "Governing Partnerships". In addition the authority has undertaken work to bring together in one place all its key policy documents and to use that to develop a programme to review and update policies.*

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

*On the basis of the reports of the Director of Resources and the Internal Auditor arising from their reviews of South Bucks's corporate governance arrangements, we are satisfied that they are adequate and are operating effectively.*

*We report that there are some further areas of corporate governance that the Council will be working towards strengthening during the coming year. These are:*

- 1) Adoption of new Code of Corporate Governance, when finalised by CIPFA/SOLACE*
- 2) Strengthen business continuity arrangements for the Authority*
- 3) Develop understanding of how to devise and monitor controls for risks identified by services*
- 4) Review awareness amongst officers and members of policies on conduct and declaration of interests.*

### 3) *The Purpose of the System of Internal Control*

*The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it 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 authority'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 system of internal control has been in place for the year ended 31 March 2007 and up to the date of approval of the annual accounts.*

### 4) *The Internal Control Environment*

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

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

### 5) *Review of Effectiveness*

*South Bucks District Council has responsibility for conducting, at least annually, a review of the effectiveness of the system of internal control. The review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the managers within the authority who have responsibility for the development and maintenance of the internal control environment, and also by comments made by the external auditors and other review agencies and inspectorates.*

*For 2006/07 this review has been undertaken by the Audit Sub Committee based on assurances gained from officers and independent reports, particularly the Annual Internal Audit report.*

*We have taken account of the implications of the result of the review of the effectiveness of the system of internal control and plans are in place to address weaknesses and ensure continuous improvement of the system.*

### 6) *Significant Internal Control Issues*

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

- Business Continuity Planning. At present there are not robust business continuity plans in place for all critical systems. A business continuity policy has been developed and adopted, but this does not contain detailed service recovery plans. Until these are developed this remains a control weakness.*
- Partnership Arrangements. Currently not all of the Council's key partnership arrangements operate under a formal governance structure. Formal partnership governance arrangements are being put in place where appropriate, but until this is completed this remains a control weakness.*
- ICT resilience - Do to the small size of the Authority, the Authority is very reliant on key ICT staff. Furthermore not all ICT procedures are fully documented. The Authority therefore currently has a potential control risk in relation to ICT resilience.*
- Excess Charge Debt Collection Procedures - During 2006/07 the Authority's did not always take prompt effective action to recover unpaid parking fines. To address this the excess charge debt collection procedures are currently in the process of being updated and strengthened.*

- *Procedures at the Golf Courses - The Authority took the golf management function back in house in April 2006 and there were weaknesses in the processes and procedures it inherited. The Authority therefore put in place new procedures and strengthened the controls during 2006/07 but at the start of the financial year the lack of effective controls did represent a control weakness.*

*Chris Furness  
Chief Executive*

*13<sup>th</sup> July 2007*

*Cllr Adrian Busby  
Leader of the Council*

*13<sup>th</sup> July 2007*

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

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### ***Opinion on the financial statements***

I have audited the financial statements of South Bucks District Council for the year ended 31 March 2007 under the Audit Commission Act 1998, which comprise the Explanatory Foreword, Income and Expenditure Account, Statement of the Movement on the General Fund Balance, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cash Flow Statement, the Collection Fund and the related notes. These financial statements have been prepared under the accounting policies set out within them.

This report is made solely to South Bucks District Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 36 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission.

### ***Respective responsibilities of the chief finance officer and auditors***

The Chief Finance Officer's responsibilities for preparing the financial statements in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006 are set out in the Statement of Responsibilities.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements present fairly the financial position of the Authority in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006.

I review whether the statement on internal control reflects compliance with CIPFA's guidance 'The statement on internal control in local government: meeting the requirements of the Accounts and Audit Regulations 2003' issued in April 2004. I report if it does not comply with proper practices specified by CIPFA or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the statement on internal control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Authority's corporate governance procedures or its risk and control procedures

I read other information published with the financial statements, and consider whether it is consistent with the audited financial statements. This other information comprises only the Explanatory Foreword. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

### ***Basis of audit opinion***

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

### ***Opinion***

In my opinion the financial statements present fairly, in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006, the financial position of the Authority as at 31 March 2007 and its income and expenditure for the year then ended.

Mick West  
District Auditor  
Unit 5, Isis Business Centre,  
Horspath Road  
Cowley,  
Oxford OX4 2RD

28 September 2007

## **Conclusion on 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 regularly review the adequacy and effectiveness of these arrangements.

Under the Local Government Act 1999, the Authority is required to prepare and publish a best value performance plan summarising the authority's assessment of its performance and position in relation to its statutory duty to make arrangements to ensure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

### **Auditor's Responsibilities**

I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Authority for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion in relation to proper arrangements, having regard to relevant criteria specified by the Audit Commission for principal local authorities. I report if significant matters have come to my attention which prevent me from concluding that the Authority has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

I am required by section 7 of the Local Government Act 1999 to carry out an audit of the Authority's best value performance plan and issue a report:

- certifying that I have done so;
- stating whether I believe that the plan has been prepared and published in
- accordance with statutory requirements set out in section 6 of the Local Government Act 1999 and statutory guidance; and
- where relevant, making any recommendations under section 7 of the Local Government Act 1999.

### **Conclusion**

I have undertaken my audit in accordance with the Code of Audit Practice and having regard to the criteria for principal local authorities specified by the Audit Commission and published in December 2006, I am satisfied that, in all significant respects, South Bucks District Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2007.

**Best Value Performance Plan**

I issued my statutory report on the audit of the Authority's best value performance plan for the financial year 2006/07 in December 2006. I did not identify any matters to be reported to the Authority and did not make any recommendations on procedures in relation to the plan.

**Certificate**

I certify that I have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Mick West  
District Auditor  
Unit 5, Isis Business Centre,  
Horspath Road  
Cowley,  
Oxford OX4 2RD

28 September 2007

## ***Glossary of Terms***

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### ***Accruals***

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

### ***Business rates***

*Occupiers of non-domestic properties (such as shops, factories and warehouses) do not pay Council Tax but instead pay Business Rates - also known as National Non-Domestic Rates. Business rates are paid into a national 'pool', which the Government then shares out between all local authorities on the basis of population.*

### ***Capital expenditure***

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

### ***Capital Receipts***

*Proceeds from the sale of fixed assets (land, buildings and plant). Part of the capital receipts must be paid over to the Government; the remaining part can be used to finance new capital expenditure.*

### ***Depreciation***

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

### ***Direct Revenue Financing***

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

### ***Fixed Assets***

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

### ***General Fund***

*The main fund of the Council.*

### ***Precepts***

*Council Tax collected on behalf of non-billing authorities - Buckinghamshire County Council, Buckinghamshire & Milton Keynes Fire Authority, Thames Valley Police and the Parish Councils.*

### ***Revenue Expenditure***

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

### ***Revenue Support Grant***

*Government grant paid towards the cost of services. The amount paid to authorities is based on a 'four block' system, which takes account of the relative needs of different councils.*