



# SOUTH BUCKS DISTRICT COUNCIL

## Statement of Accounts For the year ended 31 March 2010

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 2010

### *Contents*

|   | <i>Page</i> |
|---|-------------|
| Explanatory Foreword  | 2           |
| Statement of Accounting Policies                            | 7           |
| Statement of Responsibilities for the Statement of Accounts | 14          |
| Core Accounting Statements                                  |             |
| Income and Expenditure Account                              | 15          |
| Statement of Movement on the General Fund Balance           | 16          |
| Statement of Total Recognised Gains and Losses (STRGL)      | 17          |
| Balance Sheet   | 18          |
| Cash Flow Statement   | 19          |
| Notes to the Core Financial Statements                      | 20          |
| Supplementary Financial Statements                          |             |
| Collection Fund   | 42          |
| Annual Governance Statement                                 | 44          |
| Auditors' Report  | 47          |
| Glossary of Terms   | 51          |

## *Explanatory Foreword*

---

### Introduction

The Accounts of South Bucks District Council for the year ended 31 March 2010 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 2009/10 expenditure of the Council, including parish precepts, was £10.352m and the total income from council tax and general Government grants was £9.202m. Giving a net deficit in the year of £1.150m.

The main issues to note are:

- The position in regard to general service budgets was an overall underspend of £40,000.
- The Authority earned £1.042m in unallocated interest in 2009/10 compared to a budget of £1.247m, a deficit of £205,000.
- The Authority incurred additional expenditure of £64,000 that was authorised during the year and thus was not included in the original budget.
- LABGI grant of £35,000 was awarded in the year.

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

|  | Original<br>Budget<br>£'000 | Latest<br>Budget<br>£'000 | Yr End<br>Actual<br>£'000 | Variance<br>(Act-LB)<br>£'000 |
|--|-----------------------------|---------------------------|---------------------------|-------------------------------|
| Community  | 1,712                       | 1,602                     | 1,566                     | (36)                          |
| Environment  | 2,743                       | 2,420                     | 2,510                     | 90                            |
| Health & Housing<br>Resources  | 1,717                       | 1,640                     | 1,616                     | (24)                          |
| Sustainable Development  | 2,727                       | 2,625                     | 2,559                     | (66)                          |
| Transfer to/(from) LDF Reserves  | 2,282                       | 2,330                     | 2,168                     | (162)                         |
| Transfer to/(from) Allocated Reserves                                  | (137)                       | (186)                     | -                         | 186                           |
| <b>Net Cost of Services</b>  | <b>11,044</b>               | <b>10,431</b>             | <b>10,391</b>             | <b>(40)</b>                   |
| Interest & Investment Income   | (1,200)                     | (1,247)                   | (1,042)                   | 205                           |
| PSA Reward grant   | (50)                        | (50)                      | 23                        | 73                            |
| Less Capital Charges   | (1,351)                     | (691)                     | (691)                     | -                             |
| <b>Budget Requirement</b>  | <b>8,443</b>                | <b>8,443</b>              | <b>8,681</b>              | <b>238</b>                    |
| Additional expenditure funded from reserves                            | -                           | -                         | 64                        | 64                            |
| Parish Precepts  | 1,607                       | 1,607                     | 1,607                     | -                             |
| <b>Amounts to be met from Government Grants<br/>and local taxation</b> | <b>10,050</b>               | <b>10,050</b>             | <b>10,352</b>             | <b>302</b>                    |
| <b>Government Grants and local Taxation</b>                            |                             |                           |                           |                               |
| Council Taxpayers - District element                                   | (4,538)                     | (4,538)                   | (4,538)                   | -                             |
| Council Taxpayers - Parish element                                     | (1,607)                     | (1,607)                   | (1,607)                   | -                             |
| Share of Business Rate Income  | (2,437)                     | (2,437)                   | (2,437)                   | -                             |
| Revenue Support Grant  | (562)                       | (562)                     | (562)                     | -                             |
| LABGI Grant  | -                           | -                         | (35)                      | (35)                          |
| Area Based Grant   | (23)                        | (23)                      | (23)                      | -                             |
|  | <b>(9,167)</b>              | <b>(9,167)</b>            | <b>(9,202)</b>            | <b>(35)</b>                   |
| <b>Decrease in General Reserve</b>                                     | <b>883</b>                  | <b>883</b>                | <b>1,150</b>              | <b>267</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 £1.133m, which was financed from internal capital receipts and central government grants. Further details are shown on page 25.

Capital income of £421,000 was received in 2009/10. The main income being improvement grants of £210,000.

## Total Recognised Gains and Losses

The Statement of Total Recognised Gains and Losses shows that in 2009/10 the Authority's overall resources decreased by £13.075m, of which £10.475m was due to the change in the value of the pension fund. Further details are shown on page 17.

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

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

|                                     | Value<br>31 Mar 10<br>£m | Value<br>31 Mar 09<br>£m |
|-------------------------------------|--------------------------|--------------------------|
| <b>Assets</b>                       |                          |                          |
| Intangible assets                   | 0.1                      | 0.4                      |
| Land, buildings and equipment       | 10.9                     | 11.0                     |
| Investments, cash and bank holdings | 25.5                     | 28.5                     |
| Current Assets: Debtors             | 2.4                      | 2.1                      |
| <b>Liabilities</b>                  |                          |                          |
| Creditors                           | 2.2                      | 2.6                      |
| Pension Liability                   | 25.9                     | 14.7                     |

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

The value of intangible assets (eg software) decreased by £0.25m as a result of depreciation /amortisation.

The value of land, building and equipment increased by £0.6m as a result of capital expenditure. This was offset by depreciation of £0.4m, and disposals of £0.3m resulting in a net decrease in the value of land, buildings and equipment of £0.1m.

Investments levels fluctuate due to two main factors: normal cash flow movements, and the income and expenditure plans of the Authority. This year the value of investments, cash and bank holdings has fallen as the Council spent more than it received in income, and as there was a change in the amount of NNDR and Council Tax due to other government bodies.

The amount of short-term debt owed to the Authority as at 31 March 2010 has increased to £2.4m from £2.1m as at 31 March 2009. This is primarily due to an increase in the amount due from Government departments.

The amount of money owed by the Authority as at 31 March 2010 has reduced to £2.2m from £2.6m as at 31 March 2009. This is primarily due to a decrease in the amount payable to Government departments.

The Authority, as part of the terms and conditions of employment, offers retirement benefits to staff. Although these benefits will not be payable until employees retire, the Authority has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement. In common with many public and private companies, who offer defined benefit pension schemes; the current valuation of the pension fund assets is significantly less than the actuarial estimate of the liability. For South Bucks the pension asset value is £28.7m and the liability £54.6m giving a net deficit of £25.9m as at 31 March 2010. 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 2010 were £1.447m. In addition specific earmarked reserves total £525,000. A more detailed breakdown of the earmarked reserves is shown on page 38.

The total balance on accumulated capital receipts as at 31 March 2010 is £21.2m 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 2009/10 the Authority increased the amount of cash that it holds by £6.229m. This is primarily due to holding more money in cash balances at the year end and less in short term investments. Further details are shown on page 19.

## Collection Fund

In 2009/10 SBDC raised £43.8m in Council Tax, and collected 98.3% of the sums due for the year. The Council also awarded £3.1m 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 2009/10 (£47.1m) equals the amount that was requested as part of the 2009/10 budget setting process.

In 2009/10 SBDC raised £28.0m in business rates, and collected 98.9% of the sums due for the year. All business rate income (less an allowance of £105,000 payable to SBDC for collecting business rates) is paid over to the national pool.

Further details are shown on pages 42-43.

## Significant Factors Affecting the 2009/10 Accounts

The 2009/10 Code of Practice on Local Authority Accounting has changed the way that billing authorities have to account for Council Tax and National Non Domestic Rates (NNDR). The new accounting arrangements are based on billing authorities acting on an agency basis.

This change represents a change in accounting policy and therefore requires adjustments to restate prior year comparatives. Further details about this change are included in note 1 to the Core Financial Statements.

**Future**

We are entering a period of exceptional challenge for local authorities, as we are faced with having to maintain and improve key services in a time of significantly reduced 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. As a result the key issues for the coming year are:

- Bring to a conclusion the adoption of the Local Development Document which will replace the Local Plan.
- Putting in place measures to reduce net expenditure, in order that the Council has a sound financial position in the context of the significant expected reduction in central Government funding, freezing of the council tax, and continuing low levels of income from investments, fees and charges.
- Identifying the sustainable service levels and standards that are acceptable to our residents, and users of our services.
- Working with other public sector bodies on the delivery of the Local Area Agreement for Buckinghamshire.

**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 2009/10 financial year and its position at the year-end of 31 March 2010. It has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2009 - A Statement of Recommended Practice (the SORP). The accounting convention adopted is historical cost, modified by the revaluation of certain categories of tangible fixed assets.*

### 2. Accruals of income and expenditure

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

- Fees, charges and rents due from customers are accounted for as income at the date the Council provides the relevant goods or services.*
- Supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption, they are carried as stocks on the Balance Sheet.*
- Interest receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.*
- Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet.*

### 3. Charges to Revenue for Fixed Assets

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

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

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

### 4. Contingent Assets and Liabilities

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

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

## 5. Financial Assets

*Financial assets are classified into three types:*

- *Loans and receivables - assets that have fixed or determinable payments but are not quoted in an active market*
- *Available-for-sale assets - assets that have a quoted market price and / or do not have fixed or determinable payments*
- *Fair value through profit or loss assets - assets that are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking and / or financial derivatives (eg forward purchase contracts).*

### Loans and Receivables

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

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

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

### Available-for-Sale Assets

*Available-for-sale assets are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Income and Expenditure Account for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income is credited to the Income and Expenditure Account when it becomes receivable by the Council.*

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

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

*Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Income and Expenditure Account.*

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

### Fair Value through Profit or Loss Assets

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

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

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

## 6. Financial Liabilities

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

*Instruments Entered Into Before 1 April 2006*

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

## 7. Government Grants and Contributions

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

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

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

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

## 8. 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 service revenue account over the economic life of the investment to reflect the pattern of consumption of benefits. Assets are not amortised in the year of acquisition and are subject to a full year's amortisation in the year of disposal.*

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

## 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 2008 (BVACOP). The total absorption costing principal is used - the cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:*

- Corporate and Democratic Core - costs relating to the Council's status as a multi-functional, democratic organisation.*
- Non-Distributed Costs - the cost of discretionary benefits awarded to employees retiring early and any depreciation and impairment losses chargeable on non-operational properties.*

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

## 11. Provisions

### *Provision for Bad and Doubtful Debts*

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

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

### *Other Provisions*

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

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

## 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:*

- Revaluation Reserve - this represents the accumulated gains arising from the revaluation of fixed assets since 1 April 2007.*
- Capital Adjustments Account - this represents the balance of resources that have been applied to finance capital expenditure and the depreciation of capital assets. This account does not constitute a resource available to the Council.*
- 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 on a high quality corporate bond.
- The assets of the pension fund attributable to the Council are included in the Balance Sheet at their fair value:
  - Quoted securities - current bid price
  - Unquoted securities - professional estimate
  - Unitised securities - current bid price
  - Property - market value

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

- Current service cost - The increase in liabilities as 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.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund in the year, not the amount calculated according to the relevant accounting standards. 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. 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 fixed assets owned by the Authority has been charged as expenditure to the relevant service revenue account in the year. As the Council has determined to meet the cost of this expenditure from existing capital resources a transfer to the Capital Adjustment Account then reverses out the amounts charged in the Statement of Movement on the General Fund Balance so there is no impact on the level of council tax.*

#### 15. Stocks

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

#### 16. Tangible Fixed Assets

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

##### **Recognition**

*Expenditure on the acquisition, creation or enhancement of tangible fixed assets is capitalised on an accruals basis, provided that it yields benefits to the Council and the services that it provides for 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 assets where no market exists for them, these are included in the balance sheet at depreciated replacement cost.*
- Non-operational assets, including investment properties and assets that are surplus to requirements, are included in the balance sheet at market value.*

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

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

## **Impairment**

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

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

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

## **Disposals**

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

*Amounts in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to old housing disposals is payable to the Government. The balance of receipts is required to be credited to the 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 Adjustment Account from the Statement of Movement on the General Fund Balance.*

## **Depreciation**

*Depreciation is provided for on all assets with a determinable finite life (except for investment properties), by allocating the value of the asset in the Balance Sheet over the periods expected to benefit from their use.*

*Assets are not depreciated in the year of acquisition and are subject to a full year's depreciation in the year of disposal.*

*Where an asset has major components with different estimated useful lives, these are depreciated separately.*

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

|                |
|----------------|
| <b>17. VAT</b> |
|----------------|

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

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

---

### *The Authority's Responsibilities*

*The Authority is required to:*

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

### *The Director of Resources' Responsibilities*

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

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

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

*The Director of Resources has also:*

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

*I confirm that the Statement of Accounts gives a true and fair view of the financial position of the Authority as at 31 March 2010 and its income and expenditure for the year then ended.*

*Director of Resources*

*Date 24<sup>th</sup> June 2010*

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

*I confirm that these accounts were approved by the Audit Committee at the meeting held on 24<sup>th</sup> June 2010.*

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

*Date 24<sup>th</sup> June 2010*

## Income and Expenditure Account

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

| Notes   | 2009/10<br>Gross<br>Expenditure<br>£'000 | 2009/10<br>Gross<br>Income<br>£'000 | 2009/10<br>Net<br>Expenditure<br>£'000 | 2008/09<br>Net<br>Expenditure<br>Restated<br>£'000 |
|---|--|-------------------------------------|--|--|
| Central Services to the Public                                  | 5,184                                    | (3,994)                             | 1,190                                  | 1,505  |
| Cultural, Environmental, Regulatory<br>& Planning Services      | 8,935                                    | (2,258)                             | 6,677                                  | 6,699  |
| Highways and Transport Services                                 | 631                                      | (1,082)                             | (451)                                  | (264)  |
| Housing Services  | 14,606                                   | (13,574)                            | 1,032                                  | 936  |
| Corporate & Democratic Core                                     | 1,780                                    | (10)                                | 1,770                                  | 1,658  |
| Non Distributed Costs   | 9  | (2)                                 | 7                                      | 126  |
| <b>Net Cost of Services</b>                                     | <b>31,145</b>                            | <b>(20,920)</b>                     | <b>10,225</b>                          | <b>10,660</b>                                      |
| (Gain) / Loss on Disposal of Fixed Assets                       |  |                                     | 75                                     | (1,362)  |
| 2 Parish Council Precepts                                       |  |                                     | 1,607                                  | 1,538  |
| 9 Interest & Investment Income                                  |  |                                     | (1,047)                                | (1,991)  |
| 15 Pensions Interest Cost and Expected Return on Pension Assets |  |                                     | 1,005                                  | 840  |
| <b>Net Operating Expenditure</b>                                |  |                                     | <b>11,865</b>                          | <b>9,685</b>                                       |
| Income from Council Tax   |  |                                     |  |  |
| - Precept   |  |                                     | (6,145)                                | (5,858)  |
| - Share of Collection Fund (surplus) / deficit                  |  |                                     | -                                      | (33)   |
| - Movement in element of collection fund attributable to SBDC   |  |                                     | 25                                     | 154  |
|   |  |                                     | <b>(6,120)</b>                         | <b>(5,737)</b>                                     |
| General Government Grants                                       |  |                                     |  |  |
| - Revenue Support Grant   |  |                                     | (562)                                  | (365)  |
| - Local Authority Business Growth Incentive Scheme Grant        |  |                                     | (35)                                   | (207)  |
| - Area Based Grant  |  |                                     | (23)                                   | (22)   |
| Non Domestic Rates Redistribution                               |  |                                     | (2,437)                                | (2,620)  |
| <b>Net Deficit for year</b>                                     |  |                                     | <b>2,688</b>                           | <b>734</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   | 2009/10<br>£'000 | 2008/09<br>Restated<br>£'000 |
|---|------------------|------------------------------|
| <b>Deficit for the year on the I&amp;E account</b>  | <b>2,688</b>     | 734                          |
| 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.                                    |                  |                              |
| 7 - Depreciation and impairment of Intangible fixed assets  | (248)            | (341)                        |
| 8 - Depreciation and impairment of Tangible fixed assets  | (366)            | (494)                        |
| 14 - Government Grants Deferred amortisation  | 203              | 106                          |
| 8 - Revenue expenditure funded from capital under statute   | (280)            | (598)                        |
| - Net gain / (loss) on sale of fixed assets   | (74)             | 1,362                        |
| 15 - Amount by which pension costs calculated in accordance with the SORP (ie in accordance with FRS17) are different from the contributions due under the pension scheme regulations | (713)            | (873)                        |
| - Amount by which Council Tax income included in the I&E Account is different from the amount taken to the General Fund in accordance with regulation                                 | (25)             | (154)                        |
| 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 Capital Receipts Reserve to meet payments to the Housing Capital Receipts pool  | -                | -                            |
| 16g 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.                  |                  |                              |
| - Net transfer to / (from) specific earmarked reserves  | (35)             | 16                           |
| <b>(Increase) / Decrease in General Fund Balance for the Year</b>   | <b>1,150</b>     | <b>(242)</b>                 |
| General Fund Balance b/f  | (2,597)          | (2,355)                      |
| General Fund Balance c/f  | <b>(1,447)</b>   | <b>(2,597)</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>2009/10</i> | <i>2008/09</i>            |
|---|----------------|---------------------------|
|   | <i>£'000</i>   | <i>Restated<br/>£'000</i> |
| Income & Expenditure Account (Surplus)/Deficit                                      | 2,688          | 734                       |
| Impairment review losses covered by previous valuation gains                        | -              | 186                       |
| 16c (Surplus)/deficit arising on revaluation of available-for-sale financial assets | (88)           | (11)                      |
| 15 Actuarial (gains)/losses on pension fund assets/liabilities                      | 10,475         | 1,734                     |
| <b><i>Total Recognised (Gains) and Losses</i></b>                                   | <b>13,075</b>  | <b>2,643</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<br>March<br>2010<br>£'000 | At 31<br>March<br>2009<br>Restated<br>£'000 |
|---|---------------------------------|---|
| 7 Intangible Fixed Assets                           | 127                             | 377   |
| 8 Tangible Fixed Assets                             |                                 |   |
| Land and Buildings                                  | 4,198                           | 4,083                                       |
| Vehicles, Fixtures & Fittings and Equipment         | 1,022                           | 1,141                                       |
| Community Assets                                    | 67                              | 67  |
| Non Operational Assets - Investment Properties      | 5,659                           | 5,668                                       |
|   | <b>10,946</b>                   | <b>10,959</b>                               |
| 9 Long-term Investments                             | 8,545                           | 6,510                                       |
| 10 Long-term Debtors                                | 324                             | 261   |
| <b>Total Long-term Assets</b>                       | <b>19,942</b>                   | <b>18,107</b>                               |
| Current Assets                                      |                                 |   |
| Stocks  | 2                               | 4   |
| 11 Debtors  | 2,392                           | 2,154                                       |
| Debtors - Amounts due from Preceptors*              | 1,383                           | 852   |
| 9 Short-term Investments                            | 11,059                          | 22,311                                      |
| Cash and Bank                                       | 5,946                           | -   |
|   | <b>20,782</b>                   | <b>25,321</b>                               |
| Current Liabilities                                 |                                 |   |
| 12 Creditors  | (2,190)                         | (2,604)                                     |
| Cash and Bank                                       | -                               | (283)                                       |
| <b>Total Assets less Current Liabilities</b>        | <b>38,534</b>                   | <b>40,541</b>                               |
| 13 Provisions                                       | (145)                           | (145)                                       |
| Financial Guarantee Liability                       | (14)                            | (14)  |
| 14 Government and other grants - deferred           | (252)                           | (372)                                       |
| 15 Pensions Liability                               | (25,905)                        | (14,717)                                    |
| <b>Total Assets less Liabilities</b>                | <b>12,218</b>                   | <b>25,293</b>                               |
| <b>Financed by:</b>                                 |                                 |   |
| 16 Capital Adjustment Account                       | 8,727                           | 8,843                                       |
| 16 Revaluation reserve                              | 2,056                           | 2,083                                       |
| 16 Available-for-Sale Financial Instruments reserve | 55                              | (33)  |
| 16 Deferred credits                                 | 267                             | 201   |
| 16 Capital receipts reserve                         | 21,247                          | 21,935                                      |
| 16 Capital reserves                                 | 3,925                           | 3,925                                       |
| 16 Specific earmarked reserves                      | 525                             | 560   |
| 16 General fund reserve                             | 1,447                           | 2,597                                       |
| 15 Pensions reserve                                 | (25,905)                        | (14,717)                                    |
| 16 Collection fund adjustment account               | (126)                           | (101)                                       |
| <b>Total Net Worth</b>                              | <b>12,218</b>                   | <b>25,293</b>                               |

\*See supplementary financial statement for further 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  | 2009/10<br>£'000 | 2008/09<br>£'000<br><i>Restated</i> |
|--|------------------|-------------------------------------|
| <b>REVENUE ACTIVITIES</b>                              |                  |                                     |
| <i>Cash Outflows</i>                                   |                  |                                     |
|  | 5,649            | 6,014                               |
|  | 9,666            | 8,765                               |
|  | 12,954           | 10,703                              |
|  | 3,118            | 2,735                               |
|  | 1,607            | 1,538                               |
|  | <b>32,994</b>    | <b>29,755</b>                       |
| <i>Cash Inflows</i>                                    |                  |                                     |
|  | (9)              | (31)                                |
|  | (6,065)          | (5,728)                             |
| 23   | (2,437)          | (2,620)                             |
| 23   | (562)            | (365)                               |
| 23   | (16,310)         | (13,370)                            |
| 23   | (35)             | (755)                               |
| 23   | (23)             | (22)                                |
| 23   | (105)            | (104)                               |
| 23   | (726)            | (537)                               |
|  | (3,924)          | (4,045)                             |
|  | <b>(30,196)</b>  | <b>(27,577)</b>                     |
| 20   | <b>2,798</b>     | <b>2,178</b>                        |
| <b>REVENUE ACTIVITIES Net Cash (Inflow) / OutFlow</b>  |                  |                                     |
| <b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b> |                  |                                     |
|  | -                | -                                   |
|  | (1,130)          | (2,478)                             |
|  | <b>(1,130)</b>   | <b>(2,478)</b>                      |
| <b>CAPITAL ACTIVITIES</b>                              |                  |                                     |
| <i>Cash Outflows</i>                                   |                  |                                     |
|  | 571              | 409                                 |
|  | 2,000            | -                                   |
|  | 19               | 22                                  |
|  | <b>2,590</b>     | <b>431</b>                          |
| <i>Cash Inflows</i>                                    |                  |                                     |
|  | -                | (1,362)                             |
|  | -                | (6,396)                             |
| 23   | (203)            | (57)                                |
|  | (46)             | (58)                                |
|  | <b>(249)</b>     | <b>(7,873)</b>                      |
|  | <b>2,341</b>     | <b>(7,442)</b>                      |
|  | <b>4,009</b>     | <b>(7,742)</b>                      |
| <b>NET CASH (INFLOW) / OUTFLOW BEFORE FINANCING</b>    |                  |                                     |
| <b>MANAGEMENT OF LIQUID RESOURCES</b>                  |                  |                                     |
| 21   | (11,176)         | 10,210                              |
|  | 250              | (753)                               |
|  | 688              | 1,234                               |
|  | <b>938</b>       | <b>481</b>                          |
| <b>FINANCING</b>                                       |                  |                                     |
|  | -                | -                                   |
| 22   | <b>(6,229)</b>   | <b>2,949</b>                        |
| <b>NET (INCREASE) / DECREASE IN CASH</b>               |                  |                                     |

## Notes to the Core Financial Statements

### 1. Prior Period Adjustments

Up to 2008/09 the Code of Practice on Local Authority Accounting required billing authorities to account for Council Tax and NNDR as follows

- The Income and Expenditure account to include the amount of Council Tax income that was required under regulation to be transferred from the Collection Fund to the General Fund.
- The Statement of Total Recognised Gains and Losses to include the movement in the element of the Collection Fund attributable to the billing authority.
- The balance sheet to include the total value of Council Tax and NNDR Debtors and Creditors.
- The Cash Flow Statement to include all the Council Tax and NNDR cash movements.

However from 2009/10 the Code of Practice on Local Authority Accounting now requires billing authorities to account for Council Tax and NNDR on an agency basis. This means that

- The Income and Expenditure account now includes the amount of Council Tax income due to the authority on a full accruals basis.
- The Statement of Total Recognised Gains and Losses no longer has to include a line for the movement in the element of the Collection Fund attributable to the billing authority (as this is now included in the I&E account).
- The balance sheet to only include the value of Council Tax and NNDR Debtors and Creditors that are attributable to the billing authority.
- The Cash Flow Statement only includes the Council Tax cash movements that are attributable to the billing authority in the Revenue Activities section and other Council Tax and NNDR cash movements are now shown in the Management of Liquid Resources section.

This change represents a change in accounting policy and therefore requires prior year adjustments to restate prior year comparatives. The effect of these prior period adjustments are as follows:

|  | £'000          |
|--|----------------|
| <b>Income and Expenditure Account</b>                      |                |
| Original Net Deficit for the year                          | 580            |
| Movement in element of collection fund surplus             | 154            |
| Restated Net Deficit for the year                          | <u>734</u>     |
| <b>Statement of Movement in the General Fund Balance</b>   |                |
| No change in general fund balance                          | -              |
| <b>Statement of Total Recognised Gains and Losses</b>      |                |
| No change in total Recognised Gains and Losses             | -              |
| <b>Balance Sheet</b>                                       |                |
| Original Debtors   | 3,512          |
| Removal of Council Tax Debtors (net of bad debt provision) | (741)          |
| Removal of NNDR Debtors (net of bad debt provision)        | (617)          |
| Restated Debtors   | <u>2,154</u>   |
| Original Debtors - Amounts Due from Preceptors             | 676            |
| Council Tax Adjustments                                    | 176            |
| Restated Debtors - Amounts Due from Preceptors             | <u>852</u>     |
| Original Creditors   | (3,786)        |
| Removal of Council Tax Creditors                           | 565            |
| Removal of NNDR Creditors                                  | 617            |
| Restated Creditors   | <u>(2,604)</u> |
| No overall change in Net Worth                             | -              |
| <b>Cashflow</b>  |                |
| No net change in cash movement. However detailed analysis  |                |

changed.

## 2. Parish Precepts

|                | 2009/10<br>£'000 | 2008/09<br>£'000 |
|----------------|------------------|------------------|
| Beaconsfield   | 257              | 247              |
| Burnham        | 472              | 472              |
| Denham         | 89               | 88               |
| Dorney         | 15               | 14               |
| Farnham Royal  | 75               | 65               |
| Fulmer         | 17               | 16               |
| Gerrards Cross | 188              | 172              |
| Hedgerley      | 15               | 14               |
| Iver           | 352              | 336              |
| Stoke Poges    | 75               | 56               |
| Taplow         | 21               | 28               |
| Wexham         | 31               | 30               |
|                | <b>1,607</b>     | <b>1,538</b>     |

## 3. Members' Allowances

The total amount paid on Members' Allowances in 2009/10 was £211,950 (2008/09 £209,826).

## 4. Officers' Emoluments

The following tables set out the remuneration of the senior officers at SBDC.

| Post                                      | 2009/10                     |             |   |                            |                  |                                      |                                |                                      |
|---|-----------------------------|-------------|---|----------------------------|------------------|--------------------------------------|--------------------------------|--------------------------------------|
|   | Total Salary and Allowances | Bonus / PRP | Expenses (eg mileage sums chargeable to UK Tax) | Payment for Loss of Office | Benefits In Kind | Total Excluding Pension Contribution | Employers Pension Contribution | Total Including Pension Contribution |
|   | £                           | £           | £   | £                          | £                | £                                    | £                              | £                                    |
| Chief Executive                           | 103,483                     | -           | 286   | -                          | 672              | 104,441                              | 23,797                         | 128,238                              |
| Director of Resources                     | 87,064                      | -           | -   | -                          | 656              | 87,720                               | 18,588                         | 106,308                              |
| Director of Services                      | 87,064                      | -           | 45  | -                          | 463              | 87,572                               | 18,546                         | 106,118                              |
| Head of Legal and Democratic Services (1) | 100,515                     | -           | -   | -                          | 463              | 100,978                              | 12,842                         | 113,820                              |
| Head of Finance & IT                      | 59,942                      | -           | -   | -                          | 332              | 60,274                               | 12,474                         | 72,748                               |
| Head of Sustainable Development           | 58,413                      | -           | 18  | -                          | 672              | 59,103                               | 12,224                         | 71,327                               |
| Head of Environment                       | 57,705                      | -           | 110   | -                          | 463              | 58,278                               | 12,179                         | 70,457                               |
| Head of Community Services                | 57,585                      | -           | 40  | -                          | -                | 57,625                               | 12,079                         | 69,704                               |

(1) The basic salary of the Head of Legal and Democratic Services is in line with the other Heads of Service.

However during the year the Head of Legal Services and Democratic Services provided support to another local authority. Part of the salary costs was therefore covered by the fee paid by the other authority. This sum also includes additional amounts that were payable as part of arrangements to cover a maternity leave within legal services.

| Post                                      | 2008/09                     |             |   |                            |                  |                                      |                                |                                      |
|---|-----------------------------|-------------|---|----------------------------|------------------|--------------------------------------|--------------------------------|--------------------------------------|
|   | Total Salary and Allowances | Bonus / PRP | Expenses (eg mileage sums chargeable to UK Tax) | Payment for Loss of Office | Benefits In Kind | Total Excluding Pension Contribution | Employers Pension Contribution | Total Including Pension Contribution |
|   | £                           | £           | £   | £                          | £                | £                                    | £                              | £                                    |
| Chief Executive                           | 102,944                     | -           | 97  | -                          | 605              | 103,646                              | 21,997                         | 125,643                              |
| Director of Resources                     | 86,609                      | -           | -   | -                          | 413              | 87,022                               | 18,453                         | 105,475                              |
| Director of Services                      | 86,609                      | -           | 68  | -                          | 413              | 87,090                               | 18,453                         | 105,543                              |
| Head of Legal and Democratic Services (1) | 75,246                      | -           | -   | -                          | 413              | 75,659                               | 12,634                         | 88,293                               |
| Head of Finance & IT                      | 57,744                      | -           | -   | -                          | 296              | 58,040                               | 12,014                         | 70,054                               |
| Head of Sustainable Development           | 56,244                      | -           | 37  | -                          | 605              | 56,886                               | 11,757                         | 68,643                               |
| Head of Environment                       | 55,536                      | -           | 123   | -                          | 413              | 56,072                               | 11,716                         | 67,788                               |
| Head of Community Services                | 55,416                      | -           | 79  | -                          | -                | 55,495                               | 11,626                         | 67,121                               |

(1) This sum includes additional amounts that were payable as part of arrangements to cover a maternity leave within Legal services.

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:

|                       | 2009/10<br>Number of<br>Employees<br>Total | 2008/09<br>Number of<br>Employees<br>Total |
|-----------------------|--|--|
| £ 50,000 - £ 54,999   | -  | 2  |
| £ 55,000 - £ 59,999   | 3  | 4  |
| £ 60,000 - £ 64,999   | 1  | -  |
| £ 65,000 - £ 69,999   | -  | -  |
| £ 70,000 - £ 74,999   | -  | -  |
| £ 75,000 - £ 79,999   | -  | 1  |
| £ 80,000 - £ 84,999   | -  | -  |
| £ 85,000 - £ 89,999   | 2  | 2  |
| £ 90,000 - £ 94,999   | -  | -  |
| £ 95,000 - £ 99,999   | -  | -  |
| £ 100,000 - £ 104,999 | 2  | 1  |

Nb: This table includes those senior officers that are included in the detailed tables above.

## 5. 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 (eg housing benefits). Details of transactions with Government departments are set out in note 23 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. 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' 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.

## 6. Audit Costs

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

|  | 2009/10<br>£'000 | 2008/09<br>£'000 |
|--|------------------|------------------|
| Fees payable with regard to external audit services carried out by the appointed auditor | 94               | 104              |
| Fees payable to the Audit Commission in respect of statutory inspection                  | 9                | 6                |
| Fees payable for the certification of grant claims and returns by the appointed auditor  | 25               | 25               |
| Fees payable in respect of other services provided by the appointed auditor              | 2                | 2                |
|  | 130              | 137              |

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.

## 7. Movement on Intangible Fixed Assets

|   | <i>Purchased<br/>Software<br/>Licenses<br/>£'000</i> | <i>Internally<br/>Developed<br/>Software<br/>£'000</i> | <i>Total<br/>£'000</i> |
|---|--|--|------------------------|
| Gross cost at 31 March 09                           | 598  | 552  | 1,150                  |
| Accumulated depreciation / amortisation             | (358)  | (415)  | (773)                  |
| <b>Net Book Value at 31 March 09</b>                | <b>240</b>   | <b>137</b>   | <b>377</b>             |
| <b>Movement in 2009/10</b>                          |  |  |                        |
| Additions   | 43   | (44)   | (1)                    |
| Disposals - Gross book value (Note 1)               | -  | (276)  | (276)                  |
| Disposals - Accumulated depreciation / amortisation | -  | 276  | 276                    |
| Depreciation / amortisation charge for 2009/10      | (156)  | (93)   | (249)                  |
| Gross cost at 31 March 10                           | 641  | 232  | 873                    |
| Accumulated depreciation / amortisation             | (514)  | (232)  | (746)                  |
| <b>Net Book Value at 31 March 10</b>                | <b>127</b>   | <b>-</b>   | <b>127</b>             |

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

*The Authority is internally developing elements of its document management system. The costs of this are being written off over 4 years.*

*Note 1: During 2009/10 the Authority replaced its website with an updated version. The costs relating to the old website have therefore been written out.*

## 8. Movement on Tangible Fixed Assets

|                                    | <i>Operational Assets</i>   |  |                                       | <i>Non</i>  | <i>Total<br/>£'000</i> |
|------------------------------------|---|--|---------------------------------------|---|------------------------|
|                                    | <i>Land and<br/>Buildings<br/>(including<br/>car parks)<br/>£'000</i> | <i>Vehicles,<br/>Fixtures &amp;<br/>Fittings and<br/>Equipment<br/>£'000</i> | <i>Community<br/>Assets<br/>£'000</i> | <i>Operational<br/>Assets<br/>Investment<br/>Properties<br/>£'000</i> |                        |
| <b>Cost or Valuation</b>           |   |  |                                       |   |                        |
| At 31 March 2009                   | 4,112   | 2,637  | 67                                    | 5,668   | 12,484                 |
| Additions                          | 147   | 351  | -                                     | 147   | 645                    |
| Disposals (Note 1)                 | -   | (135)  | -                                     | (156)   | (291)                  |
| <b>At 31 March 2010</b>            | <b>4,259</b>  | <b>2,853</b>   | <b>67</b>                             | <b>5,659</b>  | <b>12,838</b>          |
| <b>Depreciation and Impairment</b> |   |  |                                       |   |                        |
| At 1 March 2009                    | (29)  | (1,496)  | -                                     | -   | (1,525)                |
| Depreciation charge for 2009/10    | (32)  | (335)  | -                                     | -   | (367)                  |
| Disposals                          | -   | -  | -                                     | -   | -                      |
| <b>At 31 March 2010</b>            | <b>(61)</b>   | <b>(1,831)</b>   | <b>-</b>                              | <b>-</b>  | <b>(1,892)</b>         |
| <b>Balance Sheet Amount</b>        |   |  |                                       |   |                        |
| At 31 March 2009                   | 4,083   | 1,141  | 67                                    | 5,668   | 10,959                 |
| At 31 March 2010                   | 4,198   | 1,022  | 67                                    | 5,659   | 10,946                 |

*Note 1:*

*- The operational disposals relate to play equipment which was purchased from grant funding and then transferred to local organisations to maintain.*

- The non operational disposals relate to properties that have been let on long term (ie 90+ year) leases.

### Valuation

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

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

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

Land - not depreciated

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

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

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

### **Capital Commitments**

There are no significant commitments under capital contracts as at 31 March 2010.

### **Major Assets Held**

|                               | Number<br>at 31<br>March<br>2010 | Number<br>at 31<br>March<br>2009 |
|-------------------------------|----------------------------------|----------------------------------|
| Council dwellings             | 1                                | 1                                |
| Beaconsfield Town Hall        | 1                                | 1                                |
| Brindley House                | 1                                | 1                                |
| Depots                        | 2                                | 2                                |
| Off-street car parks          | 14                               | 14                               |
| Golf courses                  | 1                                | 1                                |
| Sports centres                | 1                                | 1                                |
| Cemeteries & memorial gardens | 4                                | 4                                |
| Public conveniences           | 3                                | 3                                |

### **Summary of Capital Expenditure**

|   | 2009/10<br>£'000 | 2008/09<br>£'000 |
|---|------------------|------------------|
| Revenue expenditure funded from capital under statute (see below) | 490              | 802              |
| Stoke Poges Memorial Gardens                                      | 27               | 12               |
| IT Equipment & systems  | 38               | 195              |
| Car Parks   | -                | 85               |
| Beacon Centre   | 12               | 5                |
| Public Offices  | 10               | 27               |
| The Lanes Golf Course   | 127              | -                |
| Cemeteries  | 13               | -                |
| Green Waste/Recycling   | 121              | 6                |
| The Stomping Ground   | 38               | -                |
| Depots  | 18               | -                |
| Swan Road   | 90               | -                |
| Grant Funded Playschemes  | 139              | -                |
| Other schemes   | 10               | 11               |
|   | <b>1,133</b>     | <b>1,143</b>     |

**Capital Financing Requirement**

|   | 2009/10<br>£'000 | 2008/09<br>£'000 |
|---|------------------|------------------|
| Opening Capital Finance Requirement                         | -                | -                |
| Capital Expenditure   | 1,133            | 1,143            |
| Sources of Finance:   |                  |                  |
| Capital Receipts  | (712)            | (911)            |
| Government Grants - Revenue expenditure funded from capital | (210)            | (204)            |
| Government Grants - Other                                   | (211)            | (28)             |
| Closing Capital Finance Requirement                         | -                | -                |

**Analysis of Revenue expenditure funded from capital under statute**

|   | Expenditure<br>In<br>Year<br>£'000 | Funded by<br>Gov't<br>Grant<br>£'000 | Net Charge<br>to Revenue<br>In year<br>£'000 |
|---|------------------------------------|--------------------------------------|--|
| Environmental improvements                  | 25                                 | -                                    | 25   |
| Improvement grants                          | 399                                | (210)                                | 189  |
| Community Development Schemes               | 28                                 | -                                    | 28   |
| IT Equipment & Systems                      | 7                                  | -                                    | 7  |
| Contribution to Pooled Fund                 | 9                                  | -                                    | 9  |
| Contribution to CCTV Schemes                | 10                                 | -                                    | 10   |
| Contribution Bells Hill Green Redevelopment | 10                                 | -                                    | 10   |
| Minor works                                 | 2                                  | -                                    | 2  |
|   | 490                                | (210)                                | 280  |
| 2008/09                                     | 802                                | (204)                                | 598  |

**9. Financial Instruments****Balances**

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

|  | Long-Term                       |                                | Current                         |                                |
|--|---------------------------------|--------------------------------|---------------------------------|--------------------------------|
|  | At 31<br>March<br>2010<br>£'000 | At 1<br>April<br>2009<br>£'000 | At 31<br>March<br>2010<br>£'000 | At 1<br>April<br>2009<br>£'000 |
| Loans and receivables                    |                                 |                                |                                 |                                |
| -Money market loans- Callable Deposits   | 5,000                           | 5,029                          | 34                              | 2,099                          |
| - Money market loans- Fixed Deposits     | 2,000                           | -                              | 7,160                           | 11,256                         |
| Available-for sale financial assets      |                                 |                                |                                 |                                |
| -Bonds                                   | 1,545                           | 1,481                          | -                               | 881                            |
| Fair value through profit or loss assets |                                 |                                |                                 |                                |
| -Investment fund managed by Investec     | -                               | -                              | 3,865                           | 8,075                          |
|  | 8,545                           | 6,510                          | 11,059                          | 22,311                         |

**Gains / Losses**

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

|                          | Cash and<br>Bank | Loans and<br>receivables<br>- Money<br>Market<br>Loans | Available-<br>for-sale<br>- Bonds | Fair value<br>through P&L<br>- Fund<br>Manager | Total   |
|--------------------------|------------------|--|-----------------------------------|--|---------|
|                          | £'000            | £'000  | £'000                             | £'000  | £'000   |
| <u>2009/10</u>           |                  |  |                                   |  |         |
| Interest income to I&E   | (124)            | (712)  | (110)                             | (101)  | (1,047) |
| Revaluation (gain)/loss  | -                | -  | (88)                              | -  | (88)    |
| Impairment losses        | -                | -  | -                                 | -  | -       |
| Gain/(loss) for the Year | (124)            | (712)  | (198)                             | (101)  | (1,135) |
| <u>2008/09</u>           |                  |  |                                   |  |         |
| Interest income to I&E   | (382)            | (871)  | (134)                             | (604)  | (1,991) |
| Revaluation (gain)/loss  | -                | -  | (11)                              | -  | (11)    |
| Impairment losses        | -                | -  | -                                 | -  | -       |
| Gain/(loss) for the Year | (382)            | (871)  | (145)                             | (604)  | (2,002) |

**Fair Value**

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

- o Estimated interest rates at 31 March 2010 of between 0.37% and 3.89% depending on the loan duration
- o No early repayment or impairment is recognised
- o Where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value
- o The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair value of loans and receivables as at 31 March 2010 (£14.344m) is higher than the carrying amount (£14.194m) because the Authority's portfolio of investments includes a number of fixed rate loans where the interest rate receivable is higher than the rates available for similar loans at the Balance Sheet date. This increases the amount that the Authority would receive if it agreed to early repayment of the loans.

**Nature and extent of risks arising from financial instruments**

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

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

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

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

Credit Risk

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

Investments managed in house - The Council uses credit ratings published by FITCH IBCA and Standards & Poors to establish the credit quality of counter parties and investment schemes. There is a minimum credit rating of AA- and in 2009/10 there was a maximum limit of £2m for any new investment with any institution, unless prior approval was given by the Resources Portfolio Holder. If a counterparty's or investment scheme's rating is downgraded, with the result that it no longer meets the Council's minimum criteria, then the Council will not place any more funds with that counterparty.

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

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

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

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

|   | Amount at<br>31 March<br>2010 | Historical<br>experience<br>of default | Experience<br>adjusted for<br>market<br>conditions | Estimated<br>Maximum<br>Exposure to<br>default |
|---|-------------------------------|--|--|--|
|   | £'000                         | £'000                                  | £'000  | £'000  |
| Deposits with banks and other<br>financial institutions | 25,550                        | -                                      | 0.3%   | 77   |
| Customers   | 3,526                         | 1.4%                                   | 5.0%   | 176  |

The Authority does not generally allow credit, such that £1.2m of the £3.5m balance is past its due date for payment. The past due amount can be analysed by age as follows:

|                     | Council<br>Tax<br>£m | Other<br>£m | Total<br>£m |
|---------------------|----------------------|-------------|-------------|
| As at 31 March 2010 |                      |             |             |
| Less than one year  | 0.09                 | 0.33        | 0.42        |
| One to 2 years      | 0.11                 | 0.30        | 0.41        |
| More than two years | 0.07                 | 0.30        | 0.37        |
|                     | <u>0.27</u>          | <u>0.93</u> | <u>1.20</u> |

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<br>Bank | Loans and<br>receivables<br>- Money<br>Market<br>Loans | Available-<br>for-sale<br>- Bonds | Fair value<br>through P&L<br>- Fund<br>Manager |
|--------------------------------|------------------|--|-----------------------------------|--|
|                                | £'000            | £'000  | £'000                             | £'000  |
| <u>As at 31 March 2010</u>     |                  |  |                                   |  |
| On demand                      | 5,946            | -  | -                                 | -  |
| Seven day notice (75% of fund) | -                | -  | -                                 | 2,899  |
| 3 month notice (25% of fund)   | -                | -  | -                                 | 966  |
| Less than one year             | -                | 7,194  | -                                 | -  |
| Between one and two years      | -                | 2,000  | -                                 | -  |
| More than two years            | -                | 5,000  | 1,545                             | -  |
|                                | <u>5,946</u>     | <u>14,194</u>  | <u>1,545</u>                      | <u>3,865</u>                                   |
| <u>As at 31 March 2009</u>     |                  |  |                                   |  |
| On demand                      | (283)            | -  | -                                 | -  |
| Seven day notice (75% of fund) | -                | -  | -                                 | 6,056  |
| 3 month notice (25% of fund)   | -                | -  | -                                 | 2,019  |
| Less than one year             | -                | 13,355   | 881                               | -  |
| Between one and two years      | -                | -  | -                                 | -  |
| More than two years            | -                | 5,029  | 1,481                             | -  |
|                                | <u>(283)</u>     | <u>18,384</u>  | <u>2,362</u>                      | <u>8,075</u>                                   |

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

#### Market Risk – Interest Rate Risk

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

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

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

The Authority has a number of strategies for managing interest rate risk. In particular the Authority holds a mix of long and short term investments and a mix of fixed and variable rate investments. The upper limit for variable rate investments in 2009/10 was 68% 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 2010, if interest rates had been 1% higher with all other variables held constant, the estimated financial effect, based on reassessing the cash and bank interest earnings and the Net Present Value of the fixed rate investments, would be:

At 31

At 1

|   | March<br>2010<br>£'000 | April<br>2009<br>£'000 |
|---|------------------------|------------------------|
| Change in Interest and Investment income shown in I&E Account                   |                        |                        |
| Increase in interest receivable on cash and bank holdings                       | (62)                   | (81)                   |
| Reduction in value of Fair Value through P&L investments (Fund Mgr)             | 8                      | 27                     |
| Impact on Income and Expenditure Account  | (54)                   | (54)                   |
| Change in fair value of fixed rate investments shown in STRGL                   |                        |                        |
| Reduction in fair value of Available for Sale investments (Bonds)               | 82                     | 90                     |
| Impact on STRGL   | 82                     | 90                     |
| Reduction in fair value of Loans and Receivables<br>(no impact on I&E or STRGL) | 253                    | 242                    |

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

#### Market Risk - Foreign Exchange Risk

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

#### 10. Long-term Debtors

|                          | New<br>Advances<br>£'000 | Repayments/<br>Write-offs<br>£'000 | At 31<br>March<br>2010<br>£'000 | At 31<br>March<br>2009<br>£'000 |
|--------------------------|--------------------------|------------------------------------|---------------------------------|---------------------------------|
| House Purchase Mortgages | -                        | (1)                                | -                               | 1                               |
| Car loans                | 19                       | (20)                               | 39                              | 40                              |
| Swan Road Loan           | 90                       | -                                  | 90                              | -                               |
| Other Loans & Advances   | -                        | (25)                               | 195                             | 220                             |
|                          | 109                      | (46)                               | 324                             | 261                             |

**11. Debtors**

|  | <i>At 31<br/>March<br/>2010<br/>£'000</i> | <i>At 31<br/>March<br/>2009<br/>Restated<br/>£'000</i> |
|--|---|--|
| Council Tax                                | 271                                       | 293  |
| Government departments                     | 1,186                                     | 907  |
| Interest receivable                        | 46  | -  |
| Payments in advance                        | 237                                       | 278  |
| Sundry debtors                             | 1,462                                     | 1,480  |
|  | <u>3,202</u>                              | <u>2,958</u>   |
| Less provision for bad debts - Council Tax | (126)                                     | (181)  |
| Less provision for bad debts - Other Debts | (684)                                     | (623)  |
|  | <u><u>2,392</u></u>                       | <u><u>2,154</u></u>                                    |

**12. Creditors**

|                        | <i>At 31<br/>March<br/>2010<br/>£'000</i> | <i>At 31<br/>March<br/>2009<br/>£'000</i> |
|------------------------|---|---|
| Council Tax            | (63)                                      | (85)                                      |
| Government departments | -   | (257)                                     |
| Sundry creditors       | (2,127)                                   | (2,262)                                   |
|                        | <u>(2,190)</u>                            | <u>(2,604)</u>                            |

**13. Provisions**

|  | <i>At 31<br/>March<br/>2010<br/>£'000</i> | <i>At 31<br/>March<br/>2009<br/>£'000</i> |
|--|---|---|
| Settlement - contaminated land dispute | (145)                                     | (145)                                     |

*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 2010. The remaining sum is likely to be paid in 2010/11.*

## 14. Movement on Government and Other Grants - Deferred

|  | At 31<br>March<br>2010<br>£'000 | At 31<br>March<br>2009<br>£'000 |
|--|---------------------------------|---------------------------------|
| Balance brought forward 1 April          | (372)                           | (321)                           |
| New grants received                      | (210)                           | (102)                           |
| New grants received - donated asset      | -                               | (55)                            |
| Grants relating to assets disposed off   | 127                             | -                               |
| Released to Income & Expenditure account | 203                             | 106                             |
| Balance carried forward 31 March         | <u>(252)</u>                    | <u>(372)</u>                    |

## 15. Local Government Pension Scheme

Participation in 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 locally by Buckinghamshire County Council - this is a funded defined benefit final salary 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.

Transactions relating to retirement benefits

We recognise the cost of retirement benefits in the Net 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 retirement benefits is reversed in the Statement of Movement in the General Fund Balance. The following transactions have been made in the Income and Expenditure Account and Statement of Movement in the General Fund Balance during the year.

|  | 2009/10<br>£'000 | 2008/09<br>£'000 |
|--|------------------|------------------|
| <u>Income and Expenditure Account</u>  |                  |                  |
| Net Cost of Services:  |                  |                  |
| - Current service cost   | 678              | 853              |
| - Past service cost  | -                | 93               |
| - Unfunded pension payments  | (121)            | (94)             |
| - (Gains) and losses on settlements  | -                | -                |
| - (Gains) and losses on curtailments   | -                | -                |
|  | <u>557</u>       | <u>852</u>       |
| Net Operating Expenditure:   |                  |                  |
| - Interest cost  | 2,443            | 2,645            |
| - Expected return on assets in the scheme  | (1,438)          | (1,805)          |
|  | <u>1,005</u>     | <u>840</u>       |
| Net charge to the Income and Expenditure Account                                 | <u>1,562</u>     | <u>1,692</u>     |
| <u>Statement of Movement on the General Fund Balance</u>                         |                  |                  |
| Reversal of net charges made for retirement benefits in accordance with FRS17    | (713)            | (873)            |
| Actual amounts charged against the General Fund Balance for Pensions in the year | <u>849</u>       | <u>819</u>       |

In addition to the recognised gains and losses included in the Income and Expenditure Account, actuarial gains and losses of (£10.475m) (£1.734m 2008/09) were included in the Statement of Total Recognised Gains and Losses. The cumulative amount of actuarial gains and losses recognised in the Statement of Total Recognised Gains and Losses is £15.737m.

Assets and liabilities in relation to retirement benefits

*Reconciliation of present value of the scheme liabilities:*

|                                      | 2009/10<br>£'000 | 2008/09<br>£'000 |
|--------------------------------------|------------------|------------------|
| 1 April                              | 37,116           | 40,562           |
| Current service cost                 | 678              | 853              |
| Interest cost                        | 2,443            | 2,645            |
| Contributions by scheme participants | 275              | 266              |
| Actuarial (gains) and losses         | 16,338           | (5,199)          |
| Losses / (gains) on curtailments     | -                | -                |
| Benefits paid                        | (2,163)          | (2,010)          |
| Past service costs                   | -                | 93               |
| Unfunded pension payments            | (121)            | (94)             |
| 31 March                             | <u>54,566</u>    | <u>37,116</u>    |

*Reconciliation of fair value of the scheme assets:*

|                                      | 2009/10<br>£'000 | 2008/09<br>£'000 |
|--------------------------------------|------------------|------------------|
| 1 April                              | 22,399           | 28,452           |
| Expected rate of return              | 1,438            | 1,805            |
| Actuarial gains and (losses)         | 5,863            | (6,932)          |
| Employer contributions               | 970              | 912              |
| Contributions by scheme participants | 275              | 266              |
| Benefits paid                        | (2,284)          | (2,104)          |
| 31 March                             | <u>28,661</u>    | <u>22,399</u>    |

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.

The actual return on scheme assets in the year was £7.301m (2008/09 -£5.127m).

Scheme history

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

|                                   | At 31<br>March<br>2010<br>£'000 | At 31<br>March<br>2009<br>£'000 | At 31<br>March<br>2008<br>£'000 | At 31<br>March<br>2007<br>£'000 | At 31<br>March<br>2006<br>£'000 |
|-----------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Present value of liabilities      | (54,566)                        | (37,116)                        | (40,562)                        | (44,986)                        | (44,792)                        |
| Fair value of assets              | 28,661                          | 22,399                          | 28,452                          | 31,490                          | 29,485                          |
| Surplus / (deficit) in the scheme | (25,905)                        | (14,717)                        | (12,110)                        | (13,496)                        | (15,307)                        |

The liabilities show the underlying commitments that the Authority has in the long run to pay retirement benefits. The total liability of £25.905m 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.

The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2011 is £0.925m.

Basis for estimating assets and liabilities

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

The principal assumptions used by the actuary have been:

|  | 2009/10     | 2008/09     |
|--|-------------|-------------|
| Long-term expected rate of return on assets in the scheme:           |             |             |
| Equity investments   | 7.8%        | 7.3%        |
| Property   | 7.3%        | 6.8%        |
| Gilts  | 4.5%        | 4.0%        |
| Other Bonds  | 5.5%        | 6.5%        |
| Cash   | 3.0%        | 3.0%        |
| Mortality assumptions:   |             |             |
| Longevity at 65 for current pensioners                               |             |             |
| Men  | 22.21 years | 22.21 years |
| Women  | 25.26 years | 25.26 years |
| Longevity at 65 for future pensioners                                |             |             |
| Men  | 22.96 years | 22.96 years |
| Women  | 25.99 years | 25.99 years |
| Rate of inflation  | 3.9%        | 3.0%        |
| Rate of increase in salaries   | 5.4%        | 4.5%        |
| Rate of increase in pensions   | 3.9%        | 3.0%        |
| Rate for discounting scheme liabilities                              | 5.5%        | 6.7%        |
| Take-up of option to convert annual pension into retirement lump sum | 50.0%       | 50.0%       |

Assets in the Pension Scheme consist of the following categories, by proportion of the total assets held.

|                    | 31 March<br>2010<br>% | 31 March<br>2009<br>% |
|--------------------|-----------------------|-----------------------|
| Equity investments | 70                    | 61                    |
| Property           | 8                     | 6                     |
| Gilts              | 6                     | 20                    |
| Other Bonds        | 8                     | 8                     |
| Alternative Assets | 6                     | -                     |
| Cash               | 2                     | 5                     |
|                    | <b>100</b>            | <b>100</b>            |

#### History of experience gains and losses

The actuarial gains / losses identified as movements on the Pension Reserve can be analysed into the following categories.

|  | At 31<br>March<br>2010<br>£'000 | At 31<br>March<br>2009<br>£'000 | At 31<br>March<br>2008<br>£'000 | At 31<br>March<br>2007<br>£'000 | At 31<br>March<br>2006<br>£'000 |
|--|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Experience adjustments on Scheme assets      | 5,863                           | (6,932)                         | (3,915)                         | 462                             | 5,380                           |
| As a percentage of scheme assets             | 20.5%                           | 30.9%                           | 13.8%                           | 1.5%                            | 18.2%                           |
| Experience adjustments on Scheme liabilities | -                               | -                               | 493                             | -                               | -                               |
| As a percentage of scheme liabilities        | -                               | -                               | 1.2%                            | -                               | -                               |

## 16. 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<br/>Movement<br/>In Year<br/>£'000</i> | <i>Balance<br/>31 March<br/>2010<br/>£'000</i> | <i>Balance<br/>31 March<br/>2009<br/>£'000</i> | <i>Further<br/>details</i>  |
|---|---|--|--|---|
| <b>Capital Adjustments Account</b><br><i>Store of capital resources set aside to meet past capital expenditure.</i>                                     | (116)   | 8,727  | 8,843  | (a) below   |
| <b>Revaluation Reserve</b><br><i>Store of revaluation gains recognised since 1 April 2007.</i>  | (27)  | 2,056  | 2,083  | (b) below   |
| <b>Available for Sale Financial Reserve</b><br><i>Store of gain / losses resulting from the change in fair value of available for sale investments.</i> | 88  | 55   | (33)   | (c) below   |
| <b>Deferred credits</b><br><i>Future capital receipts that will become available once loans are repaid.</i>   | 66  | 267  | 201  | (d) below   |
| <b>Capital receipts reserve</b><br><i>Proceeds of fixed asset sales available to meet future capital investment.</i>                                    | (688)   | 21,247   | 21,935   | (e) below   |
| <b>Capital reserves</b><br><i>Specific funds reserved for the Memorial gardens and stoke park.</i>  | -   | 3,925  | 3,925  | (f) below   |
| <b>Specific earmarked reserves</b><br><i>Funds set aside to meet specific future costs.</i>   | (35)  | 525  | 560  | (g) below   |
| <b>General fund reserves</b><br><i>Resources available to meet future running costs.</i>  | (1,150)                                       | 1,447  | 2,597  | Statement of<br>Movement on<br>the General<br>Fund Balance<br>Page 16 |
| <b>Pensions Reserve</b><br><i>Balancing account to allow inclusion of Pension Liability in Balance Sheet.</i>   | (11,188)                                      | (25,905)                                       | (14,717)                                       | Note 15 to the<br>Core Financial<br>Statements<br>Page 32             |
| <b>Collection Fund Adjustment Account</b><br><i>Resources available to offset future Council Tax demands.</i>   | (25)  | (126)  | (101)  | Supplementary<br>Financial<br>Statement<br>Collection Fund<br>Page 42 |
|   | <b>(13,075)</b>                               | <b>12,218</b>                                  | <b>25,293</b>                                  |   |

**a. Movement on Capital Adjustments Account**

|  | 2009/10<br>£'000 | 2008/09<br>£'000 |
|--|------------------|------------------|
| Balance brought forward 1 April                              | (8,843)          | (9,250)          |
| Financing of Capital Expenditure - Total                     | (1,133)          | (1,143)          |
| Financing of Capital Expenditure - Grants                    | 420              | 233              |
| Disposals  | 292              | -                |
| Disposals - Write out grants on disposal                     | (127)            | -                |
| Disposals - Transfer of Accumulated revaluations from RR     | (17)             | -                |
| Impairment - charged to income and expenditure account       | -                | 50               |
| Write back of depreciation / amortisation                    | 614              | 785              |
| Adjustment for additional current value depreciation charges | (10)             | (10)             |
| Release Government Grant Deferred                            | (203)            | (106)            |
| Revenue expenditure funded from capital under statute        | 280              | 598              |
|  | <b>(8,727)</b>   | <b>(8,843)</b>   |

**b. Movement on Revaluation Reserve**

|  | 2009/10<br>£'000 | 2008/09<br>£'000 |
|--|------------------|------------------|
| Balance brought forward 1 April                              | (2,083)          | (2,279)          |
| Revaluations in year   | -                | -                |
| Adjustment for additional current value depreciation charges | 10               | 10               |
| Impairment - covered by balance in revaluation reserve       | -                | 186              |
| Disposals - Transfer of accumulated revaluations to CAA      | 17               | -                |
|  | <b>(2,056)</b>   | <b>(2,083)</b>   |

**c. Movement on Available For Sale Financial Reserve**

|   | 2009/10<br>£'000 | 2008/09<br>£'000 |
|---|------------------|------------------|
| Balance brought forward 1 April                           | 33               | 44               |
| In year change in fair value of available for sale assets | (88)             | (11)             |
|   | <b>(55)</b>      | <b>33</b>        |

**d. Movement on Deferred Credits**

|                          | At 31<br>March<br>2010<br>£'000 | At 31<br>March<br>2009<br>£'000 |
|--------------------------|---------------------------------|---------------------------------|
| House Purchase Mortgages | 1                               | (1)                             |
| Swan Road Loan           | (90)                            | -                               |
| Colnbrook Hall Loan      | 1                               | (5)                             |
| Paper sort loan          | 22                              | (195)                           |
|                          | <b>(66)</b>                     | <b>(201)</b>                    |

**e. Movement on Capital Receipts Reserve**

|  | 2009/10<br>£'000 | 2008/09<br>£'000 |
|--|------------------|------------------|
| Balance brought forward 1 April          | (21,935)         | (21,460)         |
| Capital receipts received in year        | (24)             | (1,386)          |
| Less capital receipts used for financing | 712              | 911              |
|  | <b>(21,247)</b>  | <b>(21,935)</b>  |

f. *Movement on Capital Reserves*

|                                   | <i>At 31<br/>March<br/>2010<br/>£'000</i> | <i>At 31<br/>March<br/>2009<br/>£'000</i> |
|-----------------------------------|---|---|
| Memorial Gardens Maintenance Fund | (2,954)                                   | (2,954)                                   |
| Stoke Park Investment Fund        | (971)                                     | (971)                                     |
|                                   | <u>(3,925)</u>                            | <u>(3,925)</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.*

g. *Movement on Specific Reserves*

|                              | <i>Net<br/>(Surplus) /<br/>Deficit for<br/>year<br/>£'000</i> | <i>At 31<br/>March<br/>2010<br/>£'000</i> | <i>At 31<br/>March<br/>2009<br/>£'000</i> |
|------------------------------|---|---|---|
| Allocated Funding            | 28  | (8)                                       | (36)                                      |
| Bequests                     | -   | (15)                                      | (15)                                      |
| Disasters/Emergencies        | -   | (27)                                      | (27)                                      |
| Farnham Royal Pump           | -   | (7)                                       | (7)                                       |
| Insurance                    | 12  | (20)                                      | (32)                                      |
| Leisure                      | 7   | (5)                                       | (12)                                      |
| Local Development Fund (LDF) | -   | (400)                                     | (400)                                     |
| Memorial Gardens             | -   | (22)                                      | (22)                                      |
| Renewals & Repairs           | (12)  | (20)                                      | (8)                                       |
| Russo Burial Trust           | -   | (1)                                       | (1)                                       |
|                              | <u>35</u>   | <u>(525)</u>                              | <u>(560)</u>                              |

17. *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 2009/10 was £745,800 (2008/09 £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 2009 to making payments of £745,800 under this lease agreement in 2010/11 as follows:*

|   | <i>Other land &amp; Buildings<br/>£'000</i> |
|---|---|
| <i>Leases expiring 2010/11</i>            | -   |
| <i>Leases expiring 2011/12 to 2015/16</i> | -   |
| <i>Leases expiring after 2015/16</i>      | 746   |

*The Authority also leases a number of buildings to other parties. The total rental payable to the Authority in 2009/10 was £245,000 (2008/09 £245,000).*

*With regard to the properties that the Authority leases to other parties. The Net Book Value of these assets as at 31 March 2010 was £4.32m (31 March 2009 £4.35m). There is no accumulated depreciation on these assets.*

## 18. 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 £850,000 of overpaid VAT relating to the period since September 2001.

The Authority has also lodged a VAT reclaim for overpaid VAT in relation to leisure facilities prior to 1994 and excess charges prior to 1997. If successful the Authority could be due a refund of £317,000.

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 liability:

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.

## 19. Farnham Charitable Trust Fund

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

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

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

The ERDC Act obliges SBDC to maintain and manage the transferred land in accordance with the purposes of the original trust (as substantially re-enacted in schedule 4 of the ERDC Act). These assets therefore form a charitable trust, with 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 2009/10 the Trust earned income of £498,000 and spent £707,000. Giving a net loss for the year of £209,000, which was funded from the Trust's accumulated reserves. As at 31 March 2010 the Trust owned land and buildings valued at £1.9m.

| <b>20. Reconciliation of I&amp;E Account to Revenue Activities Net Cash Flow</b> | <b>2009/10</b> | <b>2008/09</b>  |
|--|----------------|-----------------|
|  | <b>£'000</b>   | <b>£'000</b>    |
|  |                | <b>Restated</b> |
| <i>(Increase) / Decrease in General Fund Balance for the Year</i>                | 1,150          | (242)           |
| <i>Revenue expenditure funded from Capital</i>                                   | 280            | 597             |
| Collection fund - cash movement attributable to SBDC                             | 80             | 163             |
| <i>Servicing of Finance</i>  | 1,130          | 2,478           |
| <b>Non-Cash Transactions</b>   |                |                 |
| Reduction / (increase) in provisions   | -              | -               |
| Reduction / (increase) in bad debt provision                                     | (132)          | (76)            |
| Reduction / (increase) in specific reserves                                      | 35             | (16)            |
| <b>Change in current assets/liabilities</b>                                      |                |                 |
| (Decrease) / increase in stock   | (1)            | 1               |
| Decrease / (increase) in revenue creditors                                       | 201            | (339)           |
| (Decrease) / increase in revenue debtors   | 55             | (388)           |
| <b>Revenues Activities Net Cash Flow (per Cash flow statement)</b>               | <b>2,798</b>   | <b>2,178</b>    |

### 21. 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.*

|   | <b>2009/10</b> | <b>2008/09</b> |
|---|----------------|----------------|
|   | <b>£'000</b>   | <b>£'000</b>   |
|   | <b>£'000</b>   | <b>£'000</b>   |
| Short Term Investments 1 April                                  | 22,311         | 11,754         |
| Interest  | (76)           | 360            |
| In year change in fair value                                    | -              | (13)           |
| Net increase/(decrease) in investments (per cashflow statement) | (11,176)       | 10,210         |
| Short Term Investments 31 March                                 | <b>11,059</b>  | <b>22,311</b>  |

### 22. Cash Movements

|                          | <b>Movement</b> | <b>At 31</b> | <b>At 31</b> |
|--------------------------|-----------------|--------------|--------------|
|                          | <b>in</b>       | <b>March</b> | <b>March</b> |
|                          | <b>year</b>     | <b>2010</b>  | <b>2009</b>  |
|                          | <b>£'000</b>    | <b>£'000</b> | <b>£'000</b> |
| Cash in hand and at bank | 6,229           | 5,946        | (283)        |

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

|                                     | 2009/10       | 2008/09           |
|-------------------------------------|---------------|-------------------|
|                                     | £'000         | Restated<br>£'000 |
| <b>Revenue Grants</b>               |               |                   |
| National Non-Domestic Rate          | 2,437         | 2,620             |
| Revenue Support Grant               | 562           | 365               |
| Housing Benefit Grants              | 13,007        | 10,498            |
| Council Tax Benefit Grants          | 3,303         | 2,872             |
| LA Business Growth Incentive Scheme | 35            | 755               |
| Area Based Grant                    | 23            | 22                |
| Cost of Collection Allowance        | 105           | 104               |
| Improvement Grants                  | 210           | 180               |
| Business Rates Deferral             | 12            | -                 |
| Swimming Grant                      | 60            | -                 |
| Homelessness Prevention             | 49            | 45                |
| Housing & Planning Delivery         | 130           | 55                |
| Habitats Grant                      | 34            | -                 |
| Mortgage Rescue Grant               | 29            | -                 |
| Air Quality                         | 20            | 8                 |
| Travel Concessions                  | 169           | 165               |
| Other grants                        | 13            | 84                |
|                                     | <b>20,198</b> | <b>17,773</b>     |
| <b>Capital Grants</b>               |               |                   |
| Council Tax Leaflets etc            | 5             | 5                 |
| Housing & Planning Delivery         | -             | 28                |
| Recycling Bins                      | -             | 5                 |
| Swimming Grant                      | -             | 19                |
|                                     | <b>5</b>      | <b>57</b>         |
|                                     | <b>20,203</b> | <b>17,830</b>     |

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

*Events arising after the balance sheet date and up to the authorised for issue 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 up to the authorised for issue 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).*

*Each April from 1972, public-sector pensions have been increased in line with the Retail Prices Index ('RPI'). HM Treasury has stated that from April 2011 the increase in pensions will be linked to the Consumer Prices Index ('CPI'). Historically, the CPI has usually been lower than the RPI. It is estimated that this change will reduce the SBDC pension liability by approximately 10% (£2.75m) and thus reduce the net pension liability in the balance sheet by this amount.*

**25. Date Accounts Authorised for Issue**

*The Director of Resources authorised the Accounts for issue on 24<sup>th</sup> June 2010, 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                               | 2009/10<br>£'000                        | 2008/09<br>£'000 |
|-------------------------------------|---|------------------|
| <b>Income</b>                       |   |                  |
| 1                                   | (43,810)                                | (41,704)         |
|                                     | Transfer from General Fund              |                  |
|                                     | (3,121)                                 | (2,740)          |
|                                     | 3                                       | 6                |
| 2                                   | (27,987)                                | (27,250)         |
|                                     | -                                       | -                |
|                                     | <b>(74,915)</b>                         | <b>(71,688)</b>  |
| <b>Expenditure</b>                  |   |                  |
| 3                                   | 47,118                                  | 44,860           |
|                                     | Business rate:                          |                  |
|                                     | 27,547                                  | 27,054           |
|                                     | 105                                     | 104              |
|                                     | 50                                      | 42               |
|                                     | 687                                     | 392              |
|                                     | (405)                                   | 163              |
|                                     | -                                       | 256              |
|                                     | <b>75,102</b>                           | <b>72,871</b>    |
|                                     | <b>187</b>                              | <b>1,183</b>     |
|                                     | 777                                     | (406)            |
|                                     | <b>964</b>                              | <b>777</b>       |
| <b>Deficit / (Surplus) for year</b> |   |                  |
|                                     | 777                                     | (406)            |
|                                     | <b>964</b>                              | <b>777</b>       |
|                                     | <b>Balance carried forward 31 March</b> | <b>777</b>       |

## Supplementary Financial Statements - Notes to the Collection Fund

### 1. Council Tax

The average Band D charge for 2009/10 was £1,455.37 (£1,401.66 in 2008/09). 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<br>Equivalent<br>Estimate<br>2009/10 | Band D<br>equivalent<br>Estimate<br>2008/09 |
|------|---|---|
| A    | 318   | 321   |
| B    | 549   | 549   |
| C    | 2,528                                       | 2,521                                       |
| D    | 4,961                                       | 4,770                                       |
| E    | 5,602                                       | 5,536                                       |
| F    | 4,433                                       | 4,455                                       |
| G    | 10,714                                      | 10,593                                      |
| H    | 3,500                                       | 3,499                                       |
|      | <b>32,605</b>                               | <b>32,244</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 reliefs and other deductions, are paid to a central pool (the NNDR pool), which is redistributed back to local authorities on the basis of a standard amount per head of local population.

|   | 2009/10  | 2008/09  |
|---|----------|----------|
| Non-domestic rateable value (at end of year - 2005 NNDR list) | £68.141m | £67.592m |
| Rate poundage - Standard Multiplier                           | 48.5p    | 46.2p    |
| - Small Business Multiplier                                   | 48.1p    | 45.8p    |

### 3. Precepts

|                                | 2009/10<br>Precept<br>£'000 | Share of 31<br>March 2010<br>Deficit<br>£'000 | 2009/10<br>Total<br>£'000 |
|--------------------------------|-----------------------------|---|---------------------------|
| Buckinghamshire County Council | 34,208                      | (700)   | 33,508                    |
| Bucks & MK Fire Authority      | 1,868                       | (38)  | 1,830                     |
| Thames Valley Policy Authority | 4,897                       | (100)   | 4,797                     |
| South Bucks District Council * | 6,145                       | (126)   | 6,019                     |
|                                | <b>47,118</b>               | <b>(964)</b>                                  | <b>46,154</b>             |
|                                |                             |   |                           |
|                                | 2008/09<br>Precept<br>£'000 | Share of 31<br>March 2009<br>Deficit<br>£'000 | 2008/09<br>Total<br>£'000 |
| Buckinghamshire County Council | 32,610                      | (564)   | 32,046                    |
| Bucks & MK Fire Authority      | 1,758                       | (31)  | 1,727                     |
| Thames Valley Policy Authority | 4,633                       | (81)  | 4,552                     |
| South Bucks District Council * | 5,859                       | (101)   | 5,758                     |
|                                | <b>44,860</b>               | <b>(777)</b>                                  | <b>44,083</b>             |

\* Includes amounts collected on behalf of parish councils.

## Annual Governance Statement

---

### 1) Scope of Responsibility

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

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

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

### 2) The Purpose of the Governance Framework

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

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

The governance framework has been in place at South Bucks District Council for the year ended 31 March 2010 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.

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

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

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

#### 4) Review of Effectiveness

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

For 2009/10 this review has been undertaken by the Audit Committee and included carrying out:

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

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

#### 5) Significant Governance Issues

We report that there is one material control weaknesses that is still in the process of being addressed.

- Business Continuity Planning. The overall SBDC Business Continuity Plan was not adopted until May 2009 and was therefore not in place during the whole of 2009/10. Further work is also ongoing in this area to ensure that there are robust service recovery plans for all areas.

We propose over the coming year to take steps to address the above matter to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvement.

In addition given the current economic climate and the national financial pressures it is anticipated that there will be future funding constraints. This added to the need to find financial savings means that, in common with most authorities, SBDC is facing a challenging financial position. Being a small authority in terms of staff numbers also adds to the challenge of responding to material reductions in funding, whilst maintaining acceptable levels of resilience in services. However SBDC is well placed to deal with this issue and is already putting plans in place to deliver the required savings.

Chris Furness  
Chief Executive

2 July 2010

Cllr Adrian Busby  
Leader of the Council

2 July 2010



## *Independent auditor's report to Members of South Bucks District Council*

---

### **Opinion on the accounting statements**

I have audited the Authority accounting statements and related notes of South Bucks District Council for the year ended 31 March 2010 under the Audit Commission Act 1998. The accounting statements comprise the Income and Expenditure Account, the Statement of 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 accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of 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 49 of the Statement of Responsibilities of Auditors and of Audited Bodies published by the Audit Commission in April 2008.

### **Respective responsibilities of the Director of Resources and Auditor**

The Director of Resources' responsibilities for preparing the accounting statements in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice are set out in the Statement of Responsibilities for the Statement of Accounts.

My responsibility is to audit the accounting 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 accounting statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice, of the financial position of the Authority and its income and expenditure for the year.

I review whether the governance statement reflects compliance with 'Delivering Good Governance in Local Government: A Framework' published by CIPFA/SOLACE in June 2007. I report if it does not comply with proper practices specified by CIPFA/SOLACE or if the statement is misleading or inconsistent with other information I am aware of from my audit of the accounting statements. I am not required to consider, nor have I considered, whether the governance statement covers all risks and controls. Neither am I 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 accounting statements, and consider whether it is consistent with the audited accounting statements. This other information comprises the Explanatory Foreword and the content of the Annual Report. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the accounting 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 accounting statements and related notes. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the accounting statements and related notes, 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 accounting statements and related notes 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 accounting statements and related notes.

### **Opinion**

In my opinion the Authority accounting statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice, of the financial position of the Authority as at 31 March 2010 and its income and expenditure for the year then ended.

---

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

### **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 for principal local authorities specified by the Audit Commission and published in May 2008 and updated in October 2009. 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.

### **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 May 2008 and updated in October 2009, and the supporting guidance, 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 ended 31 March 2010.

## 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.

30 September 2010

## **Glossary of Terms**

---

### **Accruals**

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

### **Capital expenditure**

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

### **Capital receipt**

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

### **Collection fund**

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

### **Council tax**

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

### **Council tax benefit**

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

### **Depreciation**

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

### **External audit**

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

### **Direct revenue financing**

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

### **Fair value**

*The amount for which an asset could be exchanged or a liability settled, assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy/sell at an appropriate price, with no other motive in their negotiations other than to secure a fair price.*

### **Fees and charges**

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

### **Financial derivatives**

*Financial instruments that change in response to an underlying measure (eg interest rate); require no initial net investment; and will be settled at a future date (eg futures and forwards, swaps, option contracts).*

### **Financial Instrument**

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

**Forward purchase contracts**

The purchase of investment assets in advance of the settlement date (ie agreeing to make an investment next month).

**Fixed assets**

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

**General fund**

The main fund of the Council.

**Gross expenditure**

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

**Housing benefit**

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

**Intangible Assets**

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

**Local authority business growth incentive scheme (LABGI)**

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

**National non-domestic rates (NNDR)**

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

**Net expenditure**

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

**Precept**

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

**Precepting authorities**

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

**Provisions and reserves**

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

**Revenue expenditure**

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

**Revenue support grant (RSG)**

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

**Specific grants**

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