



SOUTH BUCKS DISTRICT COUNCIL

Statement of Accounts For the year ended 31 March 2009

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SOUTH BUCKS DISTRICT COUNCIL

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Explanatory Foreword

Introduction

The Accounts of South Bucks District Council for the year ended 31 March 2009 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 2008/09 expenditure of the Council, including parish precepts, was £8.864m and the total income from council tax and general Government grants was £9.106m. Giving a net surplus in the year of £242,000.

The main issues to note are:

- The position in regard to general service budgets was an overall underspend of £54,000.
- The Authority earned £1.956m in unallocated interest in 2008/09 compared to a budget of £1.618m, a surplus of £338,000.
- The Authority had planned to use £464,000 in general reserves during the year, however these were not needed.
- The Authority incurred additional expenditure of £53,000 that was authorised during the year and thus was not included in the original budget.
- LABGI grant of £207,000 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.

	<i>Original Budget £'000</i>	<i>Latest Budget £'000</i>	<i>Yr End Actual £'000</i>	<i>Variance (Act-LB) £'000</i>
Community	1,875	1,886	2,049	163
Environment	2,458	2,290	2,395	105
Health & Housing	2,027	1,797	1,724	(73)
Resources	2,607	2,804	2,625	(179)
Sustainable Development	2,191	2,185	2,115	(70)
Net Cost of Services	11,158	10,962	10,908	(54)
Interest & Investment Income	(1,618)	(1,618)	(1,956)	(338)
PSA Reward grant	(50)	(50)	(91)	(41)
Less Capital Charges	(1,557)	(1,361)	(1,354)	7
Transfer to/(from) LDF Reserves	(130)	(130)	-	130
Transfer to/(from) Revenue Reserves - Planned	(464)	(464)	-	464
Budget Requirement	7,339	7,339	7,507	168
Adjustment re Farnham Charitable Assets	-	-	(282)	(282)
Additional expenditure funded from reserves	-	74	53	(21)
Parish Precepts	1,538	1,538	1,538	-
Transfer to/(from) Allocated Reserves	-	-	48	48
Amounts to be met from Government Grants and local taxation	8,877	8,951	8,864	(87)
Government Grants and local Taxation				
Council Taxpayers - District element	(4,321)	(4,321)	(4,321)	-
Council Taxpayers - Parish element	(1,538)	(1,538)	(1,538)	-
Share of Business Rate Income	(2,620)	(2,620)	(2,620)	-
Revenue Support Grant	(365)	(365)	(365)	-
LABGI Grant	-	-	(207)	(207)
Area Based Grant	-	-	(22)	(22)
Share of Collection Fund Deficit	(33)	(33)	(33)	-
	(8,877)	(8,877)	(9,106)	(229)
Decrease / (Increase) in General Reserve	-	74	(242)	(316)

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 £1.143m, which was financed from internal capital receipts and central government grants. Further details are shown on page 25.

It was estimated that net capital income of £1,400,000 would be received in 2008/09. The actual income totalled £1,622,000. The main income being sale of property £1,362,000 and improvement grants £180,000.

Total Recognised Gains and Losses

The Statement of Total Recognised Gains and Losses shows that in 2008/09 the Authority's overall resources decreased by £2,643,000, of which £1,734,000 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 31 Mar 09 £m	Value 31 Mar 08 £m
Assets		
Intangible assets	0.4	0.6
Land, buildings and equipment	11.0	11.4
Investments, cash and bank holdings	28.5	28.1
Current Assets: Debtors (including Council tax and NNDR)	6.2	6.6
Liabilities		
Creditors	3.8	3.7
Pension Liability	14.7	12.1

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

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

The value of land, building and equipment increased by £0.2m as a result of capital expenditure. This was offset by depreciation of £0.4m, and impairments of £0.2m resulting in a net decrease in the value of land, buildings and equipment of £0.4m.

Investments levels fluctuate due to two main factors: normal cash flow movements, and the income and expenditure plans of the Authority. However the amount of value of investments, cash and bank holdings has remained similar to last year.

The amount of short-term debt owed to the Authority has reduced from £6.6m as at 31 March 2008 to £6.2m as at 31 March 2009.

The amount of money owed by the Authority as at 31 March 2009 has remained at a similar level to that owed as at 31 March 2008.

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 £22.4m and the liability £37.1m giving a net deficit of £14.7m as at 31 March 2009. 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 2009 were £2,597,000. In addition specific earmarked reserves total £560,000. A more detailed breakdown of the earmarked reserves is shown on page 37.

The total balance on accumulated capital receipts as at 31 March 2009 is £21.9m 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 2008/09 the Authority reduced the amount of cash that it holds by £2,949,000. Further details are shown on page 19.

Collection Fund

In 2008/09 SBDC raised £41.7m in Council Tax, and collected 98.3% of the sums due for the year. The Council also awarded £2.7m 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 2008/09 (£44.9m) equals the amount that was requested as part of the 2008/09 budget setting process.

In 2008/09 SBDC raised £27.2m in business rates, and collected 98.7% of the sums due for the year. All business rate income (less an allowance of £104K payable to SBDC for collecting business rates) is paid over to the national pool.

Further details are shown on pages 41-42.

<h3>Significant Factors Affecting the 2008/09 Accounts</h3>

In line with the Code of Practice on Local Authority Accounting the Council has adopted the amendment to FRS17, Retirement benefits. As a result, quoted securities held as assets in the defined benefit pension scheme are now valued at bid price rather than mid-market value. The effect of this change is that the value of scheme assets at 31 March 2008 has been restated from £28.74m to £28.45m, a decrease of £0.29m, resulting in an increase of the pension deficit of £0.29m - as shown on the balance sheet.

This change is part of an ongoing move to make local authority accounts more in line with International Financial Reporting Standards.

There are no other significant factors to note for 2008/09.

Future

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

- *The Authority's participation in the Pathfinder programme for Buckinghamshire, especially in the establishment of a joint venture company to manage back office support services.*
- *The continuing work that will ultimately lead to the adoption of the Local Development Document which will replace the Local Plan.*
- *Working with other public sector bodies on the delivery of the Local Area Agreement for Buckinghamshire, and contributing towards the Comprehensive Area Assessment of Buckinghamshire.*
- *Maintaining a sound financial position in the context of future reducing central Government funding, limitations on the council tax, and declining levels of income from investments, fees and charges.*

The future is challenging for the Council as there will be significant reductions in public expenditure in future years which will affect the Council's finances and will have to be dealt with. Collaboration with other authorities will be an important part of coping with these financial challenges. Maintaining sound financial control will be important to preserve financial resources in order that they can be deployed in line with the priorities of the Corporate Plan.

Further Information

Further information about the Accounts can be obtained from:

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Statement of Accounting Policies

1. General Principles

The Statement of Accounts summarises the Council's transactions for the 2008/09 financial year and its position at the year-end of 31 March 2009. It has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2008 - 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, 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 live, 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.

Under the 2008 SORP the Council has adopted the amendment to FRS17, Retirement benefits. As a result, quoted securities held as assets in the defined benefit pension scheme are now valued at bid price rather than mid-market value. The effect of this change is that the value of scheme assets at 31 March 2008 has been restated from £28.74m to £28.45m, a decrease of £0.29m, resulting in an increase of the pension deficit of £0.29m - as shown on the balance sheet.

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.

Previously this expenditure was debited to the Balance Sheet and then immediately written down and financed by capital receipts. This change represents a change in accounting policy and therefore the 2007/08 accounts have been restated. The effect of this is that Improvement Grant income shown in the cashflow statement has been reclassified from a capital grant to a revenue grant.

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.

17. VAT

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

Statement of Responsibilities for the Statement of Accounts

The Authority's Responsibilities

The Authority is required to:

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

The Director of Resources' Responsibilities

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

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

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

The Director of Resources has also:

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

I confirm that the Statement of Accounts presents fairly the financial position of the Authority as at 31 March 2009 and its income and expenditure for the year then ended.

Director of Resources

Date 25th June 2009

Certificate of Approval - Chair of Audit Committee

I confirm that these accounts were approved by the Audit Committee at the meeting held on 25th June 2009.

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

Date 25th June 2009

Income and Expenditure Account

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

Notes	2008/09 Gross Expenditure £'000	2008/09 Gross Income £'000	2008/09 Net Expenditure £'000	2007/08 Net Expenditure £'000
Central Services to the Public	5,222	(3,717)	1,505	1,429
Cultural, Environmental, Regulatory & Planning Services	8,891	(2,192)	6,699	6,581
Highways and Transport Services	764	(1,028)	(264)	(199)
Housing Services	12,181	(11,245)	936	1,071
Corporate & Democratic Core	1,665	(7)	1,658	1,693
Non Distributed Costs	130	(4)	126	326
Net Cost of Services	28,853	(18,193)	10,660	10,901
(Gain) / Loss on Disposal of Fixed Assets			(1,362)	-
2 Parish Council Precepts			1,538	1,421
(Surplus) / deficit on Grounds Maintenance account			-	36
Contribution to Housing Pooled Capital Receipts			-	4
12 Interest & Investment Income			(1,991)	(2,006)
18 Pensions Interest Cost and Expected Return on Pension Assets			840	399
Net Operating Expenditure			9,685	10,755
Demand on the Collection Fund				
- Council Taxpayers			(5,858)	(5,430)
- Share of Collection Fund (surplus) / deficit			(33)	32
General Government Grants				
- Revenue Support Grant			(365)	(420)
- Local Authority Business Growth Incentive Scheme Grant			(207)	(630)
- Area Based Grant			(22)	-
Non-Domestic Rates Redistribution			(2,620)	(2,500)
Net (Surplus) / Deficit for year			580	1,807

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	2008/09 £'000	2007/08 £'000
Deficit/(Surplus) for the year on the I&E account	580	1,807
Exceptional adjusting transactions required by the implementation of new accounting policies for financial instruments.		
- Establishment of Financial Guarantee Liability	-	18
- Revaluation of available for sale assets to amortised cost	-	(35)
- Revaluation of fair value through profit and loss assets to fair value	-	2
Amounts included in the I&E account but required by statute to be excluded when determining the Movement on the General Fund Balance for the year.		
10 - Depreciation and impairment of Intangible fixed assets	(341)	(342)
11 - Depreciation and impairment of Tangible fixed assets	(494)	(1,212)
17 - Government Grants Deferred amortisation	106	42
11 - Revenue expenditure funded from capital under statute	(598)	(503)
- Net gain / (loss) on sale of fixed assets	1,362	-
18 - 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	(873)	(388)
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	-	(4)
Transfers to or from the General Fund Balance that are required to be taken into account when determining the Movement on the General Fund Balance for the year.		
19g - Net transfer to / (from) specific earmarked reserves	16	85
(Increase) / Decrease in General Fund Balance for the Year	(242)	(530)
General Fund Balance b/f	(2,355)	(1,825)
General Fund Balance c/f	(2,597)	(2,355)

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>2008/09</i> <i>£'000</i>	<i>2007/08</i> <i>£'000</i>
Income & Expenditure Account (Surplus)/Deficit	580	1,807
Exceptional adjusting transactions required by the implementation of the new accounting policies for financial instruments.		
- Establishment of Financial Guarantee Liability	-	18
- Revaluation of available for sale assets to amortised cost	-	(35)
- Revaluation of available for sale assets to fair value	-	27
- Revaluation of fair value through profit and loss assets to fair value	-	2
Surplus arising on revaluation of fixed assets	-	(2,570)
11 Impairment review losses covered by previous valuation gains	186	-
19c (Surplus)/deficit arising on revaluation of available-for-sale financial assets	(11)	17
18 Actuarial (gains)/losses on pension fund assets/liabilities	1,734	(1,743)
Adjustment following adoption of amendment to FRS17	-	(31)
Movement in element of Collection Fund attributable to SBDC	154	(27)
Other (Gains)/losses	-	(10)
<i>Total Recognised (Gains) and Losses</i>	2,643	(2,545)

Balance Sheet

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

Notes	At 31 March 2009 £'000	At 31 March 2008 Restated £'000
10 Intangible Fixed Assets	377	608
11 Tangible Fixed Assets		
Land and Buildings	4,083	4,018
Vehicles, Fixtures & Fittings and Equipment	1,141	1,439
Community Assets	67	67
Non Operational Assets - Investment Properties	5,668	5,829
	10,959	11,353
12 Long-term Investments	6,510	13,713
13 Long-term Debtors	261	303
Total Long-term Assets	18,107	25,977
Current Assets		
Stocks	4	3
14 Debtors	3,512	4,153
Debtors - Amounts due from Preceptors*	676	-
12 Short-term Investments	22,311	11,754
Cash and Bank	-	2,666
	26,503	18,576
Current Liabilities		
15 Creditors	(3,786)	(3,671)
Creditors - Amounts due to Preceptors*	-	(353)
Cash and Bank	(283)	-
Total Assets less Current Liabilities	40,541	40,529
16 Provisions	(145)	(145)
Financial Guarantee Liability	(14)	(17)
17 Government and other grants - deferred	(372)	(321)
1,18 Pensions Liability	(14,717)	(12,110)
Total Assets less Liabilities	25,293	27,936
Financed by:		
19 Capital Adjustment Account	8,843	9,250
19 Revaluation reserve	2,083	2,279
19 Available-for-Sale Financial Instruments reserve	(33)	(44)
19 Deferred credits	201	224
19 Capital receipts reserve	21,935	21,460
19 Capital reserves	3,925	3,925
19 Specific earmarked reserves	560	544
19 General fund reserve	2,597	2,355
1,18 Pensions reserve	(14,717)	(12,110)
19 Collection fund reserve *	(101)	53
Total Net Worth	25,293	27,936

*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	2008/09 £'000	2007/08 £'000 <i>Restated</i>
REVENUE ACTIVITIES		
<i>Cash Outflows</i>		
	6,014	5,746
	8,765	9,761
	10,703	9,622
	26,446	22,156
	40,762	37,476
	-	4
	92,690	84,765
<i>Cash Inflows</i>		
	(31)	-
	(41,129)	(39,572)
26	(2,620)	(2,500)
	(27,199)	(22,699)
26	(365)	(419)
26	(13,370)	(13,112)
26	(755)	(82)
1,26	(559)	(1,352)
	(4,045)	(4,561)
	(90,073)	(84,297)
23	2,617	468
REURNS ON INVESTMENTS AND SERVICING OF FINANCE		
<i>Cash Outflows</i>		
	42	155
<i>Cash Inflows</i>		
	(2,478)	(1,474)
	(2,436)	(1,319)
CAPITAL ACTIVITIES		
<i>Cash Outflows</i>		
	409	700
	-	-
	22	31
	431	731
<i>Cash Inflows</i>		
	(1,362)	(700)
	(6,396)	(220)
1,26	(57)	(116)
	(58)	(62)
	(7,873)	(1,098)
	(7,442)	(367)
	(7,261)	(1,218)
MANAGEMENT OF LIQUID RESOURCES		
24	10,210	466
	2,949	(752)
FINANCING		
	-	-
	-	-
25	2,949	(752)

Notes to the Core Financial Statements

1. Prior Period Adjustments

FRS17

The Balance Sheet Figures for 31 March 2008 have been adjusted from those included in the Statement of Accounts for 2007/08 as under the 2008 SORP the Council has adopted the amendment to FRS17, Retirement benefits. As a result, quoted securities held as assets in the defined benefit pension scheme are now valued at bid price rather than mid-market value.

The effect of this change is that the value of scheme assets at 31 March 2008 has been restated from £28.74m to £28.45m, a decrease of £0.29m, resulting in an increase of the pension deficit of £0.29m.

This has resulted in the following changes to the balance sheet.

	2007/08 £'000 Restated	2007/08 £'000
Pensions Liability	(12,110)	(11,823)
Pensions reserve	(12,110)	(11,823)

Revenue Expenditure Funded from Capital

The Cashflow Figures for 2007/08 have been adjusted from those included in the Statement of Accounts for 2007/08 as under the 2008 SORP the Council has amended its accounting policy for Revenue Expenditure Funded from Capital. The effect of this is that Improvement Grant income shown in the cashflow statement has been reclassified from a capital grant to a revenue grant.

2. Parish Precepts

	2008/09 £'000	2007/08 £'000
Beaconsfield	247	226
Burnham	472	472
Denham	88	83
Dorney	14	13
Farnham Royal	65	65
Fulmer	16	15
Gerrards Cross	172	156
Hedgerley	14	13
Iver	336	267
Stoke Poges	56	55
Taplow	28	26
Wexham	30	30
	1,538	1,421

3. S137 Local Government Act 1972

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

	2008/09 £'000	2007/08 £'000
Grants to Voluntary Organisations	84	66

4. Expenditure on Publicity

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

	2008/09 £'000	2007/08 £'000
Recruitment advertising	20	38
Other publicity	103	137
	123	175

5. Building Control Trading Account

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

	Chargeable £'000	Non-chargeable £'000	2008/09 Total £'000	2007/08 Total £'000
Total Expenditure	369	149	518	477
Less Income:				
Building Regulation charges	(359)	-	(359)	(393)
Miscellaneous Income	-	-	-	-
(Surplus)/Deficit for year	10	149	159	84

6. Members' Allowances

The total amount paid on Members' Allowances in 2008/09 was £209,826 (2007/08 £152,384).

7. Officers' Emoluments

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

	2008/09 Number of Employees Left during year	2008/09 Number of Employees Total	2007/08 Number of Employees Left during year	2007/08 Number of Employees Total
£ 50,000 - £ 59,999	-	6	-	6
£ 60,000 - £ 69,999	-	-	-	1
£ 70,000 - £ 79,999	-	1	-	-
£ 80,000 - £ 89,999	-	2	1	3
£ 90,000 - £ 99,999	-	-	-	-
£100,000 - £109,999	-	1	-	1

8. Related Party Transactions

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

Central Government has effective control over the general operations of the Council - it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (eg housing benefits). Details of transactions with Government departments are set out in note 26 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.

9. Audit Costs

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

	2008/09 £'000	2007/08 £'000
Fees payable with regard to external audit services carried out by the appointed auditor	104	89
Fees payable to the Audit Commission in respect of statutory inspection	6	6
Fees payable for the certification of grant claims and returns by the appointed auditor	25	24
Fees payable in respect of other services provided by the appointed auditor	2	1
	137	120

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

10. Movement on Intangible Fixed Assets

	Purchased Software Licenses £'000	Internally Developed Software £'000	Total £'000
Gross cost at 31 March 08	585	455	1,040
Accumulated depreciation / amortisation	(201)	(231)	(432)
Net Book Value at 31 March 08	384	224	608
Movement in 2008/09			
Additions	13	97	110
Disposals - Gross book value	-	-	-
Disposals - Accumulated depreciation / amortisation	-	-	-
Revaluations	-	-	-
Depreciation / amortisation	(157)	(184)	(341)
Impairments	-	-	-
Gross cost at 31 March 09	598	552	1,150
Accumulated depreciation / amortisation	(358)	(415)	(773)
Net Book Value at 31 March 09	240	137	377

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 is being written off over 4 years.

In previous years SBDC has also capitalised elements of its internal web development costs and was writing these off over 4 years. However in 2008/09 it stopped capitalising these and fully amortised the remaining website intangible assets. This resulted in an additional amortisation charge of £34,217 compared to the charge that would have been made under the old policy.

11. Movement on Tangible Fixed Assets

	Operational Assets			Non	Total
	Land and Buildings (including car parks) £'000	Vehicles, Fixtures & Fittings and Equipment £'000	Community Assets £'000	Operational Assets Investment Properties £'000	
Cost or Valuation					
At 31 March 2008	4,117	2,520	67	5,829	12,533
Revaluations	(99)	-	-	-	(99)
Revaluations - Impairments	-	-	-	(235)	(235)
Additions	103	117	-	10	230
Donations	-	-	-	55	55
Disposals	-	-	-	-	-
Reclassifications	(9)	-	-	9	-
At 31 March 2009	4,112	2,637	67	5,668	12,484
Depreciation and Impairment					
At 1 March 2008	(99)	(1,081)	-	-	(1,180)
Revaluations	99	-	-	-	99
Depreciation charge for 2008/09	(29)	(415)	-	-	(444)
Disposals	-	-	-	-	-
Reclassifications	-	-	-	-	-
At 31 March 2009	(29)	(1,496)	-	-	(1,525)
Balance Sheet Amount					
At 31 March 2008	4,018	1,439	67	5,829	11,353
At 31 March 2009	4,083	1,141	67	5,668	10,959

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 2009.

Major Assets Held

	<i>Number at 31 March 2009</i>	<i>Number at 31 March 2008</i>
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

	<i>2008/09 £'000</i>	<i>2007/08 £'000</i>
Summary of Capital Expenditure		
Revenue expenditure funded from capital under statute (see below)	802	636
Stoke Poges Memorial Gardens	12	-
IT Equipment & systems	195	258
Car Parks	85	141
Beacon Centre	5	43
Public Offices	27	18
CCTV	-	46
Cemeteries	-	16
Green Waste/Recycling	6	94
Other schemes	11	40
	1,143	1,292

Capital Financing Requirement

	<i>2008/09 £'000</i>	<i>2007/08 £'000</i>
Opening Capital Finance Requirement	-	-
Capital Expenditure	1,143	1,292
Sources of Finance:		
Capital Receipts	(911)	(1,046)
Government Grants - Revenue expenditure funded from capital	(204)	(133)
Government Grants - Other	(28)	(113)
	(1,143)	(1,292)
Closing Capital Finance Requirement	-	-

Analysis of Revenue expenditure funded from capital under statute

	<i>Expenditure In Year £'000</i>	<i>Funded by Gov't Grant £'000</i>	<i>Net Charge to Revenue In year £'000</i>
Environmental improvements	108	-	108
Improvement grants	456	(204)	252
Community Development Schemes	10	-	10
Contribution to relocation of recycling centre	200	-	200
Minor works	28	-	28
	802	(204)	598
2007/08	<i>636</i>	<i>(133)</i>	<i>503</i>

12. Financial Instruments

Balances

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

	Long-Term		Current	
	At 31 March 2009 £'000	At 1 April 2008 £'000	At 31 March 2009 £'000	At 1 April 2008 £'000
Loans and receivables				
-Money market loans- Callable Deposits	5,029	11,346	2,099	-
- Money market loans- Fixed Deposits	-	-	11,256	-
Available-for sale financial assets				
-Bonds	1,481	2,367	881	213
Fair value through profit or loss assets				
-Investment fund managed by Investec	-	-	8,075	11,541
	6,510	13,713	22,311	11,754

Gains / Losses

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

	Cash and Bank £'000	Loans and receivables - Money Market Loans £'000	Available- for-sale - Bonds £'000	Fair value through P&L - Fund Manager £'000	Total £'000
<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)
<u>2007/08</u>					
Interest income to I&E	(554)	(656)	(138)	(658)	(2,006)
Revaluation (gain)/loss	-	-	17	-	17
Impairment losses	-	-	-	-	-
Gain/(loss) for the Year	(554)	(656)	(121)	(658)	(1,989)

Fair Value

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

- o Estimated interest rates at 31 March 2009 of between 1.72% and 2.58% 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 2009 (£18.895m) is higher than the carrying amount (£18.384m) 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:

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

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

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

Credit Risk

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

Investments managed in house - The Council uses credit ratings published by FITCH IBCA and Standards & Poors to establish the credit quality of counter parties and investment schemes. There is a minimum credit rating of AA- and in 2008/09 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 summarises the Authority's potential maximum exposure to credit risk, based on experience of default and uncollectability over the last 3 financial years, adjusted to reflect current market conditions.

	Amount at 31 March 2009	Historical experience of default	Experience adjusted for market conditions	Estimated Maximum Exposure to default
	£'000	£'000	£'000	£'000
Deposits with banks and other financial institutions	28,538	-	0.3%	87
Customers	6,406	3.5%	7.5%	482

The Authority does not generally allow credit, such that £4.2m of the £6.4m balance is past its due date for payment. The past due amount can be analysed by age as follows:

	<i>Council Tax £m</i>	<i>NNDR £m</i>	<i>Other £m</i>	<i>Total £m</i>
<u>As at 31 March 2009</u>				
Less than one year	0.7	0.4	0.3	1.4
One to 2 years	0.5	0.1	0.3	0.9
More than two years	1.0	0.6	0.3	1.9
	2.2	1.1	0.9	4.2
<u>As at 31 March 2008</u>				
Less than one year	0.8	0.3	0.4	1.5
One to 2 years	0.6	0.1	0.4	1.1
More than two years	0.9	0.4	0.3	1.6
	2.3	0.8	1.1	4.2

Liquidity Risk

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

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

The maturity analysis of financial assets is as follows:

	<i>Cash and Bank £'000</i>	<i>Loans and receivables - Money Market Loans £'000</i>	<i>Available- for-sale - Bonds £'000</i>	<i>Fair value through P&L - Fund Manager £'000</i>
<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	-
	(283)	18,384	2,362	8,075
<u>As at 31 March 2008</u>				
On demand	2,666	-	-	-
Seven day notice (75% of fund)	-	-	-	8,656
3 month notice (25% of fund)	-	-	-	2,885
Less than one year	-	-	213	-
Between one and two years	-	-	887	-
More than two years	-	11,346	1,480	-
	2,666	11,346	2,580	11,541

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

Market Risk - Interest Rate Risk

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

- o Investments at variable rates - the interest income credited to the Income and Expenditure Account will rise
- o 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 2008/09 was 44% 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 2009, 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 March 2009 £'000	At 1 April 2008 £'000
Change in Interest and Investment income shown in I&E Account		
Increase in interest receivable on cash and bank holdings	(81)	(88)
Reduction in value of Fair Value through P&L investments (Fund Mgr)	27	52
Impact on Income and Expenditure Account	(54)	(36)
Change in fair value of fixed rate investments shown in STRGL		
Reduction in fair value of Available for Sale investments (Bonds)	90	101
Impact on STRGL	90	101
Reduction in fair value of Loans and Receivables (no impact on I&E or STRGL)	242	298

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.

13. Long-term Debtors

	<i>New Advances</i>	<i>Repayments/ Write-offs</i>	<i>At 31 March 2009 £'000</i>	<i>At 31 March 2008 £'000</i>
House Purchase Mortgages	-	(7)	1	8
Car loans	22	(32)	40	50
Other Loans & Advances	-	(25)	220	245
	22	(64)	261	303

14. Debtors

	<i>At 31 March 2009 £'000</i>	<i>At 31 March 2008 £'000</i>
Collection Fund	3,223	3,100
Government departments	1,164	1,658
Housing rents	-	135
Interest receivable	-	17
Payments in advance	278	278
Sundry debtors	1,480	1,430
	6,145	6,618
Less provision for bad debts - Collection Fund	(2,010)	(1,847)
Less provision for bad debts - Other Debts	(623)	(618)
	3,512	4,153

15. Creditors

	<i>At 31 March 2009 £'000</i>	<i>At 31 March 2008 £'000</i>
Collection Fund	(1,524)	(1,635)
Government departments	-	-
Sundry creditors	(2,262)	(2,036)
	(3,786)	(3,671)

16. Provisions

	<i>At 31 March 2009 £'000</i>	<i>At 31 March 2008 £'000</i>
Settlement - contaminated land dispute	(145)	(145)
	(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 2009. The remaining sum is likely to be paid in 2009/10.

17. Movement on Government and Other Grants - Deferred

	At 31 March 2009 £'000	At 31 March 2008 £'000
Balance brought forward 1 April	(321)	(363)
New grants received	(102)	(38)
New grants received - donated asset	(55)	-
Transfer to Unapplied Government Grant	-	38
Released to Income & Expenditure account	106	42
Balance carried forward 31 March	<u>(372)</u>	<u>(321)</u>

18. Local Government Pension SchemeParticipation 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.

Change of accounting policy

Under the 2008 SORP the Council has adopted the amendment to FRS17, Retirement benefits. As a result, quoted securities held as assets in the defined benefit pension scheme are now valued at bid price rather than mid-market value. The effect of this change is that the value of scheme assets at 31 March 2008 has been restated from £28.74m to £28.45m, a decrease of £0.29m, resulting in an increase of the pension deficit of £0.29m - as shown on the balance sheet.

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.

	2008/09 £'000	2007/08 £'000
<u>Income and Expenditure Account</u>		
Net Cost of Services:		
- Current service cost	853	744
- Past service cost	93	49
- Unfunded pension payments	(94)	(88)
- (Gains) and losses on settlements	-	-
- (Gains) and losses on curtailments	-	76
	<u>852</u>	<u>781</u>
Net Operating Expenditure:		
- Interest cost	2,645	2,369
- Expected return on assets in the scheme	(1,805)	(1,970)
	<u>840</u>	<u>399</u>
Net charge to the Income and Expenditure Account	<u>1,692</u>	<u>1,180</u>

	2008/09 £'000	2007/08 £'000
<u>Statement of Movement on the General Fund Balance</u>		
Reversal of net charges made for retirement benefits in accordance with FRS17	(873)	(388)
Actual amounts charged against the General Fund Balance for pensions in the year	819	792

In addition to the recognised gains and losses included in the Income and Expenditure Account, actuarial gains and losses of (£1.734m) (£1.743m 2008 as restated) 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 £5.262m.

Assets and liabilities in relation to retirement benefits

Reconciliation of present value of the scheme liabilities:

	2008/09 £'000	2007/08 £'000
1 April	40,562	44,986
Current service cost	853	744
Interest cost	2,645	2,369
Contributions by scheme participants	266	220
Actuarial (gains) and losses	(5,199)	(5,658)
Losses / (gains) on curtailments	-	76
Benefits paid	(2,010)	(2,136)
Past service costs	93	49
Unfunded pension payments	(94)	(88)
31 March	37,116	40,562

Reconciliation of fair value of the scheme assets:

	2008/09 £'000	2007/08 £'000
1 April	28,452	31,490
Expected rate of return	1,805	1,970
Expected rate of return - adjustment following adoption of the amendment to FRS17	-	31
Actuarial gains and (losses)	(6,932)	(3,915)
Employer contributions	912	880
Contributions by scheme participants	266	220
Benefits paid	(2,104)	(2,224)
31 March	22,399	28,452

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 -£5.127m (2007/08 -£0.632m).

Scheme history

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

	At 31 March 2009 £'000	At 31 March 2008 £'000 As restated	At 31 March 2007 £'000 As restated	At 31 March 2006 £'000 As restated	At 31 March 2005 £'000 *
Present value of liabilities	(37,116)	(40,562)	(44,986)	(44,792)	(39,118)
Fair value of assets	22,399	28,452	31,490	29,485	23,104
Surplus / (deficit) in the scheme	(14,717)	(12,110)	(13,496)	(15,307)	(16,014)

* The Council has elected not to restate fair value of scheme assets for 2005/06 as permitted by FRS17 (as revised).

The liabilities show the underlying commitments that the Authority has in the long run to pay retirement benefits. The total liability of £14.717m 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 2010 is £0.844m.

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:

	2008/09	2007/08
Long-term expected rate of return on assets in the scheme:		
Equity investments	7.3%	7.1%
Property	6.8%	6.6%
Gilts	4.0%	4.3%
Other Bonds	6.5%	6.6%
Cash	3.0%	5.0%
Mortality assumptions:		
Longevity at 65 for current pensioners		
Men	22.21 years	
Women	25.26 years	
Longevity at 65 for future pensioners		
Men	22.96 years	
Women	25.99 years	
Rate of inflation	3.0%	3.7%
Rate of increase in salaries	4.5%	5.2%
Rate of increase in pensions	3.0%	3.7%
Rate for discounting scheme liabilities	6.7%	6.6%
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 2009 %	31 March 2008 %
Equity investments	61.1	64.1
Property	5.9	6.9
Gilts	20.1	17.1
Other Bonds	7.5	7.1
Cash	5.4	4.8
	100.0	100.0

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 March 2009 £'000	At 31 March 2008 As restated £'000	At 31 March 2007 As restated £'000	At 31 March 2006 As restated £'000	At 31 March 2005 £'000 *
Experience adjustments on Scheme assets	(6,932)	(3,915)	462	5,380	424
As a percentage of scheme assets	30.9%	13.8%	1.5%	18.2%	1.8%
Experience adjustments on Scheme liabilities	-	493	-	-	3,155
As a percentage of scheme liabilities	-	1.2%	-	-	8.1%

* The Council has elected not to restate fair value of scheme assets for 2005/06 as permitted by FRS17 (as revised).

19. Movement on Reserves

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

	<i>Net Movement In Year £'000</i>	<i>Balance 31 March 2009 £'000</i>	<i>Balance 31 March 2008 £'000</i>	<i>Further details</i>
Capital Adjustments Account <i>Store of capital resources set aside to meet past capital expenditure.</i>	(407)	8,843	9,250	(a) below
Revaluation Reserve <i>Store of revaluation gains recognised since 1 April 2007.</i>	(196)	2,083	2,279	(b) below
Available for Sale Financial Reserve <i>Store of gain / losses resulting from the change in fair value of available for sale investments.</i>	11	(33)	(44)	(c) below
Deferred credits <i>Future capital receipts that will become available once loans are repaid.</i>	(23)	201	224	(d) below
Capital receipts reserve <i>Proceeds of fixed asset sales available to meet future capital investment.</i>	475	21,935	21,460	(e) below
Capital reserves <i>Specific funds reserved for the Memorial gardens and stoke park.</i>	-	3,925	3,925	(f) below
Specific earmarked reserves <i>Funds set aside to meet specific future costs.</i>	16	560	544	(g) below
General fund reserves <i>Resources available to meet future running costs.</i>	242	2,597	2,355	Statement of Movement on the General Fund Balance Page 16
Pensions Reserve <i>Balancing account to allow inclusion of Pension Liability in Balance Sheet.</i>	(2,607)	(14,717)	(12,110)	Note 18 to the Core Financial Statements Page 31
Collection fund reserve <i>Resources available to offset future Council Tax demands.</i>	(154)	(101)	53	Supplementary Financial Statement Collection Fund Page 41
	(2,643)	25,293	27,936	

a. Movement on Capital Adjustments Account

	2008/09 £'000	2007/08 £'000
Balance brought forward 1 April	(9,250)	(10,627)
Financing of Capital Expenditure - Total	(1,143)	(1,292)
Financing of Capital Expenditure - Grants	233	246
Disposals	-	700
Disposals - Transfer of Accumulated revaluations from RR	-	(292)
Impairment - charged to income and expenditure account	50	845
Write back of depreciation / amortisation	785	709
Adjustment for additional current value depreciation charges	(10)	-
Release Government Grant Deferred	(106)	(42)
Revenue expenditure funded from capital under statute	598	503
	(8,843)	(9,250)

b. Movement on Revaluation Reserve

	2008/09 £'000	2007/08 £'000
Balance brought forward 1 April	(2,279)	-
Revaluations in year	-	(2,571)
Adjustment for additional current value depreciation charges	10	-
Impairment - covered by balance in revaluation reserve	186	-
Disposals - Transfer of accumulated revaluations to CAA	-	292
	(2,083)	(2,279)

c. Movement on Available For Sale Financial Reserve

	2007/08 £'000	2007/08 £'000
Balance brought forward 1 April	44	-
Implementation of new financial instruments accounting standards	-	27
In year change in fair value of available for sale assets	(11)	17
	33	44

d. Movement on Deferred Credits

	Repayments £'000	At 31 March 2009 £'000	At 31 March 2008 £'000
House Purchase Mortgages	1	(1)	(2)
Other Loans	22	(200)	(222)
	23	(201)	(224)

e. Movement on Capital Receipts Reserve

	2008/09 £'000	2007/08 £'000
Balance brought forward 1 April	(21,460)	(21,771)
Capital receipts received in year	(1,386)	(739)
Transfer re Housing Pooled Capital Receipts contribution	-	4
Less capital receipts used for financing	911	1,046
	(21,935)	(21,460)

f. *Movement on Capital Reserves*

	<i>Net (Surplus) / Deficit for year £'000</i>	<i>At 31 March 2009 £'000</i>	<i>At 31 March 2008 £'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 (Surplus) / Deficit for year £'000</i>	<i>At 31 March 2009 £'000</i>	<i>At 31 March 2008 £'000</i>
Allocated Funding	3	(36)	(39)
Bequests	-	(15)	(15)
Disasters/Emergencies	-	(27)	(27)
Farnham Royal Pump	(7)	(7)	-
Insurance	3	(32)	(35)
Leisure	2	(12)	(14)
Local Development Fund (LDF)	(50)	(400)	(350)
Memorial Gardens	-	(22)	(22)
Renewals & Repairs	34	(8)	(42)
Russo Burial Trust	(1)	(1)	-
	<u>(16)</u>	<u>(560)</u>	<u>(544)</u>

20. *Leases*

The Authority leases its main offices on a long-term lease, which has been accounted for as an operating lease. The rental due from SBDC in 2008/09 was £745,800 (2007/08 £745,800). The amount payable under this lease is subject to review every five years. The last review date was 25th December 2006.

The Authority was committed at 31 March 2009 to making payments of £745,800 under this lease agreement in 2009/10 as follows:

	<i>Other land & Buildings £'000</i>
<i>Leases expiring 2009/10</i>	-
<i>Leases expiring 2010/11 to 2014/15</i>	-
<i>Leases expiring after 2014/15</i>	746

The Authority also leases a number of buildings to other parties. The total rental payable to the Authority in 2008/09 was £245,000 (2007/08 £224,000).

With regard to the properties that the Authority leases to other parties. The Net Book Value of these assets as at 31 March 09 was £4.35m (31 March 08 £4.15m). There is no accumulated depreciation on these assets.

21. Contingent Assets and Liabilities

Contingent Assets

The Authority currently charges VAT on car parking fees and pays this over to HM Revenue and Customs. However whether car park fees levied by councils should be subject to VAT is currently the subject of an ongoing legal challenge. If the result of this is that the Authority's car parking fees are not liable for VAT, then the Authority could be due a refund of £735,000 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.

22. Farnham Charitable Trust Fund

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

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

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

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

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

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

During 2008/09 the Trust earned income of £500,000 and spent £860,000. Giving a net loss for the year of £360,000, which was funded from the Trust's accumulated reserves. As at 31 March 2009 the Trust owned land and buildings valued at £1.9m.

<i>23. Reconciliation of I&E Account to Revenue Activities Net Cash Flow</i>	<i>2008/09</i> <i>£'000</i>	<i>2007/08</i> <i>£'000</i> <i>Restated</i>
<i>(Increase) / Decrease in General Fund Balance for the Year</i>	(242)	(530)
<i>Revenue expenditure funded from Capital</i>	597	506
Collection fund (surplus) / deficit	1,183	(196)
<i>Servicing of Finance</i>	2,436	1,319
<i>Non-Cash Transactions</i>		
Reduction / (increase) in provisions	-	60
Reduction / (increase) in bad debt provision	(76)	(125)
Reduction / (increase) in specific reserves	(16)	(85)
Transfer to cover payment to capital receipts pool	-	4
Exceptional adjustment re implementation of financial instruments	-	15
<i>Change in current assets/liabilities</i>		
(Decrease) / increase in stock	1	(8)
Decrease / (increase) in revenue creditors	(228)	(151)
(Decrease) / increase in revenue debtors	(1,038)	(341)
Revenues Activities Net Cash Flow (per Cash flow statement)	2,617	468

24. Management of Liquid Resources

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

	<i>2008/09</i> <i>£'000</i>	<i>2007/08</i> <i>£'000</i>
Short Term Investments 1 April	11,754	11,018
Short Term Investment interest 1 April	-	305
Interest	360	(35)
In year change in fair value	(13)	-
Net New Investments (per cashflow statement)	10,210	466
Short Term Investments 31 March	22,311	11,754

25. Cash Movements

	<i>Movement</i> <i>in</i> <i>year</i> <i>£'000</i>	<i>At 31</i> <i>March</i> <i>2009</i> <i>£'000</i>	<i>At 31</i> <i>March</i> <i>2008</i> <i>£'000</i>
Cash in hand and at bank	(2,949)	(283)	2,666

26. Analysis of Government Grants Received in Year

	2008/09	2007/08 Restated
	£'000	£'000
Revenue Grants		
National Non-Domestic Rate	2,620	2,500
Revenue Support Grant	365	419
Housing Benefit Grants	10,498	10,439
Council Tax Benefit Grants	2,872	2,673
LA Business Growth Incentive Scheme	755	82
Cost of Collection Allowance	104	107
Area Based Grant	22	-
Elections	-	706
Employment Support Allowance	-	15
Community Safety	-	69
Homelessness Prevention	45	35
Housing & Planning Delivery	55	250
Improvement Grants	180	154
Recycling	-	30
Air Quality	8	15
Smoke Free	-	24
Travel Concessions	165	24
Other grants	84	30
	17,773	17,572
Capital Grants		
Community Safety	-	3
Council Tax Leaflets etc	5	-
Housing & Planning Delivery	28	83
Recycling Bins	5	-
Swimming Grant	19	-
Waste	-	30
	57	116
	17,830	17,688

27. 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).

As at 31 March 2009 the Authority had a £2m 3 year Callable deposit that would not have been due to mature until 2 June 2011. As such this would normally be classified as a long term investment. However this investment was called on 2 June 2009, and thus this has been reclassified in the Accounts as a short term investment.

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).

For the 2008/09 accounts there are no significant non-adjusting events to disclose.

28. Date Accounts Authorised for Issue

The Director of Resources authorised the Accounts for issue on 25th June 2009, 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	2008/09 £'000	2007/08 £'000
Income		
1		
Income from Council Tax	(41,704)	(39,616)
Transfer from General Fund		
Council tax benefit	(2,740)	(2,515)
Transitional relief	6	6
2		
Income collectable from business ratepayers	(27,250)	(22,971)
Contribution towards previous year's estimated deficit	-	(258)
	(71,688)	(65,354)
Expenditure		
3		
Precepts and demands	44,860	41,711
Business rate:		
Payment to national pool	27,054	22,606
Cost of collection	104	107
Interest on Refunds	42	155
Bad debt write offs	392	16
Increase /(reduction) in Provision for bad debts	163	563
Contribution towards previous year's estimated surplus	256	-
	72,871	65,158
	1,183	(196)
Deficit / (Surplus) for year		
Balance brought forward 1 April	(406)	(210)
Balance carried forward 31 March	777	(406)

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

	2008/09 £'000	2007/08 £'000
South Bucks District Council	101	(53)
Other Preceptors		
Buckinghamshire County Council	564	(295)
Bucks & MK Fire Authority	31	(16)
Thames Valley Police Authority	81	(42)
	676	(353)
	777	(406)

Supplementary Financial Statements - Notes to the Collection Fund

1. Council Tax

The average Band D charge for 2008/09 was £1,401.66 (£1,341.13 in 2007/08). The Council Tax base (adjusted for dwellings where discounts apply) was made up of the following number of equivalent Band D dwellings:

Band	Band D Equivalent Estimate 2008/09	Band D equivalent Estimate 2007/08
A	321	300
B	549	500
C	2,521	2,433
D	4,770	4,695
E	5,536	5,421
F	4,455	4,175
G	10,593	10,378
H	3,499	3,394
	32,244	31,296

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.

	2008/09	2007/08
Non-domestic rateable value (at end of year)	£67.592m	£67.603m
Rate poundage - Standard Multiplier	46.2p	44.4p
- Small Business Multiplier	45.8p	44.1p

3. Precepts

	2008/09 £'000	2007/08 £'000
Buckinghamshire County Council	32,610	30,324
Bucks & MK Fire Authority	1,758	1,628
Thames Valley Policy Authority	4,633	4,329
South Bucks District Council - Main Precept	4,321	4,009
South Bucks District Council - For Parishes	1,538	1,421
	44,860	41,711

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 2009 and up to the date of approval of the statement of accounts.

3) The Governance Framework

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

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

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

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

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

4) Review of Effectiveness

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

For 2008/09 this review has been undertaken by the Audit Committee and included carrying out:

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

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

5) Significant Governance Issues

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

- *Business Continuity Planning. The overall SBDC Business Continuity Plan was not adopted until May 2009 and was therefore not in place during 2008/09. Further work is also ongoing in this area to ensure that there are robust service recovery plans for all areas.*
- *Partnership Arrangements. The Authority has a Partnership Strategy and has started to undertake an annual review of each partnership. However there is a need to continue to enhance the partnership review arrangements.*
- *Capacity. As a small Authority SBDC is reliant on key staff (eg ICT staff) and although to some extent this is unavoidable it does represent a risk. The Authority mitigates this risk by utilising joint working arrangements where appropriate and having documented policies and procedures.*

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

*Chris Furness
Chief Executive*

1st July 2009

*Cllr Adrian Busby
Leader of the Council*

1st July 2009

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

Opinion on the financial statements

I have audited the Authority accounting statements and related notes of South Bucks DC for the year ended 31 March 2009 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 DC 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 prepared by the Audit Commission.

Respective responsibilities of the Director of Resources and auditor

The Director of Resources' responsibilities for preparing the financial statements in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008 are set out in the Statement of Responsibilities for the Statement of Accounts.

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

I report to you my opinion as to whether the accounting statements present fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008 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 financial 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 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's financial statements present fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008, the financial position of the Authority as at 31 March 2009 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 specified by the Audit Commission for (principal local authorities/other local government bodies). 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 February 2009, and the supporting guidance, I am satisfied that, in all significant respects, South Bucks DC made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2009.

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
Audit Commission
Unit 5, Isis Business Centre
Horspath Road
Cowley
Oxford OX4 2RD

14 April 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 (NDR)

A levy on businesses, based on a national rate in the pound set by the Government multiplied by the 'rateable value' of the premises they occupy. NDR 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.