



SOUTH BUCKS DISTRICT COUNCIL

Statement of Accounts For the year ended 31 March 2011

South Bucks District Council
Council Offices
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SOUTH BUCKS DISTRICT COUNCIL

Statement of Accounts For the year ended 31 March 2011

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Explanatory Foreword

Introduction

The Accounts of South Bucks District Council for the year ended 31 March 2011 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:

- **Movement in Reserves Statement** - This statement shows the movement in the year of the different reserves held by the Authority, analysed into 'usable reserves' (ie those that can be applied to fund expenditure or reduce local taxation) and other reserves.
- **Comprehensive Income and Expenditure Account** - This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices and shows how that cost has been financed from Council Tax payers, business rate income and Government grants.
- **Balance Sheet** - This statement shows the assets and liabilities of all the activities of the Council and the balances and reserves at the Council's disposal.
- **Cash Flow Statement** - This statement shows the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.
- **Collection Fund** - This statement reflects a statutory requirement to maintain a separate Collection Fund, which shows the transactions of the Council as a billing authority in relation to council tax and non-domestic rates, and the way in which the total amount collected has been distributed to the precepting authorities and the national non-domestic pool.

Movement in Reserves

The Movement in Reserves Statement (Page 8) shows the movement in the year of the different reserves held by the Authority.

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

- The General Fund Balance reduced by just £14,000 to £2,789,000.
- Earmarked reserves increased by £2,363,000 to £2,888,000. This is primarily due to the earmarking of the £2.35m S106 receipt that was received in the year (see note 6a for more details).
- The Council's capital receipts reduced by £806,000 to £12,716,000. This is because receipts were used to fund the Council's capital investment programme. These funds are available to meet future capital investment.

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

- The Pensions Reserve reduced by £14,450,000. The accumulated estimated pension fund deficit now stands at £11,455,000.

Explanatory Foreword

Revenue Income and Expenditure

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

	Original Budget £'000	Latest Budget £'000	Yr End Actual £'000	Variance (Act-LB) £'000
Community	1,506	1,462	1,368	-94
Environment	2,717	2,459	2,362	-97
Health & Housing	1,654	1,628	1,593	-35
S106 Commuted Sums (see note 6a)	-	-2,350	-2,349	1
Resources	2,563	2,398	2,245	-153
Sustainable Development	2,193	2,116	2,084	-32
	10,633	7,713	7,303	-410
Interest & Investment Income	-1,050	-1,050	-1,062	-12
Notional Interest Payable	-	332	322	-10
Less Capital Charges	-994	-1,290	-1,290	-
Transfer from LDD reserve	-115	-115	-40	75
Transfer to S106 reserve (see note 6a)	-	2,350	2,349	-1
	8,474	7,940	7,582	-358
Additional expenditure funded from reserves	-	100	68	-32
Parish Precepts	1,686	1,686	1,686	-
Amounts to be met from Government Grants and local taxation	10,160	9,726	9,336	-390
Government Grants and local Taxation				
Council Taxpayers - District element	-4,643	-4,643	-4,643	-
Council Taxpayers - Parish element	-1,686	-1,686	-1,686	-
Share of Business Rate Income	-2,632	-2,632	-2,632	-
Revenue Support Grant	-382	-382	-382	-
LABGI Grant	-30	-30	-	30
Area Based Grant	-23	-23	-35	-12
Collection Fund Deficit	56	56	56	-
	-9,340	-9,340	-9,322	18
Decrease in General Fund Reserve	820	386	14	-372

The following table then reconciles the above figures to the figures in the Accounts document.

	£'000
Comprehensive Income and Expenditure Statement (Page 9)	
Surplus on the Provision of Services	-4,031
Adjustments between Accounting Basis and Funding Basis (Note 8)	1,682
Transfer to Earmarked Reserves (Note 9)	2,363
Decrease in General Fund Reserve	14

Explanatory Foreword

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 £1,165,000. This was financed from internal capital receipts and central government grants. Further details are shown in note 27.

Capital income of £398,000 was received in 2010/11. The main income being improvement grants of £224,000.

Assets & Liabilities

The Balance Sheet (Page 8) shows the Council assets and liabilities as at 31 March. The following table provides a summary of the Council's key assets and liabilities.

	Value 31 Mar 10 £m	Value 31 Mar 11 £m
Assets		
Property, plant and equipment	11.0	9.8
Investment property	5.7	5.6
Intangible assets	0.1	0.2
Investments, cash and bank holdings	25.6	27.3
Short Term Debtors	2.3	1.5
Liabilities		
Finance Leases	-6.3	-5.8
Short term creditors	-2.0	-1.5
Pension Liability	-25.9	-11.5

The notes to the Accounts provide additional information relating to these balances.

With regard to the Pension Liability, 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 £30.6m and the liability £42.1m giving a net deficit of £11.5m as at 31 March 2011. 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.

Cash Flow

The Cash Flow Statement (Page 11) shows the inflows and outflows of cash arising from transactions with third parties

It shows that in 2010/11 the Authority reduced the amount of cash that it holds by £3.5m. This is primarily due to holding more money in investments and less in cash balances at the year end.

Explanatory Foreword

[Collection Fund](#)

The Collection Fund Statement (Page 62) shows the transactions of the Council as a billing authority in relation to council tax and non-domestic rates

In 2010/11 SBDC raised £45.0m in Council Tax and collected 98.6% of the amounts due. The Council also awarded £3.3m 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 2010/11 (£48.3m) equals the amount that was requested as part of the 2010/11 budget setting process.

In 2010/11 SBDC raised £26.8m in business rates and collected 98.8% of the amounts due. All business rate income (less an allowance of £103,000 payable to SBDC for collecting business rates) is paid over to the national pool.

[Significant Factors Affecting the 2010/11 Accounts](#)

The Statement of Accounts for 2010/11 is the first to be prepared on an IFRS basis. Adoption of the IFRS-based Code has resulted in the restatement of various balances and transactions, with the result that some of the amounts presented in the financial statements are different from the equivalent figures presented in the Statement of Accounts for 2009/10. Further information about this change is provided in Note 2 to the Accounts.

[Changes in Statutory Functions](#)

There have been no major changes in statutory functions in the year. However as from 1st April 2011 responsibility for concessionary bus fares ceased to be the responsibility of South Bucks District Council. These are now the responsibility of Buckinghamshire County Council.

[Borrowing](#)

South Bucks District Council is a debt free authority which transferred its housing stock to a registered social landlord in the early 1990's. The Authority therefore currently has no need to borrow monies.

[Significant Provisions, Contingencies and Material Write Offs](#)

There are no significant provisions, contingencies or material write offs to report.

[Material Events after the Reporting Date](#)

There are no material events after the reporting date to report.

Explanatory Foreword

[Future](#)

We are entering a period of exceptional challenge for local authorities, as we are faced with having to maintain and improve key services in a time of economic uncertainty and significantly reduced resources. The Council is committed to working with its communities to try and shape the development of the local areas to their needs and aspirations, whilst at the same time recognising the importance of maintaining a low council tax. As a result the key issues for the coming year are:

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

[Further Information](#)

Further information about the Accounts can be obtained from:

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Statement of Responsibilities for the Statement of Accounts

The Authority's Responsibilities

The Authority is required to:

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

The Director of Resources' Responsibilities

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

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

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

The Director of Resources has also:

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

I confirm that the Statement of Accounts gives a true and fair view of the financial position of the Authority as at 31 March 2011 and its income and expenditure for the year then ended.

Director of Resources

Date 15th September 2011

Certificate of Approval - Chair of Audit Committee

I confirm that these accounts were approved by the Audit Committee at the meeting held on 15th September 2011.

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

Date 15th September 2011

Movement In Reserves Statement

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

	Usable Reserves					Total Usable Reserves	Unusable Reserves						Total Authority Reserves	
	General Fund Balance	Earmarked General Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Capital Reserves		Revaluation Reserve	Available For Sale Financial Instruments	Capital Adjustments Account	Pensions Reserve	Deferred Credits	Collection Fund Adjustment Account		Total Unusable Reserves
	£'000	£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000	£'000	£'000		£'000
2010/11														
Balance at 31 March 10	2,803	525	13,522	131	3,925	20,906	866	55	15,934	-25,905	267	-126	-8,909	11,997
Surplus or (deficit) on the provision of services	4,031	-	-	-	-	4,031	-	-	-	-	-	-	-	4,031
Other comprehensive income & expenditure	-	-	-	-	-	-	-57	19	-	10,900	-	-	10,862	10,862
Total comprehensive Income & Expenditure	4,031	-	-	-	-	4,031	-57	19	-	10,900	-	-	10,862	14,893
Transfer of asset from PPE to Investment Asset	-	-	-	-	-	-	-155	-	155	-	-	-	-	-
Adj between accounting & funding basis (Note 8)	-1,682	-	-806	38	-	-2,450	-10	-	-1,086	3,550	-22	18	2,450	-
Net Increase / (Decrease) before transfers to ER	2,349	-	-806	38	-	1,581	-222	19	-931	14,450	-22	18	13,312	14,893
Transfer (to) / from Earmarked Reserves (Note 9)	-2,363	2,363	-	-	-	-	-	-	-	-	-	-	-	-
Total Increase / (Decrease) in year	-14	2,363	-806	38	-	1,581	-222	19	-931	14,450	-22	18	13,312	14,893
Balance at 31 March 11	2,789	2,888	12,716	169	3,925	22,487	644	74	15,003	-11,455	245	-108	4,403	26,890
2009/10														
Balance at 1 April 09	2,597	560	21,935	-	3,925	29,017	2,083	-33	8,843	-14,717	201	-101	-3,724	25,293
Adjustment - Office Lease	614	-	-6,027	-	-	-5,413	-	-	4,891	-	-	-	4,891	-522
Adjustment - Vehicle Leases	330	-	-1,698	-	-	-1,368	-	-	1,355	-	-	-	1,355	-13
Adjustment - Grants - Gov Grant Defer Ac w/o	-	-	-	-	-	-	-	-	372	-	-	-	372	372
Adjustment - Grants - Gov Grant Unapplied	-	-	-	131	-	131	-	-	38	-	-	-	38	169
Adjustment - Investment Asset Revalue w/o	-	-	-	-	-	-	-1,207	-	1,207	-	-	-	-	-
Balance at 1 April 09 Restated	3,541	560	14,210	131	3,925	22,367	876	-33	16,706	-14,717	201	-101	2,932	25,299
Surplus or (deficit) on the provision of services	-2,688	-	-	-	-	-2,688	-	-	-	-	-	-	-	-2,688
Adjustment - Office Lease	-102	-	-	-	-	-102	-	-	-	-	-	-	-	-102
Adjustment - Vehicle Leases	-5	-	-	-	-	-5	-	-	-	-	-	-	-	-5
Adjustment - Grants	-120	-	-	-	-	-120	-	-	-	-	-	-	-	-120
Other comprehensive income & expenditure	-	-	-	-	-	-	-	88	-	-10,475	-	-	-10,387	-10,387
Total comprehensive Expenditure & Income	-2,915	-	-	-	-	-2,915	-	88	-	-10,475	-	-	-10,387	-13,302
Adj between accounting & funding basis (Note 8)	1,503	-	-688	-	-	815	-27	-	-116	-713	66	-25	-815	-
Adjustment - Office Lease	277	-	-	-	-	277	-	-	-277	-	-	-	-277	-
Adjustment - Vehicle Leases	242	-	-	-	-	242	-	-	-242	-	-	-	-242	-
Adjustment - Grants	120	-	-	-	-	120	-	-	-120	-	-	-	-120	-
Adjustment - Investment Asset Disposal	-	-	-	-	-	-	17	-	-17	-	-	-	-	-
Net Increase / (Decrease) before transfers to ER	-773	-	-688	-	-	-1,461	-10	88	-772	-11,188	66	-25	-11,841	-13,302
Transfer (to) / from Earmarked Reserves (Note 9)	35	-35	-	-	-	-	-	-	-	-	-	-	-	-
Total increase / (Decrease) in year	-738	-35	-688	-	-	-1,461	-10	88	-772	-11,188	66	-25	-11,841	-13,302
Balance at 31 March 10	2,803	525	13,522	131	3,925	20,906	866	55	15,934	-25,905	267	-126	-8,909	11,997

Comprehensive Income and Expenditure Statement

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

	2009/10			2010/11		
	Gross Expend £'000	Gross Income £'000	Net Expend £'000	Gross Expend £'000	Gross Income £'000	Net Expend £'000
Central services to the public	5,037	-3,856	1,181	4,995	-3,958	1,037
Cultural, environmental, regulatory & planning services	8,968	-2,119	6,849	8,733	-2,106	6,627
Highways and transport services	631	-1,082	-451	677	-1,124	-447
Housing services	14,557	-13,536	1,021	15,211	-14,175	1,036
Housing services - s106 funds (Note 6a)	-	-	-	3	-2,352	-2,349
Corporate & democratic core	1,780	-10	1,770	1,567	-7	1,560
Non distributed costs	9	-2	7	41	-1	40
Non distributed costs - Past Service Cost (Note 6b)	-	-	-	-4,088	-	-4,088
Cost of Services	30,982	-20,605	10,377	27,139	-23,723	3,416
Other operating expenditure						
- Parish council precepts (Note 6c)			1,607			1,686
- (Gains) / losses on disposal of non current assets			202			36
Financing and investment income and expenditure						
- Interest payable and similar charges			337			323
- Pensions interest cost and expected return on pension assets			1,005			508
- Interest receivable and similar income			-1,047			-1,061
- Inc & exp in relation to investment properties & changes in fair value (Note 11)			-179			523
Surplus or deficit on discontinued operations			-			-
Taxation and non-specific grant income						
- Council tax income			-6,120			-6,291
- Non domestic rates			-2,437			-2,632
- Non-ringfenced government grants			-620			-417
- Capital grants and contributions			-210			-122
(Surplus) or Deficit on Provision of Services			2,915			-4,031
(Surplus) or deficit on revaluation of property, plant and equipment			-			57
(Surplus) or deficit on revaluation of available for sale financial assets			-88			-19
Actuarial (gains) / losses on pension assets / liabilities			10,475			-10,900
Other Comprehensive Income and Expenditure			10,387			-10,862
Total Comprehensive Income and Expenditure			13,302			-14,893

Balance Sheet

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

	Notes	At 1 April 2009 £'000	At 31 March 2010 £'000	At 31 March 2011 £'000
Property, Plant & Equipment	10,28	11,537	11,014	9,840
Investment Property	11	5,668	5,659	5,562
Intangible Assets	12	377	127	245
Long Term Investments	13	6,510	8,545	14,509
Long Term Debtors	14	261	324	318
Long Term Assets		24,353	25,669	30,474
Short Term Investments	13	22,311	11,059	10,297
Inventories		4	2	1
Short Term Debtors	14	2,038	2,276	1,546
Short Term Debtors - Amts due from Preceptors		852	1,383	1,188
Cash and Cash Equivalents	15	-	5,946	2,445
Current Assets		25,205	20,666	15,477
Cash and Cash Equivalents	15	-283	-	-
Short Term Creditors	16	-2,435	-2,021	-1,479
Short Term Creditors - Finance Leases	13,28	-412	-427	-441
Current Liabilities		-3,130	-2,448	-1,920
Long Term Creditors - Finance Leases	13,28	-6,253	-5,826	-5,385
Long Term Creditors - S106 Monies	13	-	-	-260
Provisions	17	-145	-145	-34
Other Long Term Liabilities				
Financial Guarantee Liability		-14	-14	-7
Pensions Liability	30	-14,717	-25,905	-11,455
Capital Grants Receipts in Advance		-	-	-
Long Term Liabilities		-21,129	-31,890	-17,141
Net Assets		25,299	11,997	26,890
Usable Reserves *		22,367	20,906	22,487
Unusable Reserves *	18	2,932	-8,909	4,403
Total Reserves		25,299	11,997	26,890

*See Movement in Reserves Statement for further details

Cash Flow Statement

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

	2009/10 £'000	2010/11 £'000
Operating Activities		
Net surplus or (deficit) on the provision of services	-2,915	4,031
Adjustments to net surplus or deficit on the provision of services for non cash movements	1,869	-1,405
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	-210	-86
Net cash flows from operating activities (Note 19)	-1,256	2,540
Investing Activities		
Purchase of property, plant and equipment, investment property and intangible assets	-571	-716
Net purchase of short-term and long-term investments	-	-5,138
Other payments for investing activities	-19	-41
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	-	29
Net proceeds from short-term and long-term investments	9,177	-
Other receipts from investing activities	249	234
Net cash flows from investing activities	8,836	-5,632
Financing Activities		
Cash payments for the reduction of the outstanding liabilities relating to finance leases	-413	-426
Other payments for financing activities		
- Change in NNDR amount due to / payable from Government	-250	38
- Change in Council Tax amount due to / payable from preceptors	-688	-21
Net cash flows from financing activities	-1,351	-409
Net increase / (decrease) in cash and cash equivalents	6,229	-3,501
Cash & cash equivalents at the beginning of the reporting period	-283	5,946
Cash & cash equivalents at the end of the reporting period (Note 15)	5,946	2,445

Notes to the Accounts

1. Accounting Policies

General Principles

The Statement of Accounts summarises the Authority's transactions for the 2010/11 financial year and its position at the year-end of 31 March 2011. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2011, which those regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 and the Best Value Accounting Code of Practice 2010/11, supported by International Financial Reporting Standards (IFRS).

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

Accruals of Income and Expenditure

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

- Revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

Cash and Cash Equivalents

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

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

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

Exceptional Items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Authority's financial performance.

Notes to the Accounts

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

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

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

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

Charges to Revenue for Non-Current Assets

Services are debited with the following amounts to record the cost of holding non current assets during the year:

- depreciation attributable to the assets used by the relevant service
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- amortisation of intangible fixed assets attributable to the service.

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

Employee Benefits

Benefits Payable During Employment

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

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

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy, and are charged on an accruals basis to the relevant service line in the Comprehensive Income and Expenditure Statement when the Authority is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

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

Notes to the Accounts

Post Employment Benefits

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

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

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

The change in the net 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 Comprehensive Income and Expenditure Statement to 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 Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement 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 the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- Expected return on assets - The annual investment return on the fund assets attributable to the Authority, based on an average of the expected long-term return - credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- Gains or losses on settlements and curtailments - The result of actions to relieve the Authority of liabilities or events that reduce the expected future service or accrual of benefits of employees - debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement 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 Pensions Reserve.
- Contributions paid to the pension fund - Cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

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

Notes to the Accounts

Events After the Balance Sheet Date

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

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

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

Financial Instruments

Financial Liabilities

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

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

Financial Assets

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

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

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

Notes to the Accounts

Available-for-Sale Assets

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

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

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

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

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

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 Comprehensive Income and Expenditure Statement 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 Comprehensive Income and Expenditure Statement.

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

Instruments Entered Into Before 1 April 2006

The Authority entered into a financial guarantee, prior to 1 April 2006, that is not required to be accounted for as a financial instrument. This guarantee is reflected in the Statement of Accounts as a contingent liability note under the policies set out in the section on Provisions, Contingent Liabilities and Contingent Assets.

Notes to the Accounts

Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Authority when there is reasonable assurance that:

- the Authority will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

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

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

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

Intangible Assets

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

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Authority will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

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

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

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

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

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

Notes to the Accounts

Inventories

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

Investment Property

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

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

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

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

Leases

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

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

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

The Authority as Lessee

Finance Leases

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

Lease payments are apportioned between:

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

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

Notes to the Accounts

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

Operating Leases

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

The Authority as Lessor

Finance Leases

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

Lease rentals receivable are apportioned between:

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

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

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

Operating Leases

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

Notes to the Accounts

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 2010/11 (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 Authority's status as a multi-functional, democratic organisation.
- Non-Distributed Costs - the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets held for Sale.

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

Property, Plant and Equipment

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

Recognition

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

Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

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

- community assets and assets under construction - depreciating historical cost
- all other assets - fair value, determined as the amount that would be paid for the asset in its existing use (existing use value - EUV).

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

Notes to the Accounts

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

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

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

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

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

Impairment

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

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

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

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

Depreciation

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

Depreciation is calculated on a straight line basis over the useful life of the asset. Assets are not depreciated in the year of acquisition and are subject to a full year's depreciation in the year of disposal.

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

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

Notes to the Accounts

Disposals and Non Current Assets Held for Sale

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

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

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

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

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

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

Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

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

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year - where it becomes less than probable that a transfer of economic benefits will not be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Notes to the Accounts

Contingent Liabilities

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

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

Contingent Assets

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

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

Reserves

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

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

Revenue Expenditure Funded from Capital under Statute

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

VAT

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

Notes to the Accounts

2. Transition Arrangements

The Statement of Accounts for 2010/11 is the first to be prepared on an IFRS basis. Adoption of the IFRS-based Code has resulted in the restatement of various balances and transactions, with the result that some of the amounts presented in the financial statements are different from the equivalent figures presented in the Statement of Accounts for 2009/10.

The following table provides a summary reconciliation between the 2009/10 profit / loss figure reported in the 2009/10 Accounts (calculated in accordance with the old accounting regulations) and the 2009/10 profit / loss figure reported in this year's Accounts (calculated in accordance with the new accounting regulations).

	£'000
SORP (Profit) / Loss	2,688
Investment Properties	-
Capitalisation of PPE - Office Lease	102
Capitalisation of PPE - Refuse Vehicles	5
Government Grants - IFRS adjustment to remove release from Gov Grant deferred	330
Government Grants - Additional capital grants to be included in CI&E	-210
IFRS (Profit) / Loss	<u>2,915</u>

The following notes explain in more detail the material differences between the amounts presented in the 2009/10 financial statements and the equivalent amounts presented in the 2010/11 financial statements.

Income and Expenditure in Relation to Investment Properties

Under the Code, income and expenditure in relation to investment properties now has its own line in the Financing and Investment Income and Expenditure section of the Comprehensive Income and Expenditure Statement. Previously this income and expenditure was accounted for within the Cost of Services.

As a consequence, the financial statements have been amended as follows:

	2009/10 Statement			Adjustments Made		
	Gross Expend £'000	Gross Income £'000	Net Expend £'000	Gross Expend £'000	Gross Income £'000	Net Expend £'000
Central services to the public	5,184	-3,994	1,190	-66	139	73
Cultural, environmental, regulatory & planning services	8,935	-2,258	6,677	-22	139	117
Highways and transport services	631	-1,082	-451	-	-	-
Housing services	14,606	-13,574	1,032	-48	37	-11
Housing services - s106 funds	-	-	-	-	-	-
Corporate & democratic core	1,780	-10	1,770	-	-	-
Non distributed costs	9	-2	7	-	-	-
Cost of Services	<u>31,145</u>	<u>-20,920</u>	<u>10,225</u>	<u>-136</u>	<u>315</u>	<u>179</u>
Financing and investment income and expenditure						
- Income and expenditure in relation to investment properties and changes in their fair value (Note 11)			-			-179
						<u>-</u>

Notes to the Accounts

Capitalisation of Property, Plant and Equipment - Office Lease

Under the Code, leases of property are accounted for as separate leases of land and buildings. Previously each property lease would have been accounted for as a single lease. The change in accounting treatment can result in the land or buildings element of the lease being accounted for as an operating lease where it was previously treated as a finance lease; or as a finance lease where it was previously treated as an operating lease.

The council has one property lease where the accounting treatment has changed following the introduction of the Code. The Council leases its main offices from Farmglade Ltd. The lease term is 25 years from and including the 25th December 2001. The lease was previously classified as an operating lease, but under the Code, the building element of the lease has been classified as a finance lease.

As a consequence of classifying the buildings element of the lease as a finance lease, the financial statements have been amended as follows:

- The council has recognised an asset (the buildings) and a finance lease liability, and has funded the purchase of this asset using its Capital Receipts Reserve.
- The operating lease charge within Central Services to the Public has been reduced by the amount that relates to the buildings element of the lease payments (-£495,000).
- A depreciation charge has been included within Central Services to the Public (£277,000).
- The depreciation charge has been transferred by the General Fund to the Capital Adjustments Account. These transfers are reflected in the balance sheets as at 1 April 2009 and 31 March 2010, and the adjustments that relate to 2009/10 are reported in the Movement in Reserves Statement for the year.
- The interest element of the lease payment in respect of the buildings element is charged to the Financing and Investment income and expenditure interest payable line in the Surplus of Deficit on the Provision of Services (£320,000).

This has resulted in the following changes being made to the 2009/10 financial statements.

	2009/10 Statements £'000	Adjustments Made £'000
2009/10 Comprehensive Income and Expenditure Statement		
Central services to the public line	1,190	-218
Financing and investment income & expenditure - interest payable	-	320
		<hr/>
		102
Opening 1 April 2009 Balance Sheet		
Property, plant and equipment (leased assets)	-	4,891
Finance lease liability	-	-5,297
Debtors - building rental payments in advance	116	-116
General Fund Balance	-2,597	-614
Capital Receipts Reserve	-21,935	6,027
Capital Adjustment Account	-8,843	-4,891
		<hr/>
		-
31 March 2010 Balance Sheet		
Property, plant and equipment (leased assets)	-	4,614
Finance lease liability	-	-5,122
Debtors - building rental payments in advance	116	-116
General Fund Balance	-1,447	-789
Capital Receipts Reserve	-21,247	6,027
Capital Adjustment Account	-8,727	-4,614
		<hr/>
		-

Notes to the Accounts

Capitalisation of Property, Plant and Equipment - Vehicle Leases

The Authority entered into a 7 year agreement for Refuse, Recycling and Street Cleaning services in 2007. The contract required the contractor to provide and use assets (refuse, recycling & street cleaning vehicles) in the delivery of the contract, and the contract therefore needed to be assessed to ascertain whether it contains a lease, in accordance with IFRS 4. The assessment as to whether the arrangement contains a lease is made based on the facts and circumstances as at 1 April 2009.

The Authority has determined that the agreement does indeed contain a lease. It therefore needs to retrospectively account for the lease from the date at which it entered into the agreement. The authority has determined that the lease is a finance lease, based on the facts and circumstances as at the date at which it entered into the arrangement.

As a consequence of this, the financial statements have been amended in a similar manner to the Office lease as follows:

	2009/10 Statements £'000	Adjustments Made £'000
2009/10 Comprehensive Income and Expenditure Statement		
Cultural, environmental, regulatory and planning services line	6,677	-12
Financing and investment income & expenditure - interest payable	-	17
		<hr/>
		5
Opening 1 April 2009 Balance Sheet		
Property, plant and equipment (leased assets)	-	1,355
Finance lease liability	-	-1,368
General Fund Balance	-2,597	-330
Capital Receipts Reserve	-21,935	1,698
Capital Adjustment Account	-8,843	-1,355
		<hr/>
		-
31 March 2010 Balance Sheet		
Property, plant and equipment (leased assets)	-	1,113
Finance lease liability	-	-1,131
General Fund Balance	-1,447	-567
Capital Receipts Reserve	-21,247	1,698
Capital Adjustment Account	-8,727	-1,113
		<hr/>
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Notes to the Accounts

Government Grants

Under the Code, grants and contributions for capital schemes are recognised as income when they become receivable. Previously, grants were held in a grants deferred account and recognised as income over the life of the assets which they were used to fund.

As a consequence of adopting the accounting policy required by the Code, the financial statements have been amended as follows:

- The balance on the Government Grants Deferred Account at 31 March 2009 has been transferred to the Capital Adjustments Account in the opening 1 April 2009 Balance Sheet.
- Portions of government grants deferred were previously recognised as income in 2009/10; these have been removed from the Comprehensive Income and Expenditure Statement in the comparative figures.
- Additional capital government grants have been recognised in the Taxation and non-specific grant income line of the Comprehensive Income and Expenditure Statement.

	2009/10 Statements £'000	Adjustments Made £'000
2009/10 Comprehensive Income and Expenditure Statement		
Central services to the public line	1,190	136
Cultural, environmental, regulatory & planning services line	6,677	67
Loss on disposal of non current assets	75	127
Taxation and non-specific grant income	-	-210
		<hr/>
		120
Opening 1 April 2009 Balance Sheet		
Government and Other Grants Deferred Account	-372	372
Grants Unapplied Account (liabilities)	-234	169
Capital Adjustment Account	-8,843	-410
Capital Grants Unapplied Account (reserves)	-	-131
		<hr/>
		-
31 March 2010 Balance Sheet		
Government and Other Grants Deferred Account	-252	252
Grants Unapplied Account (liabilities)	-201	169
Capital Adjustment Account	-8,727	-290
Capital Grants Unapplied Account (reserves)	-	-131
		<hr/>
		-

Notes to the Accounts

3. Accounting Standards Issued, Not Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom 2011/12 (the Code) has introduced a change in accounting policy in relation to the treatment of heritage assets held by the Authority, which will need to be adopted fully by the Authority in the 2011/12 financial statements.

The Authority is required to disclose information relating to the impact of the accounting change on the financial statements as a result of the adoption by the Code of a new standard that has been issued, but is not yet required to be adopted by the Authority, in this case, heritage assets. As set out above, full adoption of the standard will be required for the 2011/12 financial statements. However the Authority is required to make disclosure of the estimated effect of the new standard in these (2010/11) financial statements.

The new standard will require that a new class of asset, heritage assets, is disclosed separately on the face of the Authority's Balance Sheet in the 2011/12 financial statements.

Heritage assets are assets that are held by the Authority principally for their contribution to knowledge or culture. The heritage assets held by the Authority are the collection of assets and artefacts stored in the Council museum at Church Cottage, Memorial Gardens, Stoke Poges.

These assets are not currently recognised in the financial statements as no information is available on the cost of these assets.

The Code will require that heritage assets are measured at valuation in the 2011/12 financial statements (including the 2010/11 comparative information). The 2011/12 Code will permit some relaxations in the valuation requirements of heritage assets and this will mean that the Authority is able to recognise more of its collections of heritage assets in the Balance Sheet.

The Authority anticipates that it will be able to recognise the value of the assets and artefacts in the Council museum on the Balance Sheet using as its base the insurance valuation of £35,000.

4. Critical Judgements in Applying Accounting Policies

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

The critical judgements made in the Statement of Accounts are:

- There is a high degree of uncertainty about future levels of funding for local government. However the Authority has determined that this uncertainty is not sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.
- The Authority is the sole corporate trustee of the Farnham Park Charitable Trust, a charitable organisation that owns and operates the Farnham Park Sports Fields and the Farnham Park Golf Course. It has been determined that the Authority does not have control of the Trust (except in its capacity as corporate trustee) and it is not a subsidiary of the Authority.
- The Authority has determined that its main office building lease should be accounted for as a finance lease.
- The Authority has determined that its refuse, recycling and street cleaning contract contains an embedded finance lease for the refuse, recycling and street cleaning vehicles.
- The Authority has valued its Sports Centre at Market Value for Existing Use, which has been determined by reference to the amount that the current operator pays to SBDC. However an alternative methodology would be to treat this as a specialist property and thus value it at Depreciated Replacement Cost. If the alternative methodology was used than the asset value would increase by approximately £2.2m.

Notes to the Accounts

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

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

The items in the Authority's Balance Sheet at 31 March 2011 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows.

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependant on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets fall. It is estimated that the annual depreciation charge for buildings would increase by approximately £2,000 for every year that useful lives had to be reduced.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.	The effects to the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £905K. However, the assumptions interact in complex ways. During 2010/11, the Authority's actuaries advised that the net pension liability had decreased by £4.741m as a result of estimates being corrected as a result of experience and decreased by £5.670m attributable to updating of the assumptions.
Arrears	At 31 March 2011, the Authority had Council Tax debtors of £297,000. Review suggested that an impairment of doubtful debts of 54% (£160,000) was appropriate. At 31 March 2011, the Authority had Sundry debtors of £1,527,000. Review suggested that an impairment of doubtful debts of 55% (£834,000) was appropriate.	If collection rates were to deteriorate, increasing the impairment of doubtful debts by 10% would require and additional £180,000 to be set aside as an allowance.

Note: This list does not include assets and liabilities that are carried at fair value based on a recently observed market price.

Notes to the Accounts

6. Material Items of Income and Expense

a) Housing Services - S106 Income

During 2010/11 the Authority received two S106 receipts - namely payments received in lieu of on-site affordable housing provision required under our planning polices and committed to by way of an agreement entered into in pursuance of Section 106 of the Town and Country Planning Act 1990 (as amended).

£259,875 was received relating to housing developments at Gore Road in Burham. This money must be spent on the 'delivery of Affordable Housing in the administrative area of South Bucks District Council'.

As the Council is required to repay any remaining sum that is not spent within 10 years, it has been accounted for as a creditor.

£2,350,000 was received relating to housing developments at the William King site in Denham. This money must be spent on 'providing or facilitating the provision of Affordable Housing'.

As there is no potential liability to repay this money it has been accounted for as income in the year, and transferred to an earmarked reserve.

b) Past Service Costs

In the UK budget statement on 22 June 2010 the Chancellor announced that with effect from 1 April 2011 public service pensions would be up-rated in line with the Consumer Prices Index (CPI) rather than the Retail Prices Index (RPI).

This has the effect of reducing South Bucks District Council's liabilities in the Local Government Pension Fund by £4.088m and has been recognised as a past service gain in accordance with guidance set down in UITF Abstract 48, since the change is considered to be a change in benefit entitlement. There is no impact upon the General Fund.

C) Analysis of Parish Precepts

	2009/10 £'000	2010/11 £'000
Beaconsfield	257	259
Burnham	472	472
Denham	89	94
Dorney	15	15
Farnham Royal	75	115
Fulmer	17	19
Gerrards Cross	188	188
Hedgerley	15	20
Iver	352	364
Stoke Poges	75	90
Taplow	21	19
Wexham	31	31
	<u>1,607</u>	<u>1,686</u>

Notes to the Accounts

7. Events after the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Director of Resources on 22 June 2011. Events taking place after this date are not reflected in the financial statement or notes.

Where events taking place before this date provided information about the conditions existing at 31 March 2011, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

The financial statement and notes have not been adjusted for the following events which took place after 31 March 2011 as they provide information that is relevant to an understanding of the Authority's financial position but do not relate to conditions at that date:

- As from 1st April 2011 responsibility for concessionary bus fares ceased to be the responsibility of South Bucks District Council. These are now the responsibility of Buckinghamshire County Council.

8. Adjustments between Accounting Basis and Funding Basis under Regulations

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

2010/11	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Unusable Reserves £'000
Adjustments Primarily involving the Capital Adjustments Account				
Reversal of items debited or credited to the CI&E A/C				
- Charges for depreciation of non-current assets	351	-	-	-351
- Charges for depreciation of non-current assets - Finance Leases	520	-	-	-520
- Revaluation losses on Property, Plant and Equipment	33	-	-	-33
- Movement in the market value of Investment Properties	648	-	-	-648
- Amortisation of intangible assets	94	-	-	-94
- Capital grants and contributions applied	-	-	-	-
- Revenue expenditure funded from capital under statute	550	-	-	-550
- Amounts of non-current assets written off on disposal	65	-	-	-65
Adjustments Primarily involving the Capital Grants Unapplied Account				
Capital grants and contributions unapplied	-38	-	38	-
Application of grants to capital financing	-308	-	-	308
Adjustments Primarily involving the Capital Receipts Reserve				
Transfer of cash sale proceeds	-29	29	-	-
Use of Capital Receipts Reserve to finance capital	-	-857	-	857
Contribution from the Capital Receipts to disposal costs	-	-	-	-
Transfer from Deferred Capital Receipts on receipt of cash	-	22	-	-22
Adjustments Primarily involving the Deferred Capital Receipts Reserve				
Transfer of deferred sale proceeds	-	-	-	-
Adjustments Primarily involving the Pensions Reserve				
Reversal of items relating to retirement benefits	-2,726	-	-	2,726
Employers pensions contributions payable in the year	-824	-	-	824
Adjustments Primarily involving the Collection Fund Adjustment Account				
Adjustment to council tax income	-18	-	-	18
Total Adjustments	-1,682	-806	38	2,450

Notes to the Accounts

2009/10 Comparative Figures	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Unusable Reserves £'000
Adjustments Primarily involving the Capital Adjustments Account				
Reversal of items debited or credited to the CI&E A/C				
- Charges for depreciation of non-current assets	366	-	-	-366
- Charges for depreciation of non-current assets - Finance Leases	519			-519
- Revaluation losses on Property, Plant and Equipment	-	-	-	-
- Movement in the market value of Investment Properties	-	-	-	-
- Amortisation of intangible assets	248	-	-	-248
- Capital grants and contributions applied	-	-	-	-
- Revenue expenditure funded from capital under statute	490	-	-	-490
- Amounts of non-current assets written off on disposal	291	-	-	-291
Adjustments Primarily involving the Capital Grants Unapplied Account				
Capital grants and contributions unapplied	-	-	-	-
Application of grants to capital financing	-420	-	-	420
Adjustments Primarily involving the Capital Receipts Reserve				
Transfer of cash sale proceeds	-	-	-	-
Use of Capital Receipts Reserve to finance capital	-	-712	-	712
Contribution from the Capital Receipts to disposal costs	-	-	-	-
Transfer from Deferred Capital Receipts on receipt of cash	-	24	-	-24
Adjustments Primarily involving the Deferred Capital Receipts Reserve				
Transfer of deferred sale proceeds	-90	-	-	90
Adjustments Primarily involving the Pensions Reserve				
Reversal of items relating to retirement benefits	1,562	-	-	-1,562
Employers pensions contributions payable in the year	-849	-	-	849
Adjustments Primarily involving the Collection Fund Adjustment Account				
Adjustment to council tax income	25	-	-	-25
Total Adjustments	2,142	-688	-	-1,454

9. Transfers to / from Earmarked Reserves

	Balance 1 April 2009 £'000	Transfers Out 2009/10 £'000	Transfers In 2009/10 £'000	Balance 31 March 2010 £'000	Transfers Out 2010/11 £'000	Transfers In 2010/11 £'000	Balance 31 March 2011 £'000
Allocated Funding	36	-28	-	8	-8	45	45
Bequests	15	-	-	15	-	-	15
Disasters / Emergencies	27	-	-	27	-	-	27
Farnham Royal Pump	7	-	-	7	-	-	7
Insurance	32	-15	3	20	-2	12	30
Leisure	12	-7	-	5	-9	16	12
Local Development Fund	400	-	-	400	-40	-	360
Memorial Gardens	22	-	-	22	-	-	22
Renewals & Repairs	8	-10	22	20	-	-	20
Russo Burial Trust	1	-	-	1	-	-	1
S106 Housing Reserve	-	-	-	-	-1	2,350	2,349
Total	560	-60	25	525	-60	2,423	2,888

Notes to the Accounts

10. Property, Plant and Equipment

	Land and Buildings (including car parks) £'000	Buildings Acquired Under Finance Leases £'000	Vehicles, Fixtures & Fittings and Equipment £'000	Vehicles Acquired Under Finance Leases £'000	Community Assets £'000	Total £'000
Movements in 2010/11						
Cost or Valuation						
At 1 April 2010	4,259	6,027	2,853	1,698	67	14,904
Transfer to Investment Property	-478	-	-	-	-	-478
Additions	142	-	177	-	-	319
Disposals	-	-	-176	-	-	-176
At 31 March 2011	3,923	6,027	2,854	1,698	67	14,569
Depreciation and Impairment						
At 1 April 2010	-61	-1,413	-1,831	-585	-	-3,890
Depreciation charge	-45	-277	-306	-243	-	-871
Disposals	-	-	122	-	-	122
Impairment - recognised in the revaluation reserve	-57	-	-	-	-	-57
Impairment - recognised in the Comprehensive I&E Statement	-33	-	-	-	-	-33
At 31 March 2011	-196	-1,690	-2,015	-828	-	-4,729
Net Book Value						
At 1 April 2010	4,198	4,614	1,022	1,113	67	11,014
At 31 March 2011	3,727	4,337	839	870	67	9,840

Comparative Movements in 2009/10

Cost or Valuation						
At 1 April 2009	4,112	6,027	2,637	1,698	67	14,541
Additions	147	-	351	-	-	498
Disposals	-	-	-135	-	-	-135
At 31 March 2010	4,259	6,027	2,853	1,698	67	14,904
Depreciation and Impairment						
At 1 April 2009	-29	-1,136	-1,496	-343	-	-3,004
Depreciation charge	-32	-277	-335	-242	-	-886
Disposals	-	-	-	-	-	-
At 31 March 2010	-61	-1,413	-1,831	-585	-	-3,890
Net Book Value						
At 1 April 2009	4,083	4,891	1,141	1,355	67	11,537
At 31 March 2010	4,198	4,614	1,022	1,113	67	11,014

Impairment Losses

During 2010/11, the Authority has recognised an impairment loss of £90,853 in relation to land and buildings at Stoke Poges Memorial Gardens, following an impairment review carried out by an external valuer. Of which £57,353 was set off against previous revaluation gains, leaving £33,500 which was charged to the Cultural, environmental, regulatory & planning services line in the Comprehensive Income and Expenditure Statement.

Notes to the Accounts

Depreciation

Depreciation is provided on all Property, Plant and Equipment with a finite useful life 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 2011.

Effect of Changes in Estimates

In 2010/11 the Authority has not made any material changes to its accounting estimates for Property, Plant and Equipment.

Revaluations

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

All land and building valuations are carried out externally. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

	Land and Buildings (including car parks)	Buildings Acquired Under Finance Leases	Vehicles, Fixtures & Fittings and Equipment	Vehicles Acquired Under Finance Leases	Community Assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Carried at Historical Cost	-	-	2,854	1,698	67	4,619
Valued at Fair Value as at						
23 February 2005 *	-	6,027	-	-	-	6,027
1 April 2008	3,338	-	-	-	-	3,338
31 March 2009	-	-	-	-	-	-
31 March 2010	-	-	-	-	-	-
31 March 2011	585	-	-	-	-	585
Total Cost or Valuation	3,923	6,027	2,854	1,698	67	14,569

* The Office valuation is based on the market value at the date of the amended lease agreement. This property will be revalued in 2011/12.

Major Assets Held

	Number at 31 March 2010	Number at 31 March 2011
Council Offices *	1	1
Refuse, Recycling and Street Cleaning Vehicles *	21	21
Off-street car parks	14	14
Golf courses	1	1
Sports centres	1	1
Cemeteries & memorial gardens	4	4
Public conveniences	3	3

* Held under Finance Leases

Notes to the Accounts

11. Investment Properties

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

	2009/10 £'000	2010/11 £'000
Rental income from investment property	315	299
Direct operating expenses arising from investment property	-136	-175
Net gain / (loss)	179	124

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

	2009/10 £'000	2010/11 £'000
Balance at start of the year	5,668	5,659
Transfers	-	478
Additions - New acquisitions	90	-
Additions - Expenditure on existing assets	57	84
Disposals	-156	-11
Net gains/losses from fair value adjustments	-	-648
Balance at end of the year	5,659	5,562

All land and building valuations are carried out externally. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

Major Investment Property Held	Number at 31 March 2010	Number at 31 March 2011
Beaconsfield Town Hall	1	1
Brindley House	1	1
Depots	2	2
Stoke Park	1	1
Stoke Place	1	1
Dwellings	1	1
Caravan Site	1	1

Note: The majority of investment property is leased out on a full repairs and maintenance basis.

Notes to the Accounts

12. Intangible Assets

The Authority accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include both purchased licenses and internally generated software.

All software is written off over a maximum of 4 years on a straight line basis.

The amortisation of £94K charged to revenue in 2010/11 was charged to the IT cost centre and then absorbed as an overhead across all the service headings in the Net Expenditure of Services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

	2009/10			2010/11		
	Purchased Software Licenses	Internally Developed Software	Total	Purchased Software Licenses	Internally Developed Software	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Gross Carrying Amount						
At 1 April	598	552	1,150	641	232	873
Additions	43	-44	-1	212	-	212
Disposals	-	-276	-276	-126	-	-126
At 31 March	641	232	873	727	232	959
Amortisation						
At 1 April	-358	-415	-773	-514	-232	-746
Amortisation charge	-156	-93	-249	-94	-	-94
Disposals	-	276	276	126	-	126
At 31 March	-514	-232	-746	-482	-232	-714
Net Book Value						
At 1 April	240	137	377	127	-	127
At 31 March	127	-	127	245	-	245

Notes to the Accounts

13. Financial Instruments

A financial instrument is any contract which gives rise to a financial asset of one entity, and a financial liability of another.

Categories of Financial Instrument

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

	Long Term			Current		
	At 1 April 2009 £'000	At 31 March 2010 £'000	At 31 March 2011 £'000	At 1 April 2009 £'000	At 31 March 2010 £'000	At 31 March 2011 £'000
Investments						
Loans and receivables						
- Money market loans- Callable Deposits	5,029	5,000	-	2,099	34	-
- Money market loans- Fixed Deposits	-	2,000	13,000	11,256	7,160	10,254
Available-for sale financial assets						
- Bonds	1,481	1,545	1,509	881	-	43
Fair value through profit or loss assets						
- Investment fund managed by Investec	-	-	-	8,075	3,865	-
	6,510	8,545	14,509	22,311	11,059	10,297
Debtors	247	312	308	903	743	550
Creditors	-	-	-260	-2,016	-1,915	-1,160
Creditors - Finance Leases	-6,253	-5,826	-5,385	-412	-427	-441

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

Income, Expense, Gains and Losses

	Financial Liabilities Liabilities measured at amortised cost £'000	Cash and Bank £'000	Loans and receivable s - Money Market Loans £'000	Financial Assets Available- for-sale - Bonds £'000	Fair value through P&L - Fund Manager £'000	Total £'000
<u>2010/11</u>						
Interest expense to CI&E	323	-	-	-	-	323
Interest income to CI&E	-	-390	-595	-76	-	-1,061
Revaluation (gain)/loss	-	-	-	-19	-	-19
Impairment losses	-	-	-	-	-	-
Gain/(loss) for the Year	323	-390	-595	-95	-	-757
<u>2009/10</u>						
Interest expense to CI&E	337	-	-	-	-	337
Interest income to CI&E	-	-124	-712	-110	-101	-1,047
Revaluation (gain)/loss	-	-	-	-88	-	-88
Impairment losses	-	-	-	-	-	-
Gain/(loss) for the Year	337	-124	-712	-198	-101	-798

Notes to the Accounts

Fair Values of Assets and Liabilities

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

- Estimated interest rate of between 3.48% and 5.56% for loans payable.
- Estimated interest rates at 31 March 2011 of between 0.84% and 3.576% depending on the loan duration
- No early repayment or impairment is recognised.
- Where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values are calculated as follows.

	31 March 10		31 March 11	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Loans and Receivables	14,194	14,344	23,254	23,600
Financial Liabilities				
- Capswood Finance Lease	-5,122	-5,473	-4,936	-5,257
- Vehicles Finance lease	-1,131	-1,095	-890	-868

The fair value of loans and receivables as at 31 March 2011 (£23.600m) is higher than the carrying amount (£23.254m) 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.

The fair value of the Capswood finance lease as at 31 March 2011 (£5.257m) is higher than the carrying amount of (£4.936m) as the interest rate payable is higher than the rate available for a similar loan at the Balance Sheet date. This increases the amount that the Authority would have to pay if early repayment was sought.

The fair value of the Vehicle finance lease as at 31 March 2011 (£0.868m) is lower than the carrying amount of (£0.890m) as the interest rate payable is lower than the rate available for a similar loan at the Balance Sheet date. This reduces the amount that the Authority would have to pay if early repayment was sought

Notes to the Accounts

14. Debtors

	At 1 April 2009 £'000	At 31 March 2010 £'000	At 31 March 2011 £'000
Long Term			
Housing Advances	1	-	-
Transferred Debt - Slough	14	12	10
Unpaid Discounts	6	6	6
Colnbrook Village Hall	6	4	3
Paper Sort Facility Loan	194	173	152
Car Loans	40	39	57
Swan Road Finance Lease	-	90	90
	261	324	318
Short Term			
Central Government bodies	907	1,186	606
Other local authorities	-	-	-
Council Tax (net of impairment)	112	145	137
Interest receivable	-	46	-
Payments in advance	162	121	110
Sundry debtors (net of impairment)	857	778	693
	2,038	2,276	1,546

15. Cash and Cash Equivalents

	At 1 April 2009 £'000	At 31 March 2010 £'000	At 31 March 2011 £'000
Cash held by the Authority	4	2	2
Bank current accounts	-522	-159	-118
Short-term deposits	235	6,103	2,561
	-283	5,946	2,445

Notes to the Accounts

16. Creditors

	At 1 April 2009 £'000	At 31 March 2010 £'000	At 31 March 2011 £'000
Long Term			
Finance Lease - Offices	-5,122	-4,936	-4,739
Finance Lease - Vehicles	-1,131	-890	-646
S106 Monies	-	-	-260
	-6,253	-5,826	-5,645
Short Term			
Finance Lease - Offices	-175	-186	-197
Finance Lease - Vehicles	-237	-241	-244
Central Government bodies	-257	-	-245
Other Local Authorities	-	-	-
Council Tax	-85	-63	-64
Sundry Creditors	-2,093	-1,958	-1,170
	-2,847	-2,448	-1,920

17. Provisions

	At 1 April 2009 £'000	At 31 March 2010 £'000	At 31 March 2011 £'000
Settlement - contaminated land dispute	-145	-145	-
Local Land Charges - personal search fees	-	-	-34
	-145	-145	-34

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 was £200,000, of which £55,000 was paid in 2005/06 and £145,000 was paid in 2010/11.

A provision of £34,000 has been established in 2010/11 for the potential repayment of personal search fees paid between 1 January 2005 and 30 July 2010.

Notes to the Accounts

18. Unusable Reserves

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment. The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

	2009/10 £'000	2010/11 £'000
Balance at 1 April	876	866
Transfer of asset from PPE to Investment Asset	-	-155
Upwards revaluations of assets	-	-
Downward revaluation of assets and impairment losses not charged to CI&E	-	-57
Difference between fair value depreciation and historical cost depreciation	-10	-10
Accumulated gains on assets sold or scrapped	-	-
Balance at 31 March	866	644

Available For Sale Financial Instruments Reserve

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

	2009/10 £'000	2010/11 £'000
Balance at 1 April	-33	55
In year change in fair value of available for sale assets	88	19
Balance at 31 March	55	74

Capital Adjustments Account

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

	2009/10 £'000	2010/11 £'000
Balance at 1 April	16,706	15,934
Transfer of asset from PPE to Investment Asset	-	155
Financing of Capital Expenditure	1,133	1,165
Disposals	-292	-65
Movement in the market value of Investment Properties charged to CI&E	-	-648
Impairment of non-current assets (via CI&E)	-	-34
Reversal of items relating to capital expenditure charged to CI&E		
Charges for depreciation / amortisation	-614	-444
Charges for depreciation - Assets acquired under finance leases - Office	-277	-277
Charges for depreciation - Assets acquired under finance leases - Vehicles	-242	-243
Revenue expenditure funded from capital under statute	-490	-550
Adjustment for additional current value depreciation charges	10	10
Balance at 31 March	15,934	15,003

Notes to the Accounts

Pensions Reserve

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

	2009/10 £'000	2010/11 £'000
Balance at 1 April	-14,717	-25,905
Actuarial gains or losses on pensions assets and liabilities	-10,475	10,900
Reversal of items relating to retirement benefits charged to CI&E	-1,562	2,726
Employer's pension contributions and direct payments to pensioners	849	824
Balance at 31 March	<u>-25,905</u>	<u>-11,455</u>

Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which the cash settlement has yet to take place. Under statutory arrangements, the Authority does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

	At 1 April 2009 £'000			At 31 March 2010 £'000			At 31 March 2011 £'000
	New Loans £'000	Repay -ments £'000		New Loans £'000	Repay -ments £'000		
Mortgages	1	-	-1	-	-	-	-
Swan Road Loan	-	90	-	90	-	-	90
Colnbrook Hall Loan	5	-	-1	4	-	-1	3
Paper sort Loan	195	-	-22	173	-	-21	152
	<u>201</u>	<u>90</u>	<u>-24</u>	<u>267</u>	<u>-</u>	<u>-22</u>	<u>245</u>

Collection Fund Adjustment Account

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

	2009/10 £'000	2010/11 £'000
Balance at 1 April	-101	-126
Amount by which council tax income credited to the CI&E Statement is different from council tax income calculated for the year in accordance with statutory requirements/	-25	18
Balance at 31 March	<u>-126</u>	<u>-108</u>

19. Cash Flow Statement Operating Activities

The cash flows for operating activities includes the following items.

	2009/10 £'000	2010/11 £'000
Interest received	1,130	1,062
Interest paid	-337	-323
Dividends received	-	-
	<u>793</u>	<u>739</u>

Notes to the Accounts

20. Amounts Reported for Resource Allocation Decisions

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

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

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

2010/11	Com- munity	Environ- ment	Health & Housing	S106 Com muted Sums	Resources	Sustain- able Develop- ment	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fees, charges & other service income	-437	-1,604	-332	-2,352	-507	-837	-6,069
Government grants	-195	-34	-274	-	-17,418	-17	-17,938
Total income	-632	-1,638	-606	-2,352	-17,925	-854	-24,007
Employee expenses	592	387	708	-	2,093	1,563	5,343
Transfer payments	216	-	9	-	16,729	-	16,954
Capital financing costs	66	399	476	-	568	5	1,514
Other operating expenses	818	2,786	671	3	3,380	314	7,972
Support service recharges	308	428	335	-	-2,600	1,056	-473
Total Expenditure	2,000	4,000	2,199	3	20,170	2,938	31,310
Net Expenditure	1,368	2,362	1,593	-2,349	2,245	2,084	7,303
2009/10							
	Com- munity	Environ- ment	Health & Housing	S106 Com muted Sums	Resources	Sustain- able Develop- ment	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fees, charges & other service income	-343	-1,613	-370	-	-561	-772	-3,659
Government grants	-234	-	-311	-	-16,550	-164	-17,259
Total income	-577	-1,613	-681	-	-17,111	-936	-20,918
Employee expenses	604	418	749	-	2,291	1,676	5,738
Transfer payments	186	-	42	-	15,970	-	16,198
Capital financing costs	90	73	413	-	324	-	900
Other operating expenses	956	3,138	668	-	3,974	273	9,009
Support service recharges	307	494	425	-	-2,889	1,155	-508
Total expenditure	2,143	4,123	2,297	-	19,670	3,104	31,337
Net Expenditure	1,566	2,510	1,616	-	2,559	2,168	10,419

Notes to the Accounts

Reconciliation to Net Cost of Services in the Comprehensive Income and Expenditure Statement

This reconciliation shows how the figures in the analysis of portfolio income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

	2009/10 £'000	2010/11 £'000
Net expenditure in the portfolio analysis	10,419	7,303
Net expenditure not included in the portfolio analysis		
- Expenditure funded from general reserves	64	68
- Expenditure funded from earmarked reserves	6	-54
- PSA Reward Grant	23	-
- Investment income adjustment	5	-
- Impairment loss	-	33
Amounts in the CI&E Statement not reported to management in the portfolio analysis		
- IAS 19 pension adjustments	-292	-4,058
Amounts included in the portfolio analysis not included in CI&E Statement		
- Adjustments re restating the accounts due to IFRS	-27	-
- Income and expenditure in relation to investment properties	179	124
	10,377	3,416

Reconciliation to Subjective Analysis

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

2010/11	Portfolio analysis £'000	Services not in analysis £'000	Amounts not reported to Mgt £'000	Amounts not in CI&E £'000	Cost of Services £'000	Corporate amounts £'000	Total £'000
Fees, charges & other service income	-6,069	-15	-	299	-5,785	-299	-6,084
Interest and investment income	-	-	-	-	-	-1,061	-1,061
Income from council tax	-	-	-	-	-	-6,291	-6,291
Government grants and contributions	-17,938	-	-	-	-17,938	-3,171	-21,109
Total income	-24,007	-15	-	299	-23,723	-10,822	-34,545
Employee expenses	5,343	-	-	-	5,343	-	5,343
Transfer payments	16,954	-	-	-	16,954	-	16,954
Capital financing costs	1,514	33	-	-	1,547	-	1,547
Other operating expenses	7,972	29	-4,058	-175	3,768	1,330	5,098
Support service recharges	-473	-	-	-	-473	-	-473
Interest payments	-	-	-	-	-	323	323
Precepts and levies	-	-	-	-	-	1,686	1,686
Gain / loss on disposal of fixed assets	-	-	-	-	-	36	36
Total Expenditure	31,310	62	-4,058	-175	27,139	3,375	30,514
Surplus or deficit (CI&E Account)	7,303	47	-4,058	124	3,416	-7,447	-4,031

Notes to the Accounts

2009/10	Portfolio analysis	Services not in analysis	Amounts not reported to Mgt	Amounts not in CI&E	Cost of Services	Corporate amounts	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fees, charges & other service income	-3,659	-30	-	315	-3,374	-315	-3,689
Interest and investment income	-	5	-	-	5	-1,047	-1,042
Income from council tax	-	-	-	-	-	-6,120	-6,120
Government grants and contributions	-17,259	23	-	-	-17,236	-3,267	-20,503
Total income	-20,918	-2	-	315	-20,605	-10,749	-31,354
Employee expenses	5,948	-	-	-	5,948	-	5,948
Transfer payments	16,198	-	-	-	16,198	-	16,198
Capital financing costs	690	-	-	-	690	-	690
Other operating expenses	9,009	100	-292	-163	8,654	1,141	9,795
Support service recharges	-508	-	-	-	-508	-	-508
Interest payments	-	-	-	-	-	337	337
Precepts and levies	-	-	-	-	-	1,607	1,607
Gain / loss on disposal of fixed assets	-	-	-	-	-	202	202
Total Expenditure	31,337	100	-292	-163	30,982	3,287	34,269
Surplus or deficit (CI&E Account)	10,419	98	-292	152	10,377	-7,462	2,915

21. Acquired and Discontinued Operations

There were no acquired or discontinued operations in the year.

However as from 1st April 2011 responsibility for concessionary bus fares ceased to be the responsibility of South Bucks District Council. These are now the responsibility of Buckinghamshire County Council.

22. Members' Allowances

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

	2009/10 £'000	2010/11 £'000
Salaries	-	-
Allowances	212	210
Expenses	3	1
Total	215	211

Notes to the Accounts

23. Officers' Remuneration

The remuneration paid to the Authority's senior employees is as follows.

Post	Salary Fees and Allowances	Bonus / PRP	Expenses (eg mileage sums chargeable to UK Tax)	2010/11	Benefits In Kind	Total Excluding Pension Contribution	Employers Pension Contribution	Total Including Pension Contribution
				Payment for Loss of Office				
	£	£	£	£	£	£	£	£
Chief Executive	105,102	-	-	-	797	105,899	22,489	128,388
Director of Resources	88,398	-	-	-	797	89,195	18,907	108,102
Director of Services	88,398	-	-	-	549	88,947	18,853	107,800
Head of Legal Services (1)	83,096	-	-	-	549	83,645	12,907	96,552
Head of Sustainable Development	59,415	-	-	-	797	60,212	12,467	72,679
Head of Finance & IT	59,415	-	-	-	394	59,809	12,380	72,189
Head of Environment	58,707	-	-	-	549	59,256	12,414	71,670
Head of Community Services	58,587	-	-	-	-	58,587	12,295	70,882

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

(1) The basic salary of the Head of Legal Services is in line with the other Heads of Service. However during the year the Head of Legal Services provided support to another local authority. Part of the salary cost was therefore covered by the fee paid by the other authority. This sum also includes additional amounts that were payable as part of arrangements to cover a maternity leave within legal services. These additional arrangements all ended in 2010.

Notes to the Accounts

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

	2009/10 Number of Employees Total	2010/11 Number of Employees Total
£ 50,000 - £ 54,999	-	2
£ 55,000 - £ 59,999	3	3
£ 60,000 - £ 64,999	1	1
£ 65,000 - £ 69,999	-	-
£ 70,000 - £ 74,999	-	-
£ 75,000 - £ 79,999	-	-
£ 80,000 - £ 84,999	-	1
£ 85,000 - £ 89,999	2	2
£ 95,000 - £ 94,999	-	-
£ 90,000 - £ 99,999	-	-
£100,000 - £104,999	2	-
£105,000 - £109,999	-	1

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

24. External Audit Costs

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

	2009/10 £'000	2010/11 £'000
Fees payable to the Audit Commission with regard to external audit services carried out by the appointed auditor for the year	94	96
Fees payable to the Audit Commission in respect of statutory inspection	9	-
Fees payable to the Audit Commission for the certification of grant claims and returns by the appointed auditor	25	26
Fees payable in respect of other services provided the Audit Commission during the year	2	2
Total	130	124

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.

Notes to the Accounts

25. Grant Income

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

	2009/10 £'000	2010/11 £'000
Credited to Taxation and Non Specific Grant Income		
National Non-Domestic Rate	2,437	2,632
Revenue Support Grant	562	382
LA Business Growth Incentive Scheme	35	-
Area Based Grant	23	35
Capital Grants		
LPSA 2009/10	68	-
Energy Efficiency Grant	11	13
Big Lottery	83	-
Playbuilder	45	109
Housing & Planning Delivery	4	-
	<u>3,268</u>	<u>3,171</u>
Credited to Services		
Housing Benefit Grants	13,166	13,858
Council Tax Benefit Grants	3,263	3,416
Cost of Collection Allowance	105	103
Improvement Grants	210	224
Business Rates Deferral	12	-
Small Business Rates	-	7
Swimming Grant	60	21
Homelessness Prevention	49	41
Housing & Planning Delivery	130	-
Habitats Grant	34	17
Mortgage Rescue Grant	29	-
Air Quality	20	9
Travel Concessions	169	174
Local Land Charges	-	34
Other grants	12	34
	<u>17,259</u>	<u>17,938</u>
	<u>20,527</u>	<u>21,109</u>

As at 31 March 2011 the Authority did not hold any grants, contributions or donations that have yet to be recognised as income as they had conditions attached to them that could require the monies or property to be returned to the giver.

Notes to the Accounts

26. Related Parties

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

Central Government 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 council tax bills, housing benefits). Grants received from government departments are set out in the subjective analysis in Note 20 on reporting for resource allocation decisions. Grant receipts outstanding at 31 March 2011 are shown in Note 14.

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.

Notes to the Accounts

27. Capital Expenditure and Capital Financing

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

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

	2009/10 £'000	2010/11 £'000
Opening Capital Finance Requirement	-	-
Capital expenditure		
Stoke Poges Memorial Gardens	27	-
IT Equipment & systems	38	242
Car Parks	-	39
Beacon Centre	12	49
Public Offices	10	13
The Lanes Golf Course	127	35
Cemeteries	13	4
Green Waste/Recycling	121	49
Public Conveniences	-	15
The Stomping Ground	38	3
Depots	18	81
Swan Road	90	-
Grant Funded Playschemes	139	71
Other schemes	10	14
	643	615
Revenue expenditure funded from capital under statute		
Environmental improvements	25	42
Improvement grants	399	443
Refuse Vehicle Grants	-	19
Community development schemes	28	1
IT equipments and systems	7	-
Contribution to pooled fund	9	-
Contribution to CCTV schemes	10	9
Contribution Bells Hill Green Redevelopment	10	20
Minor works	2	16
	490	550
Sources of Finance:		
Capital Receipts	-712	-856
Government Grants - Other	-211	-85
Government Grants - Revenue expenditure funded from capital	-210	-224
	-1,133	-1,165
Closing Capital Finance Requirement	-	-

Notes to the Accounts

28. Leases

Authority as Lessee - Finance Leases

The Authority has acquired its main office building and its fleet of refuse, recycling and street cleaning vehicles under finance leases. The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts.

	31 March 2010 £'000	31 March 2011 £'000
Buildings	4,614	4,337
Vehicles	1,113	870
	5,727	5,207

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

	31 March 2010 Buildings £'000	31 March 2010 Vehicles £'000	31 March 2010 Total £'000	31 March 2011 Buildings £'000	31 March 2011 Vehicles £'000	31 March 2011 Total £'000
Finance lease liabilities						
Current	186	241	427	197	244	441
Non-current - 1-5 years	867	890	1,757	922	646	1,568
Non-current - Later than 5 years	4,069	-	4,069	3,817	-	3,817
	5,122	1,131	6,253	4,936	890	5,826
Finance costs payable in future years						
Current	309	14	323	298	11	309
Non-current - 1-5 years	1,114	22	1,136	1,059	11	1,070
Non-current - Later than 5 years	1,627	-	1,627	1,384	-	1,384
	3,050	36	3,086	2,741	22	2,763
Minimum lease payments						
Current	495	255	750	495	255	750
Non-current - 1-5 years	1,981	912	2,893	1,981	657	2,638
Non-current - Later than 5 years	5,696	-	5,696	5,201	-	5,201
	8,172	1,167	9,339	7,677	912	8,589

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

The Authority has sub-let some of the office accommodation held under these finance leases. At 31 March 2011 the minimum payments expected to be received under non-cancellable sub leases was £20,417.

Notes to the Accounts

Authority as Lessee - Operating Leases

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

	31 March 2010 £'000	31 March 2011 £'000
Not later than one year	251	251
Later than one year not later than five years	1,002	1,002
Later than five years	2,939	2,689
	<u>4,192</u>	<u>3,942</u>

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

	31 March 2010 £'000	31 March 2011 £'000
Minimum lease payments	251	251
Contingent rents	-	-
	<u>251</u>	<u>251</u>

Authority as Lessor - Finance Leases

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

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

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

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

	31 March 2010 £'000	31 March 2011 £'000
Finance lease debtors	90	90
Unearned finance income	289	286
Unguaranteed residual value of property	-	-
Gross investment in the lease	<u>379</u>	<u>376</u>

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

Notes to the Accounts

Authority as Lessor - Operating Leases

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

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

	31 March 2010 £'000	31 March 2011 £'000
Not later than one year	265	304
Later than one year not later than five years	991	1,168
Later than five years	11,062	12,807
	<u>12,318</u>	<u>14,279</u>

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

29. Termination Benefits

The Authority terminated the contract of 1 employee in 2010/11 at a cost of under £5,000 (nil 2009/10).

30. Defined Benefit Pension Schemes

Participation in pension scheme

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

The Authority participates in two post employment schemes:

- The Local Government Pension Scheme, administered locally by Buckinghamshire County Council - this is a funded defined benefit 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.
- Arrangements for the award of discretionary post retirement benefits upon early retirement - this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due.

Notes to the Accounts

Transactions relating to Post Employment benefits

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are actually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Account and the General Fund Balance via the Movement in the Reserves Statement during the year.

	Local Government Pension Scheme		Discretionary Benefits	
	2009/10 £'000	2010/11 £'000	2009/10 £'000	2010/11 £'000
<u>Comprehensive Income and Expenditure Statement</u>				
Cost of Services:				
- Current service cost	678	936	-	-
- Past service cost *	-	-4,023	-	-65
- Unfunded pension payments *	-	-	-	-
- (Gains) and losses on settlements	-	-	-	-
- (Gains) and losses on curtailments	-	-	-	-
	678	-3,087	-	-65
Financing and Investment Income and Expenditure				
- Interest cost	2,375	2,502	68	65
- Expected return on scheme assets	-1,438	-2,059	-	-
	937	443	68	65
Net charge to the Surplus or Deficit on the Provision of Services	1,615	-2,644	68	-
Other Post Employment Benefit Charged to the CI&E Statement				
- Actuarial gains and losses	10,475	-10,900	-	-
Total Post Employment Benefit Charged to the CI&E Statement	12,090	-13,544	68	-
<i>Movement in Reserves Statement</i>				
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	-766	3,468	53	82
Actual amounts charged against the General Fund Balance for Pensions in the year	849	824	121	82

* Included in the Non distributed costs line of the Comprehensive Income and Expenditure Statement.

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement to the 31 March 2011 is a loss of £4.837m.

Notes to the Accounts

Assets and liabilities in relation to post employment benefits

Reconciliation of present value of the scheme liabilities (defined benefit obligation):	Local Government Pension Scheme		Discretionary Benefits	
	2009/10	2010/11	2009/10	2010/11
	£'000	£'000	£'000	£'000
Opening balance 1 April	36,037	53,341	1,079	1,225
Current service cost	678	936	-	-
Interest cost	2,375	2,502	68	65
Contributions by scheme participants	275	268	-	-
Actuarial (gains) and losses	16,139	-10,563	199	-34
Benefits paid	-2,163	-1,486	-	-
Past service gains	-	-4,023	-	-65
Losses / (gains) on curtailments	-	-	-	-
Unfunded pension payments	-	-	-121	-82
Closing balance 31 March	53,341	40,975	1,225	1,109

Reconciliation of fair value of the scheme assets:	Local Government Pension Scheme		Discretionary Benefits	
	2009/10	2010/11	2009/10	2010/11
	£'000	£'000	£'000	£'000
Opening balance 1 April	22,399	28,661	-	-
Expected rate of return	1,438	2,059	-	-
Actuarial gains and (losses)	5,863	303	-	-
Employer contributions	849	824	-	-
Contributions by scheme participants	275	268	-	-
Benefits paid	-2,163	-1,486	-	-
Closing balance 31 March	28,661	30,629	-	-

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 £2.547m (2009/10 £7.301m).

In the UK budget statement on 22 June 2010 the Chancellor announced that with effect from 1 April 2011 public service pensions would be up-rated in line with the Consumer Prices Index (CPI) rather than the Retail Prices Index (RPI).

This has the effect of reducing South Bucks District Council's liabilities in the Local Government Pension Fund by £4.088m and has been recognised as a past service gain in accordance with guidance set down in UITF Abstract 48, since the change is considered to be a change in benefit entitlement. There is no impact upon the General Fund.

Notes to the Accounts

Scheme history

	At 31 March 2007 £'000	At 31 March 2008 £'000	At 31 March 2009 £'000	At 31 March 2010 £'000	At 31 March 2011 £'000
Present value of liabilities					
- Local Gov Pension Scheme	-43,615	-39,389	-36,037	-53,341	-40,975
- Discretionary Benefits	-1,371	-1,173	-1,079	-1,225	-1,109
Fair value of assets					
- Local Gov Pension Scheme	31,490	28,452	22,399	28,661	30,629
- Discretionary Benefits	-	-	-	-	-
Surplus / (deficit) in the scheme					
- Local Gov Pension Scheme	-12,125	-10,937	-13,638	-24,680	-10,346
- Discretionary Benefits	-1,371	-1,173	-1,079	-1,225	-1,109

The liabilities show the underlying commitments that the Authority has in the long run to pay post employment (retirement) benefits. The total liability of £11.455m 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 (ie before payments fall due), as assessed by the scheme actuary.
- Finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2012 is £0.895m. Expected contributions for the Discretionary Benefits scheme in the year to 31 March 2012 are £108,000.

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Both the Local Government Pension Scheme and Discretionary Benefit liabilities have been assessed by Barnett Waddingham, an independent firm of actuaries, and are based on the latest full valuation of the scheme as at 31 March 2010.

Notes to the Accounts

The principal assumptions used by the actuary have been:

	2009/10	2010/11
Long-term expected rate of return on assets in the scheme:		
Equity investments	7.8%	7.7%
Property	7.3%	7.2%
Gilts	4.5%	4.4%
Other Bonds	5.5%	5.5%
Cash	3.0%	3.0%
Mortality assumptions:		
Longevity at 65 for current pensioners		
Men	22.2 years	19.8 years
Women	25.3 years	23.9 years
Longevity at 65 for future pensioners		
Men	23.0 years	21.9 years
Women	26.0 years	25.8 years
Rate of inflation (RPI)	3.9%	3.5%
Rate of inflation (CPI)	n/a	2.7%
Rate of increase in salaries	5.4%	5.0%
Rate of increase in pensions	3.9%	2.7%
Rate for discounting scheme liabilities	5.5%	5.5%
Take-up of option to convert annual pension into retirement lump sum	50.0%	50.0%

The Local Government Pension Scheme Assets consist of the following categories, by proportion of the total assets held.

	31 March 2010 %	31 March 2011 %
Equity investments	70	69
Property	8	8
Gilts	6	7
Other Bonds	8	7
Alternative Assets	6	6
Cash	2	3
	<u>100</u>	<u>100</u>

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

Notes to the Accounts

History of experience gains and losses

The actuarial gains / losses identified as movements on the Pension Reserve can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March.

	At 31 March 2007 £'000	At 31 March 2008 £'000	At 31 March 2009 £'000	At 31 March 2010 £'000	At 31 March 2011 £'000
Experience adjustments on Scheme assets	462	-3,915	-6,932	5,863	303
As a percentage of scheme assets	1.5%	13.8%	30.9%	20.5%	1.0%
Experience adjustments on Scheme liabilities	-	493	-	-	4,927
As a percentage of scheme liabilities	-	1.2%	-	-	11.7%

31. Contingent Liabilities

The Authority has the following contingent liabilities:

The Council has received two claims for compensation. One relating to a planning matter, and one relating to an ex employee. These claims are currently being investigated.

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.

32. Contingent Assets

The Authority has the following 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 £989,000 of overpaid VAT relating to the period since September 2001.

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

Notes to the Accounts

33. Nature and Extent of Risks Arising from Financial Instruments

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

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

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

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

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

	Credit Rating	Maximum Amount	Comment
UK Institutions	AAA	£10 million	The durations of the investment would be informed by the detailed credit rating information
	AA+ or AA-	£7 million*	
	A to A+	£1 million**	
Non UK Institutions	AA or better	£2 million	As above but also sovereignty rating must be AAA
Corporate Bonds	AA or better	£2 million	Investment decision will be based on balancing yield against duration

* Members agreed that for RBS only this limit is increased to £10 million whilst the bank substantially remained in state ownership.

** As part of the Councils Treasury Management Strategy 2011/12 Members agreed to add the Co-operative Bank (A-) with a limit of £1 million.

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

The Authority's maximum exposure to credit risk in relation to investments in banks and building societies cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Authority's deposits but there was no evidence at the 31 March 2011 that this was likely to crystallise.

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

Notes to the Accounts

	Amount at 31 March 2011	Historical experience of default	Experience adjusted for market conditions	Estimated Maximum Exposure to default	Amount at 31 March 2010
	£'000	£'000	£'000	£'000	£'000
Deposits with banks and other financial institutions	27,251	-	0.30%	82	77
Customers	2,857	2.3%	5.00%	143	176

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

The Authority does not generally allow credit, such that £1.5m of the £2.9m balance is past its due date for payment. The past due amount can be analysed by age as follows:

	Council Tax	Other	Total	Total at 31 March 2010
	£m	£m	£m	£m
<u>As at 31 March 2011</u>				
Less than one year	0.08	0.49	0.57	0.42
One to 2 years	0.12	0.35	0.47	0.41
More than two years	0.10	0.36	0.46	0.37
	0.30	1.20	1.50	1.20

Liquidity Risk

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

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

The maturity analysis of financial assets is as follows:

	Cash and Bank	Loans and receivables - Money Market Loans	Available- for-sale - Bonds	Fair value through P&L - Fund Manager
	£'000	£'000	£'000	£'000
<u>As at 31 March 2011</u>				
On demand	2,445	-	-	-
Less than one year	-	10,254	43	-
Between one and two years	-	-	-	-
More than two years	-	13,000	1,509	-
	2,445	23,254	1,552	-
<u>As at 31 March 2010</u>				
On demand	5,946	-	-	-
*Seven day notice (75% of fund)	-	-	-	2,899
*3 month notice (25% of fund)	-	-	-	966
Less than one year	-	7,194	-	-
Between one and two years	-	2,000	-	-
More than two years	-	5,000	1,545	-
	5,946	14,194	1,545	3,865

* The Council ceased using the services of a Cash Fund Manager in April 2010.

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

Notes to the Accounts

Market Risk - Interest Rate Risk

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

- 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.

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

The Authority has a number of strategies for managing interest rate risk. In particular the Authority holds a mix of long and short term investments and a mix of fixed and variable rate investments. The upper limit for variable rate investments in 2010/11 was 76% 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 2011, if interest rates had been 1% higher with all other variables held constant, the estimated financial effect would be:

	At 1 April 2010 £'000	At 31 March 2011 £'000
Change in Interest and Investment income shown in the Comprehensive I&E Account		
Increase in interest receivable on cash and bank holdings	-62	-117
Reduction in value of Fair Value through P&L investments (Fund Mgr)	8	-
Impact on Surplus or Deficit on the Provision of Services	<u>-54</u>	<u>-117</u>
Change in fair value of fixed rate investments		
Decrease in fair value of Available for Sale investments (Bonds)	<u>82</u>	<u>77</u>
	82	77
Decrease in fair value of Loans and Receivables (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive I&E)	253	480

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

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

Market Risk - Price Risk

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

Market Risk - Foreign Exchange Risk

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

Notes to the Accounts

34. Farnham Park Charitable Trust Fund

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

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

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

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

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

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

During 2010/11 the Trust earned income of £455,000 (2009/10 £498,000) and spent £863,000 (2009/10 £940,000). Giving a net loss for the year of £408,000 (2009/10 loss of £442,000), which was funded from the Trust's accumulated reserves.

As at 31 March 2011 the Trust owned land and buildings valued at £1.922m (31 March 2010 £1.914m).

35. Building Regulations Chargeable and Non Chargeable Account 2010/11

The Building (Local Authority Charges) Regulations 2010 require the disclosure of information regarding the setting of charges for the administration of the building control function.

However, certain activities performed by the Building Control Section cannot be charged for, such as providing general advice and liaising with other statutory authorities.

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

	Chargeable	Non- Chargeable	Total
	£	£	£
Total Expenditure	399,521	82,400	481,921
Less Income			
Building Regulation Fees	-372,297	-	-372,297
Miscellaneous Income	-251	-	-251
Deficit for Year	<u>26,973</u>	<u>82,400</u>	<u>109,373</u>

Collection Fund

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

	Notes	2009/10 £'000	2010/11 £'000
Income			
Income from Council Tax	1	-43,810	-45,037
Transfer from General Fund			
Council tax benefit		-3,121	-3,263
Transitional relief		3	4
Income collectable from business ratepayers	2	-27,987	-26,808
Contribution towards previous year's estimated deficit		-	-430
		-74,915	-75,534
Expenditure			
Precepts and demands	3	47,118	48,253
Business rate			
Payment to national pool		27,547	26,411
Cost of collection		105	103
Interest on Refunds		50	113
Impairment of Debts			
Write offs of uncollectable amounts		687	313
Increase /(reduction) in allowance for impairment		-405	196
Contribution towards previous year's estimated surplus		-	-
		75,102	75,389
Deficit / (Surplus) for year		187	-145
Balance brought forward 1 April		777	964
Balance carried forward 31 March		964	819

Notes to the Collection Fund

1. Council Tax

The average Band D charge for 2010/11 was £1,486.09 (£1,455.37 in 2009/10). 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 2009/10	Band D Equivalent Estimate 2010/11
A	318	317
B	549	538
C	2,528	2,540
D	4,961	4,978
E	5,602	5,562
F	4,433	4,467
G	10,714	10,720
H	3,500	3,582
	32,605	32,704

2. Income from Business Rates

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

	2009/10	2010/11
Non-domestic rateable value (at end of year - 2010 NNDR list)	£76.213m	£77.027m
Rate poundage - Standard Multiplier	48.5p	41.4p
- Small Business Multiplier	48.1p	40.7p

3. Precepts

	2010/11 Precept £'000	Share of 31 March 2011 Deficit £'000	2010/11 Total £'000
Buckinghamshire County Council	34,994	-593	34,401
Bucks & MK Fire Authority	1,920	-33	1,887
Thames Valley Policy Authority	5,010	-85	4,925
South Bucks District Council *	6,329	-108	6,221
	48,253	-819	47,434

	2009/10 Precept £'000	Share of 31 March 2010 Deficit £'000	2009/10 Total £'000
Buckinghamshire County Council	34,208	-700	33,508
Bucks & MK Fire Authority	1,868	-38	1,830
Thames Valley Policy Authority	4,897	-100	4,797
South Bucks District Council *	6,145	-126	6,019
	47,118	-964	46,154

* Includes amounts collected on behalf of parish councils.

Annual Governance Statement

1) Scope of Responsibility

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

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

South Bucks District Council has approved and adopted a code of Corporate Governance, which is consistent with the principals of the CIPFA / SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the code can be obtained from the Director of Resources. This statement explains how South Bucks District Council has complied with the code and also meets the requirements of the Accounts and Audit Regulations 2011 in relation to the publication of an annual governance statement.

2) The Purpose of the Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which the Authority is directed and controlled and its activities through 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 2011 and up to the date of approval of the statement of accounts.

3) The Governance Framework

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

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

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

Annual Governance Statement

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) Role of the Chief Financer Officer

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

The Chief Financial Officer in a public service organisation:

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

To deliver these responsibilities the Chief Financial Officer:

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

5) Review of Effectiveness

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

For 2010/11 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.

Annual Governance Statement

6) Significant Governance Issues

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

- Business Continuity Planning. The overall SBDC Business Continuity Plan was adopted in May 2009. However further work is ongoing in this area to ensure that there are robust service recovery plans for all areas.

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

In addition given the current economic climate and the national financial pressures it is anticipated that there will be future funding constraints. This has led to the need for the Authority to put in place a programme to deliver significant savings over the next two years. Changes to the funding of local authorities in the future, and changes to the benefits system are likely to have material financial implications. Being a small authority in terms of staff numbers also adds to the challenge of responding to material reductions in funding, whilst maintaining acceptable levels of resilience in services. However SBDC is well placed to deal with these issues and has in place a financial plan to bring expenditure into line with reduced levels of resources.

Chris Furness
Chief Executive

1 July 2011

Cllr Adrian Busby
Leader of the Council

1 July 2011

Opinion on the Authority accounting statements

I have audited the accounting statements of South Bucks District Council for the year ended 31 March 2011 under the Audit Commission Act 1998. The accounting statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and Collection Fund and the related notes. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of South Bucks District Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010.

Respective responsibilities of the Director of Resources and auditor

As explained more fully in the Statement of the Responsibilities of the Director of Resources, 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. My responsibility is to audit the accounting statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the accounting statements sufficient to give reasonable assurance that the accounting statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Authority; and the overall presentation of the accounting statements. I read all the information in the explanatory foreword to identify material inconsistencies with the audited accounting statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on accounting statements

In my opinion the accounting statements:

- give a true and fair view of the state of South Bucks District Council's affairs as at 31 March 2011 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

Opinion on other matters

In my opinion, the information given in the explanatory foreword for the financial year for which the accounting statements are prepared is consistent with the accounting statements.

Matters on which I report by exception

I have nothing to report in respect of the governance statement on which I report to you if, in my opinion the governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007.

Conclusion on Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources

Authority's responsibilities

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

Auditor's responsibilities

I am required under Section 5 of the Audit Commission Act 1998 to satisfy myself that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

I report if significant matters have come to my attention which prevent me from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. 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.

Basis of conclusion

I have undertaken my audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2010, as to whether the Authority has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for me to consider under the Code of Audit Practice in satisfying myself whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2011.

Independent Auditor's Report to the Members of South Bucks District Council

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

Conclusion

On the basis of my work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2010, I am satisfied that, in all significant respects, South Bucks District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2011.

Certificate

I certify that I have completed the audit of the accounts of South Bucks District Council 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

29 September 2011

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 Property, Plant, Equipment and Intangible 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.

Current asset

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

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.

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).

Glossary of Terms

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 fees and charges for services, and Government grants.

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).

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 non specific grant income.

Non current asset

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

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.