SOUTH BUCKS DISTRICT COUNCIL

Statement of Accounts

For the year ended 31 March 2014

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Explanatory Foreword

Introduction

The Accounts of South Bucks District Council for the year ended 31 March 2014 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 Statement** - This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices and shows how that cost has been financed from Council Tax payers, business rate income and Government grants.

• **Balance Sheet** – This statement shows the assets and liabilities of all the activities of the Council and the balances and reserves at the Council's disposal.

• **Cash Flow Statement** – This statement shows the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.

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

Movement in Reserves

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

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

- The General Fund Balance decreased by £2,000 to £2,508,000.
- Earmarked reserves increased by £353,000 to £2,497,000.
- The Council's capital receipts reduced by £3,575,000 to £8,718,000. 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 deficit increased by £2,738,000. The accumulated estimated pension fund deficit now stands at £22,596,000.

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	1,193	1,193	1,186	-7
Environment	2,740	2,533	2,525	-8
Health & Housing	1,546	1,546	1,526	-20
S106 Commuted Sums	-	-	-159	-159
Resources	2,495	2,495	2,378	-117
Resources - Investment Properties	-215	-215	-224	-9
Sustainable Development	1,768	1,768	1,841	73
	9,527	9,320	9,073	-247
Interest & Investment Income	-775	-775	-578	197
Notional Interest Payable	276	276	276	-
Payment to Parishes re change in Taxbase	108	108	108	-
Less Capital Charges	-1,339	-1,132	-1,157	-25
Transfer from LDD reserve	-48	-48	-46	2
Transfer from Transformation Reserve	-34	-34	-50	-16
Transfer to s106 reserve	-	-	159	159
Transfer to Joint Working Reserve	-	-	300	300
	7,715	7,715	8,085	370
Parish Precepts	1,772	1,772	1,772	-
Amounts to be met from Government Grants and Local Taxation	**9,487**	**9,487**	**9,857**	**370**
Government Grants and Local Taxation				
Council Taxpayers - District element	-4,456	-4,456	-4,456	-
Council Taxpayers - Parish element	-1,772	-1,772	-1,772	-
Revenue Support Grant	-1,452	-1,452	-1,452	-
Share of Business Rate Income	-966	-966	-893	73
New Homes Grant	-694	-694	-703	-9
Council Tax Freeze Grant	-47	-47	-47	-
Other Grants	-	-	-57	-57
Collection Fund Deficit	40	40	40	-
	-9,347	**-9,347**	**-9,340**	**7**
Decrease in General Fund Reserve	**140**	**140**	**517**	**377**
Items Funded from Reserves	93	310	265	-45
Timing Adjustment re new NDR Accounting	-	-	-780	-780
Total Decrease in General Fund Reserve	**233**	**450**	**2**	**-448**

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

	£'000
Comprehensive Income and Expenditure Statement Deficit on the Provision of Services	2,404
Adjustments between Accounting Basis and Funding Basis	-2,755
Net Transfer to Earmarked Reserves	353
Decrease in General Fund Reserve	**2**

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 £3,956,000. This was financed from internal capital receipts and central government grants. Further details are shown in note 26.

Capital income of £256,000 was received in 2013/14. The main income being improvement grants of £225,000 and £30,000 in respect of a lease extension.

Assets & Liabilities

The Balance Sheet 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 13 £m	Value 31 Mar 14 £m
Assets		
Property, plant and equipment	10.1	12.7
Heritage assets	0.1	0.1
Investment property	5.7	5.8
Intangible assets	0.2	0.1
Investments, cash and bank holdings	26.0	19.7
Short Term Debtors	3.4	3.7
Liabilities		
Short term creditors	-2.0	-1.9
Finance Leases	-4.9	-4.5
S106 Monies	-0.9	-1.0
Pension Liability	-19.9	-22.6

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 £33.3m and the liability £55.9m giving a net deficit of £22.6m as at 31 March 2014. 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 shows the inflows and outflows of cash arising from transactions with third parties

It shows that in 2013/14 the Authority decreased the amount of cash that it holds by £1.075m.

Collection Fund

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

In 2013/14 SBDC raised £46.9m in Council Tax and collected 97.9% of the amounts due. Council Tax income is paid over to the precepting bodies (BCC, BF&R, PCC Thames Valley and SBDC) and the amount paid over in 2013/14 (£46.6m) equals the amount that was requested as part of the 2013/14 budget setting process.

In 2013/14 SBDC raised £29.0m in business rates and collected 98.8% of the amounts due. Business rate income is shared as follows: Central Government 50%; SBDC 40%, Bucks County Council 9%; Bucks Fire 1%.

Significant Factors Affecting the 2013/14 Accounts

This year there are a number of significant issues that require highlighting.

Council Tax Benefit / Support

Council Tax Benefit ended on 31 March 2013, and was replaced by Council Tax Support on 1 April 2013.

The accounting arrangements for Council Tax Support are different to the accounting arrangements for Council Tax Benefit.

Awarding Council Tax Benefit was a cost to SBDC and thus was shown as a cost in the SBDC Income and Expenditure Account, offset by a grant from Central Government. As Council Tax Benefit has ceased the prior year income and expenditure has been moved to the 'discontinued' section of the Income and Expenditure Account.

Council Tax Support is considered to be a discount scheme (not a benefit) and thus is shown in the Collection Fund alongside other discounts (eg single person discount). The cost of Council Tax Support is therefore netted off the total Council Tax income, before the net income is shared with the preceptors.

Localisation of Non Domestic Rate Income

As from 1 April 2013 a new business rates retention scheme was introduced. This new scheme is based on a simple concept – that local authorities should retain a shared of business rates income. However the actual scheme is extremely complex.

Prior to 1 April 2013 all business rates income was paid into the Collection Fund, and was then paid over to the National Business Rates Pool.

Since 1 April 2013 all business rates income is paid into the Collection Fund, and then shared as follows:

- Central Government 50%
- South Bucks District Council 40%
- Bucks County Council 9%
- Bucks Fire 1%

Subject to the following adjustments:

- There is a provision for NDR debts that may never be paid.
- There is a provision for reduced NDR income arising from business ratepayers successfully appealing against their rateable value.
- An allowance is paid to the collecting authority (SBDC) towards the cost of collecting business rates £99,868.
- There is a grant paid to/from the Collection Fund to equalise transitional business rate adjustments.

The 40% NDR income (£10,854,000) paid to SBDC is then amended as follows:

- There is a grant to reimburse the cost of Small Business Rates Relief being doubled (£171,000).
- There is a fixed tariff to reduce the net income to SBDC (£10,511,000).
- There is an equalisation grant (£380,000) to ensure that the net effect on SBDC is that SBDC does not lose more that £72,000 overall from the new arrangements.

The overall result is then amended so that the actual net effect on the General Fund is equivalent to what was estimated in January 2013 (ie prior to the start of the financial year). The true outturn being accounted for as an adjustment in the following year.

Pensions

There are 2 issues to note relating to the pension fund.

The pension fund was revalued on 31 March 2013. The Accounts therefore now reflect the result of the valuation.

There has been an amendment to the pension accounting standard which has changed the way pensions are valued and disclosed.

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 contingencies or material write offs to report.

A new provision of £677,000 was established in 2013/14 for potential losses arising from appeals against Non Domestic Rate changes.

Material Events after the Reporting Date

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

Joint Working Arrangements with Chiltern District Council

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

Alan Goodrum was appointed the shared Chief Executive for Chiltern and South Bucks District Councils on 22nd February 2012. At the same time the two joint director positions were also filled, with Bob Smith being appointed as Joint Director of Services and Jim Burness as Joint Director of Resources.
The final element of the shared Senior Management Team was completed during 2012/13 with Joint Heads of Service being appointed. Sharing a Senior Management Team has reduced the cost of running the two councils by at least £600,000 a year.

The two councils are now starting to implement opportunities for further savings by collaboration and the joining together of services, assets, officer posts and officer teams. Joint Building Control, Community Safety, Housing and Licensing teams became operational on 1st April 2014.

However, each authority will remain sovereign independent bodies, and keep their separate identities, retain their own councillors and budgets, and set their own council taxes.

Future

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

- Continuing to put in place measures to reduce net expenditure, in order that the Council has a sound financial position in the context of the further significant expected reduction in central Government funding, limitations on the council tax, and continuing low levels of income from investments, fees and charges.
- Progressing the joint arrangements with Chiltern District Council.
- 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 public services.

Further Information

Further information about the Accounts can be obtained from:

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

Statement of Responsibilities for the Statement of Accounts

The Authority's Responsibilities

The Authority is required to:

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

The Director of Resources' Responsibilities

The Director of Resources is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA / LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ("the 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 2014 and its income and expenditure for the year then ended.

Director of Resources

Date 18th September 2014

Certificate of Approval – Chair of Audit Committee

I confirm that these accounts were approved by the Audit Committee at the meeting held on 18th September 2014.

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

Date 18th September 2014

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 amounts required to be charged to the General Fund Balance for council tax setting purposes. The Net Increase / Decrease before transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves.

	Usable Reserves						Unusable Reserves							Total
	General Fund Balance	Ear-marked General Reserves	Capital Receipts Reserve	Capital Grants Un-applied	Capital Reserves	**Total Usable Reserves**	Re-valuation Reserve	Available For Sale Financial Instru-ments	Capital Adjust-ments Account	Pensions Reserve	Deferred Credits	Collection Fund Adjust-ment Account	**Total Unusable Reserves**	**Total Authority Reserves**
	£’000	£’000	£’000	£’000	£’000	**£’000**	£’000	£’000	£’000	£’000	£’000	£’000	**£’000**	**£’000**
2013/14														
Balance at 1 April 2013	**2,510**	**2,144**	**12,293**	**126**	**4,350**	**21,423**	**2,437**	**188**	**13,565**	**-19,858**	**91**	**-77**	**-3,654**	**17,769**
Surplus or (deficit) on the provision of services	-2,404	-	-	-	-	**-2,404**	-	-	-	-	-	-	-	-2,404
Other comprehensive income & expenditure	-	-	-	-	-	-	-	-65	-	-1,799	-	-	-1,864	-1,864
Total comprehensive Income & Expenditure	**-2,404**	**-**	**-**	**-**	**-**	**-2,404**	**-**	**-65**	**-**	**-1,799**	**-**	**-**	**-1,864**	**-4,268**
Adj between accounting & funding basis (Note 8)	2,755	-	-3,575	-126	-	**-946**	-50	-	2,740	-939	-1	-804	946	-
Net Increase / (Decrease) before transfers to Earmarked Reserves	**351**	**-**	**-3,575**	**-126**	**-**	**-3,350**	**-50**	**-65**	**2,740**	**-2,738**	**-1**	**-804**	**-918**	**-4,268**
Transfer (to) / from Earmarked Reserves (Note 9)	-353	353	-	-	-	-	-	-	-	-	-	-	-	-
Total Increase / (Decrease) in year	**-2**	**353**	**-3,575**	**-126**	**-**	**-3,350**	**-50**	**-65**	**2,740**	**-2,738**	**-1**	**-804**	**-918**	**-4,268**
Balance at 31 March 2014	**2,508**	**2,497**	**8,718**	**-**	**4,350**	**18,073**	**2,387**	**123**	**16,305**	**-22,596**	**90**	**-881**	**-4,572**	**13,501**
2012/13 (Restated)														
Balance at 1 April 2012	**2,920**	**2,074**	**12,480**	**126**	**3,925**	**21,525**	**2,488**	**135**	**13,789**	**-20,134**	**223**	**-105**	**-3,604**	**17,921**
Surplus or (deficit) on the provision of services	-1,379	-	-	-	-	**-1,379**	-	-	-	-	-	-	-	-1,379
Other comprehensive income & expenditure	-	-	-	-	-	-	-	53	-	1,174	-	-	1,227	1,227
Total comprehensive Income & Expenditure	**-1,379**	**-**	**-**	**-**	**-**	**-1,379**	**-**	**53**	**-**	**1,174**	**-**	**-**	**1,227**	**-152**
Adj between accounting & funding basis (Note 8)	1,039	-	-187	-	425	**1,277**	-51	-	-224	-898	-132	28	-1,277	-
Net Increase / (Decrease) before transfers to Earmarked Reserves	**-340**	**-**	**-187**	**-**	**425**	**-102**	**-51**	**53**	**-224**	**276**	**-132**	**28**	**-50**	**-152**
Transfer (to) / from Earmarked Reserves (Note 9)	-70	70	-	-	-	-	-	-	-	-	-	-	-	-
Total Increase / (Decrease) in year	**-410**	**70**	**-187**	**-**	**425**	**-102**	**-51**	**53**	**-224**	**276**	**-132**	**28**	**-50**	**-152**
Balance at 31 March 2013	**2,510**	**2,144**	**12,293**	**126**	**4,350**	**21,423**	**2,437**	**188**	**13,565**	**-19,858**	**91**	**-77**	**-3,654**	**17,769**

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.

	2012/13 Gross Expend £'000 Restated	2012/13 Gross Income £'000 Restated	2012/13 Net Expend £'000 Restated	2013/14 Gross Expend £'000	2013/14 Gross Income £'000	2013/14 Net Expend £'000
Central services to the public	2,263	-880	1,383	2,110	-849	1,261
Cultural and related services	955	-294	661	1,041	-308	733
Environmental and regulatory services	4,680	-846	3,834	4,888	-852	4,036
Planning services	2,758	-921	1,837	2,927	-974	1,953
Highways and transport services	431	-944	-513	424	-963	-539
Housing services	16,245	-15,372	873	16,599	-15,715	884
Housing services – s106 funds	1,554	-1,178	376	608	-767	-159
Corporate and democratic core	1,511	-156	1,355	1,636	-170	1,466
Non distributed costs	79	-1	78	82	-1	81
Cost of Services	**30,476**	**-20,592**	**9,884**	**30,315**	**-20,599**	**9,716**
Other operating expenditure						
- Parish council precepts			1,811			1,772
- (Gains) / losses on disposal of non-current assets			-466			-30
- Pension administration expenses			22			39
Financing and investment income and expenditure						
- Interest payable and similar charges			292			276
- Pensions net interest cost			905			833
- Interest receivable and similar income			-842			-578
- Inc & exp in relation to investment properties & changes in fair value (Note 12)			-763			-339
(Surplus) or Deficit on Discontinued Operations – Council Tax Benefit (Previously shown within Central services to the public)			-56			-
Taxation and non-specific grant income and expenditure						
- Council tax income			-6,511			-6,163
- Non domestic rates income			-2,174			-10,854
- Non domestic rates expenditure – Tariff Payment			-			10,511
- Non-ringfenced government grants – Revenue Support Grant			-42			-1,452
- Non-ringfenced government grants – Other Grants			-681			-1,327
- Capital grants and contributions			-			-
(Surplus) or Deficit on Provision of Services			**1,379**			**2,404**
(Surplus) or deficit on revaluation of property, plant and equipment			-			-
(Surplus) or deficit on revaluation of available for sale financial assets			-53			65
Actuarial (gains) / losses on pension assets / liabilities			-1,174			1,799
Other Comprehensive Income and Expenditure			**-1,227**			**1,864**
Total Comprehensive Income and Expenditure			**152**			**4,268**

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 31 March 2013 £'000	At 31 March 2014 £'000
Property, Plant & Equipment	10,27	10,052	**12,660**
Heritage Assets	11	63	**63**
Investment Property	12	5,727	**5,842**
Intangible Assets	13	160	**126**
Long Term Investments	14	12,389	**9,124**
Long Term Debtors	15	188	**2,081**
Long Term Assets		28,579	**29,896**
Short Term Investments	14	8,240	**6,269**
Inventories		2	**2**
Short Term Debtors	15	3,379	**3,679**
Cash and Cash Equivalents		5,344	**4,269**
Current Assets		16,965	**14,219**
Short Term Creditors	16	-2,024	**-1,868**
Short Term Creditors – Finance Leases	27	-474	**-385**
Short Term Provisions	17	-	**-721**
Current Liabilities		-2,498	**-2,974**
Long Term Creditors – Finance Leases	27	-4,454	**-4,069**
Long Term Creditors – S106 Monies		-911	**-975**
Long Term Provisions	17	-54	**-**
Other Long Term Liabilities - Pensions Liability	28	-19,858	**-22,596**
Long Term Liabilities		-25,277	**-27,640**
Net Assets		**17,769**	**13,501**
Usable Reserves *		21,423	**18,073**
Unusable Reserves *	18	-3,654	**-4,572**
Total Reserves		**17,769**	**13,501**

*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.

	2012/13 Restated £'000	2013/14 £'000
Operating Activities		
Net surplus or (deficit) on the provision of services	-1,379	-2,404
Adjustments to net surplus or deficit on the provision of services for non cash movements	1,475	2,865
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	-467	-30
Net cash flows from operating activities (Note 19)	**-371**	**431**
Investing Activities		
Purchase of property, plant and equipment, investment property and intangible assets	-255	-3,460
Net purchase of short-term and long-term investments	2,210	5,000
Other payments for investing activities	-64	-2,011
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	830	30
Net proceeds from short-term and long-term investments	-	-
Other receipts from investing activities	64	51
Net cash flows from investing activities	**2,785**	**-390**
Financing Activities		
Cash payments for the reduction of the outstanding liabilities relating to finance leases	-457	-474
Other payments for financing activities		
- Change in NNDR amount due to / payable from Gov't & preceptors	222	-834
- Change in Council Tax amount due to / payable from preceptors	-305	192
Net cash flows from financing activities	**-540**	**-1,116**
Net increase in cash and cash equivalents	**1,874**	**-1,075**
Cash & cash equivalents at the beginning of the reporting period	3,470	5,344
Cash & cash equivalents at the end of the reporting period	5,344	4,269

	At 31 March 2013 £'000	At 31 March 2014 £'000
Cash held by the Authority	2	**2**
Bank current accounts	691	**969**
Short-term deposits	4,651	**3,298**
	5,344	**4,269**

1. Accounting Policies

General Principles

The Statement of Accounts summarises the Authority's transactions for the 2013/14 financial year and its position at the year-end of 31 March 2014. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) 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 2013/14 and the Service Reporting Code of Practice 2013/14, supported by International Financial Reporting Standards (IFRS).

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

Accruals of Income and Expenditure

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

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

Cash and Cash Equivalents

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

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

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

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

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, 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 stated otherwise) 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 amortisation. Depreciation, revaluation and impairment losses and amortisation are therefore removed by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement.

Employee Benefits

Benefits Payable During Employment

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

Proper practice requires that an accrual is made for the cost of holiday entitlements (or any form of leave, 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 in exchange for those benefits, and are charged on an accruals basis to the appropriate service line in the Comprehensive Income and Expenditure Statement at the earlier of when the Authority can no longer withdraw the offer of those benefits or when the Authority recognises costs for a restructuring.

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

Post-Employment Benefits

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

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

- The liabilities of the pension fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – 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 the following components:

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

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are 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.

Events After the Reporting Period

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

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

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

Financial Instruments

Financial Liabilities

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

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

Financial Assets

Financial assets are classified into two types:

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

Loans and Receivables

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

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

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

Available-for-Sale Assets

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

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

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

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

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

Instruments Entered Into Before 1 April 2006

The Authority entered into a financial guarantee, prior to 1 April 2006, 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.

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 in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic or service potential must be returned to the transferor.

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

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

Heritage Assets

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

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

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

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

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

Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Authority as a result of past events (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.

Interests in Companies and Other Entities

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

Inventories

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

Investment Property

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

Investment properties are measured initially at cost and subsequently at fair value, 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 that the asset's estimated useful life (where ownership of the asset does not transfer to the Authority at the end of the lease period).

The Authority is not required to raise council tax to cover depreciation or revaluation and impairment losses arising from leased assets. Instead, Property, Plant and Equipment held under finance leases 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 or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments.

<u>The Authority as Lessor</u>

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 non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Operating Leases

Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (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.

Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principals of the CIPFA Service Reporting Code of Practice 2013/14. The total absorption costing principal is used - the cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Authority's status as a multi-functional, democratic organisation.
- Non-Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets held for Sale.

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

Property, Plant and Equipment

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

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (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 and Expenditure line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. When gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:
- community assets and assets under construction – depreciated historical cost
- 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.

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 Surplus or Deficit on the Provision of Services where they arise from the reversal of a loss previously charged to a service.

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

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

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

Impairment

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

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

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

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

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite life (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.

Disposals and Non-current Assets Held for Sale

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

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

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

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposal (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (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 non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement

Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

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

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

Contingent Liabilities

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

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

Contingent Assets

A contingent asset arises where an event has taken place that 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 processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Authority – these reserves are explained in the relevant policies.

Revenue Expenditure Funded from Capital under Statute

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

VAT

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

2. Prior Period Adjustments

Council Tax Benefit / Support

Council Tax Benefit ceased on 31st March 2013. It was replaced by local Council Tax Support.

Council Tax Benefit was charged to the Central Services to the Public Line in the Comprehensive Income and Expenditure Statement. The cost was offset by a Government Grant.

Council Tax Support is not charged to the Comprehensive Income and Expenditure Statement. Instead it is netted off Income from Council Tax in the Collection Fund.

The 2012/13 figures in the Comprehensive Income and Expenditure Statement have therefore been adjusted to move Council Tax Benefit from the Central Services to the Public line, to the Surplus or Deficit on Discontinued Operations line.

This change is presentational only and has no net effect on net worth.

IAS 19 Employee Benefits

The 2013/14 Code has adopted amendments to IAS 19 Employee Benefits. This has:

- Required recognition of changes in the net defined benefit liability (asset) including immediate recognition of defined benefit cost, disaggregation of defined benefit cost into components, recognition of remeasurements in other comprehensive income, plan amendments, curtailments and settlements.

- Introduced enhanced disclosures about defined benefit plans.

- Modified accounting for termination benefits, including distinguishing benefits provided in exchange for service and benefits provided in exchange for the termination of employment and affect the recognition and measurement of termination benefits.

This new policy has presentational impacts on the Accounts. However it has not had any impact on net worth.

3. Accounting Standards Issued, Not Adopted

The Authority is required to disclose information relating to the impact of any accounting change on the financial statements, as a result of the adoption by the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 (the Code) of a new standard that has been issued, but is not yet required to be adopted by the Authority.

Full adoption will be required for the 2014/15 financial statements. However the Authority is required to make disclosure of the estimated effect of the new standards in these (2013/14) financial statements.

The 2014/15 Code has adopted:
- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IAS 27 Separate Financial Statements (as amended in 2011)
- IAS 28 Investments in Associates and Joint Ventures (as amended in 2011)
- IAS 32 Financial Instruments: Presentation
- Annual Improvements to IFRS 2009-2011 Cycle.

However these new policies are not expected to have any significant impacts on SBDC.

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 South Buckinghamshire Golf Course. It has been determined that the Authority does not have control of the Trust (except in its capacity as corporate trustee) and it is not a subsidiary of the Authority.

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

- The Authority has determined that its refuse, recycling and street cleaning contract contains an embedded finance lease for the refuse, recycling and street cleaning vehicles that were purchased in 2007/08. Some of these vehicles are now being replaced and these replacements are being directly purchased by the Authority.

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

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 different from the assumptions and estimates.

The items in the Authority's Balance Sheet at 31 March 2014 that have a significant risk of causing material adjustment in the forthcoming financial year are as follows.

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate could make 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 £3,000 for every year that useful lives had to be reduced.
Debtor Arrears	At 31 March 2014, the Authority had Council Tax debtors of £420,000. Review suggested that an impairment of doubtful debts of 63% (£265,000) was appropriate. At 31 March 2014, the Authority had Business Rate debtors of £254,000. Review suggested that an impairment of doubtful debts of 72% (£182,000) was appropriate At 31 March 2014, the Authority had Sundry debtors of £1,763,000. Review suggested that an impairment of doubtful debts of 64% (£1,132,000) was appropriate.	If collection rates were to deteriorate, increasing the impairment of doubtful debts by 10% would require an additional £254,000 to be set aside as an allowance.

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Non Domestic Rates Appeals Provision	Business Ratepayers have the right to appeal against their business rate property valuations. If successful they will be entitled to a refund of overpaid Non Domestic Rates. The Authority has therefore made a provision of £677,000 for the settlement of successful appeals.	An increase of 10% in either the total number of successful claims or the estimated average settlement would each have the effect of adding £68,000 to the provision.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the 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 £1.047m. However, the assumptions interact in complex ways. During 2012/13, the Authority's actuaries advised that the net pension liability had increased by £0.112m as a result of estimates being corrected as a result of experience and increased by £3.058m attributable to updating of the assumptions.

6. Material Items of Income and Expense

There are no material items which are not already included elsewhere within the Statement of Accounts.

7. Events after the Reporting Period

The Statement of Accounts was authorised for issue by the Director of Resources on 30 June 2014. 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 2014, the figures in the financial statements and notes would be adjusted in all material respects to reflect the impact of this information.

The financial statement and notes would not be adjusted for events which took place after 31 March 2014 if they provide information that is relevant to an understanding of the Authority's financial position but do not relate to conditions at that date.

For the 2013/14 Accounts there is no significant adjusting or non-adjusting events to disclose.

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.

2013/14	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	238	-	-	-238
- Charges for depreciation of non-current assets - Finance Leases	533	-	-	-533
- Revaluation losses on Property, Plant and Equipment	-	-	-	-
- Movement in the market value of Investment Properties	-115	-	-	115
- Amortisation of intangible assets	93	-	-	-93
- Capital grants and contributions applied	-	-	-	-
- Revenue expenditure funded from capital under statute	518	-	-	-518
- Amounts of non-current assets written off on disposal	-	-	-	-
Adjustments Primarily involving the Capital Grants Unapplied Account				
Capital grants and contributions unapplied	-	-	-126	126
Application of grants to capital financing	-225	-	-	225
Adjustments Primarily involving the Capital Receipts Reserve				
Transfer of cash sale proceeds	-30	30		-
Use of Capital Receipts Reserve to finance capital	-	-3,606	-	3,606
Contribution from the Capital Receipts to disposal costs	-	-	-	-
Transfer from Deferred Capital Receipts on receipt of cash	-	1	-	-1
Adjustments Primarily involving the Pensions Reserve				
Reversal of items relating to retirement benefits	1,774	-	-	-1,774
Employers pensions contributions payable in the year	-835	-	-	835
Adjustments Primarily involving the Collection Fund Adjustment Account				
Adjustment to council tax income	25	-	-	-25
Adjustment to NDR income	779	-	-	-779
Total Adjustments	**2,755**	**-3,575**	**-126**	**946**

2012/13 Comparative Figures (Restated)	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Reserve £'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	226	-	-	-226
- Charges for depreciation of non-current assets – Finance Leases	533	-	-	-533
- Revaluation losses on Property, Plant and Equipment	32	-	-	-32
- Movement in the market value of Investment Properties	-541	-	-	541
- Amortisation of intangible assets	87	-	-	-87
- Capital grants and contributions applied	-	-	-	-
- Revenue expenditure funded from capital under statute	555	-	-	-555
- Amounts of non-current assets written off on disposal	253	-	-	-253
Adjustments Primarily involving the Capital Grants Unapplied Account				
Capital grants and contributions unapplied	-	-	-	-
Application of grants to capital financing	-256	-	-	256
Adjustments Primarily involving the Capital Receipts Reserve				
Transfer of cash sale proceeds	-830	405	425	-
Use of Capital Receipts Reserve to finance capital	-	-614	-	614
Contribution from the Capital Receipts to disposal costs	-	-	-	-
Transfer from Deferred Capital Receipts on receipt of cash	-	22	-	-22
Deferred Credit Adjustment	110	-	-	-110
Adjustments Primarily involving the Pensions Reserve				
Reversal of items relating to retirement benefits	1,740	-	-	-1,740
Employers pensions contributions payable in the year	-842	-	-	842
Adjustments Primarily involving the Collection Fund Adjustment Account				
Adjustment to council tax income	-28	-	-	28
Total Adjustments	**1,039**	**-187**	**425**	**-1,277**

9. Transfers to / from Earmarked Reserves

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

	Balance 1 April 2012 £'000	Transfers Out 2012/13 £'000	Transfers In 2012/13 £'000	Balance 31 March 2013 £'000	Transfers Out 2013/14 £'000	Transfers In 2013/14 £'000	Balance 31 March 2014 £'000
Allocated Funding	13	-13	-	-	-	-	-
Bequests	15	-3	-	12	-	-	12
Disasters / Emergencies	27	-	-	27	-	-	27
Farnham Royal Pump	7	-	-	7	-	-	7
Gov Grant Funding Changes	-	-	400	400	-	-	400
Insurance	50	-6	-	44	-10	-	34
Leisure	8	-8	-	-	-	-	-
Local Development Fund	344	-30	-	314	-46	-	268
Memorial Gardens	22	-	20	42	-	-	42
Renewals & Repairs	15	-12	-	3	-	-	3
Russo Burial Trust	1	-	-	1	-	-	1
S106 Housing Reserve	1,572	-577	202	1,197	-136	295	1,356
Transformation reserve	-	-153	250	97	-50	300	347
	2,074	-802	872	2,144	-242	595	2,497

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 2013/14						
Cost or Valuation						
At 1 April 2013	5,521	4,410	2,549	1,698	67	14,245
Additions	1,047	-	2,332	-	-	3,379
Revaluation increases / (decreases) - recognised in the revaluation reserve	-	-	-	-	-	-
Revaluation increases / (decreases) - recognised in the Surplus / Deficit on the Provision of Services	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
At 31 March 2014	6,568	4,410	4,881	1,698	67	17,624
Depreciation and Impairment						
At 1 April 2013	-138	-582	-2,160	-1,313	-	-4,193
Depreciation charge	-73	-290	-165	-243	-	-771
Disposals	-	-	-	-	-	-
At 31 March 2014	-211	-872	-2,325	-1,556	-	-4,964
Net Book Value						
At 1 April 2013	5,383	3,828	389	385	67	10,052
At 31 March 2014	6,357	3,538	2,556	142	67	12,660
Comparative Movements in 2012/13						
Cost or Valuation						
At 1 April 2012	5,050	4,410	2,413	1,698	67	13,638
Additions	152	-	140	-	-	292
Transfers	350	-	-	-	-	350
Revaluation increases / (decreases) - recognised in the Surplus / Deficit on the Provision of Services	-31	-	-	-	-	-31
Disposals	-	-	-4	-	-	-4
At 31 March 2013	5,521	4,410	2,549	1,698	67	14,245
Depreciation and Impairment						
At 1 April 2012	-69	-291	-2,004	-1,070	-	-3,434
Depreciation charge	-69	-291	-156	-243	-	-759
Disposals	-	-	-	-	-	-
At 31 March 2013	-138	-582	-2,160	-1,313	-	-4,193
Net Book Value						
At 1 April 2012	4,981	4,119	409	628	67	10,204
At 31 March 2013	5,383	3,828	389	385	67	10,052

Impairment Losses

During 2013/14, the Authority has recognised an impairment loss of £nil (2012/13 £nil).

Depreciation

Depreciation is provided on all Property, Plant and Equipment with a finite useful life as follows:

Land	– not depreciated
Buildings	– using straight-line method over useful life of the asset after the year of expenditure.
Fixtures & Fittings	– using straight-line method over a period of 10 years after the year of expenditure
Equipment	– using 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 2014.

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 operational land and buildings were independently revalued by an external valuer as at 1 April 2011 in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Certifications of valuation were issued by Nathan Hall MRICS of Kempton Carr Croft, 5 High Street, Maidenhead, Berkshire, SL6 1JN.

	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
Carried at Historical Cost	1,518	-	4,881	1,698	67	8,164
Valued at Fair Value as at 1 April 2011	5,050	4,410	-	-	-	9,460
Total Cost or Valuation	**6,568**	**4,410**	**4,881**	**1,698**	**67**	**17,624**

Major Assets Held	Number at 31 March 2013	Number at 31 March 2014
Council Offices - Held under Finance Lease	1	**1**
Refuse, Recycling & Street Cleaning Vehicles - Held under Finance Lease	21	**21**
Refuse, Recycling & Street Cleaning Vehicles - Owned	-	**13**
Off-street car parks	14	**14**
Golf courses	1	**1**
Sports centres	1	**1**
Cemeteries & memorial gardens	4	**4**
Public conveniences	3	**3**

11. Heritage Assets

	2012/13 £'000	2013/14 £'000
Balance at start of the year	63	63
Additions / Disposals	-	-
Balance at end of the year	63	63

The Authority owns a small number of Heritage Assets (eg antique furniture, paintings, books and manuscripts). These are reported in the Balance Sheet at insurance valuation.

12. Investment Property

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

	2012/13 £'000	2013/14 £'000
Income from investment property	319	316
Operating expenses arising from investment property	-96	-92
Net gain	223	224

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

	2012/13 £'000	2013/14 £'000
Balance at start of the year	5,786	5,727
Transfers	-350	-
Disposals	-250	-
Net gains/(losses) from fair value adjustments	541	115
Balance at end of the year	5,727	5,842

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

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

Major Investment Property Held	Number at 31 March 2013	Number at 31 March 2014
Beaconsfield Town Hall	1	1
Brindley House	1	1
Depots *	2	1
Stoke Place	1	1
Caravan Site	1	1

* One of the depots is now being used operationally, and thus is no longer an investment property.

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

13. 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 £77,000 charged to revenue in 2013/14 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.

	2012/13			2013/14		
	Purchased Software Licenses £'000	Internally Developed Software £'000	Total £'000	Purchased Software Licenses £'000	Internally Developed Software £'000	Total £'000
Gross Carrying Amount						
At 1 April	768	77	845	778	77	855
Additions	23	-	23	59	-	59
Disposals	-13	-	-13	-	-	-
At 31 March	778	77	855	837	77	914
Amortisation						
At 1 April	-544	-77	-621	-618	-77	-695
Amortisation charge	-87	-	-87	-93	-	-93
Disposals	13	-	13	-	-	-
At 31 March	-618	-77	-695	-711	-77	-788
Net Book Value						
At 1 April	224	-	224	160	-	160
At 31 March	160	-	160	126	-	126

14. 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		Short Term	
	At 31 March 2013 £'000	At 31 March 2014 £'000	At 31 March 2013 £'000	At 31 March 2014 £'000
Investments				
Loans and receivables				
- Money market loans – Fixed Deposits	11,000	8,000	8,206	6,048
Available-for sale financial assets				
-Bonds	1,389	1,124	34	221
	12,389	**9,124**	**8,240**	**6,269**
Debtors	**182**	**2,144**	**1,200**	**720**
Cash and Cash Equivalents	**-**	**-**	**5,344**	**4,269**
Creditors	**-911**	**-975**	**-1,397**	**-1,616**

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 Assets			
	Cash and Bank £'000	Loans and receivables - Money Market Loans £'000	Available-for-sale - Bonds £'000	Total £'000
2013/14				
Interest income to CI&E	-85	-431	-62	-578
Revaluation (gain)/loss	-	-	65	65
Gain/(loss) for the Year	**-85**	**-431**	**3**	**-513**
2012/13				
Interest income to CI&E	-98	-678	-66	-842
Revaluation (gain)/loss	-	-	-52	-52
Gain/(loss) for the Year	-98	-678	-118	-894

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 rates at 31 March 2014 of between 0.45% and 2.137% 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 13		31 March 14	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Loans and Receivables	19,206	19,383	14,048	14,006

The fair value of loans and receivables as at 31 March 2014 (£14.006m) is lower than the carrying amount (£14.048m) because the Authority's portfolio of investments includes a number of fixed rate loans where the interest rate receivable is lower than the rates available for similar loans at the Balance Sheet date. This decreases the amount that the Authority would receive if it agreed to early repayment of the loans.

15. Debtors

	At 31 March 2013 £'000	At 31 March 2014 £'000
Long Term		
Transferred Debt – Slough	6	**4**
Unpaid Discounts	6	**6**
Colnbrook Village Hall	1	**-**
Car Loans	85	**68**
Swan Road Finance Lease	90	**90**
Farnham Park Charitable Trust Loan *	-	**1,913**
	188	**2,081**
Short Term		
Central Government bodies	422	**1,391**
Other local authorities	1,937	**1,208**
Council Tax (net of impairment)	160	**156**
NDR (net of impairment)	-	**72**
Payments in advance	258	**311**
Farnham Park Charitable Trust Loan *	-	**67**
Sundry debtors (net of impairment)	602	**474**
	3,379	**3,679**

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

16. Short Term Creditors

	At 31 March 2013 £'000	At 31 March 2014 £'000
Central Government bodies	-591	**-44**
Other Local Authorities	-471	**-134**
Council Tax	-29	**-201**
Sundry Creditors	-933	**-1,489**
	-2,024	**-1,868**

17. Provisions

	At 31 March 2013 £'000	At 31 March 2014 £'000
Local Land Charges – personal search fees	-54	**-44**
Non Domestic Rates appeals	-	**-677**
	-54	**-721**

A provision has been established for the potential repayment of personal search fees paid between 1 January 2005 and 30 July 2010. It is expected that the claims will be settled within the next 12 months.

A provision has been established in respect of Non-Domestic Rates appeals. It is expected that the majority of claims will be settled within the next 12 months.

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.

	2012/13 £'000	2013/14 £'000
Balance at 1 April	2,488	2,437
Upwards revaluations of assets	-	-
Downward revaluation of assets and impairment losses not charged to CI&E	-	-
Difference between fair value depreciation and historical cost depreciation	-51	-50
Accumulated gains on assets sold or scrapped	-	-
Balance at 31 March	2,437	2,387

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.

	2012/13 £'000	2013/14 £'000
Balance at 1 April	135	188
In year change in fair value of available for sale assets	53	-65
Balance at 31 March	188	123

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.

	2012/13 £'000	2013/14 £'000
Balance at 1 April	13,789	13,565
Reversal of items relating to capital expenditure charged to the CI&E		
Charges for depreciation / amortisation	-313	-330
Charges for depreciation – Assets acquired under finance leases – Office	-291	-290
Charges for depreciation – Assets acquired under finance leases – Vehicles	-243	-243
Revaluation / Impairment of non-current assets (via CI&E)	-32	-
Revenue expenditure funded from capital under statute	-555	-518
Disposals	-254	-
Adjustment for additional current value depreciation charges	51	50
Financing of Capital Expenditure	872	3,956
Movement in the market value of Investment Properties charged to CI&E	541	115
Balance at 31 March	13,565	16,305

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.

	2012/13 £'000	2012/13 £'000 Restated	2013/14 £'000
Balance at 1 April	-20,134	-20,134	-19,858
Actuarial gains/losses on pension assets/liabilities	749	1,152	-1,799
Reversal of items charged to CI&E	-1,424	-1,827	-1,884
Employers pension contributions & direct payments to pensioners	951	951	945
Balance at 31 March	-19,858	-19,858	-22,596

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 2012 £'000	Move -ments £'000	At 31 March 2013 £'000	Move -ments £'000	At 31 March 2014 £'000
Swan Road Loan	90	-	90	-	90
Colnbrook Hall Loan	2	-1	1	-1	-
Paper Sort Loan	131	-131	-	-	-
	223	-132	91	-1	90

Collection Fund Adjustment Account

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

	2012/13 £'000	2013/14 £'000
Balance at 1 April	-105	-77
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	28	-25
Amount by which Non Domestic Rate income credited to the CI&E Statement is different from Non Domestic Rate income calculated for the year in accordance with statutory requirements	-	-779
Balance at 31 March	-77	-881

19. Cash Flow Statement Operating Activities

The cash flows for operating activities includes the following items.

	2012/13 £'000	2013/14 £'000
Interest received	894	749
Interest paid	-292	-276
	602	473

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 Service Reporting Code of Practice. However, decisions about resources allocations are taken by the Authority's Cabinet on the basis of budget reports analysed across portfolios. These reports are prepared on a slightly different basis from the accounting policies used in the financial statements. In particular:

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

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

2013/14	Com-munity £'000	Environ-ment £'000	Health & Housing £'000	S106 Com muted Sums £'000	Resources £'000	Sustain -able Develop-ment £'000	Total £'000
Fees, charges & other service income	-411	-1,572	-1,005	-767	-930	-974	-5,659
Government grants	-11	-	-224	-	-15,494	-	-15,729
Total income	-422	-1,572	-1,229	-767	-16,424	-974	-21,388
Employee expenses	616	461	911	-	2,302	1,490	5,780
Transfer payments	-	-	166	-	15,019	-	15,185
Depreciation	102	336	486	-	453	5	1,382
Other operating expenses	593	3,012	924	558	3,052	420	8,559
Support service recharges	297	471	319	50	-2,135	896	-102
Total Expenditure	1,608	4,280	2,806	608	18,691	2,811	30,804
Net Expenditure	**1,186**	**2,708**	**1,577**	**-159**	**2,267**	**1,837**	**9,416**

2012/13	Com-munity £'000	Environ-ment £'000	Health & Housing £'000	S106 Com muted Sums £'000	Resources £'000	Sustain -able Develop-ment £'000	Total £'000
Fees, charges & other service income	-351	-1,548	-430	-1,178	-946	-921	-5,374
Government grants	-	-	-258	-	-18,508	-	-18,766
Total income	-351	-1,548	-688	-1,178	-19,454	-921	-24,140
Employee expenses	574	361	851	-	2,573	1,494	5,853
Transfer payments	-	-	67	-	17,745	-	17,812
Capital financing costs	84	330	529	-	453	5	1,401
Other operating expenses	619	2,870	471	1,504	3,047	253	8,764
Support service recharges	275	469	366	50	-2,201	945	-96
Total Expenditure	1,552	4,030	2,284	1,554	21,617	2,697	33,734
Net Expenditure	**1,201**	**2,482**	**1,596**	**376**	**2,163**	**1,776**	**9,594**

Reconciliation of Portfolio Analysis to the Comprehensive Income and Expenditure Statement

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

2013/14	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	-5,659	-	-	-316	-5,975	316	-5,659
Interest and investment income	-	-	-	-	-	-578	-578
Income from council tax	-	-	-	-	-	-6,163	-6,163
Income from NDR	-	-	-	-	-	-342	-342
Government grants and contributions	-15,729	-	-	-	-15,729	-2,780	-18,509
Total income	-21,388	-	-	-316	-21,704	-9,547	-31,251
Employee expenses	5,780	-	-	-	5,780	-	5,780
Transfer payments	15,185	-	-	-	15,185	-	15,185
Depreciation	1,382		-	-	1,382	-	1,382
Other operating expenses	8,559	9	67	540	9,175	217	9,392
Support service recharges	-102	-	-	-	-102	-	-102
Interest payments	-	-	-	-	-	276	276
Precepts and levies	-	-	-	-	-	1,772	1,772
Gain / loss on disposal of fixed assets	-	-	-	-	-	-30	-30
Total Expenditure	30,804	9	67	540	31,420	2,235	33,655
Surplus or deficit (CI&E Account)	**9,416**	**9**	**67**	**224**	**9,716**	**-7,312**	**2,404**

2012/13 (Restated)	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	-5,089	-	-	-319	-5,408	319	-5,089
Interest and investment income	-	-	-	-	-	-842	-842
Income from council tax	-	-	-	-	-	-6,511	-6,511
Government grants and contributions	-18,800	-	-	-	-18,800	-2,897	-21,697
Total income	-23,889	-	-	-319	-24,208	-9,931	-34,139
Employee expenses	5,853	-	-	-	5,853	-	5,853
Transfer payments	17,812	-	-	-	17,812	-	17,812
Capital financing costs	1,401	32	-	-	1,433	-	1,433
Other operating expenses	8,513	8	-29	598	9,090	-211	8,879
Support service recharges	-96	-	-	-	-96	-	-96
Interest payments	-	-	-	-	-	292	292
Precepts and levies	-	-	-	-	-	1,811	1,811
Gain / loss on disposal of fixed assets	-	-	-	-	-	-466	-466
Total Expenditure	33,483	40	-29	598	34,092	1,426	35,518
Surplus or deficit (CI&E Account)	**9,594**	**40**	**-29**	**279**	**9,884**	**-8,505**	**1,379**

21. Members' Allowances

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

	2012/13 £'000	2013/14 £'000
Allowances	214	**216**
Expenses	2	**1**
	216	**217**

22. Officers' Remuneration

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

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

2013/14	Employing Authority	Salary Fees and Allowances	Bonus / PRP	Expenses (eg mileage sums chargeable to UK Tax)	Payment for Loss of Office	Benefits In Kind	Total Excluding Pension Contri-bution	Employers Pension Contri-Bution	Total Including Pension Contri-bution
		£	£	£	£	£	£	£	£
Chief Executive	CDC	128,000	-	-	-	308	128,308	35,413	163,721
Director of Services	SBDC	91,000	-	-	-	672	91,672	20,993	112,665
Director of Resources	SBDC	91,000	-	-	-	958	91,958	21,058	113,016
Head of Legal & Democratic Services	CDC	72,261	-	-	-	308	72,569	20,029	92,598
Head of Finance	SBDC	70,196	-	-	-	647	70,843	16,223	87,066
Head of Customer Services	CDC	67,201	-	-	-	227	67,428	18,610	86,038
Head of Business Support	CDC	74,067	-	-	-	308	74,375	20,527	94,902
Head of Health & Housing	CDC	74,488	-	-	-	308	74,796	20,644	95,440
Head of Sustainable Development	SBDC	70,196	-	-	-	958	71,154	16,294	87,448
Head of Community	SBDC	70,196	-	-	-	-	70,196	16,075	86,271
Head of Environment	SBDC	70,196	-	-	-	672	70,868	16,229	87,097

2012/13		Salary Fees and Allowances	Bonus / PRP	Expenses (eg mileage sums chargeable to UK Tax)	Payment for Loss of Office	Benefits In Kind (4)	Total Excluding Pension Contri-bution	Employers Pension Contri-Bution	Total Including Pension Contri-bution
		£	£	£	£	£	£	£	£
Chief Executive	1	125,250	-	-	-	336	125,586	33,406	158,992
Director of Services	2	91,000	-	-	-	626	91,626	20,982	112,608
Director of Resources	3	91,000	-	-	-	908	91,908	21,047	112,955
Head of Legal Services	4	52,738	-	-	27,984	658	81,380	10,351	91,731
Head of Legal & Democratic Services	5	21,640	-	-	-	54	21,694	5,770	27,464
Head of Finance	6	66,472	-	-	-	611	67,083	15,219	82,302
Head of Business Support	7	67,697	-	-	-	336	68,033	17,678	85,711
Head of Health & Housing	8	69,685	-	-	-	336	70,021	18,300	88,321
Head of Sustainable Development	9	66,872	-	-	-	908	67,780	15,287	83,067
Head of Community	10	67,103	-	-	-	-	67,103	15,079	82,182
Head of Environment	11	66,295	-	-	-	626	66,921	15,223	82,144
Head of Customer Services	12	-	-	-	-	-	-	-	-

(1) The Chief Executive is employed by CDC with SBDC contributing 45.1% towards the costs.
(2) The Director of Services is employed by SBDC with CDC contributing 54.9% towards the costs.
(3) The Director of Resources is employed by SBDC with CDC contributing 54.9% towards the costs.
(4) The Head of Legal Services was made redundant on the 31st December 2012.
(5) The Head of Legal & Democratic Services started on the 10th December 12 is employed by CDC with SBDC contributing 45.1% towards the costs.
(6) The Head of Finance is employed by SBDC with CDC contributing 54.9% towards the costs.
(7) The Head of Business Support is employed by CDC with SBDC contributing 45.1% towards the costs.
(8) The Head of Health & Housing is employed by CDC with SBDC contributing 45.1% towards the costs.
(9) The Head of Sustainable Development is employed by SBDC with CDC contributing 54.9% towards the costs.
(10) The Head of Community is employed by SBDC with CDC contributing 54.9% towards the costs.
(11) The Head of Environment is employed by SBDC with CDC contributing 54.9% towards the costs.
(12) The Head of Customer Services started on the 18th March 13 and is employed by CDC with SBDC contributing 45.1% towards the costs.

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:

	2012/13 Number of Employees Total	2013/14 Number of Employees Total
£ 50,000 - £ 54,999	1	3
£ 55,000 - £ 59,999	-	-
£ 60,000 - £ 64,999	-	-
£ 65,000 - £ 69,999	4	-
£ 70,000 - £ 74,999	-	4
£ 75,000 - £ 79,999	-	-
£ 80,000 - £ 84,999	1	-
£ 85,000 - £ 89,999	-	-
£ 90,000 - £ 94,999	2	2

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

Exit Packages 2013/14

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

Exit Package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Total cost of exit packages in each band £
Under £50,000	1	3	4	37,000
Over £50,000	-	-	-	-
Total cost included in bandings				37,000
Amounts provided for in CIES not included in bandings				-
Total cost included in CIES				37,000

The total cost of £37,000 in the table above includes £37,000 for exit packages that have been charged to the Authority's Comprehensive Income and Expenditure Statement in the current year.

Exit Packages 2012/13

The Authority terminated the contract of 1 employee in 2012/13 at a cost of £27,984.

23. 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. 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.

	2012/13 £'000	2013/14 £'000
Fees payable with regard to external audit services carried out by the appointed auditor for the year	56	**56**
Fees payable for the certification of grant claims and returns by the appointed auditor	26	**34**
Fees payable in respect of other services provided by the external auditor during the year	2	**-**
	84	**90**

24. Grant Income

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

	2012/13 £'000	2013/14 £'000
Credited to Taxation and Non Specific Grant Income		
National Non-Domestic Rate Grant	2,174	**-**
Revenue Support Grant	42	**1,452**
National Non-Domestic Rate Top Up Grant	-	**380**
New Homes Grant	492	**703**
Council Tax Freeze Grant	118	**47**
Local Services Support Grant	57	**-**
Community Right to Challenge	9	**9**
Community Right to Bid	5	**8**
Transparency Code Set Up	-	**2**
Capitalisation Provision Redistribution	-	**8**
Small Business Rate Relief	-	**171**
	2,897	**2,780**
Credited to Services		
Housing Benefit Grants	15,040	**15,305**
Council Tax Benefit Grants	3,270	**-26**
Local Tax Support	84	**107**
Cost of Collection Allowance	101	**100**
Improvement Grants	257	**225**
Small Business Rates	2	**-**
Other grants	12	**15**
	18,766	**15,726**
	21,663	**18,506**

As at 31 March 2014 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.

25. Related Parties

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

Central Government

Central Government has significant influence over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (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 2014 are shown in Note 15.

Members

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

Officers

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

Entities controlled or significantly influenced by the Authority.

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

Farnham Park Charitable Trust Fund

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

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

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

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

The objectives of the Trust are set out in the ERDC Act and are as follows:
'The maintenance and improvement of the physical well-being of persons resident in the rural district of Eton and adjoining areas by the provision of facilities for physical training and recreation and for promoting and encouraging all forms of recreational activities calculated to contribute to the health and physical well-being of such persons.'

During 2013/14 the Trust earnt income of £691,000 (2012/13 £451,000) and spent £896,000 (2012/13 £958,000). Giving a net loss for the year of £205,000 (2012/13 loss of £507,000), which was funded from the Trust's accumulated reserves.

As at 31 March 2014 the Trust owned land and buildings valued at £4.126m.

Notes to the Accounts

Interest in Companies

The Council has an interest in two companies.

Green Deal Together Community Interest Company

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

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

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

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

The company is limited by shares. Each local authority has 35,000 shares, each at a value of £1.

Further details on the activities and finances of the company can be obtained from:

Tom Whitehead - GDT Manager
Green Deal Together
3 Welch Way
Witney
Oxfordshire, OX28 6JG
01993 226920
info@greendealtogether.org.uk
www.greendealtogether.org.uk

Colne Valley Park Community Interest Company

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

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

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

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

26. 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.

	2012/13 £'000	2013/14 £'000
Opening Capital Finance Requirement	-	-
Capital expenditure		
IT Equipment & systems	62	163
Beacon Centre	59	2
The Academy Golf Course	5	-
Stoke Poges Memorial Gardens	12	8
Cemeteries	-	13
New Refuse Service	-	1,003
Refuse vehicles	-	1,225
Green Waste/Recycling	98	-
Depots	61	992
Grant Funded Playschemes	4	-
Other schemes	16	32
	317	**3,438**
Revenue expenditure funded from capital under statute		
Environmental improvements	16	16
Improvement grants	519	476
Community development schemes	3	21
ICT Desktop IT	-	5
Minor works	17	-
	555	**518**
Sources of Finance:		
Capital Receipts	-615	-3,606
Capital Grants Unapplied	-	-125
Government Grants – Revenue expenditure funded from capital	-257	-225
	-872	**-3,956**
Closing Capital Finance Requirement	-	-

27. 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 2013 £'000	31 March 2014 £'000
Buildings	3,828	**3,538**
Vehicles	385	**142**
	4,213	**3,680**

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 2013 Buildings £'000	31 March 2013 Vehicles £'000	31 March 2013 Total £'000	31 March 2014 Buildings £'000	31 March 2014 Vehicles £'000	31 March 2014 Total £'000
Finance lease liabilities						
Current	223	251	474	237	147	384
Non-current - 1-5 years	1,041	147	1,188	1,106	-	1,106
Non-current - Later than 5 years	3,264	-	3,264	2,962	-	2,962
	4,528	398	4,926	4,305	147	4,452
Finance costs payable in future years						
Current	272	1	273	258	1	259
Non-current - 1-5 years	941	-	941	876	-	876
Non-current - Later than 5 years	946	-	946	753	-	753
	2,159	1	2,160	1,887	1	1,888
Minimum lease payments						
Current	495	252	747	495	148	643
Non-current - 1-5 years	1,982	147	2,129	1,982	-	1,982
Non-current - Later than 5 years	4,210	-	4,210	3,715	-	3,715
	6,687	**399**	**7,086**	**6,192**	**148**	**6,340**

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

The Authority has sub-let some of the office accommodation held under these finance leases. However these sub lease can be terminated by the lessee, thus as at 31 March 2014 the minimum payments expected to be received under non-cancellable sub leases was £nil.

Authority as Lessee - Operating Leases

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

	31 March 2013 £'000	31 March 2014 £'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	2,187	**1,936**
	3,440	**3,189**

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

	31 March 2013 £'000	31 March 2014 £'000
Minimum lease payments	251	251
Contingent rents	-	-
	251	251

Authority as Lessor - Finance Leases

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

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

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

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

	31 March 2013 £'000	31 March 2014 £'000
Finance lease debtors	90	**90**
Unearned finance income	278	**274**
Unguaranteed residual value of property	-	**-**
Gross investment in the lease	368	**364**

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

Authority as Lessor - Operating Leases

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

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

	31 March 2013 £'000	31 March 2014 £'000
Not later than one year	320	**324**
Later than one year not later than five years	1,257	**1,254**
Later than five years	15,130	**14,819**
	16,707	**16,397**

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.

28. Defined Benefit Pension Schemes

Participation in pension scheme

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

The Authority participates in two post-employment schemes:

- The Local Government Pension Scheme, administered locally by Buckinghamshire County Council – this is a funded defined benefit 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.

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	
	2012/13 £'000 Restated	2013/14 £'000	2012/13 £'000	2013/14 £'000
Comprehensive Income and Expenditure Statement				
Cost of Services:				
Service cost comprising - current service cost	922	**1,012**	-	**-**
Financing and Investment Income and Expenditure				
Administration expenses	22	**39**	-	**-**
Net Interest Expense	840	**763**	65	**70**
Total Post-employment charge to the Surplus or Deficit on the Provision of Services	1,784	**1,814**	65	**70**
Other Post-employment Benefits charged to the CI&E Statement				
Re-measurement of the net defined benefit liability comprising:				
- Return on plan assets (excluding the amount included in the net interest expense)	-4,343	**-804**	-	**-**
- Actuarial gains and losses arising on changes in demographic assumptions	**-**	**2,424**	**-**	**-**
- Actuarial gains and losses arising on changes in financial assumptions	3,058	**1,150**	-	**-**
- Other	112	**-971**	-	**-**
	-1,173	**1,799**	-	**-**
Total Post Employment Benefit Charged to the CI&E Statement	611	**3,613**	65	**70**
Movement in Reserves Statement				
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	-942	**-979**	44	**40**
Actual amounts charged against the General Fund Balance for Pensions in the year				
Employers' contributions payable to scheme	842	**835**	**-**	**-**
Retirement benefits payable to pensioners	-	-	109	110

Pensions Assets and Liabilities Recognised in the Balance Sheet

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

	Local Government Pension Scheme		Discretionary Benefits	
	2012/13	2013/14	2012/13	2013/14
	£'000	£'000	£'000	£'000
Present value of the obligation	51,434	**54,296**	1,569	**1,601**
Fair value of plan assets	-33,145	**-33,301**	-	**-**
Net Liability in balance sheet	18,289	**20,995**	1,569	**1,601**

Movements in the Fair Value of Scheme Assets

	Local Government Pension Scheme		Discretionary Benefits	
	2012/13	2013/14	2012/13	2013/14
	£'000	£'000	£'000	£'000
	Restated			
Opening balance 1 April	28,358	**33,145**	-	-
Interest income	1,286	**1,402**	-	-
Return on assets less interest	4,343	**804**	-	-
Other actuarial gains/(losses)	-	**-898**	-	-
Administration expenses	-22	**-39**	-	-
Contributions by employer	951	**945**	-	-
Contributions by scheme participants	265	**258**	-	-
Benefits paid	-2,036	**-2,316**	-	-
Closing balance 31 March	33,145	**33,301**	-	-

Present Value of the Scheme Liabilities

	Local Government Pension Scheme		Discretionary Benefits	
	2012/13	2013/14	2012/13	2013/14
	£'000	£'000	£'000	£'000
Opening balance 1 April	47,022	**51,434**	1,470	**1,569**
Current service cost	922	**1,012**	-	**-**
Interest cost	2,125	**2,165**	65	**70**
Contributions by scheme participants	265	**258**	-	**-**
Actuarial (gains)/losses	3,027	**1,633**	143	**72**
Benefits paid	-1,927	**-2,206**	-	**-**
Unfunded pension payments	-	**-**	-109	**-110**
Closing balance 31 March	51,434	**54,296**	1,569	**1,601**

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Both the Local Government Pension Scheme and Discretionary Benefit liabilities have been assessed by Barnett Waddingham, an independent firm of actuaries, and are based on the latest full valuation of the scheme as at 31 March 2013.

The principal assumptions used by the actuary have been:

	2012/13	2013/14
Long-term expected rate of return on assets in the scheme:	6%	**7%**
Mortality assumptions:		
Longevity at 65 for current pensioners		
Men	20.1 years	**23.6 years**
Women	24.1 years	**26.0 years**
Longevity at 65 for future pensioners		
Men	22.1 years	**25.8 years**
Women	26.0 years	**28.3 years**
Rate of inflation (RPI)	3.3%	**3.6%**
Rate of inflation (CPI)	2.5%	**2.8%**
Rate of increase in salaries	4.7%	**4.6%**
Rate of increase in pensions	2.5%	**2.8%**
Rate for discounting scheme liabilities	4.3%	**4.4%**
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 2013 %	31 March 2014 %
Equity investments	70	**68**
Property	8	**8**
Gilts	4	**5**
Other Bonds	9	**10**
Alternative Assets	8	**8**
Cash	1	**1**
	100	**100**

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

The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2015 is £835,000. Expected contributions for the Discretionary Benefits scheme in the year to 31 March 2015 are £106,500.

Sensitivity Analysis

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

	£000	£000	£000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	54,964	55,897	56,847
Projected service cost	883	903	924
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	56,010	55,897	55,784
Projected service cost	903	903	903
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	56,748	55,897	55,061
Projected service cost	924	903	882
Adjustment to mortality age rating assumption	+1 year	None	-1 year
Present value of total obligation	53,982	55,897	57,829
Projected service cost	873	903	933

29. Contingent Assets and Liabilities

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 overpaid VAT relating to the period since September 2001.

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

Contingent Liabilities

The Authority has the following contingent liabilities:

The Council has two outstanding claims for compensation / legal costs. One relating to a planning matter and one relating to an ex-employee. These claims are being investigated, but potentially they could cost the Authority up to £50,000 in total.

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

The Council acts as guarantor for loans raised by the Home Housing Association. The Council has nomination rights on properties owned by the Association. The Association confirmed the outstanding amount as £2.3m. The likelihood of this guarantee ever being called is considered to be very low.

30. Nature and Extent of Risks Arising from Financial Instruments

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

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

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

Credit Risk

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

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

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

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

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

The Authority's maximum exposure to credit risk in relation to investments in banks and building societies cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for entities, that meet the minimum SBDC credit ratings, to be unable to meet their commitments. A risk of irrecoverability applies to all of the Authority's deposits but there was no evidence at the 31 March 2014 that this was likely to crystallise.

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

	Amount at 31 March 2014	Historical experience of default	Experience adjusted for market conditions	Estimated Maximum Exposure to default	Amount at 31 March 2013
	£'000	£'000	£'000	£'000	£'000
Deposits with banks and other financial institutions	**19,662**	**-**	**0.30%**	**59**	78
Customers	**4,222**	**1.12%**	**5.00%**	**211**	111

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 £1.41m of the £4.22m balance is past its due date for payment. The past due amount can be analysed by age as follows:

	Total at 31 March 2014	Total at 31 March 2013
	£m	£m
Less than one year	**0.52**	**0.58**
One to 2 years	**0.44**	**0.51**
More than two years	**0.45**	**0.49**
	1.41	**1.58**

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	Total
	£'000	£'000	£'000	£'000
As at 31 March 2014				
On demand	**4,269**	**-**	**-**	**4,269**
Less than one year	**-**	**6,048**	**199**	**6,247**
Between one and two years	**-**	**3,000**	**139**	**3,139**
More than two years	**-**	**5,000**	**1,007**	**6,007**
	4,269	**14,048**	**1,345**	**19,662**
As at 31 March 2013				
On demand	5,344	-	-	5,344
Less than one year	-	8,206	-	8,206
Between one and two years	-	3,000	198	3,198
More than two years	-	8,000	1,224	9,224
	5,344	19,206	1,422	25,972

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

Market Risk – Interest Rate Risk

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

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

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

The Authority has a number of strategies for managing interest rate risk. In particular the Authority holds a mix of long and short term investments and a mix of fixed and variable rate investments. The upper limit for variable rate investments in 2013/14 was 50% 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 2014, if interest rates had been 1% higher with all other variables held constant, the estimated financial effect would be:

	At 1 April 2013 £'000	At 31 March 2014 £'000
Change in Interest and Investment income shown in the Comprehensive I&E Account - Increase in interest receivable on cash & bank holdings	-78	-87
Change in fair value of fixed rate investments - Decrease in fair value of Available for Sale investments (Bonds)	83	60
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)	449	179

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.

31. Building Regulations Chargeable and Non Chargeable Account

The Building (Local Authority Charges) Regulations 2010 require the disclosure of information regarding the setting of charges for the administration of the building control function.
However, certain activities performed by the Building Control Section cannot be charged for, such as providing general advice and liaising with other statutory authorities.

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

2013/14	Chargeable	Non-Chargeable	Total
	£	£	£
Total Expenditure	341,351	79,079	420,430
Less Income			
Building Regulation Fees	-315,699	-	-315,699
Miscellaneous Income	-192	-	-192
Deficit for Year	25,460	79,079	104,539

2012/13	Chargeable	Non-Chargeable	Total
	£	£	£
Total Expenditure	356,166	84,953	441,119
Less Income			
Building Regulation Fees	-310,796	-	-310,796
Miscellaneous Income	-4	-	-4
Deficit for Year	45,366	84,953	130,319

Collection Fund

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

	Notes	2012/13 £'000	2013/14 Council Tax £'000	2013/14 NDR £'000	2013/14 Total £'000
Income					
Income from Council Tax	1	-45,740	-46,926	-	-46,926
Transfers from General Fund					
Council Tax Benefit *		-3,128	-	-	-
Transitional Relief		-	1	-	1
Income Collectable from Business Ratepayers	2	-28,376	-	-29,021	-29,021
Business Rates Transitional Protection Payments		-	-	-127	-127
Contribution to Previous Year's Estimated Deficit		-300	-300	-	-300
		-77,544	-47,225	-29,148	-76,373
Expenditure					
Precepts and Demands / Shares of Business Rates					
Central Government		28,281	-	14,541	14,541
South Bucks District Council		6,524	6,228	11,633	17,861
Buckinghamshire County Council		35,513	33,579	2,617	36,196
Thames Valley Police & Crime Commissioner		5,084	4,904	-	4,904
Bucks and MK Fire Authority		1,948	1,842	291	2,133
		77,350	46,553	29,082	75,635
Business Rates Cost of Collection		101	-	100	100
Business Rates Provision for Appeals		-	-	1,692	1,692
Impairment of Debts					
Write offs of uncollectable amounts		830	55	5	60
Increase /(reduction) in allowance for impairment		-948	799	217	1,016
		77,333	47,407	31,096	78,503
Deficit / (Surplus) for year		**-211**	**182**	**1,948**	**2,130**
Balance brought forward 1 April		789	578	-	578
Balance carried forward 31 March		**578**	**760**	**1,948**	**2,708**
Analysis of Share of Deficit					
Central Government		-	-	974	974
South Bucks District Council		77	102	779	881
Buckinghamshire County Council		418	548	175	723
Thames Valley Police & Crime Commissioner		60	80	-	80
Bucks and MK Fire Authority		23	30	20	50
		578	**760**	**1,948**	**2,708**

* Council Tax Benefit ceased on 31 March 2013. It was replaced by Council Tax Support.

Notes to the Collection Fund

1. Council Tax

The average Band D charge for 2013/14 was £1,494.14 (£1,489.14 in 2012/13).

The Council Tax base (adjusted for dwellings where discounts apply) was made up of the following number of equivalent Band D dwellings. The 2013/14 calculation now includes the effect of local Council Tax Support.

Band	Band D equivalent Estimate 2012/13	Band D Equivalent Estimate 2013/14
A	343	**271**
B	549	**370**
C	2,587	**2,089**
D	5,046	**4,443**
E	5,604	**5,404**
F	4,631	**4,480**
G	10,931	**10,847**
H	3,659	**3,705**
	33,350	**31,609**

2. Income from Business Ratepayers

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

	2012/13	2013/14
Non-domestic rateable value (at end of year)	£74.501m	**£72.723m**
Rate poundage – Standard Multiplier	45.8p	**47.1p**
- Small Business Multiplier	45.0p	**46.2p**

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

Opinion on the Authority's financial statements

We have audited the financial statements of South Bucks District Council for the year ended 31 March 2014 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, and the related notes 1 to 31; and the Collection Fund and related notes 1 to 2. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.

This report is made solely to the members of South Bucks District Council, as a body, 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. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the authority and the authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Director of Resources and auditor

As explained more fully in the Statement of the Director of Resources' Responsibilities set out on page 9, the Director of Resources is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of South Bucks District Council as at 31 March 2014 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.

Opinion on other matters

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

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007 (updated as at December 2012);
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998;
- we designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects.

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

Respective responsibilities of the Authority and the auditor

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.

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

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

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

We have undertaken our 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 2013, 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 us to consider under the Code of Audit Practice in satisfying ourselves 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 2014.

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

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2013, we are satisfied that, in all significant respects, South Bucks District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2014.

Certificate

We certify that we 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.

Signature
Maria Grindley
for and on behalf of Ernst & Young LLP, Appointed Auditor
Reading
26 September 2014

Annual Governance Statement

1) Scope of Responsibility

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

- its business is conducted in accordance with the law and proper standards;
- public money is safeguarded and properly accounted for; and
- public money used economically, efficiently and effectively.

South Bucks District Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

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

South Bucks District Council has approved and adopted a code of Corporate Governance, which is consistent with the principals of the CIPFA / SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the code can be obtained from the Director of Resources. This statement explains how South Bucks District Council has complied with the code and also meets the requirements of regulation 4 of the Accounts and Audit (England) 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 which it accounts to, engages with and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, value for money services.

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

The governance framework has been in place at South Bucks District Council for the year ended 31 March 2014 and up to the date of approval of the statement of accounts.

3) The Governance Framework

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

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

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

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

- 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 Finance 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. As part of the process of compiling the Annual Governance Statement, statements of assurance on the effectiveness of internal control are obtained from Heads of Service and Managers.

For 2013/14 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.

6) Significant Governance Issues

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

ISSUE	ACTION
Issues arising from Management Assurance Statements	
There is a need to review and develop the Council's governance arrangements in order that they best support the new working arrangements, and any implication from the planned reduction in members. Any changes will need to be reflected in the Council's Constitution.	We will progress this issue as part of the current project that looks across the governance arrangements at both Chiltern and South Bucks, and as part of the preparation for the new Council post the May 2015 elections.
There is a need to review and update the Business Continuity Management processes and plans, recognising that South Bucks does not have a dedicated resource for Business Continuity.	We will undertake a review during 2014/15 of existing Business Continuity plans, taking into account organisational changes and shared working with Chiltern District Council, and will test the IT business continuity arrangements.
There is a need to review and update the Council's Information Management policies and procedures in the light of national issues raised by the Information Commissioner Office (ICO), Public Sector Network (PSN compliance), and as a result of joint working arrangements and other significant service changes.	We will progress in a co-ordinated manner with Chiltern District Council the plan to address the needs to increase staff awareness of the importance of information management and data security, and ensure policies, procedures and controls are up to levels that would be expected by ICO / PSN given the size and risk profile of the Council, and this will be tested by the PSN compliance process during 2014/15. The work will also take into account the impact of joint working and shared teams.
Although the Council has risk management processes and procedures in place, there is scope to more actively review and manage the current operational risks.	Senior Management have now started reviewing key current major operational risks on a monthly basis. During the year the risk management policy will be updated to reflect the process changes made.
Issues arising from Internal Audit work – Limited Assurance Opinion	
Homelessness Allocations The audit noted that the procedures regarding Rent Deposit Guarantees need to be strengthened, and the Homelessness Strategy needs to be updated.	An action plan to address the issues raised has been agreed.

Alan Goodrum 25 July 2014
Chief Executive

Cllr Adrian Busby 25 July 2014
Leader of the Council

Glossary of Terms

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

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

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

Actuarial Gains and Losses
Actuarial gains and losses represent changes in the net 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.

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

Appropriation
The transfer of resources between reserves.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Out-turn
The actual results for the financial year.

Glossary of Terms

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

Precepting Authorities
Those authorities which are not billing authorities, 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.

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

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

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

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

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

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

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

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

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

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

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

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

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