

**VALE OF WHITE HORSE
DISTRICT COUNCIL**

STATEMENT OF ACCOUNTS

2013/14

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Explanatory foreword to the 2013/14 statement of accounts

Introduction

This explanatory foreword provides a commentary of the council's financial performance during 2013/14. It is a guide to the most significant matters reported in the accounts, an explanation in overall terms of the council's financial position at the end of the financial year and a commentary on the council's future prospects. This foreword does not form part of the actual statement. Whilst this foreword may refer to the policies and strategies of the council, its purpose is not to comment on them.

To assist the reader, a glossary of financial terms is provided on pages 75-81.

The council's accounts

The council's Statement of Accounts (SoA) shows the financial results of the council's activities for the year ended 31 March 2014, and summarises the overall financial position of the council as at 31 March 2014. It is prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) code of practice on local authority accounting in the United Kingdom ("the code"). The accounts have been compiled under International Financial Reporting Standards (IFRS).

In addition, the Annual Governance Statement sets out the purpose and nature of the council's governance framework. It also provides a review of the effectiveness of the governance framework, and highlights any significant governance issues. This statement is published as a separate document and is available on the council's website.

Financial performance 2013/14

The paragraphs below show the council's financial performance for 2013/14 in the following areas:

- revenue expenditure
- capital expenditure
- treasury management activities.

It also discusses the Comprehensive Income and Expenditure Statement (CIES) for the year and its balance sheet at the end of the year.

Revenue outturn 2013/14

The council's net budget requirement for 2013/14, including parish precepts, was £13.2 million, after accounting for the use of reserves and investment income. Net revenue spend for the year was £2.5 million below budget as shown in the table below, analysed across the council's service areas.

Service expenditure	Budget £000	Actual £000	Variance £000
Strategic management board	599	149	(450)
Corporate strategy	4,783	4,286	(497)
Economy leisure and property	413	125	(288)
Finance	2,050	2,056	6
Housing and health	1,344	683	(661)
HR, IT and customer services	1,740	1,704	(36)
Legal and democratic services	932	726	(206)
Planning	783	426	(357)
Contingency	(118)	0	118
Direct service expenditure	12,526	10,155	(2,371)
Interest	(356)	(492)	(136)
Transfer to/(from) other funds	(1,830)	(1,829)	1
Net revenue spend	10,340	7,834	(2,506)
Transfer of surplus to reserves	0	2,517	2,517
Budget requirement set by council	10,340	10,351	11
Parish precepts	2,818	2,818	0
Total funding requirement	13,158	13,169	11
Revenue Support Grant (RSG)	3,112	3,112	0
Retained business rates	1,915	1,926	11
Council tax income	8,131	8,131	0
Total funding	13,158	13,169	11

The major variations in service expenditure included within direct service expenditure in the table above are detailed below:

Major variations in service revenue expenditure	£000
Strategic management board	
Strategic management board	
Spend against office move budget £145,000 deferred to next year. Unbudgeted Transformation Challenge Award grant funding of £250,000 was received in quarter 4.	(395)
Other	
Balance of other variances that individually were less than £50,000	(55)
Total	(450)
Corporate strategy	
Waste services	
Contract payments £289,000 below budget. Recycling income was £96,000 above budget.	(465)
Other	
Balance of other variances that individually were less than £50,000	(32)
Total	(497)
Economy leisure and property	
Property trading	
Rental income exceeded budget, and employee costs were under spent.	(124)
Other	
Balance of other variances that individually were less than £50,000	(164)
Total	(288)
Finance	
Accountancy	
External audit reduced their costs by £25,000 after the budget was set, and £29,000 saving on the accountancy restructure costs.	(54)
Revenues and benefits	
A mix of additional contractor bonus payments, balanced against additional new burdens funding and lower housing benefit costs	68

Major variations in service revenue expenditure	£000
Other	
Balance of other variances that individually were less than £50,000	(8)
Total	6
Housing	
Housing register and homelessness	
Rental income from temporary accommodation exceeded budgeted.	(99)
Housing strategy and provision	
Additional Large Sites Programme Capacity Fund grant of £500,000 was received in year.	(500)
Other	
Balance of other variances that individually were less than £50,000	(62)
Total	(661)
HR, IT and customer services	
IT operations	
Underspends against staff costs and software purchases resulted in total underspend of £79,000.	(79)
Human resources	
Overspend due to changes in accounting policy requiring past pension costs to be met in year.	67
Other	
Balance of other variances that individually were less than £50,000	(24)
Total	(36)
Legal and democratic services	
Land charges	
Increased income through greater number of search requests compared to budget.	(118)
Licensing	
Increased income through greater number of applications compared to budget.	(86)
Other	
Balance of other variances that individually were less than £50,000	(2)
Total	(206)
Planning	
Planning operations	
Planning income exceeded budget due to receipt of a number of major applications.	(509)
Planning policy	
Overspend due to extra resources deployed in this area.	191
Other	
Balance of other variances that individually were less than £50,000	(39)
Total	(357)
Contingency	118
Total underspend on direct service expenditure	(2,371)

Capital outturn 2013/14

Capital expenditure totalled £2.7 million in 2013/14 and involved 39 projects. Spend for the year was £0.8 million below budget. The largest scheme expenditure in year was on discretionary and mandatory disabled facilities grants totalling £1.1 million.

The main source of funding for the programme was from the council's own reserves of capital receipts (money we have set aside from the sale of assets), with the balance made up by grants from government departments and contributions from developers.

Further details on both revenue and capital expenditure for 2013/14 are provided in an outturn report to scrutiny committee considered at its meeting in September 2014, which includes an analysis of the underspend.

Treasury management 2013/14

In accordance with the Treasury Management strategy, by actively managing its investments, the council earned interest and investment income of £0.492 million against a budget of £0.356 million. The average rate earned on cash investments for the year was 1.39 per cent. In accordance with the council's Medium Term Financial Plan (MTFP) income from interest on investments is applied in year to support the revenue account. There were no capital gains realised on the council's investments.

Further details on treasury management for 2013/14 are provided in an outturn report to both audit and governance committee and cabinet in September 2014.

Change in accounting policy

A change in the accounting policies on how the council calculates its charge to the pensions reserve due to a change in actuarial calculations of net interest on the net defined benefit liability has been made. The net worth of the council (balance sheet) is unaffected by this change, however where this impacts upon the other primary statements and notes the prior year figures have been restated. More details are contained in note 32.

Comprehensive Income and Expenditure Statement (CIES) 2013/14

The CIES presents the council's income and expenditure for the year based on accounting standards, rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with regulations but this may be different to the accounting cost. The table below reconciles the direct service expenditure for the year shown in the net revenue table on page 4 to the cost of services shown in the CIES, showing the adjusting transactions.

2012/13 £000		2013/14 £000
10,226	Direct service expenditure (revenue outturn)	10,155
	Net capital transactions:	
2,004	Depreciation, impairments and revaluations	970
1,013	Revenue expenditure funded from capital under statute	1,457
	Revaluation of equity loans	(2)
3,017		2,425
(590)	Pension adjustments required under IAS 19	(170)
1,269	Property trading accounts included in service expenditure	1,353
0	Release of commuted lump sums	(124)
(342)	Overhead charged to items below cost of services	(330)
78	Short-term compensated absences accrual	(29)
13,658	Cost of services (CIES)	13,280

From the net cost of services calculated as above, accounting adjustments, including adjustments for the council's fixed assets, such as depreciation, along with adjustments for interest income and notional charges for the council's pension fund liability (under International Accounting Standard (IAS) 19), mean that after the total financing from government grants and local taxpayers of £13.2 million, the council's surplus on provision of services was £0.5 million.

This surplus is then adjusted further to produce the total comprehensive income and expenditure figure for the year which is a surplus of £1.0 million. This figure corresponds to the total movement on the balance sheet for the year.

Balance sheet

The reported net worth of the council increased from £43.4 million to £44.4 million at 31 March 2014, an increase of £1.0 million. This movement, which is also detailed in the Movement in Reserves Statement (MiRS), is principally the result of the following material items:

- a) **Provisions.** The changes to the Non Domestic Rates (NDR) have resulted in an increased provision for appeals. This has increased the council's provisions to £2.3 million.
- b) **Investments and cash balances.** Due to a policy of diversifying the treasury holdings, the council has increased it's the term of some of its investments. This has meant a corresponding reduction in the cash (and cash equivalents) holding of the council. The council has £22.6 million of investments and cash balances as at 31 March 2014, a net decrease of £0.4 million from the previous year.
- c) **Pension liability.** The statement of accounts identifies details of the council's future commitments with regard to pension provision for its current and former employees. The council's net pension liability increased by £2.7 million to £31.1 million. This liability is based on a series of actuarial assumptions which can and do change from year to year. The increase in liability is the result of a fall in the long term expected rate of return on pension scheme investments, and an increase in life expectancy for both current and future pensioners. Further information can be found in note 23.

At the balance sheet date the council had usable reserves of £19.6 million, made up of £9.5 million general fund balance, £3.3 million in earmarked revenue reserves, £6.2 million in capital receipts and £0.6 million in unapplied capital grants.

It should be noted that the general fund balance includes an accrual for council tax and NDR collection fund balances as per the collection fund statement on page 56. This is offset by the collection fund adjustment account (unusable reserve). This means that the general fund balance is correct in accounting terms; the actual amount available as a useable reserve is actually £6.5 million. This figure does not take into account future commitments – see page 8.

Material events after the balance sheet date

There are no material events after the balance sheet date.

Collection fund

The collection fund is an agent's statement that reflects the statutory obligation of billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from local taxpayers of Council Tax and Non Domestic Rates (NDR) and its distribution to precepting bodies. For the council, the major council tax precepting bodies are Oxfordshire County Council and the Police and Crime Commissioner for Thames Valley.

This financial year the local government finance regime has been revised with the introduction of the retained business rates scheme. The main aim of the scheme is to give councils a greater incentive to grow businesses within their district. It does, however, also increase the financial risk due to non-collection and the volatility of the NDR tax base. Another risk is that the liability for revaluations and appeals now falls upon the council and therefore a provision for such in the accounts has been created.

On council tax, income of £72.0 million was received and £71.1 million was paid out in precepts and demands. After taking the provision for bad debts into account, the surplus on the council

tax collection fund balance at the end of the year was £1.9 million. This will be re-distributed to all major precepting authorities.

On NDR, £52.5 million was received and £54.6 million was paid out to the council, central government and Oxfordshire County Council (OCC). After taking the provision for bad debts and the provision for appeals into account, the deficit on the NDR collection fund balance at the end of the year was £8.0 million. This will be redistributed to the council, central government and OCC.

The council is acting as the accountable body for the Oxfordshire Local Enterprise Partnership (OxLEP) and is retaining additional business rates collected from within the Science vale Enterprise Zone on their behalf. As at 31 March 2014, the amount of business rates retained by the council on behalf of OxLEP was calculated to be £0.3 million.

Future prospects

As part of the annual budget setting process for 2014/15, council agreed its Medium Term Financial Plan (MTFP) for 2014/15 to 2018/19. The MTFP provides a forward budget model for the next five years, highlighting known estimated budget pressures for new responsibilities and changes in legislation, predicted investment and capital receipts.

The MTFP highlights significant pressure the council anticipates in setting its revenue budget during the period covered. The key pressures are the anticipated reduction in government grant funding, and cost pressures in future years. Based on the assumptions included within the MTFP it is estimated that between 2015/16 and 2018/19 up to £3.1 million of the council's general fund balances will need to be used to maintain a balanced budget unless further savings can be found.

Officers consider that the pressures highlighted are manageable in this period, in light of the reserves and balances available to the council. The council has already made considerable revenue savings in recent years by:

- merging its management team with South Oxfordshire District Council
- merging many of its operational service teams with South Oxfordshire District Council
- undertaking joint procurement with South Oxfordshire District Council on major contracts, including financial services and waste.
- introducing "lean" business processes to save officer time.
- co-locating many staff at the council offices in Crowmarsh Gifford.

Continuation of these initiatives is expected to help meet the financial challenges facing the council. As part of budget setting for 2014/15, council also agreed a capital programme to 2018/19 costing £14.8 million. The agreed financing of this programme is as follows:

- £11.4 million - council resources
- £3.4 million - other contributions.

Council resources

Based on the council's budget proposals for revenue and capital, it is forecast that by 31 March 2019 the council will hold £24.4 million in usable reserves, made up of £1.1 million general fund balance, £11.1 million in earmarked revenue reserves, and £12.2 million in capital receipts.

William Jacobs
Head of finance and chief finance officer

30 June 2014

Statement of responsibilities for the statement of accounts

1. 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 arrangements. In this council, that officer is the chief finance officer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the statement of accounts.

The statement of accounts was considered and approved at the audit and governance committee meeting on 24 September 2014.

.....
Chairman of audit and governance committee

24 September 2014

2. Responsibilities of the chief finance officer

The chief finance officer's responsibilities include the preparation of the council's statement of accounts, which, in terms of the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom (the Code) is required to present a true and fair view of the financial position of the council at the accounting date and its income and expenditure for the year ended 31 March 2014.

In preparing this statement of accounts, the chief finance officer 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 chief finance officer 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 certify that this statement of accounts presents a true and fair view of the financial position of the authority at 31 March 2014 and its income and expenditure for the year ended 31 March 2014.

.....
William Jacobs CPFA
Chief finance officer

24 September 2014

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VALE OF WHITE HORSE DISTRICT COUNCIL

Opinion on the authority's financial statements

We have audited the financial statements of Vale of White Horse 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 32, and Collection Fund and the related notes 1 to 3. 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 Vale of White Horse 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 Head of Finance and auditor

As explained more fully in the Statement of the Head of Finance Responsibilities set out on page 9, the Head of Finance 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 Head of Finance; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the explanatory foreword and 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 Vale of White Horse 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 2013-14 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, Vale of White Horse 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 Vale of White Horse District Council in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Mick West
for and on behalf of Ernst & Young LLP, Appointed Auditor
Luton
29 September 2014

Core financial statements

The following pages show the council's core financial statements, and the notes to the accounts. The core statements are as follows:

Movement in Reserves Statement (MiRS) (page 15). This shows the movement in the year on the different reserves held by the authority, analysed into 'usable reserves' (i.e. 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 true economic cost of providing the council's services, more details of which are shown in the comprehensive income and expenditure statement. These are 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 undertaken by the council.

Comprehensive Income and Expenditure Statement (CIES) (page 16). This 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 (council tax) to cover expenditure in accordance with regulations; this may be different from the accounting cost. This difference can be seen in the MiRS on the line "Adjustments between accounting basis and funding basis under regulation".

Balance Sheet (BS) (page 17). This shows the value (as at the balance sheet date) of the assets and liabilities recognised by the council. The net assets of the council (being assets less liabilities) are matched by the reserves held by the council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those that the council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (e.g. the capital receipts reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves includes reserves that hold unrealised gains and losses (e.g. the revaluation reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the MiRS line 'adjustments between accounting basis and funding basis under regulations'.

Cash Flow Statement (CFS) (page 18). This shows the changes in cash and cash equivalents of the council during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the council are funded by way of taxation and grant income or from the recipients of services provided by the council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (e.g. borrowing) to the council.

Notes to the core financial statements (pages 19-55). The core statements are supported by comprehensive notes to the accounts.

Accounting policies (pages 59-74). These are the accounting policies adopted in compiling the council's accounting statements which explain the basis on which the figures in the accounts have been prepared.

Supplementary financial statements

In addition to core financial statements and notes the council, as an authority that issues council tax and business rates bills, maintains a separate income and expenditure account, the **collection fund**, showing transactions in relation to this income and how the demands on the fund from Oxfordshire County Council, the Police and Crime Commissioner for Thames Valley and town and parish councils have been satisfied. This is shown on pages 55-58.

Movement in reserves statement

For the year ended 31 March 2014

	General fund balance £000	Earmarked general fund reserves £000	Capital receipts reserve £000	Capital grants unapplied £000	Total usable reserves £000	Unusable reserves £000	Total authority reserves £000
Balance - 31 Mar 2013	(5,188)	(2,173)	(6,355)	(133)	(13,849)	(29,581)	(43,430)
Movement in reserves during 2013/14							
(Surplus)/deficit on provision of services	(533)	0	0	0	(533)	0	(533)
Other comprehensive income and expenditure	0	0	0	0	0	(478)	(478)
Total comprehensive income and expenditure	(533)	0	0	0	(533)	(478)	(1,011)
Adjustments between accounting basis and funding basis under regulations (note 7)	(4,930)	0	147	(440)	(5,223)	5,223	0
Net increase/decrease before transfers to earmarked reserves	(5,463)	0	147	(440)	(5,756)	4,745	(1,011)
Transfers to/from earmarked reserves	1,138	(1,131)	1	(7)	1	(1)	
Increase/decrease (movement) in year	(4,325)	(1,131)	148	(447)	(5,755)	4,744	(1,011)
Balance - 31 Mar 2014	(9,513)	(3,304)	(6,207)	(580)	(19,604)	(24,837)	(44,441)

For the year ended 31 March 2013 (Restated)

Balance - 31 Mar 2012	(4,027)	(1,091)	(5,561)	(138)	(10,817)	(35,885)	(46,702)
Movement in reserves during 2013/14							
(Surplus)/deficit on provision of services	5,163	0	0	0	5,163	0	5,163
IAS 19 pensions adjustment	465				465		465
(Surplus)/deficit on provision of services restated	5,628	0	0	0	5,628	0	5,628
¹ Other comprehensive income and expenditure restated	0	0	0	0	0	(2,356)	(2,356)
Total comprehensive income and expenditure restated	5,628	0	0	0	5,628	(2,356)	3,272
Adjustments between accounting basis and funding basis under regulations	(7,406)	0	(1,511)	(572)	(9,489)	9,489	0
IAS 19 pensions adjustment	(465)	0	0	0	(465)	465	0
Adjustments between accounting basis and funding basis under regulations restated	(7,871)	0	(1,511)	(572)	(9,954)	9,954	0
Net increase/decrease before transfers to earmarked reserves	(2,243)	0	(1,511)	(572)	(4,326)	4,326	0
Transfers to/from earmarked reserves	1,082	(1,082)	717	577	1,294	(1,294)	0
Increase/decrease (movement) in year	(722)	(1,082)	(794)	5	(2,593)	6,304	3,272
Balance - 31 Mar 2013	(5,188)	(2,173)	(6,355)	(133)	(13,849)	(29,581)	(43,430)

¹ Previously reported value of £1.89 million has changed by £0.47 million being the IAS 19 pensions restatement adjustment

Comprehensive income and expenditure statement

2012/13			2012/13 Restated				2013/14		
Exp £000	Inc £000	Net £000	Exp £000	Inc £000	Net £000		Exp £000	Inc £000	Net £000
7,803	(6,681)	1,122	7,803	(6,681)	1,122	Central services to the public	2,406	(1,265)	1,141
2,759	(366)	2,393	2,759	(366)	2,393	Cultural and related services	1,962	(501)	1,461
7,471	(2,229)	5,242	7,471	(2,229)	5,242	Environmental and regulatory services	7,532	(2,367)	5,165
3,724	(1,982)	1,742	3,724	(1,982)	1,742	Planning services	4,373	(2,669)	1,704
755	(554)	201	755	(554)	201	Highways and transport services	1,149	(549)	600
30,171	(28,430)	1,742	30,171	(28,430)	1,742	Other housing services	31,404	(29,685)	1,719
1,610	(41)	1,569	1,610	(41)	1,569	Corporate and democratic core	1,418	0	1,418
(352)	0	(352)	(326)	0	(326)	Non distributed costs	72	0	72
53,941	(40,283)	13,658	53,967	(40,283)	13,684	Cost of services	50,316	(37,036)	13,280
2,961		2,961	2,961		2,961	Parish council precepts and other grants	3,018	0	3,018
0	0	0	0	0	0	(Gain)/loss on the disposal of non-current assets	0	(179)	(179)
765	(149)	617	765	(149)	617	(Gain)/loss on other trading accounts	584	(101)	483
2		2	2		2	Payments to the government housing capital receipts pool	5	0	5
3,728	(149)	3,580	3,728	(149)	3,580	Other operating expenditure	3,607	(280)	3,327
	(613)	(613)		(613)	(613)	Interest receivable and similar income	0	(434)	(434)
0	0	0	0	0	0	Other investment income (dividends)	0	(104)	(104)
15		15	15		15	Impairment of financial instruments	46	0	46
299	(1,801)	(1,502)	299	(1,801)	(1,502)	Income and expenditure in relation to investment properties	179	(1,664)	(1,485)
4,583	0	4,583	4,583	0	4,583	Changes in fair value of investment properties	0	0	0
199		199	199		199	(Gain)/loss on disposal of investment properties	0	(43)	(43)
3,105		3,105	0		0	Pensions interest cost and expected return on pensions assets	0	0	0
	(2,216)	(2,216)	0	0	0	Expected return on pension assets		0	0
0	0	0	1,328		1,328	Net interest on net defined benefit liability or asset	1,195	0	1,195
8,201	(4,629)	3,572	6,424	(2,413)	4,011	Financing and investment income and expenditure	1,420	(2,245)	(825)
	(710)	(710)		(710)	(710)	Recognised capital grants and contributions	0	(1,393)	(1,393)
	(8,835)	(8,835)		(8,835)	(8,835)	Council tax income	0	(8,413)	(8,413)
	0	0		(4,867)	(4,867)	Redistributed business rates	0	0	0
	(4,867)	(4,867)				Retained business rates	0	(22,023)	(22,023)
0	0	0	0	0	0	Business rates tariff	20,097	0	20,097
	(94)	(94)	0	(94)	(94)	Revenue support grant	0	(3,112)	(3,112)
	(1,141)	(1,141)		(1,141)	(1,141)	Non-ringfenced government grants	0	(1,471)	(1,471)
0	(15,647)	(15,647)	0	(15,647)	(15,647)	Taxation and non-specific grant income	20,097	(36,412)	(16,315)
65,871	(60,708)	5,163	64,119	(58,492)	5,628	(Surplus) or deficit on provision of services	75,440	(75,973)	(533)
		(253)			(253)	Surplus or deficit on revaluation of non current assets			(1,944)
		0			0	Surplus or deficit on revaluation of available for sale financial assets			(175)
		(1,638)			(2,103)	Actuarial gains / losses on pension assets / liabilities			1,641
		(1,891)			(2,356)	Other comprehensive income and expenditure			(478)
		3,272			3,272	Total comprehensive Income and Expenditure			(1,011)

Balance sheet

31 March 2013 £000		31 March 2014		
		£000	£000	Notes
33,208	Property, plant & equipment		35,151	9
0	Heritage assets		157	10
20,775	Investment property		20,568	11
160	Intangible assets		158	12
339	Long term investments		6,477	
2,792	Long term debtors		2,877	
57,273	Long term assets		65,388	
12,080	Short term investments	13,580		13
4	Inventories	5		
3,857	Short term debtors	7,891		14
10,596	Cash and cash equivalents	2,532		15
26,537	Current assets		24,008	
0	Cash and cash equivalents	0		15
(10,157)	Short term creditors	(10,447)		17
(149)	Provisions	(2,344)		18
0	Capital grants and receipts in advance	(1,049)		
(10,306)	Current liabilities		(13,840)	
(28,446)	Other long term liabilities		(31,115)	19d
(1,627)	Capital grants receipts in advance		0	
(30,073)	Long term liabilities		(31,115)	
43,430	Net assets		44,441	
(5,188)	Non-earmarked revenue reserves		(9,513)	
(2,174)	Earmarked revenue reserves		(3,304)	
(6,355)	Usable capital receipts reserve		(6,207)	
(133)	Capital grants unapplied		(580)	
(13,850)	Usable reserves		(19,604)	See MIRS
(2,329)	Revaluation reserve		(4,219)	19
0	Available for sale financial instrument reserve		(175)	19
(51,813)	Capital adjustment account		(51,814)	19
28,446	Pensions reserve		31,115	19
(3,886)	Deferred capital receipts reserve		(2,823)	19
(148)	Collection fund adjustment account		2,960	19
149	Short-term accumulating compensated absences		119	19
(29,581)	Unusable reserves		(24,837)	
(43,430)	Total reserves		(44,441)	

The unaudited accounts were issued on 30 June 2014 and the audited accounts were authorised for issue on 25 September 2014.

Cash flow statement

31 March 2013 £000	31 March 2013 restated £000		31 March 2014 £000	Notes
(5,163)	(5,628)	Net surplus/(deficit) on the provision of services	533	
9,752	10,217	Adjust net surplus or deficit on the provision of services for non-cash movements	7,911	
(2,083)	(2,083)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(1,939)	
2,506	2,506	Net cash flows from operating activities	6,505	20
		Investing activities		
(343)	(343)	Purchase of property, plant and equipment, investment property and intangible assets	(1,155)	
(169,879)	(169,879)	Purchase of short-term and long-term investments	(40,000)	
(33)	(33)	Other payments for investing activities	(268)	
1,375	1,375	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	1,560	
164,560	164,560	Proceeds from short-term and long-term investments	32,500	
771	771	Other receipts from investing activities	980	
(3,549)	(3,549)	Total investing activities	(6,383)	
		Financing activities		
0	0	Cash receipts of short- and long-term borrowing	0	
2,576	2,576	Billing authorities – Council tax and NDR adjustments	(8,186)	
(3,000)	(3,000)	Repayments of short- and long-term borrowing	0	
(424)	(424)	Total financing activities	(8,186)	
(1,467)	(1,467)	Net increase / (decrease) in cash and cash equivalents	(8,064)	
12,063	12,063	Cash and cash equivalents at the beginning of the reporting period	10,596	
10,596	10,596	Cash and cash equivalents at the end of the reporting period	2,532	15

Notes to the accounts 2013/14

1. Statement of accounting policies

Accounting policies are the specific principles, bases, conventions, rules and practices applied by the council in preparing and presenting these financial statements. These can be reviewed in detail on pages 59-74.

2. Accounting standards that have been issued but have not yet been adopted

The Code of Practice on Local Council Accounting in the United Kingdom 2014/15 (the Code) has introduced several changes in accounting policies which will be required from 1 April 2014. If these had been adopted for the financial year 2013/14 there would be no material changes as detailed below.

A number of new and revised standards have been issued addressing the accounting for consolidation, involvements in joint arrangements and disclosure of involvements in other entities. These include:

- IFRS 10 Consolidated Financial Statements – This standard introduces a new definition of control, which is used to determine which entities are consolidated for the purposes of group accounts. The Council does not have any subsidiaries or associates and would not produce consolidated accounts for this financial year.
- IFRS 11 Joint Arrangements – This standard addresses the accounting for a 'joint arrangement', which is defined as a contractual arrangement over which two or more parties have joint control. These are classified as either a joint venture or a joint operation. In addition proportionate consolidation can no longer be used for jointly controlled entities. The Council has no joint venture arrangements.
- IFRS 12 Disclosures of Involvement with Other Entities – This is a consolidated disclosure standard requiring a range of disclosures about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated 'structured entities'. The council has no arrangements with other entities under IFRS12.
- IAS 27 Separate Financial Statements and IAS 28 Investments in Associates and Joint Ventures – These statements have been amended to conform with the changes in IFRS 10, IFRS 11 and IFRS 12. Given that there would be no changes in the financial statements, except for disclosure, due to the changes to IFRS 10, IFRS 11 and IFRS 12, there is therefore also no impact as a result of changes in IAS 27 and IAS 28.

IAS 32 Financial Instruments Presentation – The Code references to amended application guidance when offsetting a financial asset and a financial liability. The gains and losses are currently not separately identified on the Comprehensive Income and Expenditure Statement – this has no impact on the 'bottom line' figures. Future disclosures will separate out these figures.

IAS 1 Presentation of the Financial Statements – The changes clarifies the disclosure requirements in respect of comparative information of the preceding period. The Statement of Accounts fully discloses comparative information for the preceding period therefore these changes will not have a material impact on the Statement of Accounts.

3. Critical judgements in applying accounting policies

In applying the accounting policies set out on pages 59-74, the council 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:

Leases

The council has examined its leases, and classified them as either operational or finance leases. In some cases the lease transaction is not always conclusive and the council uses judgement in determining whether the lease is a finance lease arrangement that transfers substantially all the risks and rewards incidental to ownership. In reassessing the lease the council has estimated the implied interest rate within the lease to calculate interest and principal payments.

The council has a service contract for printing services with The Danwood Group Ltd. This covers the multifunction devices used for copying and printing. It is assessed that even though the contract covers the economic life of these assets and their value, these assets are shared between this council and South Oxfordshire District Council and can be interchangeable throughout the contract term, they have been considered to be an operating lease.

Funding

There is a high degree of uncertainty about future levels of funding for local government. However, the council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the council might be impaired as a result of a need to close facilities and reduce levels of service provision.

Investment Properties

Investment properties have been estimated using the identifiable criteria under IFRS of being held for rental income or for capital appreciation. These properties have been assessed using these criteria, which is subject to interpretation.

Icelandic Banks

Following the collapse of the Icelandic banks in 2008 the council had an outstanding deposit of £1,000,000 with Landsbanki. The winding up board announced in March 2012 that it is now considered likely that UK authorities will recover substantially all of their deposit, subject to exchange rate fluctuations. More details are contained in note 13.

4. Assumptions made about the future and other major sources of estimation uncertainty

Business Rates

Since the introduction of Business Rates Retention Scheme effective from 1 April 2013, Local Authorities are liable for successful appeals against business rates charged to businesses in 2012-13 and earlier financial years in their proportionate share. Therefore, a provision has been recognised for the best estimate of the amount that businesses have been overcharged up to 31 March 2014. The estimate has been calculated using the Valuation Office (VOA) ratings list of appeals and the analysis of successful appeals to date when providing the estimate of total provision up to and including 31 March 2014.

The provision is based on an estimated success rate of 11.66 per cent for appeals against the 2005 rating list and 4.64 per cent for appeals against the 2010 rating list. A one per cent movement in these estimates (i.e. an increase to 12.66 per cent and 5.64 per cent) would increase or decrease the provision by £412,000.

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. If the council is unable to sustain its current spending on repairs and maintenance this could bring into doubt the useful lives currently assigned to assets. If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual charge for buildings would increase in these circumstances.

Debt impairment

At 31 March 2014 the council had a balance on short-term debtors of £7.9 million. A review of significant balances suggested that an impairment of doubtful debts of £1.0 million was appropriate. If collection rates were to deteriorate an increase in the amount of the impairment of the doubtful debts would be required.

Pensions

The estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discounts 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 (Barnett Waddington) is engaged (through Oxfordshire County Pension Fund) to provide the council with expert advice about the assumptions to be applied. Details of the pension liabilities are in note 19 on page 34.

5. Material items of income and expenditure

The council's accounts include the following items of material income and expenditure:

	£000
Material expenditure items:	
No material amounts over £1 million	
Total material expenditure items	0
Material income items:	
Net revaluation of operational land and buildings	2,500
Deferred capital receipt – Old Gaol, Abingdon	1,200
Total material income items	3,700

6. Events after the balance sheet date

The statement of accounts was certified by the chief finance officer on 30 June 2014. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2014, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

7. Adjustments between accounting basis and funding basis under regulations

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

31 March 2013					31 March 2014			
Usable reserves			Movement in unusable Reserves		Usable reserves			Movement in unusable Reserves
Gen fund bal & earmarked rev reserves	Capital receipts reserve	Capital grants unapplied			Gen fund bal & earmarked rev reserves	Capital receipts reserve	Capital grants unapplied	
£000	£000	£000	£000	£000	£000	£000	£000	
				Adjustments primarily involving the capital adjustment account:				
				Reversal of items debited or credited to the CIES:				
				Adjustment to opening book values of non-current fixed assets				
(1,632)			1,632	Charges for depreciation and impairment of non-current assets	(1,666)			1,666
				Revaluation losses on property, plant and equipment	(560)			560
				Revaluation gains on property, plant and equipment	1,294			(1,294)
(4,937)			4,937	Movement in the fair value of investment properties				
(57)			57	Amortisation of intangible assets	(57)			57
				Capital grants and contributions applied			952	(952)
(1,013)			1,013	Revenue expenditure funded from capital under statute	(1,457)			1,457
(1,574)			1,574	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(220)		6	214
				Adjustments primarily involving the capital grants unapplied account:				
				Capital grants and contributions unapplied credited to the comprehensive income and expenditure statement	1,393		(1,393)	
710	(138)	(572)		Adjustments primarily involving the capital receipts reserve:				
				Transfer of cash sale proceeds credited as part of gain/loss on disposal to the CIES	400	(400)		
1,375	(1,375)			Movement in the fair value of investment properties	43	(43)		
				Use of capital receipts reserve to finance new capital expenditure		1,749		(1,749)
(2)	2			Contribution from capital receipts reserve to finance the payments to the government capital receipts pool	5		(5)	
				Adjustments primarily involving the deferred capital receipts reserve				
				Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the comprehensive income and expenditure statement		(1,159)		1,159
				Transfer of deferred capital receipt relating to equity loan issued in year	2			(2)
				Adjustments primarily involving the pensions reserve:				
(1,564)			1,564	Reversal of items relating to retirement benefits debited or credited to the comprehensive income and expenditure statement	(2,398)			2,398
1,416			(1,416)	Employer's pensions contributions and direct payments to pensioners payable in the year.	1,370			(1,370)
				Adjustments primarily involving the collection fund adjustment account:				

31 March 2013					31 March 2014			
Usable reserves			Movement in unusable Reserves		Usable reserves			Movement in unusable Reserves
Gen fund bal & earmarked rev reserves	Capital receipts reserve	Capital grants unapplied			Gen fund bal & earmarked rev reserves	Capital receipts reserve	Capital grants unapplied	
£000	£000	£000	£000	£000	£000	£000	£000	
(50)			50	Amount by which council tax and NDR income credited to the CIES differs from council tax income calculated for the year in accordance with statutory requirements	(3,108)			3,108
(78)			78	Adjustment primarily involving the accumulated absences account: Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	29			(29)
(7406)	(1,511)	(572)	9,489	Total adjustments	(4,930)	147	(440)	5,223

8. Transfers to/from general fund balance and earmarked reserves

This note details all movements in the reserves that comprise the general fund balance and earmarked reserves.

31 March 2013					31 March 2014			
1 Apr 12 balance brought forward	Transfers in	Transfers out	31 Mar 13 balance carried forward		1 Apr 13 balance brought forward	Transfers in	Transfers out	31 Mar 14 balance carried forward
£000	£000	£000	£000	£000	£000	£000	£000	
(4,027)	(11,137)	9,976	(5,188)	General fund balance	(5,188)	(6,482)	2,157	(9,513)
(4,027)	(11,137)	9,976	(5,188)	Total general fund balance	(5,188)	(6,482)	2,157	(9,513)
(28)	0	0	(28)	Earmarked reserves	(28)	0	1	(27)
0	(40)		(40)	Community grants (a)	(40)	(40)	0	(80)
(263)	(145)	100	(308)	Election equalisation (b)	(308)	(45)	200	(153)
(10)	0	0	(10)	Local development framework (c)	(10)	0	0	(10)
(69)	0	0	(69)	Reservoir (d)	(69)	0	0	(69)
(1)			(1)	Building regulations (e)	(1)			(1)
	0	0		Besselsleigh Wood management (f)		0	0	
(12)	0	0	(12)	Rent deposit guarantee (g)	(12)	0	0	(12)
(50)	0	0	(50)	Cabinet grants (h)	(50)	0	0	(50)
(452)	(997)		(1,449)	Service & infrastructure grants (i)	(1,449)	(1,504)	100	(2,853)
(49)	(6)	6	(49)	Self insurance (j)	(49)	0	0	(49)
(157)	0	0	(157)	Performance reward grant (k)	(157)	0	157	0
(1,091)	(1,188)	106	(2,173)	Total earmarked reserves	(2,173)	(1,589)	458	(3,304)

The purpose of each reserve is as follows:

- Grants awarded in previous years that have not yet been taken up
- District council elections are held every four years and this reserve is used to spread the cost so that all the costs are not met in one year
- To meet the cost of any inquiries that have to be set up as a result of the updating of the local development framework
- To meet any costs associated with Thames Water's proposal for a new reservoir
- The building control trading account.

- (f) To cover contributions to the management costs of Besselsleigh Wood
- (g) To guarantee rent deposits for private tenants
- (h) To provide matched funding to organisations
- (i) Fund to provide revenue support to service and infrastructure projects
- (j) To cover the excess payable on insurance claims
- (k) To hold performance reward grant income received

9. Property, plant and equipment

Table 9a Movements in property plant & equipment 2013/14							
	Other land & buildings	Vehicles, plant & equipment	Infrastructure assets	Community assets	Surplus assets	Assets under construction	Total PP&E
	£000	£000	£000	£000	£000	£000	£000
Cost or revaluation							
At 1 April 2013	30,600	4,643	125	1,514	0	64	36,946
Additions	118	567	13	0	0	410	1,108
Donations	0	0	0	0	0	0	0
Revaluation increases/(decreases) to RR	1,787	0	0	0	0	0	1,787
Revaluation increases/(decreases) to SDPS	735	0	0	0	0	0	735
Disposals	(7)	0	0	0	0	0	(7)
Write out balances on revalued assets	(2,457)	0	0	0	0	0	(2,457)
Other movements in cost or valuation	474	0	0	0	(0)	(474)	0
At 31 March 2014	31,250	5,210	138	1,514	0	0	38,112
Depreciation and impairments							
At 1 April 2013	(1,538)	(2,118)	(82)	0	0	0	(3,738)
Depreciation charge for 2013/14	(919)	(747)	(14)	0	0	0	(1,680)
Impairment losses/reversals to RR	0	0	0	0	0	0	0
Impairment losses/reversals to SDPS	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
Write out balances on revalued assets	2,457	0	0	0	0	0	2,457
Other movements in impairment and depreciation	0	0	0	0	0	0	0
At 31 March 2014	0	(2,865)	(96)	0	0	0	(2,961)
Balance sheet amount at 31 March 2014	31,250	2,345	42	1,514	0	0	35,151
Balance sheet amount at 31 March 2013	29,062	2,525	43	1,514	0	64	33,208
RR= Revaluation reserve							
SDPS=Surplus or deficit on the provision of services							

Table 9b Movements in property plant & equipment 2012/13							
	Other land & buildings	Vehicles, plant & equipment	Infrastructure assets	Community assets	Surplus assets	Assets under construction	Total PP&E
	£000	£000	£000	£000	£000	£000	£000
Cost or revaluation							
At 1 April 2012	37,293	4,998	148	1,514	30	0	43,983
Additions	53	176	0	0	0	34	263
Donations	0	0	0	0	0	0	0
Revaluation increases/(decreases) to RR	253	0	0	0	0	0	253
Revaluation increases/(decreases) to SDPS	(354)	0	0	0	0	0	(354)
Disposals	0	0	0	0	0	0	0
Write out balances on revalued assets	(6,645)	(531)	(23)	0	0	0	(7,199)
Other movements in cost or valuation	0	0	0	0	(30)	30	0
At 31 March 2013	30,600	4,643	125	1,514	0	64	36,946
Depreciation and impairments							
At 1 April 2012	(7,304)	(1,910)	(91)	0	0	0	(9,305)
Depreciation charge for 2013/14	(879)	(739)	(14)	0	0	0	(1,632)
Impairment losses/reversals to RR	0	0	0	0	0	0	0
Impairment losses/reversals to SDPS	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
Write out balances on revalued assets	6,645	531	23	0	0	0	7,199
Other movements in impairment and depreciation	0	0	0	0	0	0	0
At 31 March 2013	(1,538)	(2,118)	(82)	0	0	0	(3,738)
Balance sheet amount at 31 March 2013	29,062	2,525	43	1,514	0	64	33,208
Balance sheet amount at 31 March 2012	29,989	3,088	57	1,514	30	0	34,678
RR= Revaluation reserve							
SDPS=Surplus or deficit on the provision of services							

Depreciation

Where required, assets are depreciated in equal annual amounts over the assumed life of the asset. The following useful lives have been used:

- Buildings – on an individual basis as assessed by the valuer
- Vehicles, equipment, cctv, computer hardware – 5 years
- Parks equipment, running track, boilers, large plant – 10 years
- Infrastructure assets (sewage treatment works) – 10 years
- Special items individually assessed (to include heritage assets)

Capital commitments

At 31 March 2014, the council had agreed its capital programme for 2014/15 (total expenditure of £8,435,000, including new capital growth) and an indicative programme up to the end of 2018/19.

As at the end of March 2014 the council had capital commitments on a number of contracts in 2014/15 and future years, budgeted to cost £319,000. The commitments are:

- Capital grants awarded - £319,000

Revaluations

The council has a rolling programme that ensures that all property, plant and equipment required to be measured at fair value, is revalued at least every three years. Any assets that may be subject to special conditions will be valued more often, as required.

Valuations of all land and buildings (excluding investment properties) for 2013/14 were undertaken externally by Bruton Knowles as at 31 January 2014. The valuation was prepared in accordance with the recommendations contained within the RICS Red Book, UK Appendix 5, which covers the valuation of local authority assets. A review has determined that the valuations have not altered significantly between then and 31 March 2014.

The significant assumptions applied in estimating the 2013/14 values are that:

- There is no contamination problem nor deleterious/hazardous substance present;
- Good title can be shown and that the properties comply with all legal and statutory requirements regarding either the structure or its existing /past usage,
- There will be an adequate level of expenditure on repairs and maintenance.

	Land & buildings £000	Vehicles, plant and equipment £000	Infrastructure & community assets £000	Assets under construction £000	Total £000
Carried at historical cost	0	2,345	1,556	0	3,901
Valued at fair value as at: 31 January 2014	31,250				31,250
Total value	31,250	2,345	1,556	0	35,151

10. Heritage assets

	Art Collection £000	Total Assets £000
31 March 2013	0	0
Cost or Valuation		
1 April 2013	0	0
Additions	0	0
Revaluations	157	157
31 March 2014	157	157

Art Collection

This is reported for the first time in the council's 2013/14 balance sheet at £157,000, based on the valuation provided by the council's Arts Officer. These assets were not previously identified by service areas as relevant for inclusion in previous statements of accounts.

11. Investment properties

Income and expenditure in respect of investment properties is shown on the face of the CIES.

There are no restrictions on the council's ability to realise the value inherent in its investment property or on the council's right to the remittance of income and the proceeds of disposal. The council has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

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

2012/13 £000		2013/14 £000
29,395	Balance at 1 April	20,775
(4,037)	Disposals	(207)
(4,583)	Changes in fair value	(0)
20,775	Balance at 31 March	20,568

The council's strategic property manager has undertaken a review of all investment properties to ensure that the carrying value of assets valued in previous years is not materially different from their fair value.

12. Intangible assets

The council 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 council's intangible assets consist entirely of software.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the council. In the absence of any special considerations software is depreciated over five years.

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £42,687 charged to revenue in 2013/14 was charged as an overhead to those services using the asset in the net expenditure of services.

2012/13		2013/14
Other assets £000		Other assets £000
823	Balance at start of year:	670
(194)	Gross carrying amounts	0
(647)	Write out of balances on fully amortised assets	(510)
194	Accumulated amortization	0
176	Write out of balances on fully amortised assets	160
	Net carrying amount at start of year	
41	Purchases	41
(57)	Amortisation for the period	(43)
160	Net carrying amount at end of year	158
	Comprising:	
670	Gross carrying amounts	711
(510)	Accumulated amortization	(553)
160	Net carrying amount at end of year	158

13. Financial instruments

The borrowings and investments disclosed in the balance sheet are made up of the following categories of financial instruments:

	Long term		Current	
	31 March 2013 £000	31 March 2014 £000	31 March 2013 £000	31 March 2014 £000
Investments				
Loans and receivables (principal amount)	279	4,242	11,791	13,443
Cash equivalents	0	0	10,540	2,532
Plus accrued interest	60	60	281	137
Loans and receivables at amortised cost (1)	339	4,302	22,612	16,112
Available-for-sale financial assets	0	2,175	0	0
Total investments	339	6,477	22,612	16,112
Debtors				
Financial assets carried at contract amounts	2,792	2,877	3,857	1,562
Total debtors	2,792	2,877	3,857	1,562
Borrowings				
Financial liabilities at amortised cost	0	0	0	0
Total borrowings	0	0	0	0
Creditors				
Financial liabilities carried at contract amount	0	0	10,157	5,837
Total creditors	0	0	10,157	5,837

Under accounting requirements the carrying value of the financial instrument value is shown in the balance sheet which includes the principal amount borrowed or lent and further adjustments for breakage costs including accrued interest. Accrued interest is shown separately in current assets/liabilities where payments/receipts are due within one year. The effective interest rate is effectively accrued interest receivable under the instrument, adjusted for the amortisation of any premiums or discounts reflected in the purchase price.

Financial instrument gains/losses

The gains and losses recognised in the income and expenditure account in relation to financial instruments are made up as follows;

Table 13b Financial instrument gains and losses 2013/14	
Loans and receivables	£000
Interest income	479
Increase in fair value	13
Net gain/(loss) for the year	492

Fair values of assets and liabilities

Financial liabilities and financial assets represented by loans and receivables, long-term debtors and creditors are carried in the balance sheet at amortised cost. (in long term assets / liabilities with accrued interest in current assets / liabilities). Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- For loans receivable prevailing benchmark rates have been used to provide the fair value;
- Where an instrument will mature within the next 12 months, the fair value is taken to be the carrying amount;
- No early repayment or impairment is recognised;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

Table 13c Fair values of assets and liabilities carried at amortised cost.				
31 March 2013			31 March 2014	
Carrying amount £000	Fair value £000		Carrying amount £000	Fair value £000
10,157	10,157	Short term creditors	10,447	10,447
10,157	10,157	Total liabilities	10,447	10,447
12,000	12,080	Money market loans < 1 yr	13,500	13,580
10,540	10,540	Cash and cash equivalents	2,532	2,532
339	339	Long term investments	6,302	6,477
3,857	3,857	Short term debtors	7,891	7,891
2,792	2,792	Long term debtors	2,877	2,877
29,528	29,608	Total assets	33,102	33,357

The fair values for loans and receivables include accrued interest.

The comparator market rates prevailing have been taken from indicative investment rates at the balance sheet date. In practice rates will be determined by the size of the transaction and the counterparty, but it is impractical to use these figures and the difference is likely to be immaterial.

Short term debtors and creditors are carried at cost as this is a fair approximation of their value.

Impairment of deposit with Landsbanki

On the 24 September 2008 the council agreed to deposit £1 million with Landsbanki Islands hf until 24 October 2008 at an interest rate of 5.95 per cent. The bank went into administration on 7 October 2008, and as a result the repayment of the deposit and interest has not been made.

At October 2008, the amount due to be repaid was the principal amount of £1,000,000 plus interest of £4,890.41, giving a total amount of £1,004,890.41.

In April 2011 the Reykjavik District Court ruled that local authorities' claims qualified for priority under Icelandic bankruptcy legislation. The decision was appealed to the Icelandic Supreme Court who affirmed the district court's ruling in October 2011. Subsequently the Reykjavik District Court recognised the council's priority claim at £1,004,890.41.

The current position on actual payments received and estimated future payments are shown below:

Table 13d Financial asset impairment - payments received	
Date received	Amount £
February 2012	300,118.99
May 2012	122,940.77
October 2012	58,251.83
September 2013	49,974.98
Total received to date	531,286.57

In March 2012 the Winding Up Board for Landsbanki Islands hf anticipated that recovery would exceed the book value of claims and as a result the Council is likely to recover substantially all of its original deposit subject to exchange rate fluctuations.

Using the latest information, CIPFA Local Authority Accounting Panel bulletin 82 recommends that the following payment schedule is used to estimate the recoverable amount at 31 March 2014 based on a recovery of 100 per cent of the claim, which is equivalent to £1,004,890.41.

The authority estimates it will receive payments based on the following schedule:

Table 13e Financial asset impairment – expected payments schedule				
Date	%	Repayment	Discount Factor	Present Value
December 2014	7.50%	£75,366.78	0.956462	£72,085.42
December 2015	7.50%	£75,366.78	0.901345	£67,931.43
December 2016	7.50%	£75,366.78	0.849404	£64,016.82
December 2017	7.50%	£75,366.78	0.800456	£60,327.79
December 2018	7.50%	£75,366.78	0.754329	£56,851.35
December 2019	7.38%	£74,160.91	0.710860	£52,718.03
Total value of future amount (discounted at 5.95%)				£373,930.84

The authority will recognise impairment at the balance sheet date (31 March 2014). The carrying amount of the deposit at the balance sheet date prior to any reassessment is:

	the balance at 31 March 2014
plus	interest credited to the CIES account in 2013/14
less	any repayments received during 2013/14

This is then compared with the recoverable amount to give the amount to be impaired. The recoverable amount is calculated on a discounted cashflow basis, using the original effective interest rate of the deposit as required by paragraph 4.67 of the SORP and FRS 26.

The difference between the carrying amount and the revised recoverable amount has been recognised as an impairment in the 2013/14 accounts and the carrying amount of the deposit is written down to the recoverable amount as follows:

Table 13f Financial asset impairment	
	£
Carrying amount b/fwd 1 April 2013	410,802.77
Plus interest credited to the I & E a/c in 2013/14	59,500.00
Less: repayments received in 2013/14	49,974.98
	420,327.79
Less: revised recoverable amount	373,930.84
Impairment	46,396.95

14. Debtors

31 March 2013			31 March 2014	
Long term £000	Short term £000		Long term £000	Short term £000
0	27	Central government bodies	0	4,085
0	242	Other local authorities	0	1,778
2,792	3,588	Other entities and individuals	2,877	2,028
2,792	3,857	Total debtors	2,877	7,891

15. Cash and cash equivalents

The balance of cash and cash equivalents is made up of the following elements:

31 March 2013 £000		31 March 2014 £000
2	Cash held by the council	1
10,534	Bank current and instant access accounts	2,521
60	Money market funds	10
10,596	Total cash and cash equivalents	2,532

16. Assets held for sale

At the balance sheet date, the council has no assets held for sale.

17. Short-term creditors

31 March 2013 £000		31 March 2014 £000
(4,192)	Central government bodies	(1,371)
(1,477)	Other local authorities	(4,248)
(4,488)	Other entities and individuals	(4,828)
(10,157)	Total short-term creditors	(10,447)

18. Provisions

The council maintained a provision for the cost of accumulated absence through holiday leave or annualised hours entitlement owed to its staff as at 31 March 2013. From 2013/14 this has been included in short term creditors as an accrual. The new provision in 2013/14 represents amounts set aside to meet future business rate appeals liabilities.

	Provisions £000
Balance at 1 April 2013	(149)
Provision for accumulated absences transferred to short-term creditors	149
Business rate appeals (new provision)	(2,344)
Balance at 31 March 2014	(2,344)

19. Unusable reserves

Revaluation reserve

The revaluation reserve contains the gains made by the council arising from increases in the value of its property, plant and equipment (including intangible assets). The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation,
- disposed of and the gains are realised.

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.

Table 19a Revaluation reserve		
2012/13 £000		2013/14 £000
(2,127)	Balance at 1 April	(2,329)
(253)	Upward revaluation of assets	(3,211)
0	Downward revaluation of assets and impairment losses not charged to the surplus/deficit on the provision of services	1,267
(253)	Surplus or deficit on revaluation of non current assets not posted to the surplus or deficit on the provision of services	(1,944)
48	Difference between fair value depreciation and historical cost depreciation	54
3	Other	0
51	Amount written off to the capital adjustment account	54
(2,329)	Balance at 31 March	(4,219)

Available for sale financial instruments reserve

The available for sale financial instruments reserve contains the gains made by the council arising from increases in the value of its investments that have quoted market prices or otherwise do not have fixed or determinable payments. The balance is reduced when investments with accumulated gains are:

- Revalued downwards or impaired and the gains are lost;
- Disposed of and the gains are realised.

Table 19b Available for sale financial instruments reserve		
2012/13 £000		2013/14 £000
0	Balance at 1 April	0
0	Revaluation of investments	(175)
0	Balance at 31 March	(175)

Capital adjustment account

The capital adjustment account absorbs the timing differences arising 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. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the CIES (with reconciling postings from the revaluation reserve to convert fair value figures to a historical cost basis). The account is credited with the amounts set aside by the council as finance for the costs of acquisition, construction and enhancement.

The account contains accumulated gains and losses on investment properties and gains recognised on donated assets that have yet to be consumed by the council. The account also contains revaluation gains accumulated on property, plant and equipment before 1 April 2007, the date that the revaluation reserve was created to hold such gains. Note 7 provides details of the source of all the transactions posted to the account, apart from those involving the revaluation reserve.

Table 19c Capital adjustment account		
2012/13 £000		2013/14 £000
(62,144)	Balance at 1 April	(51,813)
	Reversal of items relating to capital expenditure debited or credited to the CIES:	
1,632	Charges for depreciation and impairment of non current assets	1,680
354	Revaluations (gains) / losses on property, plant and equipment	(734)
57	Amortisation of intangible assets	43
1,013	Revenue expenditure funded from capital under statue	1,457
4,037	Amounts of non-current assets written off on disposal or sale as part of the gain / loss on disposal to the CIES	214
(48)	Adjusting amounts written out of the revaluation reserve	(54)
	Capital financing applied in the year:	
(725)	Use of the capital receipts reserve to finance new capital expenditure	(1,743)
(592)	Capital grants and contributions credited to the CIES that have been applied to capital financing	(958)
4,583	Movement in the market value of investment properties debited or credited to the CIES	0
20	Other adjustments	94
(51,813)	Balance at 31 March	(51,814)

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. The council accounts for post employment benefits in the CIES as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the pensions reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

Table 19d Pensions reserve			
2012/13 £000	Restatement 2012/13 £000		2013/14 £000
29,936	29,936	Balance at 1 April	28,446
	(2,103)	Re-measurement of the net defined benefit liability/(asset)	1,641
(1,638)	0	Actuarial Gain/(loss)	
(357)	0	Provision no longer required	
1,921	2,029	Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on the provision of services in the comprehensive income and expenditure statement	2,398
(1,416)	(1,416)	Employer's pensions contributions and direct payments to pensioners payable in the year	(1,370)
0	0	Other	0
28,446	28,446	Balance at 31 March	31,115

Deferred capital receipts reserve

The deferred capital receipts reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the council 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.

Table 19e Deferred capital receipts reserve		
2012/13 £000		2013/14 £000
(1,423)	Balance at 1 April	(3,886)
(2,463)	New deferred capital receipts received in year	(97)
0	Transfer to the capital receipts reserve upon receipt of cash	1,160
(3,886)	Balance at 31 March	(2,823)

Collection fund adjustment account

The collection fund adjustment account manages the differences arising from the recognition of council tax income in the CIES as it falls due from council tax payers compared with the statutory arrangements for paying across amounts to the general fund from the collection fund.

Table 19f Collection fund adjustment account		
2012/13 £000		2013/14 £000
(198)	Balance at 1 April	(148)
50	Amount by which council tax and non-domestic rates income credited to the CIES is different from council tax income and non-domestic rates calculated for the year in accordance with statutory requirements	3,108
(148)	Balance at 31 March	2,960

Accumulated absences account

The accumulated absences account absorbs the differences that would otherwise arise on the general fund balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the general fund balance is neutralised by transfers to or from the account.

Table 19g Accumulated absences account		
2012/13 £000		2013/14 £000
71	Balance at 1 April	149
(71)	Settlement or cancellation of accrual made at the end of the preceding year	(149)
149	Amounts accrued at the end of the current year	119
149	Balance at 31 March	119

20. Interest received and interest paid

The cash flow for operating activities includes the following items:

2012/13 £000		2013/14 £000
382	Interest received	434
382		434

21. Amounts reported for resource allocation decision

The analysis of income and expenditure by service on the face of the CIES is that specified by the Service Reporting Code of Practice 2013/14. However, decisions about resource allocation are taken by the council on the basis of budget reports analysed across services. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- No charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the revaluation reserve and amortisations are charged to services in the CIES);
- The cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year;

- Expenditure on some support services is budgeted for centrally and not charged to services.

The income and expenditure of the council's principal services recorded in the budget reports for the year is as follows:

Table 21a Income and expenditure of principal services in budget format						
2012/13			Service group	2013/14		
Gross exp £000	Gross Inc £000	Net exp £000		Gross exp £000	Gross Inc £000	Net exp £000
574	(70)	504	Corporate management team	480	(331)	149
6,060	(1,873)	4,187	Corporate strategy	6,221	(1,935)	4,286
3,335	(3,321)	14	Economy, leisure & property	3,275	(3,150)	125
35,368	(33,487)	1,881	Finance	30,913	(28,857)	2,056
1,780	(139)	1,641	Health & housing	2,057	(1,374)	683
2,102	(1,120)	982	HR, IT and customer services	1,821	(117)	1,704
1,634	(858)	776	Legal & democratic	1,856	(1,130)	726
1,987	(1,746)	241	Planning	2,946	(2,520)	426
52,840	(42,614)	10,226	Direct service expenditure (explanatory foreword page 5)	49,569	(39,414)	10,155

Reconciliation to the net expenditure in the CIES

This reconciliation shows how the figures in the income and expenditure of principal services in budget format analysis reconciles to the net cost of services per in the CIES.

Table 21b Reconciliation to net cost of services		
2012/13 £000		2013/14 £000
10,226	Net direct service expenditure per budget format analysis	10,155
4,848	amounts not included in the analysis but included in the CIES	4,495
(1,416)	amounts included in the analysis but not included in the CIES	(1,370)
13,658	Net cost of services per the CIES	13,280

Reconciliation to subjective analysis

This reconciliation shows how the figures in the analysis of service income and expenditure relate to a subjective analysis of the surplus or deficit on the provision of services included in the CIES.

Table 21c Reconciliation to subjective analysis		
2012/13		2013/14
Service analysis restated		Service analysis
£000		£000
(42,614)	Gross service income (see table 21a)	(39,414)
(553)	Interest receivable and similar income	(538)
(45)	Icelandic bank investment - reversal of previous impairment	0
(15,647)	Taxation and non specific grant incomes	(36,412)
0	S106 revenue receipts	(125)
379	Allocation of recharges	877
0	Gain on disposal of non-current assets	(179)
0	Gain on disposal of investment properties	(43)
0	Revaluation of equity loans in year	(2)
(12)	Other service income	(137)
(58,492)	Total income	(75,973)
52,840	Gross service expenditure (see table 21a)	49,569
2,961	Parish council precepts and other grants	3,018
2	Payments to the government housing capital receipts pool	5
199	Loss on disposal of investment properties	0
(379)	Allocation of recharges	(877)
0	Icelandic bank investment - impairment	46
0	Taxation and non specific grant incomes	20,097
6,625	Depreciation, amortisation, revaluation and impairment	989
78	Other service expenses	137
780	Pensions adjustments required under IAS 19	0
1,013	Revenue expenditure funded by capital under statute	1,457
64,119	Total operating expenses	75,440
5,628	(Surplus) / deficit on the provision of services	(533)

22. Members' allowances

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

2012/13		2013/14
£000		£000
194	Basic allowance	198
78	Special responsibility allowance	76
10	Expenses	10
282	Total	284

23. Employees benefits

Officers' remuneration

A senior employee is one who earns a salary in excess of £150,000 (there are none of these in the council), or holds a designated position (with a salary in excess of £50,000) – these are detailed in the table below:

Post title	Financial year	Salary (including fees & allowances) £	Expenses £	Total remuneration excluding pension contributions £	Pension contributions £	Total remuneration including pension contributions £
Head of paid service	2013/14	131,674	1,923	133,597	17,513	151,110
	2012/13	129,092	1,726	130,818	17,169	147,987
Chief finance officer (section 151 officer)*	2013/14	45,250	386	45,636	4,313	49,949
	2013/14	41,881	87	41,968	6,073	48,041
	2012/13	98,544	493	99,037	14,289	113,326
Monitoring officer	2013/14	79,623	293	79,916	10,590	90,506
	2012/13	79,623	208	79,831	10,590	90,421

* The costs for this post have been apportioned between two officers from 1 April 2013 to 31 August 2013 and 1 September 2013 to 31 March 2014 following a change in responsibility. In total the council employs three strategic directors and seven heads of service. The current chief finance officer and monitoring officer are also heads of service.

2012/13 £		2013/14 £
98,544	Strategic directors	100,515
73,824	Heads of service	75,300

In 2013/14, these eleven posts were shared on a 50:50 basis with South Oxfordshire District Council; therefore the council only incurred 50 per cent of the costs shown above.

The council is also obliged to disclose the numbers of other employees that were paid a salary in excess of £50,000 (these numbers do not include the senior officers detailed above). The number of employees whose remuneration, excluding employer's pension contributions, was £50,000 or more in bands of £5,000 were:

Number of VWHDC employees		Remuneration band £	Number of VWHDC employees	
Shared with SODC 2012/13	VWHDC only 2012/13		Shared with SODC 2013/14	VWHDC only 2013/14
1	1	50,000 - 54,999	1	1
1	0	60,000 – 64,999	1	0

Under the shared working arrangements, the council recharged a total of £1.6 million of its salary costs to South Oxfordshire District Council, who in turn recharged £3.1 million of its salary costs to this council.

Termination benefits

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

Exit package cost band (including special payments)	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	
	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14
£0 - £20,000	2	3	1	1	3	4	16,676	23,542
£20,001 - £40,000	0	3	0	1	0	4	0	119,088
Total	2	6	1	2	3	8	16,676	142,630

Post-employment benefits – Defined benefit pension schemes

Participation in pension schemes

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

The council participates in The Local Government Pension Scheme, administered locally by Oxfordshire County Council Pension Fund (the fund). This is a funded defined benefit final salary scheme, meaning that the council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets. The fund is operated under the regulatory framework for the Local Government Pension Scheme. The Administering Authority for the Fund is Oxfordshire County Council. The Pension Fund Committee oversees the management of the Fund whilst the day to day fund administration is undertaken by a team within the administering authority. Where appropriate some functions are delegated to the Fund's professional advisers. Policy is determined in accordance with the Pensions Fund Regulations. The fund has an independent global custodian, BNY Mellon, whose main duties include the safekeeping of the fund's investments, the collection of income and the execution of corporate actions, such as company mergers or takeovers.

In addition arrangements for the award of discretionary post retirement benefits are awarded 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 fall due.

The principal risks to the council of the fund are:

- Investment risk. The Fund holds investment in asset classes, such as equities, which have volatile market values and while these assets are expected to provide real returns over the long-term, the short-term volatility can cause additional funding to be required if a deficit emerges.

- Interest rate risk. The Fund's liabilities are assessed using market yields on high quality corporate bonds to discount the liabilities. As the Fund holds assets such as equities the value of the assets and liabilities may not move in the same way.
- Inflation risk. All of the benefits under the Fund are linked to inflation and so deficits may emerge to the extent that the assets are not linked to inflation.
- Longevity risk. In the event that the members live longer than assumed a deficit will emerge in the Fund. There are also other demographic risks.
- Orphan liability risk. As many unrelated employers participate in the Oxfordshire County Council Pension Fund, there is an orphan liability risk where employers leave the Fund but with insufficient assets to cover their pension obligations so that the difference may fall on the remaining employers.

All of the risks above may also benefit the council e.g. higher than expected investment returns or employers leaving the fund with excess assets which eventually get inherited by the remaining employers.

These risks are also mitigated to a certain extent by the statutory requirements to charge to the general fund the amounts required by statute.

Transactions relating to retirement benefits

The cost of retirement benefits is recognised in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge made against council tax is based on the cash payable in the year, so the real cost of post employment / retirement benefits is reversed out of the general fund via the movement in reserves statement. The following transactions have been made in the CIES and the general fund balance via the movement in reserves statement during the year:

Table 23e			
2012/13 £000	Restated 2012/13 £000	Comprehensive Income & Expenditure Account	2013/14 £000
1,032		<i>Cost of Services:</i>	
(357)	(357)	Current service cost	
	1,033	Provision no longer required	
0	25	Service cost	1,178
		Administrative expenses	25
	1,328	<i>Financing and investment income and expenditure</i>	
		Net interest expense	1,195
3,105	0	Interest cost	0
(2,216)	0	Expected return on assets in the scheme	0
1,564	2,029	<i>Total post employment benefit charged to the surplus or deficit on the provision of services</i>	2,398
		<i>Other post employment benefit charged to the CIES</i>	
0	(6,421)	Re-measurement of the net defined benefit liability comprising:	
		Return on plan assets (excluding the amount included in the net interest expense)	(379)
0	0	Actuarial gains and losses arising on changes in demographic assumptions	4,333
0	4,264	Actuarial gains and losses arising on changes in financial assumptions	635
0	54	Other	(2,948)
(1,638)	0	Actuarial gains and losses	0
(74)	(74)	<i>Total post employment benefit charges to the comprehensive income and expenditure statement</i>	4,039
		Movement in reserves statement	
(1,564)	(2,029)	Reversal of net charges made to the surplus or deficit for the Provision of Services for post employment benefits in accordance with the code	(2,398)
		<i>Actual amount charged against the general fund balance for pensions in the year:</i>	
1,416	1,416	Employers' contributions payable to scheme	1,370

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 benefit plans is as follows:

Table 23f		
2012/13 £000	Pension assets and liabilities recognised in the balance sheet	2013/14 £000
46,231	Fair value of employer assets	46,515
(72,695)	Present value of funded liabilities	(75,508)
(1,982)	Present value of unfunded liabilities	(2,122)
(28,446)	Net liability arising from defined benefit obligation	(31,115)

Local Government Pension Scheme 2012/13 £000	Local Government Pension Scheme restated 2012/13 £000	Reconciliation of the movements in the fair value of the scheme assets	Local Government Pension Scheme 2013/14 £000
39,161	39,161	Opening balance at 1 April	46,231
2,216	0	Expected rate of return	0
0	1,776	Interest on assets	1,961
0	6,421	Return on assets less interest	378
0	0	Other actuarial gains / (losses)	(780)
5,956	0	Total actuarial gains/(losses)	0
0	(25)	Administration expenses	(25)
1,263	1,263	Employer contributions	1,216
271	271	Contributions by scheme participants	269
(2,636)	(2,636)	Benefits paid	(2,735)
46,231	46,231	Closing present value of scheme assets	46,515

Funded liabilities 2012/13 £000	Unfunded liabilities 2012/13 £000	Restated		Reconciliation of present value of the scheme liabilities	Funded liabilities 2013/14 £000	Unfunded liabilities 2013/14 £000
		Funded liabilities 2012/13 £000	Unfunded liabilities 2012/13 £000			
(66,787)	(1,953)	(66,787)	(1,953)	Opening balance at 1 April	(72,695)	(1,982)
(1,032)		(1,032)	0	Current Service Cost	(1,131)	0
(3,019)	(86)	(3,019)	(86)	Interest cost	(3,074)	(82)
(271)	0	(271)	0	Contributions by scheme participants	(269)	0
0	0	0	0	Actual gain and losses arising on changes in demographic assumptions	(4,131)	(202)
0	0	(4,222)	(42)	Actual gain and losses arising on changes in financial assumptions	(615)	(20)
(4,222)	(96)	0	0	Total Actuarial losses (gains)	0	0
0	0	0	(54)	Other	3,718	10
0	0	0	0	Past service costs	(47)	0
2,636	153	2,636	153	Benefits paid	2,736	154
(72,695)	(1,982)	(72,695)	(1,982)	Closing present value of liabilities	(75,508)	(2,122)

The discretionary benefits arrangements have no assets to cover its liabilities. The Local Government Pension Scheme's assets consist of the following categories.

Table 23i		
2012/13 £000	Composition of fund assets at fair value	2013/14 £000
31,899	Equity instruments	28,784
0	Private equity	2,846
2,774	Property	2,326
	Bonds:	
4,623	Government bonds	5,582
2,774	Corporate bonds	1,861
7,397	<i>Sub-total bonds</i>	7,443
	Other investment funds:	
1,387	LLPs	1,861
925	Hedge funds	929
2,312	<i>Sub-total other investment funds</i>	2,790
1,849	Cash and cash equivalents	2,326
46,231		46,515

The council's share of the assets of the fund is approximately 3 per cent.

Of the equities allocation above, 45 per cent are UK investments, 46 per cent are overseas investments, and the rest are private equities of unspecified origin. 79 per cent of equities are listed and 21 per cent are not.

The Gilts allocation consists of 39 per cent in UK fixed interest government securities, 17 per cent overseas fixed interest government securities and 44 per cent in UK index-linked government securities.

The other bonds allocation consists of 80 per cent in UK corporate bonds and 20 per cent in overseas corporate bonds.

The majority of scheme assets have quoted prices in active markets. The proportion of assets held that do are; equities 47 per cent, government bonds 100 per cent, corporate bonds 96 per cent, cash and cash equivalents 100 per cent.

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The latest actuarial valuation of Vale of White Horse District Council's liabilities took place as at 31 March 2010. The principal assumptions used by the independent qualified actuaries in updating the latest valuation of the fund were:

Table 23j Principal actuarial assumptions		
2012/13		2013/14
	Long-term expected rate of return on assets in the scheme: (see note below)**	
6.3 per cent	Equity investments	
5.3 per cent	Property	
3.3 per cent	Government bonds	
4.6 per cent	Corporate bonds	
6.3 per cent	Alternative Assets	
3.0 per cent	Cash / other	
5.7 per cent	All assets	4.4 per cent
5.7 per cent	Total	4.4 per cent
2012/13 restated		2013/14
4.4 per cent	All assets	4.4 per cent
	Mortality assumptions:	
	Longevity at 65 for current pensioners:	
19.2yrs	• Men	23.2
23.2yrs	• Women	25.5
	Longevity at 65 for future pensioners:	
21.1yrs	• Men	25.4
25.1yrs	• Women	27.9
	Other assumptions	
3.3 per cent	Inflation – RPI	3.5 per cent
2.5 per cent	Inflation – CPI	2.7 per cent
1.4 per cent	Rate of general increase in salaries	4.5 per cent
2.5 per cent	Rate of increase to pensions	2.7 per cent
4.3 per cent	Discount rate	4.4 per cent

**For accounting years beginning on or after 1 January 2013, the expected return and the interest cost has been replaced with a single net interest cost, which effectively sets the expected return equal to the discount rate.

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases for men and women. In practice this is unlikely to be correct, and changes in some of the assumptions may be interrelated. The estimates in the sensitivity analysis have followed the accounting policies for then scheme, i.e. on an actuarial basis using the projected unit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Table 23k Sensitivity analysis		
	Increase in Assumption 2013/14 £000	Decrease in Assumption 2013/14 £000
Longevity (increase or decrease in 1 year)	2,703	(2,727)
Rate of increase in salaries (increase or decrease by 1 per cent)	96	(95)
Rate of increase in pensions and deferred revaluation (increase or decrease by 1 per cent)***	1,207	(1,187)
Rate for discounting scheme liabilities (increase or decrease by 1 per cent)	(1,261)	1,283

***The impact of changes to the inflation rate assumption is shown under "Adjustment to pension increases and deferred revaluation". Pensions increases and deferred revaluation are linked to inflation (CPI).

Impact on the council's cash flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible, at a reasonable cost to the scheme employers and taxpayers, whilst ensuring the overall solvency of the fund. There are no minimum funding requirements but contributions are generally set to target a funding level of 100 per cent. Funding levels are monitored regularly and the next triennial valuation is due to be completed on 31 March 2016.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales may not provide benefits in relation to service after 31 March 2014. The Act provides for scheme regulations to be made within a common framework, to establish new career average re-valued earnings schemes to pay pensions and other benefits.

The council anticipates paying £1,167,000 contributions to the scheme in 2014/2015.

24. External audit costs

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

In 2012/13 and 2013/14 external audit services were provided by Ernst & Young LLP.

2012/13 £000		2013/14 £000
62	Fees payable with regard to external audit services carried out by the appointed auditor for the year	59
0	Fees payable to external auditor in respect of statutory inspections	0
17	Fees payable to external auditor for the certification of grant claims and returns for the year	18
79	Total	77

25. Grant income

The council credited the following grants, contributions and donations to the CIES in 2013/14.

2012/13 £000		2013/14 £000
	Credited to taxation and non specific grant income	
4,961	Revenue support grant	3,112
998	New homes bonus	1,392
143	Council tax freeze grant	58
38	Developers contributions	435
577	Disability facilities grant	515
0	Efficiency Support for services in sparse areas section 31 grant	264
59	Flood alleviation grant	0
35	Capital contributions - other	26
6,811	Total	5,802
	Credited to services	
32,301	Housing benefit – subsidy	27,481
568	Housing benefit – admin	548
189	NDR collection allowance	188
101	New burdens	61
85	Homelessness prevention/rent guarantee	500
0	Partnership & community safety grant	35
14	Community right to challenge/bid	16
1	Neighbourhood planning	29
0	Transformation	250
155	High street innovator grant	0
0	Election funding	13
29	Other	0
33,443		29,121

26. Related parties

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

Related parties include:

Central government. Central government has effective control over the general operations of the council – it is responsible for providing the statutory framework, within which the council operates, provides a large proportion of its funding in the form of grants and prescribes the terms of many of the transactions that the council has with other parties (e.g. housing benefits). Grants received from government are shown in note 25 above.

Precepts. Precept transactions in relation to Oxfordshire County Council, Thames Valley Police Authority and the various town and parish councils, are shown within a note to the collection fund.

Members of the council. Councillors have direct control over the council's financial and operating policies. During the year no councillors have undertaken any declarable, material transactions with the council. Details of any transactions would be recorded in the

register of members' Interests, open to public inspection at the council's offices. This is in addition to a specific declaration obtained from all councillors in respect of related party transactions.

At publication, two councillors have declared that they are trustees of an organisation that received grant funding from the council, and one councillor declared an interest in an organisation (Abingdon Hydro) that is in land lease negotiations with the council.

As at publication two elected councillors had yet to return their declaration:

- Councillor Sue Marchant
- Councillor Aidan Melville

A check of the councillors' register of interests and any declarations made at committee(s) throughout year has shown that there are no declarations of interest made by either of these councillors.

Members represent the council on various organisations. Appointments are reviewed annually, unless a specific termination date for the term of office applies. None of these appointments places the member in a position to exert undue influence or control.

Officers of the council. The senior officers of the council have control over the day to day management of the council and all heads of service and management team members have been asked to declare any related party transactions. In 2013/14 nothing was declared.

Other organisations. The council awards grants to support a number of voluntary or charitable bodies and individuals. It does not attempt to exert control through this.

27. Capital expenditure and capital financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases), 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 council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the council that has yet to be financed.

2012/13 £000		2013/14 £000
(22)	Opening capital financing requirement	0
22	Opening balance adjustment	0
	Capital investment:	
263	Property, plant and equipment	1,108
0	Investment properties	0
41	Intangible assets	41
1,013	REFCUS and deferred charges	1,457
	Sources of finance:	
(725)	Capital receipts	(1,648)
(592)	Government grants and other contributions	(958)
	Sums set aside from revenue:	
0	Direct revenue contributions	0
0	Closing capital financing requirement	0
(22)	Increase/(decrease) in capital financing requirement	0

In addition to the capital spend above, £0.095 million of expenditure was incurred on equity loans. This was financed from capital receipts and is an addition to both the council's long term debtors and deferred capital receipts.

28. Leases

Council as lessee

Finance leases – the council has no finance leases.

Operating leases – the council uses operating leases on a limited basis for APC toilets printers and photocopiers.

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

Table 28a Minimum lease payments		
31 March 2013 £000		31 March 2014 £000
61	Not later than one year	13
25	Later than one year and not later than five years	0
0	Later than five years	0

The expenditure charged to economy, leisure and property in the comprehensive income and expenditure statement during the year in relation to these leases was:

Table 28b Expenditure charged to CIES		
2012/13 £000		2013/14 £000
61	Minimum lease payments	50
0	Contingent rents	0
61	Total	0

Council as lessor

Finance leases - In July 2012 the council leased out the Abbey Shopping Centre, Abingdon to Scottish Widows Investment Partnership (SWIP) on a 250 year finance lease. The council 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 council in future years whilst the debtor remains outstanding. The gross investment is made up of the following amounts:

Table 28c interest in finance lease		
	2012/13 £000	2013/14 £000
Finance lease debtor (net present value of minimum lease payments):		
Current	0	0
Non-current	2,720	2,691
Unearned finance income	46,185	46,185
Unguaranteed residual value of property	0	0
Gross investment in the lease	48,905	48,876

The gross investment in the lease and the minimum lease payments will be received over the following periods:

Table 28d Minimum finance lease payments				
	Gross investment in the lease		Minimum lease payments	
	2012/13 £000	2013/14 £000	2012/13 £000	2013/14 £000
Not later than 1 year	29	31	201	201
Later than 1 year and not later than 5 years	65	33	787	983
Later than 5 years	2,626	2,627	45,197	45,001
	2,720	2,691	46,185	46,185

Operating leases – the council leases out property and equipment under operating leases for the following purposes:

- for economic development purposes to provide suitable affordable accommodation for local business, and
- for the provision of community services, such as sports facilities and community centres.

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

Table 28e Future minimum lease payments receivable		
31 March 2013 £000		31 March 2014 £000
1,692	Not later than one year	1,193
5,961	Later than one year and not later than five years	2,785
52,866	Later than five years	2,536

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2013/14, no contingent rents were receivable by the council (2012/13 nil also).

29. Contingent liabilities

At 31 March 2014, the council had identified the following contingent liabilities:

- One of the council's leisure services contractors is pursuing the council for a shortfall in pensions paid to OCC of c.£160,000 which came about when the leisure centres were contracted out. The contractor argues that the liability for the shortfall falls on the council as it relates to unforeseen costs. The legal opinion of the council is that the liability falls to the contractor as the current employer, however, there is a possibility that the liability would still fall on the council (as guarantor) if the contractor defaulted on its payments.
- A group of Property Search Companies are seeking to claim refunds of fees paid to the Council for access to local land charges data. Proceedings have not yet been issued. The Council has been informed that the value of those claims at present is £98,169

plus interest and costs. The claimants have also intimated that they may bring a claim against all English and Welsh local authorities for alleged anti-competitive behaviour. It is not clear what the value of any such claim would be as against the Council. It is also possible that additional claimants may come forward to submit claims for refunds, but none have been initiated at present.

- As part of the provision of affordable housing in Abingdon, it may become necessary for the council to make a contribution towards costs arising from a proposed replacement vehicular access, which would serve existing properties and a proposed affordable housing scheme. The details and timing of the proposed works were not known at the time of publication of these accounts, so it was not possible to quantify the council's liability for such costs.
- Compensation Claims for injury and or damage. The majority of claims for compensation are individually immaterial. They relate to personal injuries sustained where the Authority is alleged to be at fault (for example, through a failure to repair a pavement properly). Provision has not been made for such claims as the authority's liability is limited to the individual excess on the policy, which in most cases is £5,000. Until claims are settled by the authority's insurers, the cost of the excess cannot be recognised. It is also considered that collectively the sum of these claims in any one year is not material.

30. Contingent assets

At 31 March 2014, the council had no contingent assets.

31. Nature and extent of risks arising from financial instruments

The council's activities expose it to a variety of risks. The main risks are:

- **Credit risk** - the possibility that other parties might fail to pay amounts due to the council;
- **Liquidity risk** - the possibility that the council might not have funds available to meet its commitments to make payments;
- **Re-financing risk** - the possibility that the council might be required to renew a financial instrument on maturity at disadvantageous interest rates or terms;
- **Market risk** - the possibility that financial loss might arise for the council as a result of changes in such measures as interest rates and stock market movements.

The council's overall risk management procedures focus on the unpredictability of financial markets, and seek to minimise potential adverse effects on the resources available to fund services.

The central treasury team carry out the procedure for risk management which are set out in the approved policies which cover specific areas such as interest rate risk, credit risk and the investment of surplus cash. The procedures are set out through a legal framework based on the Local Government Act 2003 and associated regulations. These require the council to comply with the CIPFA prudential code, the CIPFA code of practice on treasury management in the public services and investment guidance issued through the Act.

Credit risk

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

The 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 and Moody's and Standard & Poors credit ratings services. The Strategy also sets out the maximum amounts and time limits to be invested with a financial institution within each category.

The credit criteria in respect of financial assets held by the authority are as detailed as follows:

Table 31a Credit criteria					
Financial Asset Category	Minimum Fitch Rating (or equivalent)		Asset Base	Limit per Counterparty	Maturity Limit
	Short Term	Long Term			
Banks with a minimum rating of	F1+	AA-		£10.0m	5 years
	F1	A-		£7.5m	1 year
	F2	BBB		£5.0m	1 year
Banks – part nationalised	n/a	n/a		£15.0m	3 years
Banks – eligible institutions	n/a	n/a		£5.0m	2 years
Banks – house bank	n/a	n/a		£5.0m	3 months
Building Societies with assets greater than	n/a	n/a	£5,000m	£5.0m	12 months
	n/a	n/a	£1,000	£3.5m	10 months
	n/a	n/a	£500m	£2.5m	9 months
	n/a	n/a	£250m	£2.0m	6 months
Money Market Funds		AAA		£20.0m	Liquid
UK Local Authorities	n/a	n/a		£20.0m	25 years
Corporate Bonds		AA-		£5.0m	Variable
UK Govt. Gilts	UK sovereign			Unlimited	25 years
UK Govt. DMADF	UK sovereign			Unlimited	6 months
Pooled property funds	n/a	n/a		£3.0m	Variable
Supranationals		AAA		£10.0m	10 years
Share capital/Equities	n/a	n/a		£3.0m	Variable
Managed Bond Funds	n/a	n/a		£15.0m	Variable

The full annual investment strategy for 2013/14 was approved by full council on 20 February 2013 and is available on the council's website.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the council.

The councils maximum exposure to credit risk in relation to its investments in banks and building societies cannot be assessed generally as the risk of any institution failing to repay the principal sum will be specific to each institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of non-recoverability applies to all the councils' deposits but there was no evidence at 31 March 2014 that this was likely to crystallise.

The credit limits were not exceeded during the reporting period and the council does not expect any losses from non-performance by any of its counterparties in relation to deposits and bonds, except the deposit made with Landsbanki, which is reported in detail in note 16.

The council does not generally allow credit for its customers. A provision is made for bad debt based on the debtors' information at the year end. The 'past due' amount is analysed below. During the reporting period the council held no collateral as security.

Table 31b below analyses the short-term debt figure by age.

Table 31b Short term debtors aged debt analysis	Total £000
Less than three months	4,317
Three months to six months	275
Six months to one year	3,236
Over one year	63
Total	7,891

Statutory debts are included in the figures above to enable comparison with the short term debtors total as shown in the balance sheet and in note 14.

Liquidity risk

The council manages its liquidity position through the risk management procedures set out in the treasury management strategy, as well as comprehensive cash management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the council is able to access borrowing from the money markets and the Public Works Loans Board.

The council is required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. Therefore there is no significant risk that the council will be unable to raise finance to meet its commitments under financial instruments.

The council has only short term debt and therefore is not exposed to refinancing risk of loans at this time. All trade and other payables are due to be paid in less than one year.

Refinancing and maturity risk

The council maintains a reasonably small investment portfolio. There is a longer-term risk to the council which relates to managing the exposure to replacing financial instruments as they mature.

The approved treasury indicator limits placed on investments for over one year in duration are used to manage this risk. The council approved treasury and investment strategies address the main risks and the central treasury team manage the operational risks within the approved limits. This includes monitoring the maturity profile of investments to ensure sufficient liquidity is available for the council's day to day cash flow needs, and the spread of longer term investments provide stability of maturities in relation to longer term cash flow needs.

The council has no longer term financial liabilities. The maturity analysis of financial assets, excluding sums due from customers is as follows:

Table 31c Refinancing & maturity risk		
31 March 2013 £000		31 March 2014 £000
22,540	Less than one year	15,550
22,540	Total	15,550

Market risk

a) Interest rate risk. The council is exposed to some risk in terms of its exposure to interest rate movements on its investments. Movements in interest rates have a complex impact on the council, depending on how variable and fixed interest rates move across differing financial instrument periods. A rise in interest rates would have the following effects:

- investments at variable rates – the interest income credited to the surplus or deficit on the provision of services 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 CIES.

The council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together council's prudential and treasury indicators and its expected treasury operations, including forecast interest rate movements.

According to this assessment strategy, at 31 March 2014, if interest rates had been one per cent higher with all other variables held constant, the financial effect would be:

Table 31d Interest rate risk		
2012/13 £000		2013/14 £000
(105)	Increase in interest receivable on variable rate investments	(20)
(105)	Impact on surplus or deficit on the provisions of services	(20)
15	Decrease in fair value of fixed rate investment assets	0
	Impact on other CIES	0
15	Impact on Other Comprehensive Income & Expenditure	0

The impact of a one per cent fall in interest rates would be as above but with the movements being reversed.

b) Price risk

The council, excluding the pension fund, holds an investment in a pooled property fund with shares to the value of £2.0 million. Whilst this investment holding is generally for interest earning potential, the council is exposed to losses and gains arising from the movement in prices of the shares held.

The shares are classified as available-for-sale financial assets. This means that all movements in price will impact on gains and losses recognised in the available for sale financial instruments reserve.

A movement of five per cent in the price of shares (positive or negative) would result in a £0.1 million gain or loss being recognised in the available for sale financial instruments reserve.

The council is not in a position to limit its exposure to price movements by further diversifying its portfolio.

c) Foreign exchange risk

The council has no financial assets or liabilities denominated in foreign currencies and it therefore has no exposure to loss arising from movements in exchange rates (but see below).

d) Foreign exchange risk in relation to Icelandic Deposits

The council has a foreign exchange exposure resulting from an element of the settlement received from Landsbanki. This is being held in Icelandic Kroner (ISK), in an escrow account and is currently earning interest of 4.17 per cent. This element of the distribution has been retained in Iceland due to currency controls currently operating in Iceland and is not as a result of a treasury investment decision. As a result this is subject to exchange rate risk, over which the council has no control.

32. Prior period adjustments and changes in accounting policy

Prior period adjustments have been made to the council's 2012/13 published financial statements in relation to changes in the international accounting standard IAS19 Employee Benefits which have resulted in revisions to the accounting treatment of employee benefits, for financial years starting on or after 1 January 2013. There is no impact on the balance sheet. The appropriate primary statements and supporting notes have a 'restated' column as necessary. The main changes are as follows:

- **Expected Return on Assets.** This is in relation to the return on pension scheme assets such as those held by Oxfordshire County Council Local Government Pension Fund. Advance credit for anticipated outperformance of return seeking assets (such as equities) is no longer permitted by IAS19. This has been replaced with an equivalent figure calculated using a discount rate (as opposed to using a figure calculated using expected return on assets assumptions).
- **Asset Disclosures.** IAS19 requires a much more detailed breakdown of the pension fund assets. The values of the assets, broken down into different classes that distinguish between the nature and risk now need to be disclosed. A further breakdown is also needed showing those assets which have a quoted market price and those which do not. The disclosure included in the Council's 2012/13 published financial statements only showed the main categories of equities, bonds, property and cash as required. As a result of the change some of these categories are split further.
- **Disclosure Presentation.** In order to be consistent with the new requirements of IAS19 the disclosures in relation to the Council's defined benefit pension scheme have changed from those published in 2012/13. By making these changes to the accounting standard, it is intended that the presentation of the information is easier for the user to understand (see note 23)

Collection fund account

2012/13 £000		2013/14 £000	2013/14 £000	2013/14 £000	Notes
		Council tax	NDR	Total	
	INCOME				
(69,132)	Council tax payers	(72,033)	0	(72,033)	
	Transfers from general fund:				
(5,534)	- council tax benefits	0	0	0	
(56,305)	- Income from business ratepayers	0	(52,561)	(52,561)	
(1)	- Council tax reduction scheme grant	(1)	0	(1)	
(130,972)		(72,034)	(52,561)	(124,595)	
	EXPENDITURE				
74,932	Precepts and demands:				
	- Oxfordshire County Council	55,445	0	55,445	
	- Police and Crime Commissioner	7,365	0	7,365	
56,117	- Vale of White Horse District Council	8,331	0	8,331	
	Business rates:				
	- Payment to National Pool	0	0	0	
	- Payments to Government	0	27,216	27,216	
188	- Payments to Oxfordshire County Council	0	5,443	5,443	
158	- Payments to VWHDC	0	21,772	21,772	
	- Cost of collection	0	189	189	
	Bad and doubtful debts:				
	- Provision for bad debts	177	55	232	3
	- Provision for appeals	0	5,861	5,861	3
131,395		71,318	60,536	131,854	
423	(Surplus)/deficit for the year	(716)	7,975	7,259	
	COLLECTION FUND BALANCE				
(1,672)	Balance brought forward 1 April	(1,249)	0	(1,249)	
423	(Surplus)/deficit for year, as above	(716)	7,975	7,259	
(1,249)	Balance carried forward 31 March	(1,965)	7,975	6,010	
	Allocated to:				
	- Government	0	3,988	3,988	
(972)	- Oxfordshire County Council	(1,532)	797	(735)	
(129)	- Police and Crime Commissioner	(203)	0	(203)	
(148)	- Vale of White Horse District Council	(230)	3,190	2,960	
(1,249)		(1,965)	7,975	6,010	

Notes to the collection fund account

1. Business rates (Non Domestic Rates)

Business rates are based on the rateable value of a property multiplied by a nationally determined rate (multiplier). The total amount collected by the council is paid into the national pool managed by central government. Each council then receives a redistributed amount from the pool based on an amount per head of population.

		£
NDR rateable value as at 1 April 2013		150,954,095
NDR rateable value as at 31 March 2014		149,925,325
National multipliers:	2012/13	2013/14
Small business non-domestic rating multiplier	45.0p	46.2p
Non-domestic rating multiplier	45.8p	47.1p

2. Council tax base calculation

Council tax income is derived from charges according to the value of residential properties. Properties are classified into eight valuation bands. The council, as billing authority, calculates its tax base in accordance with governance regulations. The number of properties shown in the table below reflects the various discounts and exemptions allowed and a weighting is applied to calculate the equivalent band D dwellings. The tax base calculation is as follows:

Band	Number of properties	Band multiplier	Band D equivalent
A	1,524	6/9	1,016
B	5,350	7/9	4,161
C	15,335	8/9	13,631
D	11,496	9/9	11,496
E	8,703	11/9	10,637
F	4,830	13/9	6,977
G	3,817	15/9	6,362
H	410	18/9	820
	51,465		55,100
Discounts and exemptions			(9,371)
Class O exempt properties			1,150
Sub total			46,879
Assumed losses on collection			(915)
Council tax base			45,964

3. Council tax/NDR bad debt provision and NDR provision for valuation appeals

The collection fund account provides for bad debts on arrears on the basis of prior years experience.

2012/13 £000	Council tax	2013/14 £000
(1,211)	Balance at 1 April	(1,349)
20	(Write back)/write off of debt during year	106
(158)	Net increase in provision	(177)
(1,349)	Balance 31 March	(1,420)

The council's proportion of these write offs and movement in provision are shown below.

2012/13 £000	Council tax	2013/14 £000
(143)	Balance at 1 April	(158)
2	(Write back)/write off of debt during year	12
(17)	Net increase in provision	(18)
(158)	Balance 31 March	(164)

The collection fund account also provides for bad debt on NDR arrears.

2012/13 £000	NDR	2013/14 £000
(722)	Balance at 1 April	(686)
694	(Write back)/write off of debt during year	180
(658)	Net decrease in provision	(55)
(686)	Balance 31 March	(561)

The council's proportion of these write offs and movement in provision are shown below.

2012/13 £000	NDR	2013/14 £000
(289)	Balance at 1 April	(274)
278	(Write back)/write off of debt during year	72
(263)	Net decrease in provision	(22)
(274)	Balance 31 March	(224)

The collection fund account also provides for provision for appeals against the rateable valuation set by the Valuation Office Agency not settled as at 31 March 2014. This is the first year of the provision.

2012/13 £000	NDR	2013/14 £000
0	Balance at 1 April	0
0	(Write back)/write off of debt during year	0
0	Net increase in provision	5,861
0	Balance 31 March	5,861

The council's proportion of this provision is shown below.

2012/13 £000	NDR	2013/14 £000
0	Balance at 1 April	0
0	(Write back)/write off of debt during year	0
0	Net increase in provision	2,344
0	Balance 31 March	2,344

Statement of accounting policies

(i) General principles

The statement of accounts summarises the council's transactions for the 2013/14 financial year and its position at the year-end of 31 March 2014. The council is required to prepare an annual statement of accounts by 3 July 2014 and for the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Council Accounting in the United Kingdom 2013/14 and the Service Reporting Code of Practice 2013/14, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the Accounts and Audit Regulations 2003 Act.

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.

(ii) Accruals of income and expenditure

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

- revenue from the sale of goods is recognised when the council 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 council;
- revenue from the provision of services is recognised when the council 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 council;
- 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 (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made;
- interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract; and
- 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.

(iii) 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 defined as follows:

- cash and cash equivalents shall include bank overdrafts that are an integral part of the council's cash management;
- cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment purposes;
- investments that can be liquidated or accessed within 30 days i.e. money market funds, call accounts and deposit accounts with a notice period of 30 days or less.

Equity investments are excluded from the definition.

(iv) Exceptional items

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

(v) 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, i.e. 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 council'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 had always been applied.

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

(vi) Charges to revenue for non-current assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding fixed 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; and
- amortisation of intangible fixed assets attributable to the service.

The council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing required. As at 31 March 2014 this council has no borrowing requirement, so this contribution is not required. Depreciation, revaluation and impairment losses and amortisations are replaced by the contribution in the general fund balance, by way of an adjusting transaction with the capital adjustment account in the MiRS.

(vii) 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. They are recognised as an expense for services in the year in which employees render service to the council. An accrual is made for the cost of holiday entitlements and additional hours earned by employees but not taken as time off before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to surplus or deficit on the provision of services, but then reversed out through the movement in reserves statement so that holiday benefits are charged to revenue.

Termination benefits

Termination benefits are amounts payable either as a result of a decision by the council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. Such benefits are charged on an accruals basis to the non distributed costs line in the CIES when the council is demonstrably committed to the termination of the employment of an officer or group of officers or to making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the general fund balance to be charged with the amount payable by the council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the MiRS, 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.

The Local Government Pension Scheme (LGPS)

The LGPS is accounted for as a defined benefits scheme:

- The liabilities of the Oxfordshire County Council pension fund attributable to the council are included in the balance sheet on an actuarial basis using the projected unit method - i.e. 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 of 4.4 per cent based on the yield at the 17 year point on the Merrill Lynch AA rated corporate bond curve;

- The assets of Oxfordshire County Council pension fund attributable to the council are included in the balance sheet at their fair value:
 - Quoted securities - current bid price
 - Unquoted securities - professional estimate
 - Unitised securities - current bid price
 - Property - market value.

- The change in the net pensions liability is analysed into five components:
 - Service cost comprising:
 - current service cost - the increase in liabilities as a result of years of service earned this year - allocated in the CIES to the services for which the employees worked.
 - past service cost - the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years - debited to the surplus or deficit on the provision of services in the CIES as part of non distributed costs.
 - net interest on the net defined benefit liability (NDBL), i.e. net interest for the council – the change during the period in the net defined benefit liability that arises from the passage of time charged to the CIES – 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 at the beginning of the period – taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.

 - Re-measurements comprising:
 - the return on scheme assets – excluding amounts included in the NDBL – charged to the pensions reserve as other
 - 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 reserves as other CIES.

In relation to retirement benefits, statutory provisions require the general fund balance to be charged with the amount payable by the council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the MIRS 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 such 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 council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the LGPS.

(viii) Events after the balance sheet date

Events after the balance sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the statement of accounts is authorised for issue. Two types of events 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; and
- 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.

(ix) Financial instruments

Financial liabilities

Financial liabilities are recognised on the balance sheet when the council 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 income and expenditure account for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The only financial liabilities the council has are trade creditors.

The council currently has no short or long term borrowing. No council bonds have been issued to bond holders.

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; and
- 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 council 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 financing and investment income and expenditure line in the CIES 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 council 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 CIES is the amount receivable for the year in the loan agreement.

However, if the council has made loans to voluntary organisations at less than market rates (soft loans), then a loss is recorded in the CIES (debited to the appropriate service)

for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the financing and investment income and expenditure line in the CIES at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the balance sheet.

Statutory provisions require that the impact of soft loans on the general fund balance is the interest receivable for the financial year - however, the loss attributable to a loan of less than £20,000 is considered to not be material and at the current date the council has no material loans.

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 CIES. 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. This figure is shown in the accounts for trade debtors as a provision for bad and doubtful debts. This provision is recalculated annually by applying an estimate of the proportion of debt in each category that is unlikely to be collectable based on past experience. Debts which are known to be un-collectable are written off.

Any gains and losses that arise on the de-recognition of an asset are credited or debited to the financing and investment income and expenditure line in the CIES.

Available-for-sale assets are recognised on the balance sheet when the council 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 CIES 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 (e.g. dividends) is credited to the CIES when it becomes receivable by the council.

Assets are maintained in the balance sheet at fair value. Values are based on the following principles:

- instruments with quoted market prices - the market bid price;
- other instruments with fixed and determinable payments - discounted cash flow analysis; and
- equity shares with no quoted market prices - independent appraisal of company valuations.

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 CIES, along with any net gain or loss for the asset accumulated in the available-for-sale financial instrument 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 CIES. If the asset has fixed or determinable payments, 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. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

Any gains and losses that arise on the de-recognition of the asset are credited or debited to the financing and investment income and expenditure line in the CIES, along with any accumulated gains or losses previously recognised in the available-for-sale reserve.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

(x) Foreign currency translation

The council makes a number of small purchases in foreign currency. However the transaction is made at the current prevailing exchange rate, the goods or services are received immediately and, therefore, there are no gains or losses as a result of variances in the exchange rate, required to be recorded.

(xi) 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 council when there is reasonable assurance that:

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

Amounts recognised as due to the council are not credited to the CIES until conditions, attached to the grant or the contribution, have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified. If this is not the case then future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the balance sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or taxation and non-specific grant income (non-ring fenced revenue grants and all capital grants) in the CIES.

Where capital grants are credited to the CIES, they are reversed out of the general fund balance in the MIRS. Where the grant has yet to be used to finance capital expenditure, it is posted to the capital grants unapplied reserve. When it has been applied, it is posted to the capital adjustment account. Amounts in the capital grants unapplied reserve are transferred to the capital adjustment account once they have been applied to fund capital expenditure.

(xii) Heritage Assets

Heritage assets are a separate class of asset and represent assets held principally for their contribution to knowledge or culture. Heritage assets will be carried at valuation or, in certain circumstances, cost. The nature of the assets concerned will determine the most suitable basis for initial measurement and the depreciation basis to adopt.

The carrying amounts of heritage assets will be reviewed where there is evidence of impairment and any impairment recognised and measured in accordance with the Council's general policies on impairment. Disposals will be accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds will be disclosed separately in the notes to the financial statements and accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

For the purposes of preparing the Statement of Accounts each service area was contacted and asked to disclose the existence of any relevant heritage assets. In 2012/13 no such assets were reported. In 2013/14 the council's Arts Officer identified four artworks as relevant for inclusion, with an aggregate estimated market value of £157,000.

There is no depreciation charged on heritage assets because it is estimated that the assets have a useful life of such length that any depreciation charge on the asset will be negligible.

(xiii) Intangible assets

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

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 council 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).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the council's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the council can be determined by reference to an active market. In practice, no intangible asset held by the council 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 CIES. 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 CIES. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the other operating expenditure line in the CIES.

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 MIRS and posted to the capital adjustment account and the capital receipts reserve.

(xiv) Interests in companies and other entities – jointly controlled operations and jointly controlled assets

The council has no material interests in other companies or entities that have the nature of subsidiaries, associates or jointly controlled entities and there is therefore no requirement to prepare group accounts.

Jointly controlled operations are classified as activities undertaken by the council in conjunction with other venturers that involve the use of the assets and resources of the venturers rather than the establishment of a separate entity. They are items of property, plant or equipment that are jointly controlled by the council and other venturers, with the assets being used to obtain benefits for the venturers. Whilst the council has entered into joint arrangements on the provision of services with South Oxfordshire District Council, none of the assets of that council can be said to be under joint control of the two councils.

(xv) Inventories and long term contracts

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

Long term contracts are accounted for on the basis of charging the CIES with the value of works and services received under the contract during the financial year.

(xvi) 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 of services 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 CIES. 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. However, 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 the capital receipts reserve.

(xvii) 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 payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

In 2009/10 the council adopted the requirements of the IFRS Interpretations Committee Update 12 (IFRIC 12), which concerns “service concession arrangements”. Under the requirements of IFRIC 12, it is possible that the assets of contractors providing services on behalf of councils may need to be brought onto the balance sheets of councils where those assets are used primarily or solely on activities on behalf of those councils as, in accounting terms, those councils are effectively leasing the assets from the contractor. A review of this council’s contracts has determined that no assets need to be brought on to the balance sheet.

The council 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 council 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 CIES).

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

The council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the general fund balance, by way of an adjusting transaction with the capital adjustment account in the movement in reserves statement for the difference between the two.

Operating leases

Rentals paid under operating leases are charged to the CIES as an expense of the services benefiting from use of the leased property, plant or equipment.

The council as lessor

Finance leases

Where the council 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 CIES as part of the gain or loss on disposal. A gain, representing the council's net investment in the lease, is credited to the same line in the CIES also as part of the gain or loss on disposal (i.e. 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 - 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 CIES).

The gain credited to the CIES on disposal is not permitted by statute to increase the general fund balance and 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 payment of rentals in future financial years, this is posted out of the general fund balance to the deferred capital receipts reserve in the movement in reserves statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the capital receipts reserve.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the capital adjustment account from the general fund balance in the movement in reserves statement.

Operating leases

Where the council 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 a creditor to the other operating expenditure line in the CIES.

(xviii) 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 principles of the CIPFA Service Reporting Code of Practice 2013/14. The total absorption costing principle is used - the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and democratic core - costs relating to the council's status as a multi-functional, democratic organisation;
- Non distributed costs - the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on assets held for sale.

These two cost categories are defined in the service reporting code of practice 2013/14 and accounted for as separate headings in the CIES as part of net expenditure on continuing services.

(xix) 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 council 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 (i.e. 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 council would not capitalise borrowing costs if required to be incurred for assets 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 (i.e. it will not lead to a variation in the cash flows of the council). 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 council.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the taxation and non-specific grant income line of the CIES, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the donated assets account. Where gains are credited to the CIES, 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:

- Infrastructure, 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.

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

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis 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 CIES 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 of 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 the balance on the revaluation reserve is less than the decrease in value the carrying amount of the asset is written down firstly against the balance on the revaluation reserve and the remaining balance against the relevant service line(s) in the CIES;
- where there is no balance in the revaluation reserve the carrying amount of the asset is written down straight to the relevant service line(s) in the CIES.

When assets are formally revalued, the accumulated depreciation and impairment balances are written down. 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

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 that balance (up to the amount of the accumulated gains);
- Where the balance on the revaluation reserve is less than the impairment the carrying amount of the asset is written down firstly against the balance on the revaluation reserve and the remaining balance against the relevant service line(s) in the CIES;
- Where there is no balance in the revaluation reserve the carrying amount of the asset is written down straight to the relevant service line(s) in the CIES.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the CIES, 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 useful 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 the following bases:

- Buildings and infrastructure assets – straight line allocation over the useful life of the property as estimated by the valuer;
- Vehicles, plant, furniture and equipment – on a straight line basis, generally over useful life of the asset.

More detail on depreciation rates for asset categories is included in note 12 to the accounts.

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 CIES. Gains in fair value are recognised only up to the amount of any previous loss 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 CIES also as part of the gain or loss on disposal (i.e. 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 are categorised as capital receipts. Receipts are appropriated to the reserve from the general fund balance in the movement in reserves statement.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts

are appropriated to the capital adjustment account from the general fund balance in the movement in reserves statement.

(xx) Provisions, contingent liabilities and contingent assets

Provisions

Provisions are made where an event has taken place that gives the council 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.

Provisions are charged as an expense to the appropriate service line in the CIES in the year that the council 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.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the council settles the obligation.

Contingent liabilities

A contingent liability arises where an event has taken place that gives the council 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 council. 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 gives the council 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 council.

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.

(xxi) Reserves

The council 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

CIES. The reserve is then appropriated back into the general fund balance in the MIRS 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 council - these reserves are explained in the relevant note.

(xxii) Revenue expenditure funded from capital under statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the CIES in the year. Where the council has determined to meet the cost of this expenditure from existing capital resources, a transfer in the MIRS from the general fund balance to the capital adjustment account then reverses out the amounts charged so that there is no impact on the level of council tax.

(xxiii) Value Added 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.

Glossary of terms

Accounting policies – those principles, bases, conventions rules and practices applied by an entity that specify how the effects of transactions and other events are to be reflected in its financial statements through:

- recognising
- selecting measurement bases for, and
- presenting.

assets, liabilities, gains, losses and changes to reserves.

Accounting policies do not include estimation techniques.

Accounting policies define the process whereby transactions and other events are reflected in the financial statements. For example, an accounting policy for a particular type of expenditure may specify whether an asset or a loss is to be recognised; the basis on which it is to be measured; and where in the revenue account or balance sheet it is to be presented.

Accrual – a fundamental accounting principle is that income and expenditure should be accounted for in the period to which it relates, irrespective of the date of settlement. An accrual is a sum included in the accounts to cover income or expenditure attributable to goods or services received within the accounting period but for which payment has not been received or made.

Actuarial gains and losses – changes in the net pension liability that arises because events have not coincided with assumptions. Not charged to revenue.

Agency – the provision of services by one organisation on behalf of another organisation. The organisation directly providing the services is reimbursed by the responsible organisation.

Amortisation – the planned writing-down of the value of an asset (tangible or intangible) over its limited useful life.

Asset – the creation or purchase of an item/building that has a monetary value. Those assets of the council which are readily marketable are valued at market value. Those which have a specialised use, such as leisure centres, are valued at depreciated replacement cost, which assesses the cost of providing a similar facility as a replacement but also allows a discount for the age of the asset. Plant, equipment and community assets are valued at historic cost.

Asset register – a register listing the book values of all the Council's non-current fixed assets, both tangible and intangible.

Balance sheet – the balance sheet is a statement of the assets and liabilities at the end of the accounting period. It is a “snapshot” of the accounts at a single point in time.

Capital Adjustment Account - accumulates (on the debit side) the write-down of the historical cost of fixed assets as they are consumed by depreciation and impairments or written off on disposal. It accumulates (on the credit side) the resources that have been set aside to finance capital expenditure. The same process applies to capital expenditure that is only capital by statutory definition (deferred charges). The balance on the account thus represents timing differences between the amount of the historical cost of fixed assets that

has been consumed and the amount that has been financed in accordance with statutory requirements.

Capital expenditure – expenditure on the acquisition of a fixed asset or expenditure which adds to and not merely maintains the value of an existing fixed asset.

Capital financing – assembling the money to pay for capital expenditure. The majority of the resources necessary to finance this council's capital programme is capital receipts. Other significant sources are government grants and contributions from developers. Also available are revenue monies and borrowing. The council does not currently borrow to finance capital expenditure.

Capital receipts – proceeds from the sale of an asset, e.g. land, buildings, equipment, vehicles.

Central administration charges – central administration charges are an allocation of the net cost of the administrative and professional departments that support all of an authority's services, e.g. finance, personnel.

Central support services – the costs of providing those central functions which are concerned with the whole range of services and undertakings of the council and are not in the main identifiable with any particular service, e.g. the cost of office accommodation.

Code of Practice – the CIPFA Code of Practice for Local Authority accounting developed as part of the accounting standards to be followed in compiling this statement of accounts.

Collection fund – a fund maintained by collecting authorities into which is paid council taxes, NDR, and community charges. The fund then meets the requirements of the county, district and parish councils, the Police and Crime Commissioner for the Thames Valley and central government (NDR only).

Community assets – assets that the council intends to hold in perpetuity, that have no determinable useful life, and that may have restrictions on their disposal. Examples of community assets are parks and historical buildings.

Consistency – the principle that the accounting treatment of like items within an accounting period and from one period to the next is the same.

Contingency - is money set aside in the budget to meet the cost of unforeseen items of expenditure, or shortfalls in income, and to provide for inflation where this is not included in individual budgets.

Contingent asset – a contingent asset is a potential asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the council's control.

Contingent liability – a contingent liability is either:

a possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the authority's control;
or

a present obligation arising from past events where it is not possible to measure the amount of obligation with sufficient reliability.

Council tax – a charge levied by all councils on domestic property values to contribute to the cost of providing local services. Council tax for the county council, the local police crime commissioner and local parishes is collected by this council and paid over to them throughout the year.

Council Tax Benefit - is the assistance provided by billing authorities to adults on low incomes to help them pay their council tax bill. The cost to authorities of council tax benefit is largely met by government grant in 2013/14.

Council Tax Requirement - is the estimated revenue expenditure on General Fund services that needed to be financed from the Council Tax after deducting income from fees and charges, certain specific grants and any funding from reserves.

Creditor – the amount owed by the council for work done, goods received or services rendered to the council within the accounting period but for which payment has not been made at the date of the balance sheet.

Current asset – an asset where the value changes on a frequent basis e.g. stores, cash, debtors (as distinct from a fixed asset such as land and buildings).

Current liability – an amount which will become payable or for which payment could be requested within the next accounting period, e.g. creditors, bank overdrafts, short term loans.

Current service costs (pensions) – the increase in pension liabilities as a result of years of service earned this year. Allocated to the revenue accounts of services for which the employees worked.

Debtor – an amount due to the council within the accounting period but not received at the date of the balance sheet.

Deferred Capital Receipts - capital income still to be received after disposals have taken place.

Defined benefit pension scheme – a pension or other retirement benefit scheme where the scheme rules define the benefits independently of the contributions payable and the benefits are not directly related to the investments of the scheme.

Defined contribution pension scheme – a pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Depreciation – the measure of the cost or revalued amount of the benefits of the fixed asset that have been consumed during the period. Consumption includes the wearing out, using up or other reduction in the useful life of a fixed asset whether arising from use, passage of time or obsolescence through either changes in technology, legislation or demand for goods and service produced by the asset.

Direct revenue financing – the financing of capital expenditure from the current year's revenue account.

Earmarked Reserves - The Council holds a number of reserves earmarked to be used to meet specific, known or predicted future expenditure.

Events after the balance sheet date – events after the balance sheet date are those events, favourable and unfavourable, that occur between the balance sheet date (normally 31 March) and the date when the statement of accounts is authorised for issue – also referred to as **Post Balance Sheet Events (PBSE)**. These may be classed as ‘adjusting’ or ‘non-adjusting’.

Exceptional items – material items which derive from events of transactions that fall within the ordinary activities of the authority and which need to be disclosed separately by virtue of their size or incidence to give a true and fair presentation of the accounts.

External audit - The independent examination of the activities and accounts of Local Authorities to ensure the accounts have been prepared in accordance with legislative requirements and proper practices and to ensure the Council has made proper arrangements to secure value for money in its use of resources.

Extraordinary items – material items, possessing a high degree of abnormality, which derive from events of transactions that fall outside the ordinary activities of the authority and which are not expected to recur. They do not include exceptional items, nor do they include prior period items merely because they relate to a prior period.

Fair value – the fair value of an asset is the price at which it could be exchanged in an arms-length transaction less, where applicable, any grants receivable towards the purchase or use of the asset.

Finance lease – this is a lease, usually of land or buildings, which is treated as capital borrowing and for which transfers substantially all of the risks and rewards of ownership of the asset to the lessee; or where the residual interest in the asset transfers to the lessee on completion of the lease term.

Financial instrument – a financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term ‘financial instrument’ covers both financial assets and financial liabilities and includes both the most straightforward financial assets and liabilities such as trade receivables and trade payables and the most complex ones such as derivatives and embedded derivatives.

Financial regulations - These are the written code of procedures approved by the Council, intended to provide a framework for proper financial management. Financial regulations usually set out rules on accounting, audit, administrative and budgeting procedures.

Financial Reporting Standard (FRS) – accounting practice recommended by the Accounting Standards Board (ASB) for adoption in the preparation of accounts by applicable bodies (see also **SSAP**).

Fixed asset – fixed assets are assets of the council that continue to have value and benefit for a period longer than one financial year.

Gains/losses on settlements and curtailments – the results of actions to relieve the council of liabilities or events that reduce the expected future service or accrual of benefits of employees. Debited to the net costs of services as part of non-distributed costs.

General fund – the main revenue account of an authority, which summarises the cost of all services provided by the council which are paid for from amounts collected from council tax payers, government grants and other income.

Going concern – the concept that the authority will remain in operational existence for the foreseeable future, in particular that the revenue accounts and Balance Sheet assume no intention to curtail significantly the scale of operations.

Heritage asset - A tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

Housing benefit - This is an allowance to persons on low income (or none) to meet, in whole or part, their rent. Benefit is allowed or paid by Local Authorities but Central Government refunds part of the cost of the benefits and of the running costs of the services to Local Authorities. Benefits paid to the Authority's own tenants are known as rent rebate and that paid to private tenants as rent allowance.

IAS 19 – International Accounting Standard 19 requires the council to account for assets and liabilities which are held in the pension fund administered by Oxfordshire County Council but relating to this authority, in the accounts of this authority.

iBoxx – iBoxx indices cover the cash bond market. Underlying bond prices and indices are available in real time.

Impairment – an unexpected or sudden decline in the value of a fixed asset, such as property or vehicle, below its carrying amount on the balance sheet.

Infrastructure Assets - Fixed Assets which generally cannot be sold and from which benefit can be obtained only by continued use of the asset created. Examples of such assets are highways, footpaths, bridges and water and drainage facilities.

Intangible fixed assets – some capital expenditure does not give rise to a physical asset but the benefits last a number of years. These can be carried in the balance sheet as assets and written off over their useful life. An example is computer software.

International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) – defined Accounting Standards that must be applied by all reporting entities to all financial statements in order to provide a true and fair view of the entity's financial position, and a standardised method of comparison with financial statements of the other entities.

Liabilities – these are amounts due to individuals or organisations which will have to be paid at some time in the future. Current liabilities are usually payable within one year of the Balance Sheet date.

Liquid resources – current asset investments that are readily disposable without disrupting the authority's business and are readily convertible to known amounts of cash at or close to the carrying amount or traded in an active market.

Local Government Resource Review (LGRR) - a Central Government initiated review of the system of financing Local Government. The Government plans to discontinue current funding arrangements at the end of 2013/14 and introduce a new finance system with effect from 1 April 2013 based around the retention of Non Domestic Rates.

Non Domestic Rates (NDR) (also known as business rates) – NDR is a tax charged on commercial properties. It is calculated by multiplying a property's 'rateable value' by a nationally set amount (known as the 'NDR multiplier'). The council acts as a collecting

agency for NDR and the proceeds are then redistributed to central government, the county council and the balance retained by the council.

Net Book Value (NBV) – the amount at which fixed assets are included in the balance sheet; ie: their historical cost or current value less the cumulative amounts provided for depreciation.

Net current replacement cost – the cost of replacing or recreating the particular asset in its existing condition and in its existing use.

Net debt – the authority's borrowings less cash and liquid resources. Where the cash and liquid resources exceed borrowings, reference should be to **Net Funds** rather than net debt.

Net realisable value – the open market value of an asset in its existing use, less the expenses to be incurred in realising the asset.

Non-operational assets – fixed assets held by the authority but not used or consumed in the delivery of services or for the service or strategic objectives of the authority. Examples of non-operational assets include investment properties and assets that are surplus to requirements, pending their sale.

Operating lease – this is a lease where ownership of the fixed asset remains with the lessor and the lease costs are revenue expenditure to the Council – generally any lease other than a finance lease.

Operational assets – fixed assets held and occupied, use or consumed by the authority in the direct delivery of those services for which it has either a statutory or discretionary responsibility or for the service or strategic objectives of the authority.

Past service cost – the increase in pension liabilities arising from current year decisions whose effect relates to years of service earned in earlier years, debited to the net cost of services as part of non distributed costs interest cost, and the expected increase in the present value of liabilities during the year as they move one year closer to being paid, debited to net operating expenditure.

Post Balance Sheet Events (PBSE) – see events after the balance sheet date

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.

Prior period adjustment – those material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors. A fundamental error is one that is of such significance as to destroy the validity of the financial statements. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

Provisions - amounts set aside to meet liabilities or losses which it is anticipated will be incurred but where the amount and/or the timing of such costs is uncertain.

Remuneration – all sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than cash. Pension contributions payable by the employer are excluded.

Reporting Standards - the Code of Practice prescribes the accounting treatment and disclosures for all normal transactions of a Local Authority. It is based on International Financial Reporting Standards (IFRS), International Standards (IAS) and International Financial Reporting Interpretations Committee (IFRIC) plus UK Generally Accepted Accounting Practice (GAAP) and Financial Reporting Standards (FRS).

Revenue Expenditure - expenditure incurred on the day-to-day running of the Council. This mainly includes employee costs, general running expenses and capital financing costs.

Revenue Expenditure Funded from Capital Under Statute (REFCUS) – (formerly known as a deferred charge) arises where:

- Expenditure is charged to capital but there is no tangible asset e.g. improvement grants, compensatory payments. When the expenditure is incurred it is charged to the income and expenditure account with a compensating entry in the statement of movement on the general fund balance to ensure that there is no impact on the council tax; and
- Assets are transferred to another organisation and the associated transferred debt is being repaid over time. These charges are written-down by the loan repayments so that the total equates to the relevant loan debt outstanding.

Since there are no long-term economic benefits in the control of the council, these are written off to revenue (CIES) in the year incurred and no longer feature as assets in the balance sheet.

Revenue Support Grant (RSG) – this main non-specific grant paid by central government to local authorities to help fund the services that they provide. The allocation to each authority is determined by a complex formula. Together with area based grant (see above) this comprises the council's general government grant income.

Service Reporting Code of Practice (SeRCOP) - prepared and published by CIPFA, the Service Reporting Code of Practice (SeRCOP) replaced the previous Best Value Accounting Code of Practice (BVACOP). It is reviewed annually to ensure that it develops in line with the needs of modern local government, transparency, best value and public services reform. SeRCOP establishes proper practices with regard to consistent financial reporting for services and in England and Wales, it is given legislative backing by regulations which identify the accounting practices it propounds as proper practices under the Local Government Act 2003.

Statement of Standard Accounting Practice (SSAP) – SSAPs were introduced to ensure that all statements of accounts are compiled on the same or similar basis.

Trading account – a method of matching income and expenditure for a particular activity or group of activities. An example of this is building control.

Useful life – the period over which the authority will derive benefits from the use of a fixed asset.

Annual governance statement

The annual governance statement forms part of the audited accounts and can be found by accessing the link below:

www.whitehorsedc.gov.uk/about-us/how-we-work/our-finances/annual-governance-statement

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