

**VALE OF WHITE HORSE
DISTRICT COUNCIL**

STATEMENT OF ACCOUNTS

2009/10

Version: A&GC (15 Sep 10) incorporating amendments agreed with District Audit only

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EXPLANATORY FOREWORD

BY THE STRATEGIC DIRECTOR (CHIEF FINANCE OFFICER)

Introduction

The purpose of this foreword is to provide an easily understandable guide to the most significant matters reported in the accounts and an explanation in overall terms of the council's financial position. The foreword includes an explanation of the purpose of each statement. To assist the reader, a glossary of financial terms is provided on pages 62 - 68.

The Council's accounts

The Council's Statement of Accounts (SoA) is prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA/LASAAC) code of practice on local authority accounting in Great Britain ("the code"). The code requires that the accounts contain the following statements listed below.

Statement of responsibilities for the statement of accounts (pages 11 to 12)

This statement sets out the respective responsibilities of the authority and the chief financial officer.

Statement of accounting policies (pages 13 to 20)

These show the accounting policies adopted in compiling the Council's accounting statements and also explain the basis on which the figures in the accounts have been prepared.

The core accounting statements

a) The income and expenditure account on page 21. The council's main revenue account for the year ended 31 March 2010; the income and expenditure account reports on the net cost for the year of all the functions for which the council is responsible. It demonstrates how the net cost has been financed from central government grants and income from local taxpayers. As such it discloses the income receivable and expenditure incurred in operating the council for the year. The surplus or deficit achieved on the income and expenditure account represents the amount by which income is greater than or less than expenditure.

The income and expenditure account shows the true cost of services as defined by accounting standards. However, this true cost is not the cost that needs to be funded by local taxation and consequently the statement of the movement on the general fund balance makes the necessary adjustments to the income and expenditure account for the purpose of determining the council's budget requirement (see 'b' below).

The revenue expenditure section of this explanatory foreword, which follows below, provides an analysis of the council's budgeted and outturn expenditure as funded by local taxation, in a format consistent with the council's revenue budget for the year. The direct service expenditure is then reconciled to the net cost of services line of the income and expenditure account.

b) The statement of the movement on the general fund balance (SMGFB) on page 23. The income and expenditure account shows the council's actual financial performance for the year, measured in terms of the resources consumed and generated over the last twelve months. However, the authority is required to raise council tax on a different basis, the main differences being:

- capital investment is accounted for as it is financed, rather than when the fixed assets are consumed,

- retirement benefits are charged as amounts become payable to pension funds and pensioners rather than as future benefits are earned,
- the payment of a share of housing capital receipts to the government shows as a loss in the income and expenditure account, but is met from the usable capital receipts balance rather than council tax.

The general fund balance compares the council's spending against the council tax that is raised for the year, taking into account the use of reserves built up in the past and contributions to reserves earmarked for future expenditure.

c) The balance sheet on pages 26 to 27 includes the assets and liabilities of all activities of the authority. It is fundamental to the understanding of an authority's financial position at the year-end. It shows its balances and reserves and its long-term indebtedness, the fixed and net current assets employed in its operations, together with summarised information on the fixed assets held.

d) The cash flow statement on page 28 summarises inflows and outflows of cash arising from transactions with third parties for both revenue and capital purposes. Cash is defined as cash in hand and deposits repayable on demand less overdrafts repayable on demand.

e) The statement of total recognised gains and losses (STRGL) on page 25. Not all the gains and losses experienced by the Council are reflected in the income and expenditure account. For example, gains on revaluations of fixed assets and pension actuarial gains and losses are not identified as a part of the council's operating performance and are therefore excluded. The statement of total recognised gains and losses is the statement that brings these other gains and losses together with the outturn on the income and expenditure account to show the total movement in the council's net worth for the year.

The increases in net worth attributable to revenue and capital are shown in the statement of movement on the general fund and the notes on individual capital reserves.

Notes to the Core Financial Statements

The core accounting statements are supported by comprehensive notes to the accounts, which are found on pages 29 to 56.

Supplementary financial statements

The collection fund (pages 53 to 56). As a billing authority that issues council tax and business rates bills, the Council is obliged to maintain a separate income and expenditure account known as the collection fund. This account shows transactions in relation to this income and how the demands on the fund from Oxfordshire County Council, Thames Valley Policy Authority and town and parish councils have been satisfied.

Annual governance statement

This statement sets out the council's responsibility for internal control and describes both the purpose of internal control and the internal control environment. The statement also summarises the council's review of the effectiveness of internal control and highlights significant internal control issues and actions to be addressed. The annual governance statement can be found at pages 69 to 92.

Changes to the financial statements

There have been a number of changes to the code and the accounts and audit regulations which mean that the 2009/10 accounts are different to previous years. The principal changes amongst these are as follows:

Council tax income. Up until 2008/09 the SORP required that the council tax income required to be shown in the income and expenditure account was the amount required under regulation to be transferred from the collection fund to the council's general fund. This effectively represented the budgeted amount as determined during budget setting. However, for 2009/10 onwards the council tax income included in the income and expenditure account will be the accrued income for the year. This is different to the budgeted amount, which can be seen in the revenue expenditure section of this foreword. The difference between the budgeted amount required by regulation to be charged to the general fund, and the accrued income included in the income and expenditure account, is taken to the new collection fund adjustment account, a new reserve included on the balance sheet, and is included as a reconciling item on the statement of movement on the general fund balance.

The presentation of council tax debtors and creditors in the balance sheet also changes. Previously, the council's balance sheet reflected the total council tax debtor and creditor balances. However, since the collection of council tax is in substance an agency agreement, council tax debtors and creditors belong proportionately to the council as billing authority, and Oxfordshire County Council and Thames Valley Police as major preceptors. The balance sheet now reflects this arrangement more accurately. These changes also impact on the cash flow statement which now reflects only the amounts due to the council as billing authority. A new line on the cash flow statement, included under net increase/decrease in liquid resources, balances these changes against the movement in cash for the year.

These changes are a change in accounting policy and accordingly the accounts include a prior period adjustment.

National non domestic rates (NNDR). In a similar vein to the changes in council tax, for 2009/10 the council's accounts reflect the fact that the collection of NNDR represents an agency agreement, and in this case NNDR debtors and creditors do not belong to the council, but to the government. As with the council tax debtors and creditors, this change is a change in accounting policy, and requires prior period adjustments to be made to the balance sheet and cash flow statement.

Officer emoluments. In previous financial statements the number of employees whose remuneration, including special payments such as redundancy and early retirement, exceeded £50,000, then this was disclosed in bands of £10,000. For the 2009/10 accounts, the bands are £5,000. Also all officers for whom the remuneration exceeded £150,000, together with the remuneration for certain officers of the council, must be disclosed, are identified separately.

IFRIC 12 – service concession arrangements. Whilst the council's accounts do not have to be completed under the requirements of International Financial Reporting Standards (IFRS) until 2010/11, the 2009/10 code includes the early adoption of 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.

Deleted notes. Under the 2009/10 SORP a number of notes previously required to be disclosed in the accounts are no longer required. These are as follows:

- Building control account
- Discretionary expenditure under Section 137 of Local Government Act 1972
- Publicity Account
- Local Authority (Goods and Services) Act 1970

Where the information included in these notes is still required to be disclosed by the council then disclosure will be made on the council's website.

This is the final year that the financial statements will be presented in their present format. From 2010-11, the financial statements will be prepared in accordance with International Financial Reporting Standards (IFRS). This will see a notable change to how these accounts are presented. The purpose of accounting in accordance with IFRS is to ensure some comparability with other private and public sector financial statements, as well as to converge accounting practice from across the world.

Some of the changes required for IFRS already feature in this set of the financial statements. Disclosures for Financial Instruments and remuneration reporting of senior officers are already accounted for under IFRS in these financial statements.

The main changes for the next financial statements will include:

- A different level of disclosure to the financial statements
- Significant amendments to the presentation of the primary financial statements (Balance Sheet and Income and Expenditure statement)
- Notional adjustments to the presentation of the statements and creation of new specific reserves

Financial performance 2009/10

The Original Budgeted Medium Term Plan to 2011/12 provided for gradually increasing costs of service provision, against stable, annual, Council Tax increases, and the use of funds and balances to help smooth out the cycle. Overall these trends will strengthen the Council's financial base. They are principally dependent upon achievement of the Council's ambitious programme of cost cutting measures.

The Council suffered from a shortfall in income due to the continuing effects of the economic downturn on the property market; record low interest rates reducing the return on our investments and a reduction in market town car park usage. These factors meant that despite a cut-back on all non essential expenditure an additional £1.747 million (revised to £1.656 million in year) was initially budgeted as a contribution required from balances to support the budget in 2009/10.

Revenue outturn 2009/10

At the beginning of the year the council's budget requirement was £12.665 million, after accounting for the use of reserves and investment income. The working budget requirement was flexed to £12.991 during the year. Net revenue spend for the year was £1.168 million underspent against working budget as shown in the table below, which is in a format consistent with the council's budget book.

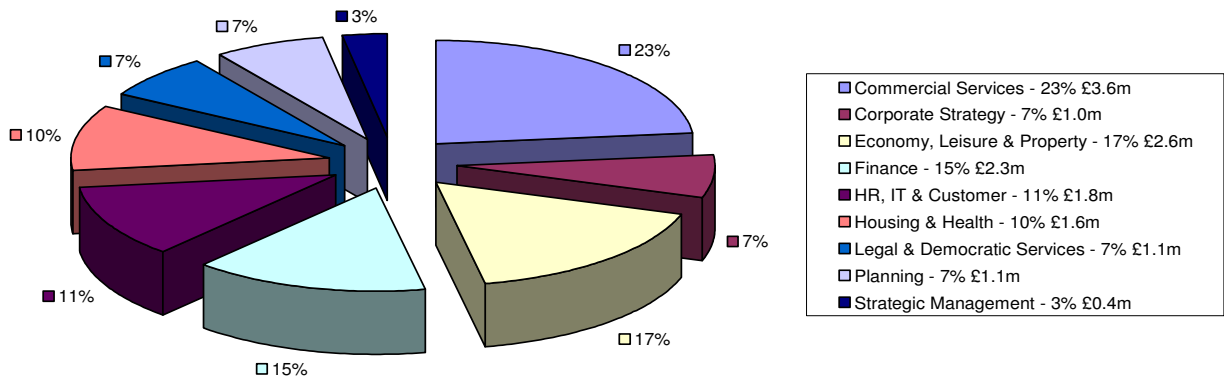
This meant that instead of the planned £1.747 million use of general fund balances, the Council was able to control costs to only require £0.488 million use of balances.

Working	Actual	Variance
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	Budget £'000	£'000	£'000
Commercial Services	3,435	3,614	179
Corporate Strategy	1,279	1,037	(242)
Economy, Leisure & Property	2,868	2,657	(211)
Finance	3,239	2,278	(961)
HR, IT & Customer	2,177	1,782	(395)
Housing & Health	1,676	1,594	(82)
Legal & Democratic Services	1,152	1,088	(64)
Planning	922	1,067	145
Strategic Management	485	424	(61)
Net cost of services	17,233	15,541	(1,692)
Investment Income	(791)	(406)	385
Property Income	(1,802)	(1,663)	139
Net Expenditure	14,640	13,472	(1,168)
Transfer to Earmarked Reserves	10	10	0
Amount to be Financed	14,650	13,482	(1,168)
Write out Landsbanki impairment	321	321	0
<i>Contribution from Balances</i>	<i>(1,656)</i>	<i>(488)</i>	<i>1,168</i>
Capitalisation direction under statute	(324)	(324)	0
Budget Requirement	12,991	12,991	0
Parish Precepts	2,521	2,521	0
Total Funding Requirement	15,512	15,512	0
Funds from Council Tax	(8,022)	(8,022)	0
Revenue Support Grant	(1,317)	(1,317)	0
NNDR	(5,705)	(5,705)	0
Other Government Grants	(468)	(468)	0
Total Funding Streams	(15,512)	(15,512)	0

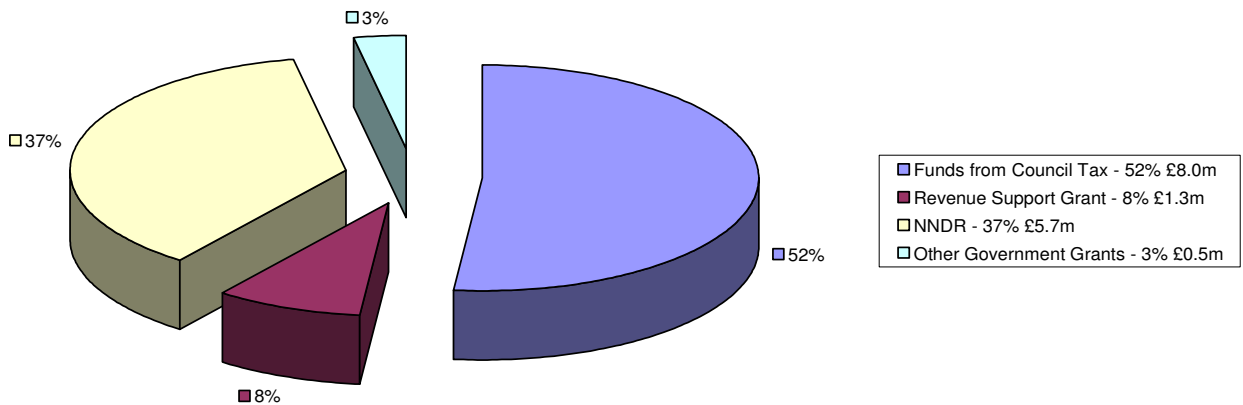
The chart below illustrates the split of the £15.5m net expenditure by service area:

Net Service Expenditure 2009/10



The total funding requirement is met by a number of funding streams. The split of total external funding is shown below:

External sources of finance 2009/10



The variations in outturn can be summarised as follows:

	Gross income variance (over)/under £'000	Gross employee expenditure variance over/(under) £'000	Other gross expenditure variance over/(under) £'000	Total variance £'000
Commercial Services	475	(87)	(209)	179
Corporate Strategy	(8)	1	(235)	(242)
Economy, Leisure & Property	(34)	(39)	(138)	(211)
Finance	(3,540)	(84)	2,663	(961)
HR, IT & Customer	8	(127)	(276)	(395)
Housing & Health	232	(21)	(293)	(82)
Legal & Democratic Services	5	11	(80)	(64)
Planning	232	(18)	(69)	145
Strategic Management	(77)	3	13	(61)
Net cost of service before c/fwd	(2,707)	(361)	1,376	(1,692)
Investment Income	385	0	0	385
Property Income	(140)	0	279	139
Net expenditure	(2,462)	(361)	1,655	(1,168)

The major variations in respect of gross income and other gross expenditure variances are detailed in the table below:

Analysis of gross income variances in excess of £50,000

£'000

Income down against budget as a result of a downturn in the housing market

Building Control fees	109
Planning application fees	193

Other income variations

Housing and Council Tax Benefit subsidy (received from central govt)	(3,484)
Parking fees	53
DSO services wound down	62
Reduction in reprographics income as a result of outsourcing Printing & Stationery	127
Lower than budgeted temporary accommodation income, in part due to reduced demand	218
	(2,722)

Net balance of gross income variances less than £50,000

15

Total gross income variance

(2,707)

Analysis of other gross expenditure variances in excess of £50,000

Contract costs less than budget

Waste contract - reduction in fees linked to RPI	(86)
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Other expenditure variations

Contingency budget not used	(267)
Reduced demand for concessionary fares	(182)
Lower than budgeted rise in Housing Benefit bad debt	(171)
Reduced temporary accommodation costs due to increased focus on prevention	(163)
Centralisation of procurement	70
Housing and Council Tax Benefit payments made to claimants	3,335
	2,536
Net balance of gross expenditure variances less than £50,000	(627)
	1,909

Agreed carry forward to 2010/11 of underspent budgets

(533)

Total other gross expenditure variance

1,376

Capital outturn 2009/10

Capital expenditure in the year amounted to £1.87 million and involved 29 projects. Details of the expenditure and its funding are shown in the notes to the Balance Sheet on pages 32-50. Whilst the main source of funding for the programme was from the Council's own reserves of capital receipts, a substantial proportion also came from grants from Government departments and contributions from developers.

The Council has capital receipts unapplied at 31 March 2010 of £9.78 million after financing capital expenditure as set out above and taking into account receipts during the year. The analysis of movements in the year is set out at note 22 on page 38.

Income and expenditure account

The income and expenditure account shows the true cost of the council's services as defined by accounting standards. It shows that council spent £51.95 million on the provision of services less income from fees and charges, sales, rents and contributions, resulting in a net cost of services of £16.42 million. Other 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 FRS 17), mean the council's net operating expenditure was £17.79 million. The total financing from government grants and local taxpayers of £15.61 million meant there was a net deficit on the income and expenditure account of £2.18 million.

By actively managing its investments, the council earned interest of £0.346m against a budget of £0.791m. This shortfall was due to the fact that interest rates dropped to, and the held at, an historic low not anticipated when the budget was drawn up in January 2009. The average rate earned on all cash investments for the year was 1.28%.

Further detail on treasury management performance for 2009/10 has been provided in an outturn report to be presented to both Audit and Governance Committee and Executive committee during June/July 2010.

As the income and expenditure presents the council's financial performance based on accounting standards, as opposed to the council's performance against revenue budget, which is based on what can be charged to council tax payers, the table below reconciles the direct service expenditure for the year shown in the net revenue spend table above to the net cost of services shown in the income and expenditure account, showing the adjusting transactions.

	<u>£'000</u>
Net cost of services, per Revenue Outturn table	15,541
Net amortisation of intangibles and REFCUS	954
Depreciation of tangible fixed assets	1,319
Disabled Facilities Grant subsidy	(534)
FRS17 adjustment - Post Retirement Benefits	(861)
Net cost of services, per Income and Expenditure account	<u><u>16,419</u></u>

Statement of movement on the general fund balance

The statement of movement on the general fund balance identifies that the council's general fund balance reduced by £0.488m. Its starting point is the net deficit on the income and expenditure account, which is then adjusted for the transactions identified above, and also financing of expenditure from the council's general fund.

Balance sheet

The reported net worth of the council fell from £48.22 million to £32.80 million at 31 March 2010, a decrease of £15.42 million. The main reason for this is as follows:

- 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 £14.776 million to £44.766 million, as illustrated in note 32. This year there has been a change in the actuary used by the pension scheme administrators. They have used the same demographic assumptions as the previous actuaries. They note that due to the valuation methodology and the derivation of the main financial assumptions required by FRS17 then readers of the accounts should expect to see volatile numbers from year to year and some counter intuitive results.

At the balance sheet date the council had usable reserves of £12.24 million, including £1.76 million general fund balance, £0.70 million in earmarked revenue reserves and £9.78 million in capital receipts. The council has no long-term external debt and no long-term borrowing is planned. The council may continue to borrow on a short-term basis for temporary cash flow purposes (as per the Annual Investment Strategy).

The balance sheet does not reflect any assets or liabilities acquired during the year which are unusual in scale and which require specific reference.

Collection fund

Income of £122.7m in 2009/10 from council tax payers and business ratepayers was distributed as precept/demands and to the National Non-Domestic Rates Pool. The account is showing a net surplus of £0.81m which will be re-distributed to all major precepting authorities.

Future prospects

As part of the annual budget setting process for 2010/11, council agreed both its medium term financial strategy for 2010/11 to 2014/15, and the medium term financial plan for the same period. The medium term financial strategy sets out the objectives to be achieved and principles to be followed in setting the budget. The medium term financial plan meanwhile provides a forward budget model for the next five years, highlighting known estimated budget pressures for new responsibilities and changes in legislation, predicted investment income and capital receipts.

Revenue

The medium term financial plan highlights significant pressure the council anticipates in setting its revenue budget during the period covered. These pressures include the following:

- reduction in government grant funding
- increased pension costs following 2010 actuarial review
- reduced income from investment property and investments

Shown below are the ongoing savings that are required to be found in the forthcoming financial years to enable a budget to be set in accordance with the parameters stipulated in the medium term financial strategy:

	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000
Ongoing savings required	1,193	1,236	1,236	1,236

It should be stressed that these savings are cumulative – to balance the 2011/12 budget £1.193 million of ongoing savings are required, then for 2012/13 a further £1.236 million of ongoing savings is required. By the end of the period the council will need to have found nearly £5 million of ongoing savings.

The council has already made considerable revenue savings in recent years by:

- merging its management team with South Oxfordshire District Council,
- undertaking joint procurement with South Oxfordshire District Council on major contracts, including financial services and waste,
- implementing 'lean' business process re-engineering to streamline work processes.

Continuation and further development of these initiatives is expected to help meet the financial challenges facing the council.

Capital

As part of budget setting for 2010/11, the Council agreed to a capital programme to 2014/15 costing £10.617m. The agreed financing of this programme is as follows:

- £7.712m - council resources
- £2.905m - other contributions

Council Resources

Based on the council's budget proposals for revenue and capital, and assumptions about earnings on investment income, it is forecast that by 31 March 2015 the council will hold £8.5m in usable reserves, comprising of £1.2m general fund balance, £0.2m in earmarked reserves, and £7.1m in useable capital receipts.

It is considered that the budgets planned for future years are very austere, but the pressures highlighted are manageable in this period. However, in light of the reserves and balances available to the council, there is not much scope for flexibility within the Medium Term Plan.

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;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and,
- approve the statement of accounts having received the external auditor's report and the Chief Finance Officer's commentary.

2. Responsibilities of the Chief Finance Officer

The Chief Finance Officer's responsibilities include the preparation of the Authority's statement of accounts, which, in terms of the Chartered Institute of Public Finance and Accountancy (CIPFA/LASAAC) Code of Practice on Local Authority Accounting in Great Britain ('the Code') is required to present a true and fair view of the financial position of the Authority at the accounting date and its income and expenditure for the year ended 31 March 2010.

In preparing this statement of accounts, the Chief Finance Officer has:

- a. selected suitable accounting policies and then applied them consistently;
- b. made judgements and estimates that were reasonable and prudent;
- c. complied with the Code of Practice and the Best Value Accounting Code of Practice.

The Chief Finance Officer has also:

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

3. Approval for Audit stage

The Statement of Accounts must be prepared for Audit by 30 June. The prepared Statement has been approved for Audit by the Audit and Governance Committee on Wednesday, 30 June 2010.

.....
Chair of Audit and Governance Committee
30 June 2010

.....
Steve Bishop CPFA
Strategic Director and Chief Finance Officer
30 June 2010

4. Statement by the Strategic Director and Chief Finance Officer

I certify that this Statement of Accounts presents a true and fair view of the financial position of the Authority at 31 March 2010 and its income and expenditure for the year ended 31 March 2010.

.....
Steve Bishop CPFA
Strategic Director and Chief Finance Officer
15 September 2010

5. Statement by the Chair of the Audit and Governance Committee

This Statement of Accounts for 2009/10 was considered and approved at the Audit and Governance Committee meeting on 15 September 2010

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Chair of Audit and Governance Committee
15 September 2010

STATEMENT OF ACCOUNTING POLICIES

1. General Principles and CIPFA Code of Practice on Local Authority Accounting

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

2. Accruals of Income and Expenditure

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

- Fees, charges and rents due from customers are accounted for as income at the date the council provides the relevant goods or services.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as stocks on the Balance Sheet.
- Works are charged as expenditure when they are completed, before which they are carried as works in progress on the Balance Sheet.
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet as at 31 March 2010. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected as detailed in note 34 to the core financial statements.

3. Provisions

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

Provisions are charged to the appropriate service revenue account in the year that the authority becomes aware of the obligation. When payments are eventually made, they are charged to the provision set up in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year and the level of provision is adjusted in line with the most up-to-date information regarding the final settlement.

4. Reserves

Cash-backed reserves are amounts set aside to meet future revenue and capital spending. The cash-backed revenue reserves of the Authority at 31 March 2010 are explained fully on page 30. Reserves are created by appropriating amounts in the Statement of Movement on the General Fund Balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year to score against the Net Cost of Services in the Income and Expenditure Account. The reserve is then appropriated back into the General Fund Balance statement so that there is no net charge against council tax for the expenditure. There is also a cash-backed capital reserve which holds capital receipts until they are used to finance capital expenditure.

There are two, non cash-backed, capital reserves – a Revaluation Reserve and a Capital Adjustment Account. The balances on these capital reserves do not represent resources available to support capital financing. Their purpose is as follows:

- The Revaluation Reserve records the accumulated gains on the fixed assets held by the authority arising from increases in the value of assets, as a result of inflation or other factors. The reserve is also debited with amounts equal to the part of depreciation charges on assets that has been incurred only because the asset has been revalued. The overall balance on the reserve thus represents the amount by which the current value of fixed assets carried in the Balance Sheet is greater because they are carried at revalued amounts rather than depreciated historical cost.
- The Capital Adjustment Account reflects the timing differences between the cost of fixed assets consumed and the capital financing set aside to pay for them.

The Pension Reserve is an adjustment account that manages the effects of charges required to be made to the Income and Expenditure Account against the statutory requirements for meeting the cost of retirement benefits from local taxes, as well as absorbing the impact of actuarial gains and losses. It balances exactly the pensions liability carried in the top half of the Balance Sheet.

5. Government Grants and Contributions (Revenue)

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as income at the date that the authority satisfies the conditions of entitlement to the grant/contribution, there is reasonable assurance that the monies will be received and the expenditure for which the grant is given has been incurred. Revenue grants are matched in service revenue accounts with the service expenditure to which they relate. Grants to cover general expenditure (e.g. Revenue Support Grant, Area Based Grant & Housing and Planning Delivery Grant) are credited to the foot of the Income and Expenditure Account after Net Operating Expenditure.

6. Retirement Benefits

The District Council participates in two different pension schemes that meet the needs of current and former employees. Contributions are made to the Oxfordshire County Council Superannuation Fund to cover both contributions to the funded scheme for current employees, and the cost of enhanced pensions payable to retired employees on an unfunded basis. The scheme provides members with defined benefits related to pay and service. Pension costs are assessed in accordance with the advice of a professionally qualified actuary. Accounts relating to the fund are produced by Oxfordshire County Council and can be seen on request.

Contributions are also made to the Royal County of Berkshire Pension Fund (now managed by the Royal Borough of Windsor and Maidenhead) to cover the cost of enhanced pensions paid to retired employees of the local authorities that were replaced by the Vale of White Horse DC in April 1974.

The Local Government Pension Scheme

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

- The liabilities of the Oxfordshire County Council pension scheme 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 projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 5.5% based on the annualised yield of the iBoxx (a standard trade indicator) over 15 year AA rated corporate bond index.
- The assets of the Oxfordshire County Council pension fund attributable to the council are included in the Balance Sheet at fair value (bid price) appropriate to the mix of assets.
- The change in the net pensions liability is analysed into seven components:
 - Current service cost – the increase in liabilities as result of years of service earned this year – allocated in the Income and Expenditure Account to the revenue accounts of 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 Net Cost of Services in the Income and Expenditure Account as part of Non Distributed Costs.
 - Interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to Net Operating Expenditure in the Income and Expenditure Account.
 - Expected return on assets – the annual investment return on the fund assets attributable to the council, based on an average of the expected long-term return – credited to Net Operating Expenditure in the Income and Expenditure Account.
 - Gains/losses on settlements and curtailments – the result of actions to relieve the council of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited to the Net Cost of Services in the Income and Expenditure Account as part of Non Distributed Costs.
 - Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Statement of Total Recognised Gains and Losses.
 - Contributions paid to the Oxfordshire County Council pension fund – cash paid as employer’s contributions to the pension fund.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the council to the pension fund in the year, not the amount calculated according to the relevant accounting standards. In the Statement of Movement on the General Fund Balance this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and any amounts payable to the fund but unpaid at the year-end.

Discretionary Benefits

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

7. Value Added Tax (VAT)

VAT is normally fully reclaimed from HM Revenue and Customs, and items of income and expenditure are included in the accounts net of VAT. However, if the nature of any transaction makes VAT irrecoverable, that sum has been included in income and expenditure accounts.

8. Overheads and Support Services

The costs of support services e.g. computer support, financial services etc. have been charged on an appropriate basis to the services provided by the Council, or as corporate costs in accordance with the CIPFA Best Value Accounting Code of Practice 2008 (BVACOP). 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 any impairment losses chargeable on non-operational properties.

9. Intangible Fixed Assets

Expenditure on assets that do not have physical substance but are identifiable and controlled by the council (e.g. software licences) is capitalised when it will bring benefits to the council for more than one financial year. The balance is amortised to the relevant service revenue account over the economic life of the investment to reflect the pattern of consumption of benefits.

10. Tangible Fixed Assets

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

Recognition: from 1 April 1994, all expenditure on the acquisition, creation or enhancement of fixed assets is capitalised on an accruals basis, provided that the fixed asset yields benefits to the Authority and the services it provides are for a period of more than one year. This excludes expenditure on routine repairs and maintenance of fixed assets that is charged direct to service revenue accounts.

Measurement: the basis of the valuation of the fixed assets is described under note 14 to the core financial statements.

Assets included in the Balance Sheet at current value are revalued where there have been material changes in the value, but as a minimum every five years using in-house expertise in accordance with the Statement of Practice and Guidance Notes of the Royal Institution of Chartered Surveyors. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised

gains. Exceptionally, gains might be credited to the Income and Expenditure Account where they arise from the reversal of an impairment loss previously charged to a service revenue account.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, which was the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account. There were no revaluation gains in 2009/10 so no transfer to the Revaluation Reserve in the year.

Impairment: the values of each category of assets and of material individual assets are reviewed at the end of each financial year for evidence of reductions in value. Impairment occurs when events or changes in circumstances indicate that the carrying value of the asset is too high. This may be because of physical damage or a complete change in use as a result of a reorganisation. Where impairment is identified as part of this review or as a result of a valuation exercise, this is accounted for by:

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

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

Disposals: when an asset is disposed of or decommissioned, the value of the asset in the Balance Sheet is written off to the Income and Expenditure Account as part of the gain or loss on disposal. Receipts from disposal are credited to the Income and Expenditure Account as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account. Amounts in excess of £10,000 are categorised as capital receipts and credited to the Usable Capital Receipts Reserve and can then only be used for new capital investment. A proportion of receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government. Receipts are appropriated to the Reserve from the Statement of Movement on the General Fund Balance. Interest on capital receipts unapplied is credited to the Income and Expenditure account.

Depreciation: depreciation has to be provided on all fixed assets with a finite useful life except freehold land and non-operational properties.

- On acquisition or at revaluation, the remaining life of relevant buildings is assessed and depreciation has been charged on a straight-line basis using these values (less estimated residual value).
- Vehicles, equipment and intangible assets are depreciated on a straight-line basis, generally over 5 years.

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

This depreciation forms part of the capital charges in the net cost of services. However, in common with all capital charges, it is reversed out in the Statement of Movement on the General Fund Balance and has no impact on the Council Tax budget requirement.

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.

Grants and contributions: where grants and contributions are received that are identifiable to fixed assets with a finite useful life, the amounts are credited to the Capital Grants Deferred Account. The balance is then written down to revenue to offset depreciation charges made for the related assets in the relevant service revenue account, in line with the depreciation policy applied to them. This is reversed out in the Statement of Movement on the General Fund Balance.

11. Charges to Revenue for Fixed Assets

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

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

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

12. Revenue Expenditure funded from Capital under Statute (formerly Deferred Charges)

Until 2008/09 Deferred Charges represented expenditure that was revenue in nature but defined as capital by statutory provisions. The Deferred Charges heading has now been removed and replaced by Revenue Expenditure funded from Capital under Statute. This represents expenditure incurred during the year which may be properly capitalised under statutory provisions but does not result in, or remain matched with, assets controlled by the Authority. This has therefore been charged as expenditure to the relevant service account in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources, a transfer to the Capital Adjustment Account then reverses out the amounts charged in the Statement of Movement on the General Fund Balance so there is no impact on the level of council tax.

13. Leases

Finance Leases: the council accounts for leases as finance leases when substantially all the risks and rewards relating to the leased property transfer to the council. Rentals payable are apportioned between:

- a charge for the acquisition of the interest in the property (recognised as a liability in the Balance Sheet at the start of the lease, matched with a tangible fixed asset – the liability is written down as the rent becomes payable), and
- a finance charge (debited to Net Operating Expenditure in the Income and Expenditure Account as the rent becomes payable).

Fixed assets recognised under finance leases would be accounted for using the policies applied generally to Tangible Fixed Assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life.

The council does not have any finance leases.

Operating Leases: leases that do not meet the definition of finance leases are accounted for as operating leases. Rentals payable under operating leases have been charged to the revenue accounts on a straight- line basis over the term of the lease, generally meaning that rentals are charged when they become payable.

14. Financial Liabilities

Financial liabilities are initially measured at fair value and 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. This council is debt free and therefore has no charge required.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to Net Operating Expenditure in the Income and Expenditure Account in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Income and Expenditure Account is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Income and Expenditure Account, regulations allow the impact on the General Fund Balance to be spread over future years. The council has a policy of spreading the gain/loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Income and Expenditure Account to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Statement of Movement on the General Fund Balance.

15. Financial Assets

Financial assets are classified into two types:

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

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

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

Available-for-sale Assets. Available-for-sale assets comprise instruments with quoted market prices, other instruments with fixed and determinable payments and equity shares. The Vale investments are held as bank deposits and have been identified in the balance sheet as loans and

receivables.

16. Stocks and Work in Progress

The Statement of Standard Accounting Practice (SSAP) 9 requires that stocks are to be shown at actual cost or net realisable value if lower. The effect of this treatment has been quantified and the view is taken that any difference would not be material and therefore the stocks held by the Council are shown at cost. In previous years, work in progress has been preliminary work on capital schemes where the asset is yet to be recognised or there was not a firm commitment to create an asset. Where applicable, these will now be shown as Assets under Construction.

17. Contingent Liabilities and events after the Balance Sheet date.

These are covered by notes 29 and 31 to the Core Financial Statements. Any disclosure covers events up to the date the Statement of Accounts is authorised by the Chief Finance Officer as shown on page 11.

Income and Expenditure Account

Net Expenditure			Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
2008/09 £'000	2008/09 Restated* £'000				
2,074	2,074	Central services to the public	8,342	(6,901)	1,441
13,003	13,003	Cultural, environmental and planning	15,062	(4,252)	10,811
697	697	Highways, roads and transport services	1,697	(989)	708
3,002	3,002	Housing services	25,069	(22,992)	2,077
2,207	2,207	Corporate and democratic core	1,781	(397)	1,384
28	28	Non distributed costs		(2)	(2)
21,011	21,011	Net Cost of Services	51,951	(35,533)	16,419
(203)	(203)	(Gain)/Loss on the disposal of fixed assets			(12)
2,394	2,394	Parish Precepts			2,521
(1,966)	(1,966)	Trading undertakings – income - page 32			(2,017)
215	215	Trading undertakings – expenditure - page 31			354
(13)	(13)	Provision for Bad Debts – increase/(decrease)			(1)
249	249	Financial asset impairment and interest – note 25			71
10,690	10,690	Investment property impairments – note 16			(1600)
(1,904)	(1,904)	Interest and investment income - note 20			(406)
0	0	Clear Landsbanki impairment from balance sheet – notes 20, 25			249
0	0	Pooled capital receipts			4
2,566	2,566	Pension interest costs - note 32			3,758
(2,440)	(2,440)	Expected return on pension assets - note 32			(1,540)
(109)	(109)	Re-imbusement of compound interest HMR&C			0
0	0	Mortgage principal repayment			(7)
0	0	Capital grant CT billing efficiency			(10)
0	0	Transfer to reserves			10
30,491	30,491	Net Operating Expenditure			17,793
(7,474)	(7,474)	Income from Council Tax			(8,120)
(850)	(850)	Revenue support grant			(1,317)
(6,107)	(6,245)	Distributed Non-Domestic Rates pool			(5,705)
(597)	(597)	Other Government Grant Income - note 38			(468)
15,463	15,325	Deficit for the Year			2,183

*The 2008/09 accounts have been restated on account of a change to accounting policy on how we treat the Collection Fund amounts collected. The share of the surplus or deficit for the year which is due to the Vale of White Horse is shown in the income and expenditure account.

There have been no acquisitions or discontinued operations during the current or preceding

year.

Statement of Movement on the General Fund Balance

The Income and Expenditure Account shows the council's actual financial performance for the year, measured in terms of the resources consumed and generated over the last twelve months. However, the authority is required to raise council tax on a different accounting basis, the main differences being:

- Capital investment is accounted for as it is financed, rather than when the fixed assets are consumed.
- Retirement benefits are charged as amounts become payable to pension funds and pensioners, rather than as future benefits are earned.

The General Fund Balance compares the council's spending against the council tax that is raised for the year, taking into account the use of reserves built up in the past and contributions to reserves earmarked for future expenditure.

This reconciliation statement summarises the differences between the outturn on the Income and Expenditure Account and General Fund Balance.

2008/09 £'000	2008/09 Restated £'000		2009/10 £'000
15,463	15,325	Deficit for the year on the Income and Expenditure Account	2,183
		Net additional amount required by statute and non-statutory proper practices to be debited and credited to the General Fund Balance for the year	
<u>(14,759)</u>	<u>(14,621)</u>		<u>(1,695)</u>
704	704	Decrease in General Fund Balance for the Year	488
<u>(2,954)</u>	<u>(2,954)</u>	General Fund Balance brought forward	<u>(2,250)</u>
<u>(2,250)</u>	<u>(2,250)</u>	General Fund Balance carried forward	<u>(1,762)</u>

Note of reconciling items for the Statement of Movement on the General Fund Balance

2008/09 £'000	2008/09 restated £'000		£2009/10 £'000
Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the Movement on the General Fund Balance for the year			
(210)	(210)	Amortisation of intangible fixed assets (note 16)	(113)
(1,291)	(1,291)	Depreciation of fixed assets (note 16)	(1,206)
(13,168)	(13,168)	Impairment of fixed assets (note 16)	1600
267	267	Capital Grants Deferred amortisation (note 24)	240
707	707	Capital grants income reversal from general fund (see below)	568
(721)	(721)	Write down of revenue expenditure funded from capital under statute (previously deferred charges) (note 23)	(1,540)
202	202	Net gain / (loss) on sale of assets	12
(2,341)	(2,341)	Net charges made for retirement benefits in accordance with FRS 17 (note 32)	(2,218)
(249)	(249)	Reversal of financial asset impairment (note 25)	0
(16,804)	(16,804)		(2,657)
Amounts not included in the Income and Expenditure Account but required to be included by statute when determining the Movement on the General Fund Balance for the year			
0	0	Reverse mortgage principal repaid in year	7
0	0	Transfer from Usable Capital Receipts to meet payments to the Housing Capital Receipts Pool (note 22)	(4)
2,011	2,011	Employer's contributions payable to the Oxfordshire County Council Pension Fund and retirement benefits direct to pensioners (note 32)	861
2,011	2,011		864
Transfers to or from the General Fund Balance that are required to be taken into account when determining the Movement on the General Fund Balance for the year			
34	172	Net transfer to or from earmarked reserves	98
(14,759)	(14,621)	Net additional amount required to be credited to the General Fund balance for the year	(1,695)

Statement of Total Recognised Gains and Losses

This statement brings together all the gains and losses of the council for the year and shows the aggregate increase in its net worth. In addition to the surplus or deficit generated on the Income and Expenditure Account, it includes gains and losses relating to the revaluation of fixed assets and re-measurement of the net liability to cover the cost of retirement benefits.

2008/09 £'000	2008/09 restated £'000		2009/10 £'000
15,463	15,325	Deficit for the year on the Income and Expenditure Account	2,183
(312)	(312)	Loss/(Surplus) arising on revaluation of fixed assets & financial instruments	(186)
10,430	10,430	Actuarial (gains)/losses on pension fund assets and liabilities	13,419
(138)	0	Change to Collection Fund	0
25,443	25,443	Total recognised (gains)/losses for the year	15,416

BALANCE SHEET

2008/09	2008/09 Restated*		2009/10	2009/10
£'000	£'000		£'000	£'000
		FIXED ASSETS		
167	167	Intangible Fixed Assets - note 16		127
		Tangible Fixed Assets - note 16		
		Operational Assets		
34,462	34,462	Land and Buildings:	33,510	
907	907	Vehicles, Plant, Furniture & Equipment	1,115	
95	95	Infrastructure Assets	79	
1,488	1,488	Community Assets	1,504	
36,952	36,952			36,208
		Non-Operational Assets:		
27,626	27,626	Investment properties	29,501	
3,200	3,200	Surplus assets held for disposal	3,200	
30,826	30,826			32,701
		Other		
		Long Term Investments - notes 17/20	740	
116	116	Long Term Debtors - note 17	118	
				858
68,061	68,061	Total Fixed Assets		69,894
		NET CURRENT ASSETS		
		Current Assets:		
116	116	Stocks and Work in Progress - note 18	20	
6,998	4,690	Debtors - note 19	4,851	
20,567	20,567	Temporary Investments - note 20	15,897	
363	363	Cash and Bank	11	
28,044	25,736			20,779
		Current Liabilities:		
(10,947)	(8,640)	Creditors due within 1 year - note 21	(6,520)	
(3,000)	(3,000)	Short Term Borrowing	(2,700)	
(13,947)	(11,640)			(9,220)
82,158	82,158	Total Assets less Current Liabilities		81,453
		LONG TERM LIABILITIES		
(3,772)	(3,772)	Capital Grants Deferred – Applied - note 24	(3,753)	
(180)	(180)	Capital Grants Unapplied	(134)	
(3,952)	(3,952)			(3,887)
(29,990)	(29,990)	Liabilities Relating to Defined Pension Scheme		(44,766)
48,216	48,216	TOTAL ASSETS LESS LIABILITIES		32,800

FINANCED BY:

(63,887)	(63,887)	Capital Adjustment Account	- note 23	(64,812)	
249	249	Financial Instruments Adj. Account	- note 25	0	
(308)	(308)	Revaluation Reserve	- page 57	(494)	
29,990	29,990	Pension Reserve	- note 32	44,766	
(11,139)	(11,139)	Capital Receipts Reserve	- note 22	(9,776)	
(32)	(32)	Deferred Capital Receipts		(25)	
<u>(45,127)</u>	<u>(45,127)</u>				<u>(30,341)</u>
		Ring-Fenced & General Reserves			
(707)	(839)	Earmarked Reserves	- note 26	(697)	
(2,250)	(2,250)	General Fund Balance	- note 28	(1,762)	
(132)	0	Collection Fund A/c	- note CF1 Page 55	0	
<u>(3,089)</u>	<u>(3,089)</u>				<u>(2,459)</u>
(48,216)	(48,216)	TOTAL NET WORTH			(32,800)

*The 2008/09 accounts have been restated on account of a change to accounting policy on how we treat the Collection Fund amounts collected and held on behalf of Oxfordshire County Council (OCC) and Thames Valley Police Authority (TVPA) – this authority is now classified as their agent for amounts collected on their behalf.

CASHFLOW STATEMENT 2009/10

2008/09	2008/09 Restated		2009/10	
£'000	£'000		£'000	£'000
Revenue Activities				
Cash Outflows				
10,774	10,774	Cash paid to and on behalf of employees	10,154	
15,894	15,894	Other operating cash payments	18,173	
18,607	18,607	Housing benefit paid out	21,321	
53,670	0	National non-domestic rate payments to national pool	0	
60,950	2,394	Precept paid	2,521	
159,895	47,669			52,169
Cash Inflows				
(63,799)	(7,209)	Council Tax receipts	(7,521)	
(6,107)	(6,107)	Non-domestic rate receipts from national pool	(5,705)	
(58,225)	0	Non-domestic rate receipts	0	
(850)	(850)	Revenue Support Grant	(1,317)	
(16,768)	(16,768)	DSS grants for benefits	(25,718)	
(7,219)	(7,024)	Other government grants - note 38	(1,783)	
(4,424)	(4,424)	Cash received for goods and services	(5,036)	
0	(195)	Other operating cash receipts	(197)	
(157,392)	(42,577)			(47,277)
2,503	5,092	Net Cash (Inflow)/Outflow from Revenue Activities – note 35		4,892
Return on Investments and Servicing of Finance				
0	0	Cash outflows Interest paid	0	
(2,056)	(2,056)	Cash inflows Interest received	(292)	(292)
Capital Activities				
Cash Outflows				
505	505	Purchase of fixed assets	500	500
505	505			
Cash Inflows				
(254)	(254)	Sale of fixed assets	(46)	
(210)	(210)	Capital grants and contributions received	(928)	(974)
(464)	(464)			
488	3,077	Net cash (inflow)/outflow before financing		4,126
Management of liquid resources				
(3,870)	(3,871)	Increase/(decrease) in short term deposits	(4,110)	
(1)	(1)	(Increase)/reduction in cash floats	0	
0	(2,588)	Net/(increase)/reduction in other liquid resources	36	(4,074)
(3,871)	(6,460)			
Financing				
3,000	3,000	Cash outflow Repayment of amounts borrowed		3,000
		Cash inflows New loans raised		(2,700)
(383)	(383)	(Increase)/Decrease in Cash – note 36		352

* 2008/09 restated to reflect the change in the Collection Fund to Agency accounts.

NOTES TO THE CORE FINANCIAL STATEMENTS

1. Authorisation of the Accounts for Issue/Post Balance Sheet Events

Events may occur between the Balance Sheet date and the date the accounts are authorised for issue which might have a bearing upon the financial results of the past year. Local authority financial statements are required to be approved by the authority by 30 June. For the 2009/10 accounts the Audit and Governance Committee and the responsible financial officer will sign, date and certify the accounts for presentation to audit on Wednesday 30 June 2010.

2. Restatement of Prior Period

There has been a restatement made to the prior period (2008/09) for the Statement of Accounts due to a change of accounting policy on how we treat the Collection Fund amounts collected and held on behalf of Oxfordshire County Council (OCC) and Thames Valley Police Authority (TVPA) – this authority is now classified as their agent for precepts collected on their behalf.

3. Grants – Capital

The Code of Practice requires capital grants and contributions to be accounted for using a deferred credit method. The asset is capitalised at gross cost. Capital contributions are credited to a Capital Grants Deferred Account in the Balance Sheet and released to the service revenue accounts over the life of the asset to match any charges for depreciation. In the financial year 2009/10, grants have been received from various government departments and from WREN which gives out environmental grants funded from landfill tax. Contributions have been received from local businesses developing property and from other local authorities.

4. Undischarged obligations arising from Long-term contracts

During 2008/09 the Council carried out a joint procurement exercise with South Oxfordshire District Council for the supply of household waste collection, street cleansing and ancillary services. The contract lasts for 7 years and is due to start in October 2010.

5. Agency Work

The authority undertook work for Oxfordshire County Council on an agency basis in respect of maintenance of Highway Verges (Local Government Act 1972 s101). The value of work undertaken this year was £47,256 (£45,741 in 2008/09).

Internal audit, Revenues and Benefits Client, Benefit Fraud, Interim Waste Team, and a part of the Strategic Management Team including Heads of Service were also supplied to South Oxfordshire District Council at a cost of £610,234.

6. Pension Costs

In 2009/10 the District Council paid an employer's contribution of £1,563,296 into the Oxfordshire County Council Pension Fund, representing 22% of the total pensionable pay of £7,004,373 (£7,671,684 in 2008/09). It also paid £250,492 (3.6% of pensionable pay) into that fund in respect of enhanced pensions for former employees.

In addition to those contributions, the District Council will pay £65,000 to the Royal County of Berkshire Pension Fund, now administered by the Royal Borough of Windsor & Maidenhead, for enhanced pensions to former employees of the pre-1974 reorganisation authorities. There are 1 surviving staff member and 6 widows' pensions.

Additional information regarding the Oxfordshire County Council Pension Fund can be found in note 32 to the Balance Sheet, on pages 42 to 46.

7. Officers' Emoluments

For the 2009/10 accounts (figures for 2008/09 shown in brackets), there is a requirement to disclose Senior Employee remuneration in detail. 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:

Senior Officers emoluments - Salary between £50,000 and £150,000 per year

Post Title	Salary (including fees & allowances) £	Expenses £	Total Remuneration excluding pension contributions 2009/10 £	Pension contributions £	Total Remuneration including pension contributions 2009/10 £
Head of Paid Service	129,092	413	129,505	21,300	150,805
Chief Finance Officer (Section 151 Officer)	97,734		97,734	24,045	121,779
Monitoring Officer	79,623	55	79,678	13,138	92,815

In addition to these appointments the Council also has two other Strategic Directors and seven other Heads of Service. The spot point pay level for strategic directors and heads of service is as follows:

- Strategic Directors: £98,544
- Heads of Service: £73,824

In 2009/10, these twelve posts were shared on a 50:50 basis with South Oxfordshire District Council; therefore the Council only incurred 50% of the costs shown above.

The shared management structure across South Oxfordshire District Council and Vale of White Horse District Council came into effect during the latter part of 2008/09 and early 2009/10. As such, comparative information is not available for 2008/09. Information on the management structures and the salaries payable can be provided on request at the council offices.

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:

Remuneration band	Number of employees		Total
	2008/09 Total	2009/10 Left during year	
£50,000 - £54,999	7		3
£55,000 - £59,999	1		4

£60,000 - £64,999	6		0
£65,000 - £69,999		1	1
£70,000 - £74,999		1	1
£75,000 - £79,999		1	1

8. Operating Leases

The Council uses operating leases on a limited basis. The amount paid under these arrangements in 2009/10 was £53,971 (2008/09 was £53,914). The expenditure was on the authority's automatic public conveniences. The photocopier leases have been terminated.

The Council is committed to making payments of £53,971 under these leases in 2010/2011. These leases will expire within the next 2 years.

9. Related Party Transactions

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

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). Details of transactions with Government departments are set out in a note to the Cash Flow Statement.

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.

Other local authorities. Payments to Oxfordshire County Council and the Royal Borough of Windsor and Maidenhead for pension costs are included in note 6 to the Income and Expenditure Account.

Members of the Council. Members have direct control over the Council's financial and operating policies. During the year no Members 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. Members have declared an interest in one of the following organisations:

- Abingdon Town Council
- Faringdon Community Bus

As at publication only one elected member had yet to return his declaration:

- Councillor James McGee – Grove Ward

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 2009/10 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.

10. Trading Operations

The Council has adopted an Investment Policy for its funds that are surplus to operational needs. Some are held as cash and accessible at short notice whilst some have been invested in property for which rents are received. A property trading statement for the year is shown on page 58. The interest received and the surplus on property investments is carried to the Income and Expenditure Account below the net cost of services.

11. Local Area Agreements

The Council is a participant in a local area agreement (LAA) – a partnership with other public bodies that requires the pooling of government grants to finance work towards jointly agreed objectives for local public services. During 2009/10 the council was awarded £48,423 (revenue money) however these funds were not received by year end, so the income has been accrued. (By May 2010, 50% of these funds had been received – recent Government announcements are that the remaining 50% is now not likely to be received; the accrual in the accounts has been amended accordingly). The activities funded by the grant is to reduce crime and disorder in the Vale area and to support a community in which people feel safe regardless of age or ethnic background.

12. Audit Costs

During the year the Vale of White Horse District Council incurred the following fees relating to external audit and inspection:

	2009/10 £
Fees payable to the Audit Commission with regard to external audit services carried out by the Appointed Auditor	112,170.04
Fees payable to the Audit Commission for certification of grant claims	32,287.43
Total	144,457.47

These costs are accounted for within the Income and Expenditure Account.

13. Members' Allowances

During 2009/10 the total sum paid to members in respect of basic and special responsibility allowances was as follows:-

Type of Allowance	2008/09 £	2009/10 £
Basic Allowance	188,278	192,827
Special Responsibility Allowance	114,423	116,673
Total	302,701	309,500

These costs are accounted for within the Income and Expenditure Account.

NOTES TO THE CORE FINANCIAL STATEMENTS - BALANCE SHEET

14. Fixed Assets

All of the Council's property assets are re-valued every 5 years in a rolling programme, using in-house qualified expertise in accordance with the Statements of Asset Valuation Practice and Guidance Notes of the Royal Institution of Chartered Surveyors (RICS). Community Assets (parks, open spaces etc) are included at historic cost, and vehicles, plant and equipment are included at purchase price less depreciation. For the 2009/10 accounts a de minimis level of £25,000 has been used for land and buildings, and £10,000 for new vehicles, plant and equipment.

	Number of properties at	
	31/03/09	31/3/10
Fixed assets with a book value include:		
Council Offices, Abingdon	1	1
Local Services Point, Wantage	1	1
Leisure Centres & sports facilities note 1	5	5
Public Halls, Abingdon, Faringdon & Wantage	3	3
Temporary accommodation, Abingdon, Faringdon & Wantage note 2	12	11
Community Centres, Abingdon, Botley	5	5
Off-street Car Parks, Abingdon, Faringdon & Wantage	10	10
Mobile Home Parks, Radley	2	2
Multi-storey Car Park, Abingdon	1	1
Public Conveniences, Abingdon, Botley, Faringdon & Wantage	4	4
Properties/sites held for investment see page 59	11	11
Properties/sites held for development, Abingdon note 3	1	2
Agricultural land, let	1	1
Recreation Grounds and open spaces, throughout the Vale	13	13

Note 1 — The Leisure Centres at Wantage and Farringdon are attached to educational establishments run by Oxfordshire County Council and the District Council does not own the land. This line also includes Abingdon open-air pool.

Note 2 — A house used for temporary accommodation has been taken into the Old Gaol development site.

Note 3 — The disused tree nursery in Abingdon has been reclassified as a development site.

15. Capital Expenditure 2009/10 and how funded

	2008/09 £'000	2009/10 £'000
Expenditure		
Land & Buildings	4	0
Plant & Equipment	204	473
Community Assets	129	16
Infrastructure Assets	2	0
Non-Operational Assets	23	89
Intangible assets	111	74
Revenue expenditure funded from capital under statute (previously Deferred Charges)	1,326	1216
Revenue expenditure funded from capital with the permission of the Secretary of State		324
	<u>1,799</u>	<u>2,192</u>
Financed from		
Capital Receipts	815	1,414
Internal fund	33	0
Government Grants	543	565
Heritage lottery and other grants	131	71
Developers and other contributions	277	142
	<u>1,799</u>	<u>2,192</u>

16. Movement of Fixed Assets 2009/10

Operational assets	Land & Buildings £'000	Plant & Equip £'000	Infra-structure £'000	Community Assets £'000	Total £'000
Cost or valuation					
At 1 April 2009	39,584	1,820	140	1,488	43,032
Additions		473		16	489
Disposals		(27)			(27)
Revaluations					
At 31 March 2010	39,584	2,266	140	1,504	43,494
Depreciation and impairments					
At 1 April 2009	(5,121)	(913)	(45)		(6,079)
Depreciation for year	(952)	(238)	(16)		(1,206)
Impairments					
At 31 March 2010	(6,073)	(1,151)	(61)		(7,285)
Balance Sheet amount at 31 March 2010					
	33,511	1,115	79	1,504	36,209
Balance Sheet amount at 1 April 2009					
	34,463	907	95	1,488	36,953
Nature of asset holding					
Owned	33,511	1,115	79	1,504	36,209
Finance lease	0	0	0	0	0
	33,511	1,115	79	1,504	36,209
Non Operational assets					
	Investment Properties £'000	Surplus held for disposal £'000	Intangible £'000	Total £'000	
Cost or valuation					
At 1 April 2009	37,956	3,560	781	42,297	
Additions	89		74	163	
Disposal					
Reclassifications					
Revaluations	186			186	
At 31 March 2010	38,231	3,560	855	42,646	
Depreciation and impairments					
At 1 April 2009	(10,330)	(360)	(615)	(11,305)	
Depreciation			(113)	(113)	
Impairments	1,600			1,600	
At 31 March 2010	(8,730)	(360)	(728)	(9,818)	
Balance Sheet amount at 31 March 2010					
	29,501	3,200	127	32,828	
Balance Sheet amount at 1 April 2009					
	27,626	3,200	166	30,992	
Nature of asset holding					
Owned	29,501	3,200	127	32,828	
Finance lease	0	0	0	0	
	29,501	3,200	127	32,828	

17. Long Term Debtors

This represents outstanding loan advances granted by the authority and also an investment with an Icelandic bank which has not been repaid (see note 20).

	Mortgage Advances		Other Advances		Total £'000
	Private Sector £'000	Former Council Tenants £'000	Other Loans £'000	Car Loans £'000	
Balance at 01/04/09	16	16	8	76	116
New Advances & Interest charged	1	2	5	62	70
Repayments	(1)	(9)	(6)	(52)	(68)
Balance at 31/03/10	16	9	7	86	118
Frozen investment with Landsbanki awaiting repayment (see note 20)					740
Total long term debtors + long term investments - total					858

18. Stocks and Work in Progress

	31/03/09 £'000	31/03/10 £'000
Stocks	24	20
Work in Progress	92	0
	<u>116</u>	<u>20</u>

Stock held on 31 March 2010 related to ICT consumable items, stationery, postage stamps, goods for resale and bar stocks held at the Guildhall and Civic Hall. Work in Progress was previously preliminary work on capital schemes where there was no asset yet nor firm commitment to one. This is now being treated as assets under construction.

19. Debtors can be classified as follows:

	31/03/09 £'000	31/03/09 restated £'000	31/03/10 £'000
Council Tax payers	2,151	255	275
Business Rate payers	1,388	0	0
Investment Interest	164	164	0
Public Authorities	613	613	805
Government Departments	2,638	2,638	1,961
Other	2,125	2,125	2,738
Payments in Advance	56	56	82
Gross Debtors	<u>9,135</u>	<u>5,605</u>	<u>5,861</u>
Less provision for bad or doubtful debts:			
Council Tax Payers	(767)	(89)	(126)
Business Rate Payers	(544)	0	0
Sundry Debtors	(201)	(201)	(121)
Housing Benefits	(557)	(557)	(691)
Housing Rents	(68)	(68)	(72)
Net Debtors	<u>6,998</u>	<u>4,690</u>	<u>4,851</u>

For 2009/10 there has been a change to accounting policy on how we treat Council Tax amounts collected and held on behalf of Oxfordshire County Council and Thames Valley Police Authority – this authority is now classified as their agent for amounts collected on their behalf and so only the element relating to this authority is now shown above. Similarly, debts relating to business rates are now deemed to belong to the Government and are not included above.

A full explanation of how the bad debt provision has been calculated is shown in note 34.

20. Financial Investments

Short Term Investments

	Liquid Deposits		Total £'000
	Fund Manager Investec Asset Management £'000	Managed in-house £'000	
Carried forward at 31 March	15,116	5,451	20,567
Adjustment reclassification	0	(751)	(751)
At 1 April 2009	15,116	4,700	19,816
Previous year interest	0	164	164
Additional funds invested	0	165,420	165,420
Funds repaid	0	(169,530)	(169,530)
Interest earned in year	452	128	580
Interest drawn down	(28)	(292)	(320)
Change in capital value	(233)	0	(233)
Accrued interest at year end	0	0	0
	15,307	590	15,897

Long Term Investments

	Deposits		Total £'000
	Fund Manager Investec Asset Management £'000	Managed in-house £'000	
Carried forward at 31 March	0	0	0
Adjustment reclassification	0	751	751
At 1 April 2009	0	751	751
Additional funds invested	0	0	0
Funds repaid	0	0	0
Interest earned in year	0	0	0
Interest drawn down	0	0	0
Revaluations	0	0	0
Impairments	0	(71)	(71)
Accrued interest at year end	0	60	60
	0	740	740

Investment income due to the Authority has been included in the Income and Expenditure Account on page 21 and in note 19 - Debtors above.

Investments managed by the Fund Manager comprise cash deposits and gilts that can be recalled at short notice and are valued at 'Bid Price'. There may also be unrealised changes in capital value at the year-end. The Fund Manager may have some long-term investments in their normal course of business.

The Council has one investment in Landsbanki which has been frozen since October 2008.

This investment has been re-classified as a long-term investment in the Balance Sheet since the first repayment is not likely to be received before October 2011. The value of the investment in the balance sheet has been discounted in accordance with an agreed procedure. The estimated recoverable amount has increased from 83% (March 2009) to 95% (March 2010). This assumes that local authority deposits continue to have priority status and would therefore be repaid ahead of any creditors that did not have priority status. This was based on the legal advice obtained by local authorities and on announcements made by the banks. The Landsbanki Winding-up Board have the view that local authority deposits do have priority status. However, the Glitnir Winding-up Board have the opposite view and the matter is with the Icelandic courts for decision – this is likely to be in the second quarter of 2011.

Bank	Date Invested	Maturity Date	Amount Invested £	Interest Rate	Carrying Amount £	Impairment £
Landsbanki	24 Sept 08	24 Oct 08	1,000,000	5.95%	738,984	351,414

The carrying amount of the investment included in the balance sheet has been calculated using the present value of the expected repayments, discounted using the investment's original interest rate. Whilst the anticipated recoverable amount has increased since last year, the period over which it is likely to be recovered has also significantly increased, consequently the impairment on the investment has been increased by £72k so that the accounts reflect the discounted value of future income cash flows.

The expected actual repayments have been estimated as follows, based on the statements made by the administrator.

	Credits to Income & Expenditure Account £
October 2011	229,319
October 2012	91,728
October 2013	91,728
October 2014	91,728
October 2015	91,728
October 2016	91,728
October 2017	91,726
October 2018	201,432
Total (not discounted)	981,117

Interest credited to the Income and Expenditure account in respect of the investment is as follows:

	Credited 2009/10 £	Received 2009/10 £
Landsbanki	59,499	0

Regulations issued in March 2009 allowed the authority to defer the impact of an impairment loss on the General Fund by transferring the loss plus interest to the Financial Instruments Adjustment Account. The Statement of Accounts 2008/09 show a balance of £249k in this account. The concession to defer the impact of the impairment loss on the general fund was extended for a further year. However, the council has decided to reverse this entry in 2009/10 to ensure that all current obligations are met from existing resources. This is detailed in note 25 below. This has had an impact on the Financial Instruments Adjustment Account (FIAA) in the balance sheet.

If the council does not receive priority status the expected repayments are likely to be at 38.19% only. The council will not know the outcome of the court case until October 2011. The additional cost to the council of non priority status is £441,000. This amount has been identified as a contingent liability in note 29 to the accounts and the council will need to demonstrate that the level of balances will be sufficient to cover this event.

21. Creditors can be classified as follows:

	31/03/2009 £'000	31/03/2009 Restated £'000	31/03/2010 £'000
Business Rate payers	2,739	0	0
Council Tax payers	0	0	150
Royal Berkshire Pension Fund	55	55	65
Other Creditors	5,429	6,664	3,605
Public Authorities	0	0	726
Income in Advance	2,724	1,921	1,974
	10,947	8,640	6,520

For 2009/10 there has been a change to accounting policy on how we treat the Council Tax amounts collected and held on behalf of Oxfordshire County Council and Thames Valley Police Authority – this authority is now classified as their agent for amounts collected on their behalf and so only the element relating to this authority is now shown above. Similarly, creditors relating to business rates are now deemed to belong to the Government and are not included above.

22. Capital Receipts Reserve

	2008/09 £'000	2009/10 £'000
Balance brought forward	11,691	11,139
Movements in the year		
Sale of assets	263	46
Government grant		10
Financing capital expenditure	(815)	(1,414)
Pooling Adjustment		(4)
Net increase/(decrease)	(552)	(1,362)
Balance carried forward	11,139	9,777

23. Capital Adjustment Account

	2008/09 £'000	2009/10 £'000
Balance brought forward	77,461	63,887
Adjustment to b/f balance, grant funding of REFCUS in previous year in 2008-09	707	0
plus: Depreciation adjustment to revaluation reserve	5	0
Capital grants and contributions written out	323	240
Grant funding of revenue expenditure funded from capital under statute (prev. deferred charges)	699	557
less: Disposals	(65)	(27)
plus: Capital Financing in year:		
Capital receipts	815	1,414
Grants and contributions written down	33	0
less: Write down of revenue expenditure funded from capital under statute (prev. deferred charges)	(1,422)	(1,540)
Depreciation in year	(1,501)	(1,319)
Impairment of fixed assets in year	(13,168)	1,600
Balance carried forward	63,887	64,812

24. Capital Grants Deferred Account

	2008/09 £'000	2009/10 £'000
Balance b/fwd	3,900	3,772
Transfer to I&E account	(56)	0
Additions in year	190	221
	4,034	3,993
Written off to CAA in year through service revenue accounts	(323)	(240)
transfer of grants	61	0
Balance c/fwd	3,772	3,753

Note: this account represents grants and contributions that have been received in respect of various completed capital projects. The assets are recorded at gross value in the Balance Sheet and the grant is written to the Capital Adjustment Account to reflect the contribution. Where the asset is depreciated the grant is written down to the relevant service revenue account in proportion to the depreciation, and then reversed through the Statement of Movement on the General Fund Balance so that it has no impact on the amount to be met from council tax.

25. Financial Instruments Adjustment Account

Regulations issued in March 2009 allowed the authority not to charge amounts relating to impaired investments to the General Fund. Such amounts were instead transferred to the Financial Instruments Adjustment Account (FIAA), an account that records the timing differences between charging these amounts to the General Fund in accordance with proper practice and in accordance with the regulations. The authority took advantage of the regulations for the financial year 2008/09. However, as explained in note 20 the decision has been made to reverse this amount in 2009/10 and to deal with any future impairments or receipts as they arise. This has had the following impact on the FIAA.

	Balance on FIAA at 31/3/09 £'000	Interest during 2009/10 £'000	Change in impairment £'000	Transfer to Statement on Movement on General Fund Balance £'000	Balance on FIAA at 31/3/10 £'000
Landsbanki	249	(59.5)	71.21	(260.71)	0

26. Earmarked Reserves

	Balance 31/03/09 £'000	Contributions to Funds £'000	Use/transfer of Funds £'000	Balance 31/03/10 £'000
From Revenue Balances				
Building Regulations Trading	(32)	6		(26)
DSO Vehicle Replacement	17		(17)	0
Community Grants Awards Fund	124	22	(77)	69
Election Equalisation Fund	83			83
Local Development Framework Fund	175	85	(5)	255
Rent Deposit Guarantee Scheme	12			12
Reservoir Fund	136		(5)	131
Lottery Grant Matched Funding	50			50
Collection Fund Adjustment Account	132		(41)	91
Self-Insurance Fund	142	58	(167)	32
Classified as assets - sub-total	839	171	(313)	697

From External Contributions

Developers' contributions	1,085	518	(527)	1,076
Government Grants	413	122	(276)	259
Performance Reward Grant	0	185	0	185
Classified as liabilities* - sub-total	1,498	825	(803)	1,520
Total Funds & Reserves	2,337	996	(1,116)	2,217

* To comply with the Statement of Recommended Practice, contributions from developers towards future services, such as grounds maintenance, or to capital works have been classified as liabilities in the balance sheet (creditors) until the work is carried out. The Council does not expect to have to repay any of these sums.

27. Self Insurance Fund

The authority has a Self-Insurance Reserve which is topped up from general fund balances when necessary and also charges are made to cost centres in lieu of premiums. The fund is used to meet certain claims, mainly within our excesses or the whole excess where a claim has been made on insurers.

	31/03/09 £'000	31/03/10 £'000
Balance brought forward	(88)	(142)
Claims met during the year – see note	16	167
Internal Premiums received	(13)	(15)
Contribution from balances	(57)	(42)
Balance carried forward	(142)	(32)

Note. During the year the authority paid out on a claim from a former employee of Abingdon Urban District Council who had been diagnosed with mesothelioma and contended that he had worked with asbestos in council houses during the early 1960s. A number of court cases have decided that a claimant only has to identify one employment where exposure might have occurred and also that any insurance cover at the time of exposure meets the claim. The Vale of White Horse DC is liable as the successor authority to Abingdon UDC and we are unable to ascertain who Abingdon UDC was insured with at the time although this is still being pursued.

This reserve is to cover the following:

Risk	Limit – up to £:
Employer's Liability	5,000
Fire and Perils (property)	5,000
Storm damage and flood (property)	15,000
Vehicles - accidental damage	250
Contents	100
Public Liability	5,000
Officials Indemnity	5,000
Libel and Slander	5,000
Fidelity Guarantee	5,000
Land Charges	5,000
Personal Accident	5,000
Professional Negligence	2,500
Cash in Transit	No Limit
Misc. Equipment at request of Departments	No Limit

Claims above these limits are met by insurance companies.

28. Revenue Balances

The analysis of revenue balances at 31 March 2010 is as follows:

	31/03/09	31/03/09 restated	31/03/10
	£'000	£'000	£'000
Collection Fund	132	0	0
General Fund	2,250	2,250	1,762
	<u>2,382</u>	<u>2,250</u>	<u>1,762</u>

29. Contingent Liabilities

Contingent Liabilities are known potential obligations upon the Council's funds, but for which both the amount and timing are uncertain, or the trigger for the obligation is beyond the Council's control. These liabilities are not accrued in the accounting statements, but should be disclosed in the notes to the accounts.

- During 2008/09, three operators under the concessionary fares scheme have appealed to the Secretary of State against our 2009-10 scheme on the grounds that they are 'prejudicially affected' or inadequately reimbursed. One holding company that owns two of those three has issued judicial proceedings against the Council. The case is similar to several other cases against local authorities that are currently being pursued through the legal system. The view of the Legal Services Manager is that whilst their case against us may be misconceived, at least in part, there may be something in the wider case against the local authorities. Counsel's view is awaited. Any financial impact would not apply to 2009/10 and the effect on the Vale would not be significantly different from the effect on other authorities.
- The Council is currently being pursued by Microsoft Corporation regarding payment for software licences – it is not yet known whether or not the Council is liable, and if liable how much, but the exposure of the Council may be in excess of £100,000. It is not likely to impact upon the 2009/10 accounts and no provision has been made in these accounts for this item.
- In the mid-1990's the council took a lease at the Challow Depot, Regis Yard, Wantage (the former DSO workshop and yard) which has been held leasehold by the council – this lease expired in April 2010. When the council took the lease in the mid-1990's there was no clause limiting the Council's liability for repairs by reference to a schedule of condition. Consequently the Council is potentially vulnerable to a claim for dilapidations and the landlords are claiming £55,000 although it is anticipated that this can be negotiated to a lower amount; the Council has budgeted for £20,000 of dilapidation costs in 2010/11, but the final amount remains uncertain.
- As described in note 20 to the accounts, the council has an outstanding debt with Landsbanki. The current position is that the accounts reflect the expected return of 94.85%. This return is based on the council (as a fixed term depositor, rather than an investor) being granted preferential claimant status; however, if the Icelandic courts decide that deposits by local authorities (as a group action) are not priority status then the amount available to be returned to the council may fall to 38.19%. A contingent liability of £441,000 is therefore recognised in the council's general fund balances, although the timing of this liability (if it occurs) is uncertain.

30. Significant Commitments under Capital Contracts

At the year-end the Council was engaged in a small number of contracts relating to capital projects, none of them significant.

31. Events after the Balance Sheet Date

In the Emergency Budget on 22 June 2010 the Government announced that, in future, the pension increase order applied to public service pension schemes' pensions in payment will be

linked to the Consumer Price Index (CPI) rather than the Retail Price Index (RPI). This change represents a non-adjusting post balance sheet event.

Both the RPI and CPI measure the change in prices of various consumer items. However, there are some specific differences in the commodity coverage of the CPI and RPI indices. Over the last 20 years RPI has been on average 0.5% per annum higher than CPI. If this past trend continues then future pension increases would be expected to be 0.5% less than previously projected.

Reducing the assumption for future levels of pension increases by 0.5% per annum has the following effect on the net pension liability:

Net Pension Liability at 31 March 2010	RPI £'000	CPI £'000	Difference £'000
Local Government Pension Scheme (funded)	78,300	XX	X
Local Government Pension Scheme (unfunded)	2,400	XX	X
Total Net Pension Liability	80,700	XXX	XX

32. Oxfordshire County Council Pension Fund FRS 17 disclosures

In accordance with Financial Reporting Standard 17 – Retirement Benefits (FRS 17), the Vale of White Horse District Council is required to disclose certain information concerning assets, liabilities, income and expenditure related to pension schemes for its employees.

Vale of White Horse District Council participates in the Local Government Pension Scheme which is a defined benefit scheme based on final pensionable salary.

The most recent valuation was carried out as at 31 March 2007 and has been updated by independent actuaries to the Oxfordshire County Council Pension Fund (the Fund) to take account of the requirements of FRS 17 in order to assess the liabilities of the Fund as at 31 March 2010.

Transactions Relating to Retirement Benefits

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

Income & Expenditure Account	Local Government Pension Scheme	
	2008/09 £m	2009/10 £m
Net Cost of Services:		
Current service cost	0.98	0.91
past service cost	0.03	0
Losses on curtailments	0	0.11
Net Operating Expenditure:		
• interest cost	3.66	3.76
• expected return on assets in the scheme	(2.44)	(1.54)
Net Charge to the Income & Expenditure Account	2.23	3.24

Statement of movement in the General Fund Balance

- reversal of net charges made for retirement benefits in accordance with FRS17 (2.23) (3.24)

Actual amount charged against the General Fund Balance for pensions in the year:

- employers' contributions payable to scheme 2.01 1.88

In addition to the recognised gains and losses included in the Income and Expenditure account, actuarial losses of £13.4m (£10.4m 2008/09) were included in the Statement of Total Recognised Gains and Losses. The cumulative amount of actuarial losses recognised in the Statement of Total Recognised Gains and Losses is £24.6m.

Assets and Liabilities in Relation to Retirement Benefits

Reconciliation of present value of the scheme liabilities:

Local Government Pension Scheme

	Funded liabilities		Unfunded liabilities	
	2008/09 £m	2009/10 £m	2008/09 £m	2009/10 £m
Opening present value of liabilities	51.71	54.53	2.21	2.25
Current service cost	0.98	0.91	0.00	0.11
Interest cost	3.51	3.57	0.15	0.19
Contributions by participants	0.49	0.45	0.00	0.00
Actuarial (gains)/losses on liabilities	(0.43)	21.47	0.03	0.00
Net benefits paid out	(1.76)	(2.63)	(0.14)	(0.15)
Past service cost	0.03	0	0.00	0.00
Closing present value of liabilities	54.53	78.30	2.25	2.40

Reconciliation of fair value of the scheme assets:

Local Government Pension Scheme

	Period ending 31 March 2009 £m	Period ending 31 March 2010 £m
Opening fair value of assets	34.69	26.79
Expected return on assets	2.44	1.54
Actuarial gains/(losses) on assets	(10.83)	8.08
Contributions by the employer	1.76	1.85
Contributions by participants	0.49	0.46
Net benefits paid out	(1.76)	(2.78)
Closing fair value of assets	26.79	35.94

The Vale of White Horse District Council employs a building block approach in determining the rate of return of Fund assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed rate of return on each asset class is set out within this note. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the Fund at 31 March 2010.

The actual return on scheme assets in the year was £9.63m (2008/09 loss of £8.39m).

Scheme history

Local Government Pension Scheme

	2005/06 not restated £m	2006/07 restated £m	2007/08 restated £m	2008/09 £m	2009/10 £m
Present value of liabilities Funded + unfunded	56.11	56.79	53.92	56.78	80.70
Fair value of assets in the scheme	38.32	38.89	34.69	26.79	35.94
Surplus/(deficit) in the scheme:	(17.79)	(17.90)	(19.23)	(29.99)	(44.76)

The council has elected not to restate fair value of scheme assets for 2005/06 as permitted by FRS 17 (as revised). This approach has been agreed between the Chartered Institute of Public Finance and Accountancy and the actuaries.

The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The total liability of £44.76m has a substantial impact on the net worth of the authority as recorded in the Balance Sheet.

However, statutory arrangements for funding the deficit mean that the financial position of the authority remains healthy:

- The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

The total contributions expected to be made to the Local Government Pension Scheme by the council in the year to 31 March 2011 are £1.708 million.

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 2007. The principal assumptions used by the independent qualified actuaries in updating the latest valuation of the Fund were:

Principal financial assumptions (% per annum)

	31 March 2007	31 March 2008	31 March 2009	31 March 2010
Inflation	3.2	3.7	3.4	3.9
Rate of general increase in salaries*	4.7	5.2	4.9	5.4
Rate of increase to pensions in payment	3.2	3.7	3.4	3.9
Discount rate	5.3	6.8	6.7	5.5

* Salary increases are assumed to be 1.5% above price increases, as last year.

Principal demographic assumptions

Post-retirement mortality	31/03/09	31/03/10
Longevity at 65 for current pensioners:		
Men	23.1	23.1
Women	25.0	25.0

Longevity at 65 for future pensioners:		
Men	25.4	25.4
Women	27.3	27.3

Expected return on assets

	Long-term expected rate of return at 31 March 2008 (%pa)	Asset split at 31 March 2008 (%)	Long-term expected rate of return at 31 March 2009 (%pa)	Asset split at 31 March 2009 (%)	Long-term expected rate of return at 31 March 2010 (%pa)	Asset split at 31 March 2010 (%)
Equities	7.6	70	7	62.3	7.5	73
Property	6.6	6.2	6	4.5	6.5	5
Government bonds	4.6	10.7	4	14	4.5	12
Corporate bonds	6.8	6.2	5.8	7.9	5.5	6
Cash/Other	6	6.9	1.6	11.3	3	4
Total	7.1	100	5.8	100	6.8	100

History of experience gains and losses

The actuarial gains identified as movements on the Pensions Reserve in 2009/10 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2010.

In accordance with Paragraph 77(o) of FRS17 (as revised), the assets for the current period and the previous two periods are measured at current bid price. Asset values previously measured at mid-market value for periods ending 2009, 2008 and 2007 have been re-measured for this purpose. Asset values for period ending 2006 are shown at mid-market value and have not been re-measured as permitted by FRS17 (as revised).

History of experience gains and losses

	Period ending 31 Mar 06 £m	Period ending 31 Mar 07 £m	Period ending 31 Mar 08 restated £m	Period ending 31 Mar 09 £m	Period ending 31 Mar 10 £m
Funded benefits:					
Experience gains/(losses) on assets	5.14	0.14	(6.29)	(10.83)	8.09
Experience gains/(losses) on liabilities	0.02	(0.13)	(1.04)	(0.23)	(21,47)

History of experience gains and losses

Unfunded benefits:	Period ending 31 Mar 06 £m	Period ending 31 Mar 07 £m	Period ending 31 Mar 08 restated £m	Period ending 31 Mar 09 £m	Period ending 31 Mar 10 £m
Experience gains/(losses) on liabilities	Unknown	Unknown	(0.02)	(0.03)	0

33. Group Accounts

If the Council has access to benefits or is exposed to the risk of potential loss of another body; or controls the majority of equity capital, voting rights, rights to appoint the board, or exercises a dominant influence over an organisation, then there is a requirement to produce Group Accounts.

The Council has no material influence, benefit, exposure or rights over any other outside organisation and therefore no Group Accounts have been produced for 2009/10.

The Council makes substantial grants to various bodies but the grants do not provide the Council with any controlling influence over the body or expose the Council to potential loss.

The Council appoints Members to a variety of different outside organisations, but these appointees do not have a majority controlling influence within these organisations.

The Council has no wholly owned or partially owned subsidiaries or joint ventures.

In the past the Council has set up two companies to manage the common parts of properties where it has sold off long leases but retained the freeholds. These are: Wootton Road Flat Management Co. Ltd., and Reynolds Way Flat Management Co. Ltd. The Council provides the company officers and the only shareholders are the respective tenants. The intention was that the companies (i.e. the tenants) would assume responsibility for managing the common parts and meet the costs. This has not happened and the Council currently manages the common parts and recharges the tenants through service charges in accordance with their leases. These companies currently have no assets or liabilities and are "dormant".

34. Financial Instruments

The 2008 Statement of Recommended Practice (SORP) required local authorities to disclose information regarding their financial instruments. A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term includes financial assets and liabilities such as:

- Liabilities:
 - Trade payables and other payables
 - Borrowings
 - Financial guarantees
- Assets:
 - Bank deposits
 - Trade receivables
 - Loans receivable
 - Investments

The purpose of the new disclosures is to provide information that enables readers to evaluate:

- The significance of financial instruments for the authority's financial position and performance;
- The nature and extent of risks arising from financial instruments to which the authority is exposed and how the authority manages those risks.

Categories of Financial Assets and Financial Liabilities.

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

	Long-Term		Current	
	31 March 09 £'000	31 March 10 £'000	31 March 09 £'000	31 March 10 £'000
Financial liabilities at amortised cost	0	0	(3,000)	(2,700)
Total borrowings	0	0	(3,000)	(2,700)
Available-for-sale financial assets (in hands of fund manager)	0	0	20,567	15,897
Total investments	0	0	17,567	13,197

A current asset is one that satisfies any of the following criteria:

- It is expected to be realised, or is intended for sale or consumption, in the authority's normal operating cycle.
- It is held primarily for the purpose of being traded.
- It is expected to be realised within 12 months after the Balance Sheet date.
- It is cash or a cash equivalent, unless it is restricted from being exchanged or used to settle a liability at least 12 months after the Balance Sheet date.

Note 20 details the movements on temporary investments.

Financial Instrument Gains/Losses

The gains and losses recognised in the Income and Expenditure Account and Statement of Total Recognised Gains & Losses in relation to financial instruments are made up as follows:

2008/09		Financial Liabilities At amortised cost £'000	2009/10 Financial Assets Loans & receivables £'000	Total £'000
0	Interest expense	0	0	0
0	Losses on de-recognition	0	0	0
(249)	Impairment losses	0	(71)	(71)
(249)	Interest payable and similar charges	0	(71)	(71)
1,551	Interest income	0	579	579
30	Landsbanki accrued interest	0	60	60
323	Gain/(loss) on de-recognition	0	(233)	(233)
1,904	Interest and investment income	0	406	406
1,655	Net gain/(loss) for the year	0	335	335

Basis of Valuation

The valuation contains details of the investments that comprise the portfolio at the date of the valuation. It may include investments that are the subject of transactions that have been effected but remain unsettled at that date, and income that has been declared ex-dividend but not yet paid.

Investments have been valued using bid-market price information or supplemented by reputable sources when not available. Standard market conventions have been used to calculate accrued interest due on securities.

Nature and Extent of Risks arising from Financial Instruments and how managed.

The Council is required to disclose the risk to which it is exposed in its dealings with financial instruments and how they are managed. The main risks are:

- Credit risk – the possibility that one party to a financial instrument will fail to meet their contractual obligations, causing a loss for the other party
- Liquidity risk – the possibility that a party will be unable to raise funds to meet its commitments associated with financial instruments.
- Market risk – the possibility that the value of an instrument will fluctuate because of changes in interest rates, market prices, foreign currency exchange rates, etc.

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the authority's customers. The authority has adopted CIPFA's *Treasury Management in the Public Services: Code of Practice* and has set treasury management indicators to control key financial instrument risks in accordance with CIPFA's Prudential Code. The Treasury Management and Investment Strategy is agreed by the Council's Executive at the start of each financial year.

The following analysis summarises the authority's potential maximum exposure to credit risk, based on experience of default and non-collection over the last five financial years, adjusted to reflect current market conditions.

Maximum exposure to credit risk:

	Amount at 31 March 2010 £'000	Historical experience of default %	Historical experience adjusted for market conditions at 31 March 2010 %	Estimated maximum exposure to default and non-collection £'000
Deposits with banks and financial institutions	15,897	0%	0.95%	151
Bonds	0	0%	0%	0
Customers	5,861	18%	17.2%	1,010

The authority does not generally allow credit for customers and a provision is made for bad debt based on the debtors information as at year end.

Provision for Bad Debts.

The Council recognises that, for a variety of reasons, it will be not be successful in collecting all of the debts that are owed to it and makes a provision in the accounts to reflect this. The provision is calculated by analysing, for each type of debt, the period they have been outstanding and applying a percentage based on experience as to the likely collection rate

The amount of the provision is shown as a credit against the total debtors position in note 19. Please note that the total debtors position includes costs and reconciling items which are excluded for the purposes of calculating the provision. This note provides a detailed breakdown of how the figures has been arrived at as different criteria are applied to different types of debt. Provisions are round to the nearest £1,000 in the accounts.

Council Tax – provision of £126,000 on outstanding net debt of £244,041 (Collection Fund p53)

The total debt is analysed by the year it was raised and a percentage applied as follows:

Year tax due	Debt outstanding £	% applied	Amount of provision £
Up to 1 year	106,918	24.64%	26,345
1 – 2 years	47,316	53.60%	25,361
2 – 3 years	35,158	68.58%	24,111
3 – 4 years	27,144	84.56%	22,953
Over 5 years	27,505	100.00%	27,505
	244,041		126,275

Housing Benefits – provision of £691,000 on outstanding debt of £1,215,584

This represents overpayment of Housing Benefit where a claimant has not told the Council about a change in circumstances that will affect their benefit entitlement. Where the claimant is still receiving benefit the overpayments are recovered by deduction from benefit. Where the claimant is no longer entitled to benefit the normal debt recovery process is used. The provision calculation recognises that there is a greater chance of recovery in the former case than in the latter.

Provision for debt subject to recovery from entitlement:

Basis of recovery	Debt outstanding £	% applied	Amount of provision £
Subject to recovery via ongoing benefit entitlement	618,778	30.0%	185,633
Not subject to ongoing recovery	596,806	84.7%	505,235
	1,215,584		690,868

Sundry Debtors – provision of £65,000 on outstanding debt of £516,477

Period outstanding	Debt outstanding £	% applied	Amount of provision £
Up to 1 year	495,284	5%	24,769
1 – 3 years	738	50%	369
3 – 6 years	2,103	75%	1,577
Over 6 years	(318)	100%	(318)
Parchment Limited	18,570	100%	18,570
Investment property rents			20,000
	516,377		64,967

Temporary Accommodation – provision of £72,000 on outstanding debt of £85,261

This represents rents due on temporary accommodation provided by the Council to homeless persons. The rent accounting system, which is operated by the Housing Section, does not provide an aged debt analysis so the percentage applied is dependent on whether the debt relates to clients still in receipt of a service or not.

Period outstanding	Debt outstanding £	% applied	Amount of provision £
Current clients	9,523	25%	2,381
Former clients (individual)	58,172	90%	52,355
Former clients (bulk debt)	17,566	100%	17,566
	85,261		72,302

Garden waste wheeled containers (Brown Bins) – provision of £56,000 on outstanding debt of £153,394

The Council makes a charge for the hire/emptying of brown bins. New customers pay for the first year before a bin is delivered by cash, cheque, credit card or direct debit. Those not paying by direct debit should then receive an invoice near to the anniversary date for collections to continue.

Period outstanding	Debt outstanding £	% applied	Amount of provision £
2008/09	46,066	100%	46,066
2009/10	107,328	10%	10,733
	153,394		56,799

Liquidity risk

The authority has no debt to finance and is currently able to meet all its ongoing commitments, all trade and other payables due to be paid in less than one year, from cash balances.

Market risk

The council is exposed to some risk in terms of its exposure to interest rate movements on its investments. In the current financial climate the council's balances are deposited in instruments with returns in a range of between 0.25% to 1.2% return. For this reason the Council has a diversified investment holding in property and temporary investment and maintains a level of reserve at least equal to 5% of the annual budget requirement.

The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget quarterly during the year. This allows any adverse changes to be accommodated. Borrowing to cover temporary cash-flow shortages is always at fixed rates.

Price risk

The council does not invest in equity shares nor owns any shareholdings in joint ventures or local industry; consequently the council has no exposure to loss arising from movements in the prices of shares.

Foreign Exchange risk

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

NOTES TO THE CORE FINANCIAL STATEMENTS – CASHFLOW STATEMENT

35. Reconciliation of Net Revenue Deficit to Cashflow from Revenue Activities

2008/09 £'000	Restated £'000		2009/10	
			£'000	£'000
15,463	15,325	Deficit on Income & Expenditure Account	2,183	
(339)	(339)	Collection Fund	0	
15,124	14,986			2,183
		<u>Non Cash Transactions</u>		
(419)	(419)	Contribution to Provision for Bad Debts	(295)	
267	267	Government Grants Deferred	264	
254	254	Gain on sale of assets	46	

(1,501)	(1,501)	Depreciation of Fixed Assets	(1,319)	
(13,168)	(13,168)	Impairment of Fixed Assets	1600	
(249)	(249)	Reversal of Impairment of Landsbanki investment	0	
0	0	Write out of Financial Investment adjustment account	(321)	
707	707	Capital grants income reversal from general fund	0	
(721)	(721)	Write down of revenue expenditure funded from capital under statute (deferred charges)	(996)	
(330)	(330)	Net Charges for Retirement Benefits	861	
0	0	Pooling of Capital Receipts	(4)	
0	0	Capitalisation of superannuation and statutory redundancy	324	
0	0	Collection fund adjustment	98	
(10)	(23)	Other adjustments	1	
109	109	Compound interest on VAT reimbursement	0	
77	77	Transfer to Funds and Reserves	10	
(14,984)	(14,997)			269
		Items Classified elsewhere in the Cashflow Statement		
1,904	442	Add interest received	291	291
		Items Accrued		
(2)	(2)	(Decrease) / increase of Stock and Work in Progress	(96)	
0	(1,966)	Net (increase) / decrease other liquid resources - CT	(3,185)	
0	4,554	Net (increase) / decrease other liquid resources - NNDR	3,149	
(1,713)	(1,713)	Decrease / (increase) in Creditors	2,120	
0	1,614	Accrued interest	0	
2,174	2,174	(Decrease) / increase in Debtors	161	2,149
2,503	5,092	Net cash flow from revenue activities		4,892

36. Movement in Cash

	Balance at 01/04/09 £'000	Balance at 31/03/10 £'000	Movements in year £'000
Cash in hand	363	11	(352)

37. Movement in Liquid Resources

	Balance at 01/04/09 £'000	Balance at 31/03/10 £'000	Movements in year £'000
Short Term Deposits	5,451	1,340	(4,111)
Short Term Loans	3,000	2,700	(300)

An explanation of what the authority includes in the liquid resources and any changes in its policy. As in previous years, the above figures comprise cash balances held in call and short term notice deposit accounts, as well as fixed term cash investments with a maturity date not greater than one year from the balance sheet date.

38. Analysis of Government Grants (actual cash received)

	<u>£</u>
Revenue support grant	1,316,838
Area based grant*	22,811
Local authority business growth incentive*	80,812
Housing planning delivery grant*	364,288
Concessionary fares	267,454
Mortgage rescue programme	45,500
Homelessness main grant	61,050
Business rates deferral scheme	14,848
Habitats regulations assessments payment	33,670
Council tax administration grant	772,426
Community safety grant	120,455
Other government grants	<u>1,783,314</u>
Council tax benefit	5,091,235
Housing benefit	20,616,631
In and out of work grant	10,315
Total DSS grants for benefits	<u>25,718,181</u>
NDR cost of collection grant	197,152
Total Revenue Grant received	<u><u>29,015,485</u></u>
Disabled facilities grant	510,000
Council tax billing efficiency	10,600
Total Capital Grant received	<u>520,600</u>
The Council also received re-distributed national non domestic rate income which is shown in other liquid resources	5,705,217

* Non-ring fenced revenue grants (other Grant Income on I&E)

COLLECTION FUND 2009/10

Income and Expenditure Account

2008/09 £'000	Income	£'000	£'000
(62,769)	Council Tax Payers		(65,240)
(4,531)	Transfers from General Fund Council Tax Benefits		(5,102)
(51,809)	Income from Business Ratepayers		(53,475)
(5)	Adjustments Council Tax Transitional Reduction Scheme grant		(6)
(119,114)	Total Income		(123,823)
	Expenditure		
	Precepts		
51,759	- Oxfordshire County Council	54,118	
6,875	- Thames Valley Police Authority	7,241	
7,484	- Vale of White Horse D C (inc. Parishes)	<u>7,897</u>	
			69,256
	Business Rates		
51,614	- Payment to National Pool	53,278	
195	- Cost of Collection	<u>197</u>	53,475
42	Provision for bad debts – Council Tax		347
	Contribution towards previous year's estimated Collection Fund surplus		
(69)	- Previous years estimated surplus\deficit) on CT OCC	864	
(9)	- Previous years estimated surplus\deficit) on CT TVPA	115	
(9)	- Previous years estimated surplus\deficit) on CT VWHDC	125	1,104
117,882	Total Expenditure		124,182
(1,232)	(Surplus)/deficit for the year		359
65	Balance on the Collection Fund brought forward		(1,167)
<u>(1,167)</u>	Balance on the Collection Fund carried forward		<u>(808)</u>

COLLECTION FUND 2009/10

Balance Sheet

2008/09				2009/10		
£'000	£'000	£'000		£'000	£'000	£'000
Oxfordshire County Council	Thames Valley Police Authority	Vale of White Horse District Council		Oxfordshire County Council	Thames Valley Police Authority	Vale of White Horse District Council
1,719	230	255	Share of council tax arrears	1,816	241	275
(598)	(80)	(89)	Share of impairment allowance for doubtful debts	(833)	(111)	(126)
(1,019)	(136)	(151)	Share of council tax overpayments & prepayments	(991)	(132)	(150)
(914)	(121)	(132)	Share of Collection Fund (surplus)/deficit	(632)	(85)	(91)
812	107	117	Share of council tax cash balances	640	87	92

NOTES TO THE NON-CORE FINANCIAL STATEMENTS

NOTES TO THE COLLECTION FUND

CF1 The statement of accounts are prepared in accordance with the 2009 Statement of Recommended Practice. The SORP determines that billing authorities act as agents on behalf of the major preceptors (Oxfordshire County Council and Thames Valley Police) and itself. Council tax transactions and balances therefore need to be allocated between the billing authority and major preceptors, as shown by the collection fund balance sheet.

Council tax arrears, overpayments, prepayments and provision made for doubtful debt are allocated out between the Vale, Oxfordshire County Council and Thames Valley Police Authority in proportion to their precepts for the financial year in question.

On the 15th January each year an estimate is made of the collection fund (surplus)/deficit expected at the 31st March. This estimate is divided between the major preceptors proportionally by reference to their precepts for the year in question. At the year end, the actual collection fund (surplus)/deficit is compared to this estimate with any resulting (under)/over distribution being shared between the Vale, Oxfordshire County Council and Thames Valley Police Authority by reference to the proportion of their precepts for the coming financial year.

The following amounts are included within debtors/(creditors) in respect of council tax cash balances held on behalf of the major precepting bodies:-

2008/09 £'000		2009/10 £'000
(812)	Oxfordshire County Council	(640)
(107)	Thames Valley Police Authority	(87)
(919)	Debtors/(Creditors)	(727)

The share of the collection fund (surplus)/deficit carried forward as at 31st March is shown in the Council's reserves:-

2008/09 £'000	2009/10 £'000
(132)	(91)

CF2 The total non-domestic rateable value at the 31 March 2010 was £131,645,932. The standard non domestic rate multiplier for 2009/10 was 48.5 pence in the pound. The small business non domestic rate multiplier was 48.1 pence in the pound.

CF3 The number of chargeable dwellings in each Council Tax Band after adjustment for exemption, discounts etc:

	No of Properties	Weighting	Band D Equivalent £
Band A	1,545	6/9	1,030
Band B	5,029	7/9	3,911
Band C	14,572	8/9	12,953
Band D	11,254	1	11,254
Band E	8,600	11/9	10,511
Band F	4,732	13/9	6,835
Band G	3,723	15/9	6,205
Band H	403	2	806
	<u>49,858</u>		<u>53,505</u>

Discounts and exemptions (5,781)

Class O exempt properties	1,096
Year end adjustment, appeals and losses on collection	(954)
	<u>47,866</u>
	<u>47,866</u>

i.e. a levy of £1 would raise

47,866

CF4 Precepts payable to parishes in 2009/10 amounted to £2,521,242 (2008/09 £2,393,885). Parish precepts are minor precepts and are deemed to be part of the precept levied on the Collection Fund by the District Council.

CF5 The average band D Council Tax for the year was made up as follows:-

	2008/09	2009/10
	£	£
Oxfordshire County Council	1,089.75	1,130.62
Vale of White Horse District Council	107.16	112.31
Thames Valley Police Authority	144.76	151.27
	<u>1,341.67</u>	<u>1,394.20</u>
Parish Council (Average)	50.41	52.67
	<u>1,392.08</u>	<u>1,446.87</u>

STATEMENT OF TOTAL MOVEMENT IN RESERVES

	Capital Adjustment Account	Revaluation Reserve	Deferred Capital Receipts	Capital Receipts Reserve	Earmarked Reserves	Pension Reserve	Financial Instruments adjustment Account	General Fund	Collection Fund	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1 April 2009	(63,887)	(308)	(32)	(11,139)	(707)	29,990	249	(2,250)	(132)	(48,216)
Restatement at 1 April 2009					(132)				132	
Repayments in year			7							7
Additions/contributions	(797)	(186)		(10)	(260)	14,776	(249)			13,074
Disposals of fixed assets	27			(46)						(19)
Reductions/use of funds	2,859			1,419	402			488		5,168
Financing of fixed assets (see notes)	(1,414)									(1,414)
Impairment of fixed assets	1,600									
Balance as at 31 March 2010	(64,812)	(494)	(25)	(9,776)	(697)	44,766	0	(1,762)	0	(32,800)

**TRADING STATEMENT FOR INVESTMENT PROPERTIES
2009/10**

	2008/09		2009/10	
	£'000	£'000	£'000	£'000
Income				
Rent due		(1,869)		(1,856)
Expenditure				
Running costs	108		119	
less Recharged to tenants	(92)	16	(71)	48
Professional fees and charges		18		23
Provision for bad debts		84		136
Surplus in year		(1,751)		(1,649)
Surplus from developing plots at mobile home parks		0		(14)
Total surplus from trading shown on Income & Expenditure Account		(1,751)		(1,663)

List of investment properties

Bury Street precinct, Abingdon	site only, shops let by tenant
Charter Complex, Abingdon	offices and day centre
Emcor House, Hatfield	offices
Napier Court, Abingdon	offices
Old Abbey House, Abingdon	offices
Old Magistrates Court, Abingdon	offices
8 & 9 The Parade, Canterbury	3 shop units
1 & 2 Roysse Court, Abingdon	offices
Telfer House, Range Road, Witney	offices and warehouse
Upper Reaches Hotel site, Abingdon	hotel site
West Way, Botley	26 shop units, some with flats over

39. INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VALE OF WHITE HORSE DISTRICT COUNCIL

Opinion on the accounting statements

I have audited the Authority accounting statements and related notes of Vale of White Horse District Council for the year ended 31 March 2010 under the Audit Commission Act 1998. The accounting statements comprise the Income and Expenditure Account, the Statement of Movement on the General Fund Balance, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cash Flow Statement, and the related notes. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of Vale of White Horse District Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 49 of the Statement of Responsibilities of Auditors and of Audited Bodies published by the Audit Commission in April 2008.

Respective responsibilities of the Executive Director Finance and auditor

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

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

I report to you my opinion as to whether the accounting statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice, of the financial position of the Authority and its income and expenditure for the year.

I review whether the governance statement reflects compliance with 'Delivering Good Governance in Local Government: A Framework' published by CIPFA/SOLACE in June 2007. I report if it does not comply with proper practices specified by CIPFA/SOLACE or if the statement is misleading or inconsistent with other information I am aware of from my audit of the accounting statements. I am not required to consider, nor have I considered, whether the governance statement covers all risks and controls. Neither am I required to form an opinion on the effectiveness of the Authority's corporate governance procedures or its risk and control procedures.

I read other information published with the accounting statements, and consider whether it is consistent with the audited accounting statements. This other information comprises the Explanatory Foreword (excluding the information on future prospects). I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the accounting statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounting statements and related notes. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the accounting statements and related notes, and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the accounting statements and related notes.

Opinion

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

CONCLUSION ON ARRANGEMENTS FOR SECURING ECONOMY, EFFICIENCY AND EFFECTIVENESS IN THE USE OF RESOURCES

Authority's Responsibilities

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

Auditor's Responsibilities

I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Authority for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion in relation to proper arrangements, having regard to relevant criteria for principal local authorities specified by the Audit Commission and published in May 2008 and updated in October 2009. I report if significant matters have come to my attention which prevent me from concluding that the Authority has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Conclusion

I have undertaken my audit in accordance with the Code of Audit Practice and having regard to the criteria for principal local authorities specified by the Audit Commission and published in May 2008 and updated in October 2009, and the supporting guidance, I am satisfied that, in all significant respects Vale of White Horse District Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2010.

Certificate

I certify that I have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Maria Grindley
Officer of the Audit Commission
Unit 5 Isis Business Centre
Horspath Road Cowley OX4 2RD

September 2010

EXPLANATION OF FINANCIAL 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.

(BV)ACOP - (Best Value) Accounting Code of Practice

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.

AREA BASED GRANT - Together with revenue support grant (see below) this comprises the council's general government grant income.

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.

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 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 Authority 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.

COLLECTION FUND - A fund maintained by collecting authorities into which is paid council taxes, NNDR, and community charges. The fund then meets the requirements of the county, district and parish Councils and, the Thames Valley Police Authority, as well as paying NNDR to the national pool.

COMMUNITY ASSETS – Assets that the Authority 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.

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 authority'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 Police Authority and local parishes is collected by this Authority and paid over to them throughout the year.

CREDITOR - The amount owed by the Authority for work done, goods received or services rendered to the Authority within the accounting period but for which payment has not been made.

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 Authority within the accounting period but not received by the end of the financial year.

DEBT REDEMPTION - The repayment of loans raised to finance capital expenditure.

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.

DIRECT SERVICE ORGANISATION (DSO) - An internally organised structure that manages a particular service area for the Authority. With the extension of competitive tendering there is an increasing trend to manage whole areas of the Council's activities along these lines with a clearer definition of 'client' and 'customer' being established. At the time of writing the Council does not have any statutory DSOs as the Housing Maintenance DSO transferred to the Vale Housing Association upon LSVT and the Grounds Maintenance DSO was wound up at the end of its first, unprofitable, year. During 2009/10 the Council operated a non-statutory team of technical operatives which it calls its "DSO" – this has since been wound up.

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)**.

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.

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 INSTRUMENTS ADJUSTMENT ACCOUNT - The financial instruments adjustment account provides a balancing mechanism between the different rates at which gains and losses are recognised and are required by statute to be met from the general fund.

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.

FRS 17 – Financial Reporting Standard 17 requires the Authority 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.

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.

HOUSING REVENUE ACCOUNT - The main revenue account dealing with an Authority's housing activities with its tenants. This Authority's HRA was closed on 31 March 1995 after its housing stock had been disposed of.

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.

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.

LIABILITY - An amount incurred by the organisation that is due to be paid at some time in the future.

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.

NATIONAL NON DOMESTIC RATES (NNDR) - NNDR 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 'NNDR multiplier'). The council acts as a collecting agency for central government and passes all income to it. The government then redistributes the money it receives back to local authorities based on resident population.

NET BOOK VALUE. 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 – 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.

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.

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.
- 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 (Income and Expenditure Account) 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.

STATEMENT OF STANDARD ACCOUNTING PRACTICE SSAP – Statement of Standard Accounting Practices were introduced to ensure that all statements of accounts are compiled on the same or similar basis.

STATEMENT OF RECOMMENDED PRACTICE SORP – 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

TRADING ACCOUNT - A method of matching income and expenditure for a particular activity or group of activities. An example of this is Building Control.

TRANSFERRED DEBT - This is the term given to housing assets transferred to another Council, for which the Council receives repayment in the form of a loan.

USEFUL LIFE - The period over which the authority will derive benefits from the use of a fixed asset.

EXPLANATION OF FUNDS AND RESERVES

The purpose of each of the Council's earmarked funds and reserves is explained below.

BUILDING REGULATIONS TRADING FUND – This is the accumulated profit or loss on the Building Control Service.

CAPITAL ADJUSTMENT ACCOUNT - The capital adjustment account provides a balancing mechanism between the different rates at which assets are depreciated and financed through the capital control system.

COLLECTION FUND ADJUSTMENT ACCOUNT – This is the Council's share of the collection fund surplus carried forward as at 31st March. See page 55

COMMUNITY GRANTS AWARDS FUND – To meet the cost of grants awarded in the current year that will not be paid to the beneficiaries until later years