SOUTH BUCKS
District Council

Statement of Accounts
For the year ended 31 March 2017

Index

Narrative Report

1. About South Bucks District Council

South Bucks District Council serves the urban areas of Burnham, Beaconsfield, Gerrards Cross, Denham and Iver, as well as a number of outlying villages.

The overall population of the district is approximately 68,500. It covers an area of 141 square kilometres. 87% of the District is green belt, and large parts of the District are designated as an area of outstanding natural beauty.

The District Council was established on 1 April 1974. There are 28 councillors. The whole Council was elected in May 2015 for four years. The Conservative Group holds 27 seats and controls the Council. There is 1 independent member.

The Council provides a wide range of services to the people living, working and studying in the area. It operates a Cabinet system with the following responsibilities:

- Council Leader - Strategy and direction of the Council, political leadership, public profile and regional representation.
- Environment - Refuse and waste, recycling, damaged and threatened land, and cemeteries.
- Healthy Communities - Health and wellbeing, housing services, homelessness, environmental health, sport and leisure, community development and grants, youth matters, partnership working, community safety, and crime reduction.
- Resources – Housing Benefits, Council Tax and Non-Domestic Rate collection, financial strategy, asset and investment management, ICT, legal, democratic services, audit, finance, and council car parks.
- Sustainable Development - Development management, building control, planning enforcement, trees and conservation, planning policy and the Local Development Framework.

Further information about the Council can be obtained from the following website address: www.southbucks.gov.uk

2. Format of Accounts

The financial statements are prepared on an accruals basis and follow best practice recommended by the Code of Practice on Local Authority Accounting.

The various statements include, where relevant, comparative figures relating to the previous financial year and supporting notes.

They statements summarise the overall financial position of the Council and include the following:

Comprehensive Income and Expenditure Statement - This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices and shows how that cost has been financed from Council Tax payers, Business Rate income and Government grants.

Movement in Reserves Statement - This statement shows the movement in the year of the different reserves held by the Authority, analysed into ‘usable reserves’ (ie those that can be applied to fund expenditure or reduce local taxation) and other reserves.

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

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

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

3. Joint Working Arrangements with Chiltern District Council

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

The authorities have a shared Chief Executive and Directors, as well as joint Heads of Service.
The two councils have also implemented opportunities for further savings by collaboration and the joining together of services, assets, officer posts and officer teams.

However, the authorities remain sovereign independent bodies, and keep their separate identities, retain their own Councillors and budgets, and set their own council taxes.

4. Financial Context

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

On 23rd February 2016 the Authority set its budget for 2016/17 to take account of the continuing material reduction in funding to the Council as shown in the following table.

	2014/15 £'000	2015/16 £'000	2016/17 £'000
Business Rate Income - Baseline Need	985	1,004	1,012
Revenue Support Grant	1,161	871	436
Settlement Funding Assessment	2,146	1,875	1,448
Year on Year Change (£k)		-271	-427
Year on Year Change (%)		-13%	-23%

The 2016/17 budget incorporated over £600,000 of savings, budget reductions and increased income.

The Council's Medium Term Financial Forecast anticipates Revenue Support Grant disappearing completely in 2018/19, and further savings being required to balance the budget over the next few years.

5. Financial Outturn

Revenue Income and Expenditure

The table below summarises the Council's revenue income and expenditure and compares the budget for the year with the actual expenditure. It also shows how the overall Council expenditure was funded by income from Council Tax payers, business rate income, and Government Grants. The numbers here differ to the figures shown on the Comprehensive Income and Expenditure Statement as some items of expenditure, such as depreciation, are presented differently.

	Budget £'000	Outturn £'000	(Under)/ Over Spend £'000
Environment	2,907	2,808	-99
Healthy Communities	1,574	1,706	132
Resources	1,865	2,003	138
Sustainable Development	1,666	1,498	-168
Net Cost of Services	**8,012**	**8,015**	**3**
Interest & Investment Income	-430	-334	96
Notional Interest Payable	227	227	-
Transfer from LDD Reserve	-164	-20	144
Transfer from Revenue Reserves	-18	-	18
Transfer to Economic Development Reserve	50	50	-
Transfer to the Capital Reserve	557	557	-
Budget Requirement	**8,234**	**8,495**	**261**
Council Tax Payers	-4,734	-4,734	-
Non-Domestic Rates (NDR)	-1,012	-2,184	-1,172
Non-Domestic Rates (NDR) - General Grants	-	-150	-150
Revenue Support Grant (RSG)	-436	-436	-
General Grants – Transition Grants	-80	-80	-
General Grants - New Homes Bonus	-1,479	-1,479	-
General Grants - Other	-	-143	-143
Collection Fund Council Tax Deficit	7	7	-
Collection Fund NDR Deficit (From NNDR1)	-500	1,830	2,330
Levy Payable on Business Rates Growth	-	186	186
	-	1,312	1,312
Items Agreed to be Funded from Reserves			
Corporate Management Costs	-	40	40
HS2 Expenditure	-	56	56
	-	96	96
Net (Surplus)/Deficit for the Year	**-**	**1,408**	**1,408**

The following table then reconciles the above figures to the figures in the Statement of Accounts (see note 7 for more details).

(Surplus)/Deficit on Provision of Services (From Comprehensive Income and Expenditure Statement)	322
Adjustments between Accounting Basis and Funding Basis	-2,516
Net Transfer to Earmarked Reserves	3,602
(Increase)/Decrease in General Fund Reserve	**1,408**

Narrative Report

Movement in Reserves

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

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

- The General Fund Balance decreased by £1,408,000 to £2,939,000. This is due to a transfer to Earmarked Reserves of £3,602,000 which has been offset by adjustments relating to retained income from Non-Domestic Rates.
- Earmarked reserves increased by £3,602,000 to £6,628,000. This is mainly due to in year contributions to reserves relating to S106 commuted sums.
- The Council's Capital Receipts Reserve decreased by £5,233,000 to £856,000. This is because receipts were used to fund the Council's capital investment programme.

The key movements in the Council's unusable reserves are as follows.

- The Pensions deficit increased by £6,114,000. The accumulated estimated pension fund deficit now stands at £31,484,000.
- The Revaluation Reserve balance increased by £5,162,000 due to upwards revaluation of the Authority's Property, Plant and Equipment.

Capital Expenditure

Capital expenditure is all expenditure on the acquisition, creation, or enhancement of Property, Plant and Equipment assets, which yield benefits to the Authority and the services it provides for a period of more than one year.

Total capital expenditure for the year amounted to £5,574,000. This was financed from internal capital receipts and central Government grants. Further details are shown in note 23.

Financial Position at Year End

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

	Value 31 March 2016 £m	Value 31 March 2017 £m
Assets		
Property, Plant and Equipment	13.6	17.8
Investment Property	6.8	10.2
Investments, Cash and Bank holdings	21.0	18.3
Long Term Debtors	1.9	1.8
Short Term Debtors	7.2	5.7
Liabilities		
Short Term Creditors	7.0	6.3
Short Term Provisions	1.6	1.7
Finance Lease Liability	3.8	3.5
Pension Liability	25.4	31.5

The value of Property, Plant and Equipment has increased by £4.2m. These assets were revalued as at 1st April 2016, which resulted in an increase in value of £4.4m for Property, Plant and Equipment. More information can be found in Note 10 of the Statement of Accounts.

Investment Properties have increased in value by £3.4m. This is largely due to the purchase in year of the Police Site in Gerrards Cross for £4.2m (more information is given in Note 11 and 23 of the accounts). This has also led to a reduction in the Investment, Cash and Bank holdings, which have reduced by £2.7m in total.

The Authority, as part of the terms and conditions of employment, offers retirement benefits to staff. Although these benefits will not be payable until employees retire, the Authority has a commitment to make the payments and this needs to be disclosed at the time that employees earn their future entitlement.

This pension liability has been accounted for under International Accounting Standard 19 Employee Benefits (IAS19) and in common with many public and private companies, who offer defined benefit pension schemes, the current IAS19 valuation of the pension fund assets is significantly less than the actuarial estimate of the liability. For South Bucks the pension asset value is £42.1m and the liability £73.6m giving a net deficit of £31.5m as at 31 March 2017.

However the Authority's actual contributions to the pension fund are independently assessed by the scheme actuary on a different statutory basis to ensure that any deficit on the pension fund is made good over the period that the liabilities will arise and contributions to the fund are determined by the actuary's advice.

Cash Flow

The Cash Flow Statement shows the inflows and outflows of cash arising from transactions with third parties. It shows that in 2016/17 the amount of cash and cash equivalents held by the Authority decreased by £373,000.

Collection Fund

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

In 2016/17 SBDC raised £51.5m in Council Tax. Council Tax income is paid over to the precepting bodies (Bucks County Council, Bucks Fire & Rescue, Police & Crime Commissioner for Thames Valley, Parish & Town Councils and SBDC) and the amount paid over in 2016/17 (£51.1m) equals the amount that was requested as part of the 2016/17 budget setting process.

In 2016/17 SBDC raised £31.4m in business rates. Business rate income is shared as follows: Central Government 50%; SBDC 40%, Bucks County Council 9%; Bucks Fire & Rescue 1%. Business rates income in excess of this figure is shared on a different basis as the Council was part of a business rates pool in 2016/17.

6. Financial and Non-Financial Performance

In 2016/17 South Bucks District Council has:

- Published the Chiltern and South Bucks Joint Local Plan preferred options consultation, which will help shape future development in the district up until 2036.
- Diverted 12,000 tonnes of waste from landfill.
- Delivered 35 disabled facilities grants.
- Developed the Open Spaces and Playing Pitch Strategy and Leisure Facilities Strategy, which will inform the future needs and delivery of leisure.
- Delivered a Housing Strategy to help people in need to secure appropriate housing.
- Collected 97.9% of the Council Tax amounts due and 99.0% of the Business Rates amounts due.

Further details can be found in the South Bucks District Council Annual Report 2016/17.

7. Other Matters to Report

We also report to you the following matters:

- Apart from the matters disclosed above, there are no other significant factors affecting the Accounts that require highlighting in 2016/17.
- There are no significant changes in accounting policy to report in 2016/17.
- The Authority did not have any need to borrow monies.
- There are no significant contingencies or material write offs to report.
- There are no material events after the reporting date to report.

8. Future Plans

Looking ahead, South Bucks District Council will:

- Continue to make savings in order to deal with on-going reductions in Government funding.
- Continue to prepare the Joint Local Plan, which will help shape future development in the district up until 2036.
- Ensure our open spaces and leisure facilities are suitable for the needs of our residents now and in the future.
- Complete the delivery of the Housing Strategy to help people in need to secure appropriate housing.
- Mitigate the impact of major infrastructure projects arising from planning development.
- Progress the joint arrangements with Chiltern District Council, with the focus of changing ways of working to provide more efficient services that respond to the evolving needs to residents and businesses.
- Work with other public sector bodies on the delivery of the public services to provide more efficient and co-ordinated services where possible.

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SBDC is also likely to carry out a number of investment projects including:

- Increasing off street car parking spaces in our main centres.
- Starting to develop property to meeting housing needs and generate income for the Council from rents.

These projects will result in the Council undertaking some long term borrowing to help fund these.

Further details can be found in the South Bucks District Council Annual Report 2016/17.

9. Further Information

Further information on the financial affairs of the Council can be obtained from:

Director of Resources
South Bucks District Council
Council Offices
Capswood
Oxford Road
Denham
Bucks
UB9 4LH

Statement of Responsibilities for the Statement of Accounts

The Authority's Responsibilities

The Authority is required to:

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

The Director of Resources' Responsibilities

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

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

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

The Director of Resources has also:

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

I confirm that the Statement of Accounts gives a true and fair view of the financial position of the Authority as at 31 March 2017 and its income and expenditure for the year then ended.

Director of Resources

Date 30th June 2017

Comprehensive Income and Expenditure Statement

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

2015/16				Note	2016/17		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000			Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
5,720	-1,314	4,406	Environment Portfolio		4,999	-1,077	3,922
5,611	-4,171	1,440	Healthy Communities Portfolio		5,404	-6,535	-1,131
20,102	-17,941	2,161	Resources Portfolio		20,668	-17,806	2,862
3,578	-1,674	1,904	Sustainable Development Portfolio		3,151	-1,377	1,774
35,011	**-25,100**	**9,911**	**Cost of Services**		**34,222**	**-26,795**	**7,427**
			Other Operating Expenditure				
		1,907	Parish Council Precepts				2,019
		-116	(Gain) / loss on disposal of non-current assets				-278
		27	Pension Administration Expenses	25			29
			Financing and Investment Income and Expenditure				
		244	Interest element of finance leases				227
		905	Pensions net interest cost	25			894
		-366	Investment interest receivable	13			-334
		-990	(Gain) / loss on investment properties	11			544
			Taxation and Non-Specific Grant Income and Expenditure				
		-6,488	Council tax income				-6,780
		-12,259	Non-domestic rates income				-12,336
		10,921	Non-domestic rates expenditure - Tariff payment				11,012
		407	Non-domestic rates (safety net grant)/levy				186
		-871	Revenue Support Grant				-436
		-	Transition Grant				-80
		-1,334	New Homes Bonus				-1,479
		-460	Non service related government grants				-293
		-109	Capital Grants and Contributions				-
		1,329	**(Surplus) or Deficit on Provision of Services**				**322**
		-1,734	(Surplus) or deficit on revaluation of Property, Plant & Equipment assets	10			-5,235
		34	(Surplus) or deficit on revaluation of available for sale financial assets	13			58
		-3,572	Remeasurements of the net defined benefit liability	25			5,181
		-5,272	**Other Comprehensive Income & Expenditure**				**4**
		-3,943	**Total Comprehensive Income & Expenditure**				**326**

Movement In Reserves Statement

This statement shows the movement in the year of the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves.

The Statement shows how the movements in year of the Authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The Increase/Decrease line shows the statutory General Fund Balance movements in the year following those adjustments

Movement in Reserves 2016/17

	General Fund Balance £'000	Earmarked Reserves £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Capital Reserves £'000	**Total Usable Reserves £'000**	Revaluation Reserve £'000	Pensions Reserve £'000	Capital Adjustments Account £'000	Collection Fund Adjustment C Tax £'000	Collection Fund Adjustment NDR £'000	Available for Sale Financial Instruments £'000	Deferred Credits £'000	**Total Unusable Reserves £'000**	**Total Authority Reserves £'000**
Balance as at 31 March 2016	4,347	3,026	6,089	11	4,350	**17,823**	4,019	-25,370	16,704	17	-1,869	147	90	**-6,262**	**11,561**
Total Comprehensive Income & Expenditure	-322	-	-	-	-	**-322**	5,235	-5,181	-	-	-	-58	-	**-4**	**-326**
Adjustments between accounting basis & funding basis under regulations (Note 7)	2,516	-	-5,233	76	-	**-2,641**	-73	-933	2,397	34	969	-	-	**2,394**	**-247**
Net Increase / Decrease before Transfers to Earmarked Reserves	2,194	-	-5,233	76	-	**-2,963**	5,162	-6,114	2,397	34	969	-58	-	**2,390**	**-573**
Transfers to / from Earmarked Reserves (Note 9)	-3,602	3,602	-	-	-	**-**	-	-	-	-	-	-	-	**-**	**-**
Increase / Decrease (movement) in Year	-1,408	3,602	-5,233	76	-	**-2,963**	5,162	-6,114	2,397	34	969	-58	-	**2,390**	**-573**
Balance as at 31 March 2017	**2,939**	**6,628**	**856**	**87**	**4,350**	**14,860**	**9,181**	**-31,484**	**19,101**	**51**	**-900**	**89**	**90**	**-3,872**	**10,988**

Movement in Reserves 2015/16

	General Fund Balance £'000	Earmarked Reserves £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Capital Reserves £'000	**Total Usable Reserves £'000**	Revaluation Reserve £'000	Pensions Reserve £'000	Capital Adjustments Account £'000	Collection Fund Adjustment C Tax £'000	Collection Fund Adjustment NDR £'000	Available for Sale Financial Instruments £'000	Deferred Credits £'000	**Total Unusable Reserves £'000**	**Total Authority Reserves £'000**
Balance as at 31 March 2015	1,862	2,427	7,251	11	4,350	**15,901**	2,289	-27,953	17,016	-90	184	181	90	**-8,283**	**7,618**
Total Comprehensive Income & Expenditure	-1,329	-	-	-	-	**-1,329**	1,734	3,572	-	-	-	-34	-	**5,272**	**3,943**
Adjustments between accounting basis & funding basis under regulations (Note 7)	4,413	-	-1,162	-	-	**3,251**	-4	-989	-312	107	-2,053	-	-	**-3,251**	**-**
Net Increase / Decrease before Transfers to Earmarked Reserves	3,084	-	-1,162	-	-	**1,922**	1,730	2,583	-312	107	-2,053	-34	-	**2,021**	**3,943**
Transfers to / from Earmarked Reserves	-599	599	-	-	-	**-**	-	-	-	-	-	-	-	**-**	**-**
Increase / Decrease (movement) in Year	2,485	599	-1,162	-	-	**1,922**	1,730	2,583	-312	107	-2,053	-34	-	**2,021**	**3,943**
Balance as at 31 March 2016	**4,347**	**3,026**	**6,089**	**11**	**4,350**	**17,823**	**4,019**	**-25,370**	**16,704**	**17**	**-1,869**	**147**	**90**	**-6,262**	**11,561**

Balance Sheet

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

31 March 2016 £'000		Note	31 March 2017 £'000
13,584	Property, Plant & Equipment	10	17,788
63	Heritage Assets		63
6,806	Investment Property	11	10,170
270	Intangible Assets	12	262
7,008	Long Term Investments	13	3,624
1,857	Long Term Debtors	14	1,765
29,588	**Long Term Assets**		**33,672**
7,085	Short Term Investments	13	8,167
7,200	Short Term Debtors	14	5,717
6,864	Cash and Cash Equivalents		6,491
21,149	**Current Assets**		**20,375**
-7,000	Short Term Creditors	15	-6,333
-1,609	Short Term Provisions	16	-1,668
-268	Short Term Finance Lease Liabilities	24	-285
-1,191	Receipts in Advance	15	-
-10,068	**Current Liabilities**		**-8,286**
-3,549	Long Term Finance lease Liabilities	24	-3,264
-189	S106 Liabilities		-25
-25,370	Pensions Liabilities	25	-31,484
-29,108	**Long Term Liabilities**		**-34,773**
11,561	**Net Assets**		**10,988**
17,823	Usable reserves *		14,860
-6,262	Unusable Reserves*	17	-3,872
11,561	**Total Reserves**		**10,988**

*See Movement in Reserves Statement for further details.

The unaudited accounts were issued on 30th June 2017.

Director of Resources

Date: 30th June 2017

Cash Flow Statement

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

2015/16 £'000	Cash Flow Statement	2016/17 £'000
-1,329	Net surplus or (deficit) on the provision of services	-322
3,398	Adjustments to net surplus or deficit on the provision of services for non-cash movements	288
-65	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	-142
-295	Interest received	-363
244	Finance lease interest (received) / paid	227
1,953	**Net cash flows from Operating Activities**	**-312**
	Investing Activities	
-1,083	Purchase of property, plant & equipment, investment property & intangible assets	-5,099
-7,000	Purchase of short-term investments	-10,000
-1,000	Purchase of long-term investments	-
-	Proceeds from the sale of property, plant & equipment, investment property & intangible assets	300
10,191	Proceeds from short-term investments	12,214
107	Other (receipts)/payments for investing activities	-151
	Financing Activities	
-251	Change in the outstanding liabilities relating to finance leases	-268
-7,113	Other receipts / (payments) for financing activities: Change in NNDR amount due to Government and preceptors	5,724
2,461	Other receipts / (payments) for financing activities: Change in Council Tax amount due	-2,781
-1,735	**Net increase or (decrease) in cash and cash equivalents**	**-373**
8,599	Cash and cash equivalents at the beginning of the reporting period	6,864
6,864	**Cash and cash equivalents at the end of the reporting period**	**6,491**

677	Bank current accounts	1,176
6,187	Short-term deposits / Money Market Funds	5,315
6,864		**6,491**

Notes to the Accounts

1. Accounting Policies

General Principles

The Statement of Accounts summarises the Authority's transactions for the 2016/17 financial year and its position at the year-end of 31 March 2017. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which those regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17, supported by International Financial Reporting Standards (IFRS).

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

Accruals of Income and Expenditure

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

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

Cash and Cash Equivalents

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

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

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

Notes to the Accounts

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

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

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

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

Charges to Revenue for Non-Current Assets

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

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

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

Council Tax and Non-Domestic

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including Government for NDR) and, as principals, collecting council tax and NDR for themselves.

Billing authorities are required by statute to maintain a separate fund (ie the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central Government share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

Accounting for Council Tax and NDR

The council tax and NDR included in the Comprehensive Income and Expenditure Statement is the Authority's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the Authority's General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the Authority's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

Employee Benefits

Benefits Payable During Employment

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

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

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits, and are charged on an accruals basis to the appropriate service segment at the earlier of when the Authority can no longer withdraw the offer of those benefits or when the Authority recognises costs for a restructuring.

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

Post-Employment Benefits

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

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

- The liabilities of the pension fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on a high quality corporate bond.
- The assets of the pension fund attributable to the Authority are included in the Balance Sheet at their fair value:
  - quoted securities - current bid price
  - unquoted securities - professional estimate
  - unitised securities - current bid price
  - property - market value.

The change in the net pension liability is analysed into the following components:

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

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

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

Events After the Reporting Period

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

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

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

Financial Instruments

Financial Liabilities

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

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

Financial Assets

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

Loans and Receivables

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

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

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

Available-for-Sale Assets

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

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

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 Inputs – quoted prices (unadjusted) in active markets for identical assets that the Authority can access at the measurement date.
- Level 2 Inputs – inputs other that quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 Inputs – unobservable inputs for the asset.

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

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

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

Instruments Entered Into Before 1 April 2006

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

Government Grants and Contributions

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

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

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

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

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

Heritage Assets

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

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

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

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

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

Intangible Assets

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

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

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

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

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

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

Interests in Companies and Other Entities

The Authority has no material interests in companies and other entities that have the nature of subsidiaries, associates and jointly controlled entities that would require it to prepare group accounts. For further information see Note 21.

Inventories

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

Investment Property

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

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use.

Properties are not depreciated but are revalued annually according to a fair value hierarchy at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

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

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

Leases

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

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

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

The Authority as Lessee

Finance Leases

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

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

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

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

Operating Leases

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

<u>The Authority as Lessor</u>

Finance Leases

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

Lease rentals receivable are apportioned between:

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

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

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

Operating Leases

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

Overheads and Support Services

The costs of overheads and support services are charged to service segments in accordance with the Authority's arrangements for accountability and financial performance.

Property, Plant and Equipment

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

Recognition

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

Measurement

Assets are initially measured at cost, comprising:
- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

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

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

- Community assets and assets under construction – depreciated historical cost
- Council offices – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV)
- Surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective
- All other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

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

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

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

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

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

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

<u>Impairment</u>

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

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

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

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

Depreciation

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

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

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

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

Disposals and Non-current Assets Held for Sale

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

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

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

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

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

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

Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

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

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

Contingent Liabilities

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

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

Contingent Assets

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

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

Reserves

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

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

Revenue Expenditure Funded from Capital under Statute

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

VAT

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

Fair Value Measurement

The Authority measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

a) in the principal market for the asset or liability, or

b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The Authority measures the fair value of an asset of liability using the assumptions that market participants would use when pricing the asset or liability, assuming that the market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Authority's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Authority can access at the measurement date.

- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

- Level 3 – unobservable inputs for the asset or liability.

2. Accounting Standards Issued, Not Adopted

The Authority is required to disclose information relating to the impact of any accounting change on the financial statements, as a result of the adoption by the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (the Code) of a new standard that has been issued, but is not yet required to be adopted by the Authority.

Full adoption will be required for the 2017/18 financial statements. However the Authority is required to make disclosure of the estimated effect of the new standards in these (2016/17) financial statements.

The 2017/18 Code has adopted:

- An amendment to the reporting of pension fund scheme transaction costs
- An amendment to the reporting of investment concentration.

These changes only affect authorities that are required to prepare Pension Fund Accounts. As South Bucks District Council is not an administering authority, these changes will not affect these Statement of Accounts.

3. Critical Judgements in Applying Accounting Policies

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

The critical judgements made in the Statement of Accounts are:

- The Authority is the sole corporate trustee of the Farnham Park Charitable Trust, a charitable organisation that owns and operates the Farnham Park Sports Fields and the South Buckinghamshire Golf Course. It has been determined that the Authority does not have control of the Trust (except in its capacity as corporate trustee) and it is not a subsidiary of the Authority.

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

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

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

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

The items in the Authority's Balance Sheet at 31 March 2017 that have a significant risk of causing material adjustment in the forthcoming financial year are as follows.

Item	**Uncertainties**	**Effect if Actual Results Differ from Assumptions**
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £29k for every year that useful lives had to be reduced.
Creditor Accruals	Accruals are estimated based on goods or services which have been received but not yet invoiced. The value of estimated creditors is £100k.	If there is a difference of 1% on the value of the actual invoice received, this would equate to £1k.
Debtors	At 31 March 2017, the Council had a balance of invoiced sundry debts of £3,368k. Review suggested that an impairment of doubtful debts of 37% (£1,234k) was appropriate. Estimated debtors are based on invoices which were not raised prior to 31 March 2017. The value of estimated debtors is £1,171k.	If collection rates were to deteriorate, increasing the impairment of doubtful debts by 10% would require an additional £337k to be set aside. A difference of 1% on the value of the actual debtors invoice raised would equate to £12k.
Non-Domestic Rates Appeals Provision	Business Ratepayers have the right to appeal against their business rate property valuations. If successful they will be entitled to a refund of overpaid Non-Domestic Rates. The Authority has therefore made a provision of £1,668k for the settlement of successful appeals.	An increase of 10% in either the total number of successful claims or the estimated average settlement would each have the effect of adding £167k to the provision.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied. The value of the net pension liability in the balance sheet is £31,484k.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the net pension liability of £1,259k.

5. Events after the Reporting Period

The unaudited Statement of Accounts were issued by the Director of Resources on 30 June 2017. Events taking place after this date are not reflected in the financial statement or notes.

Where events taking place before this date provided information about the conditions existing at 31 March 2017, the figures in the financial statements and notes would be adjusted in all material respects to reflect the impact of this information.

The financial statement and notes would not be adjusted for events which took place after 31 March 2017 if they provide information that is relevant to an understanding of the Authority's financial position but do not relate to conditions at that date.

There have been no events occurring after the reporting date that would have a material impact on these financial statements.

6. Transfer of Historical Disposal to Farnham Park Charitable Trust

In 1998/99 South Bucks District Council sold Farm Cottages, Farnham Park Lane resulting in a capital receipt of £247,000. This asset formed part of permanent endowment (Farnham Park Sports Field) that was handed to South Bucks District Council under the Eton Rural District Council (ERDC) Act 1971.

In 2006/07 all transactions and balances relating to Farnham Park Charitable Trust were separated out from the main South Bucks District Council accounts. However the £247,000 was omitted.

This means that in 2006/07 the Council's Capital Receipts Reserve was overstated by £247,000 and the cash loan to the Trust was also overstated by £247,000. The Authority has deemed this a non-material misstatement, and therefore the correction for this transaction has been made within the 2016/17 Statement of Accounts.

7. Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (Government grants, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices.

It also shows how this expenditure is allocated for decision making purposes between the Council's portfolios. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

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

2016/17	Services within the General Fund					Total General Fund	Other Usable Reserves	Capital Receipts Reserve	Unusable Reserves
	Environment Portfolio	Healthy Communities Portfolio	Resources Portfolio	Sustainable Development Portfolio	Other Income & Expenditure				
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Net Expenditure Chargeable to the General Fund (Per Internal Monitoring)	**2,808**	**1,706**	**2,003**	**1,498**	**-6,608**	**1,408**			
Adjustment for Earmarked Reserves	**-2**	**-3,093**	**361**	**56**	**-924**	**-3,602**			
Net Expenditure Chargeable to the General Fund	**2,806**	**-1,387**	**2,364**	**1,553**	**-7,530**	**-2,194**			
Adjustments to the Revenue Resources									
Amount by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:									
- Pensions costs (transferred to (or from) the Pensions Reserve)	41	96	-348	221	923	**933**	-	-	-933
- Council Tax and NDR (transfers to or from Collection Fund Adjustment Account)	-	-	-	-	-1,003	**-1,003**	-	-	1,003
- Charges for depreciation and impairment of non-current assets (these items are charged to the Capital Adjustment Account)	768	81	349	-	-	**1,198**	-	-	-1,198
- Amortisation of Intangible Assets (these items are charged to the Capital Adjustment Account)	-	-	83	-	-	**83**	-	-	-83
- Revaluation losses on Property, Plant & Equipment (these items are charged to the Capital Adjustment Account)	307	109	414	-	-	**830**	-	-	-830
- Movement in the fair value of investment properties (these items are charged to the Capital Adjustment Account)	-	-	-	-	786	**786**	-	-	-786
- Amounts of non-current assets written off on disposal	-	-	-	-	22	**22**	-	-	-22
Total Adjustments to Revenue Resources	1,116	286	498	221	728	**2,849**	**-**	**-**	**-2,849**
Adjustments between Revenue and Capital Resources									
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	-	-	-	-	-300	**-300**	-	300	-
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	-	330	-	-	-3	**327**	-	-	-327
Total Adjustments between Revenue and Capital Resources	-	330	-	-	-303	**27**	**-**	**300**	**-327**
Adjustments to Capital Resources									
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	-	-	-	**-**	-	-5,286	5,286
Application of capital grants to finance capital expenditure	-	-360	-	-	-	**-360**	76	-	284
External transfer of historic disposal (Note 6)	-	-	-	-	-	**-**	**-**	**-247**	**-**
Total Adjustments to Capital Resources	-	-360	-	-	-	**-360**	**76**	**-5,533**	**5,570**
Total Adjustments between the Funding and Accounting Basis	**1,116**	**256**	**498**	**221**	**425**	**2,516**	**76**	**-5,233**	**2,394**
Net Expenditure in the Comprehensive Income and Expenditure Statement	**3,922**	**-1,131**	**2,862**	**1,774**	**-7,105**	**322**			

Notes to the Accounts

2015/16	Services within the General Fund					Total General Fund	Capital Receipts Reserve	Unusable Reserves
	Environment Portfolio	Healthy Communities Portfolio	Resources Portfolio	Sustainable Development Portfolio	Other Income & Expenditure			
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Net Expenditure Chargeable to the General Fund (Per Internal Monitoring)	**3,272**	**1,910**	**2,466**	**1,684**	**-11,815**	**-2,483**		
Adjustment for Earmarked Reserves	**-**	**-569**	**-**	**-**	**-30**	**-599**		
Net Expenditure Chargeable to the General Fund	**3,272**	**1,341**	**2,466**	**1,684**	**-11,847**	**-3,084**		
Adjustments to the Revenue Resources								
Amount by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:								
- Pensions costs (transferred to (or from) the Pensions Reserve)	40	99	-303	221	932	**989**	-	-989
- Council Tax and NDR (transfers to or from Collection Fund Adjustment Account)	-	-	-	-	1,946	**1,946**	-	-1,946
- Charges for depreciation and impairment of non-current assets (these items are charged to the Capital Adjustment Account)	-	-	-	-	1,122	**1,122**	-	-1,122
- Amortisation of Intangible Assets (these items are charged to the Capital Adjustment Account)	-	-	-	-	57	**57**	-	-57
- Revaluation losses on Property, Plant & Equipment (these items are charged to the Capital Adjustment Account)	1,093	-	-	-	-	**1,093**	-	-1,093
- Movement in the fair value of investment properties (these items are charged to the Capital Adjustment Account)	-	-	-	-	-757	**-757**	-	757
- Amounts of non-current assets written off on disposal	-	-	-	-	-116	**-116**	-	116
Total Adjustments to Revenue Resources	1,134	99	-303	221	3,184	4,334	-	-4,334
Adjustments between Revenue and Capital Resources								-
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	-	-	-	-	455	**455**	-	-455
Total Adjustments between Revenue and Capital Resources	-	-	-	-	455	455	-	-455
Adjustments to Capital Resources								-
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	-	-	-	-	-1,162	1,162
Application of capital grants to finance capital expenditure	-	-	-	-	-376	**-376**	-	376
Total Adjustments to Capital Resources	-	-	-	-	-376	-376	-1,162	1,538
Total Adjustments between the Funding and Accounting Basis	**1,134**	**99**	**-303**	**221**	**3,263**	**4,413**	**-1,162**	**-3,251**
Net Expenditure in the Comprehensive Income and Expenditure Statement	**4,406**	**1,440**	**2,163**	**1,905**	**-8,585**	**1,329**		

8. Income and Expenditure Analysed by Nature

	2015/16 £'000	2016/17 £'000
Income		
Fees, charges and other service income	-4,789	-6,007
Interest and investment income	-366	-334
Council Tax income	-6,488	-6,780
Non-Domestic Rates income	-931	-1,138
Government grants and contributions (Note 20)	-20,204	-19,729
Fund from reserves	-566	-3,021
Gain on disposal of non-current assets	-116	-278
	-33,460	**-37,287**
Expenditure		
Employee expenses	6,576	5,238
Housing Benefit payments	16,049	16,574
Capital financing costs	1,372	1,248
Other operating expenses	8,716	11,350
Support service recharges	-75	123
Interest element of finance leases	244	227
Precepts	1,907	2,019
Revaluation of non-current assets	-	830
	34,789	**37,609**
Surplus or (deficit) (CI&E Account)	**1,329**	**322**

9. Transfers to / from Earmarked Reserves

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

	Balance at 31 March 2016 £'000	Transfers Out £'000	Transfers In £'000	Balance at 31 March 2017 £'000
Allocated Funding	1	-1	4	4
National Infrastructure	80	-	-	80
Bequests	12	-	-	12
Disasters/Emergencies	27	-	-	27
Insurance	34	-10	-	24
Local Development Fund	668	-20	-	648
Economic Development	-	-	50	50
Renewals & Repairs	3	-3	-	-
Farnham Royal Pump	7	-	-	7
Russo Burial Trust	1	-	-	1
Transformation Reserve	253	-3	-	250
Capital Reserve	-	-	557	557
S106 Housing Reserve	1,940	-378	3,406	4,968
	3,026	-415	4,017	6,628

10. Property, Plant and Equipment

Movements in 2016/17

	Land & Buildings (incl Car Parks) £'000	Buildings Acquired Under Finance Leases £'000	Assets Under Construction £'000	Vehicle, Plant & Equipment £'000	Vehicles Acquired Under Finance Leases £'000	Community Assets £'000	Total £'000
Cost or valuation:							
As at 1 April 2016	7,544	4,410	-	6,650	350	117	19,071
Additions	44	54	704	60	-	-	862
Revaluation increases / (decreases) recognised in the Revaluation Reserve	5,092	-	-	-	-	-	5,092
Revaluation increases / (decreases) - recognised in the Surplus / Deficit on the Provision of Services	-476	-1,746	-	-	-	-	-2,222
Transfers	94	-	-	-	-	41	135
Disposals	-	-	-	-667	-	-	-667
As at 31 March 2017	**12,298**	**2,718**	**704**	**6,043**	**350**	**158**	**22,271**
Depreciation & Impairments:							
As at 1 April 2016	-196	-1,454	-	-3,487	-350	-	-5,487
Charge for year	-95	-252	-	-851	-	-	-1,198
Depreciation written out to the Revaluation Reserve	143	-	-	-	-	-	143
Depreciation written out to the Surplus/Deficit on the Provision of Service	53	1,339	-	-	-	-	1,392
Disposals	-	-	-	667	-	-	667
At 31 March 2017	**-95**	**-367**	**-**	**-3,671**	**-350**	**-**	**-4,483**
Net book value at 31 March 2017	**12,203**	**2,351**	**704**	**2,372**	**-**	**158**	**17,788**

Comparative movements in 2015/16

	Land & Buildings (incl Car Parks) £'000	Buildings Acquired Under Finance Leases £'000	Assets Under Construction £'000	Vehicle, Plant & Equipment £'000	Vehicles Acquired Under Finance Leases £'000	Community Assets £'000	Total £'000
Cost or valuation:							
As at 1 April 2015	6,825	4,410	-	5,875	528	67	17,705
Additions	154	-	-	775	-	-	929
Revaluation - recognised in the Surplus/Deficit on the Provision of Service	1,544	-	-	-	-	-	1,544
Revaluation increases / (decreases) - recognised in the Surplus / Deficit on the Provision of Services	-1,145	-	-	-	-	-	-1,145
Transfers	-	-	-	-	-	50	50
Disposals	166	-	-	-	-178	-	-12
As at 31 March 2016	**7,544**	**4,410**	**-**	**6,650**	**350**	**117**	**19,071**
Depreciation & Impairments:							
As at 1 April 2015	-335	-1,163	-	-2,759	-528	-	-4,785
Charge for year	-103	-291	-	-728	-	-	-1,122
Depreciation written out to the revaluation reserve	191	-	-	-	-	-	191
Depreciation written out to the Surplus/Deficit on the Provision of Service	51	-	-	-	-	-	51
Disposals	-	-	-	-	178	-	178
At 31 March 2016	**-196**	**-1,454**	**-**	**-3,487**	**-350**	**-**	**-5,487**
Net book value at 31 March 2016	**7,348**	**2,956**	**-**	**3,163**	**-**	**117**	**13,584**

Major Assets Held	Number at 31 March 2017
Council Offices - Held under Finance Lease	1
Refuse, Recycling & Street Cleaning Vehicles - Acquired under Finance Lease	4
Refuse, Recycling & Street Cleaning Vehicles - Owned	26
Off-street car parks	13
The Academy Leisure Facility	1
Sports centres	1
Cemeteries & memorial gardens	4
Public conveniences	3

Impairment Losses

During 2016/17, the Authority has recognised an impairment loss of £nil (2015/16 £nil).

Depreciation

All Property, Plant and Equipment with a finite useful life is depreciated using the straight-line method after the year of expenditure over the following periods:

Land	– not depreciated
Buildings	– depends on individual property, up to a maximum of 100 years
Fixtures & Fittings	– 10 years
Equipment	– 4 years.

Contractual Commitments

There are major capital projects ongoing within South Bucks, the contractual commitments for these equate to less than £200k.

Revaluations

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

All operational land and buildings were independently revalued by an external valuer as at 1 April 2016 in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Certifications of valuation were issued by Wilks Head & Eve, Chartered Surveyors and Town Planners, 6th Floor, Fairgate House, 78 New Oxford Street, London WC1A 1HB.

	Land & Buildings (including Car Parks) £'000	Buildings Acquired Under Finance Leases £'000	Assets Under Construction £'000	Vehicle, Plant & Equipment £'000	Vehicles Acquired Under Finance Leases £'000	Community Assets £'000	Total £'000
Carried at Historical Cost	44	54	704	6,043	350	158	7,353
Valued at Fair Value as at							
1 April 2016	12,254	2,664	-	-	-	-	14,918
Total Cost or Valuation	12,298	2,718	704	6,043	350	158	22,271

11. Investment Property

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

	2015/16 £'000	2016/17 £'000
Income	-306	-395
Expenditure	73	153
Revaluation	-757	786
(Surplus)/Deficit in year	-990	544

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

	2015/16 £'000	2016/17 £'000
Balance at start of year	6,149	6,806
Additions	-	4,307
Disposals	-50	-22
Transfer to Property, Plant & Equipment	-50	-135
Net gains / (losses) from fair value adjustments	757	-786
Balance at end of year	6,806	10,170

Fair Value Hierarchy

Details of the Authority's investment properties and information about the fair value hierarchy are as follows:

	Quoted prices in active markets for identical assets (Level 1) £'000	Other significant observable inputs (Level 2) £'000	Significant unobservable inputs (Level 3) £'000	Fair value as at 31 March 2017 £'000
Recurring fair value measurements using:				
Offices	-	3,181		3,181
Community Facilities	-	-	120	120
Depot	-	152	-	152
Open Space / Land / Woodland	-	48	253	301
Health Centre Car Park	-	69	-	69
Commercial	-	2,373	-	2,373
Retail	-	174	-	174
Residential Property	-	3,800	-	3,800
Total	-	9,797	373	10,170

	Quoted prices in active markets for identical assets (Level 1) £'000	Other significant observable inputs (Level 2) £'000	Significant unobservable inputs (Level 3) £'000	Fair value as at 31 March 2016 £'000
Recurring fair value measurements using:				
Offices	-	3,133	-	3,133
Community Facilities	-	-	114	114
Depot	-	152	-	152
Cemetery Chapel	-	-	15	15
Open Space / Land / Woodland	-	515	262	777
Health Centre Car Park	-	69	-	69
Commercial	-	2,372	-	2,372
Retail	-	174	-	174
Total	-	6,415	391	6,806

There were no transfers between Levels 1 and 2 during the year.

Valuation Techniques used to Determine Level 2 and 3 Fair Values for Investment Properties

Significant Observable Inputs – Level 2

The fair value for the office, commercial and retail units, the depot and some land has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local authority area. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy.

Significant Unobservable Inputs – Level 3

The community facilities, cemetery chapel and land are measured using the Term and Reversion approach. The approach has been developed using the Authority's own data requiring it to factor in assumptions such as the duration and timing of cash inflows and outflows, rent growth, occupancy levels, bad debt levels, maintenance costs, etc.

These units are therefore categorised as Level 3 in the fair value hierarchy as the measurement technique uses significant unobservable inputs to determine the fair value measurement (and there is no reasonably available information that indicates the market participants would use different assumptions).

Highest and Best Use of Investment Properties

In estimating the fair value of the Authority's investment properties, the highest and best use of the properties is generally their current use. Where this is not the case, it is because there are tenants in occupation with a lease agreement in place or the asset is in use for the benefit of the community.

Reconciliation of Fair Value Measurement (using Significant Unobservable Inputs) Categorised within Level 3 of the Fair Value Hierarchy

Movements in 2016/17

	Community Facilities £'000	Cemetery Chapel £'000	Open Space, Land & Woodland £'000
Balance at start of year	114	15	262
Total gains/(losses) for the period included in the Surplus/Deficit on the Provision of Service resulting from changes in fair value	6	-	-9
Transfer out of Level 3	-	-15	-
Balance at end of year	120	-	253

Movements in 2015/16

	Community Facilities £'000	Cemetery Chapel £'000	Open Space, Land & Woodland £'000
Balance at start of year	50	15	363
Total gains/(losses) for the period included in the Surplus/Deficit on the Provision of Service resulting from changes in fair value	64	-	-61
Transfer out of Level 3	-	-	-40
Balance at end of year	114	15	262

Gains or losses arising from changes in the fair value of the investment property are recognised in the Surplus or Deficit on the Provision of Services – Financing and Investment Income and Expenditure line.

Quantitative Information about Fair Value Measurement of Investment Properties using Significant Unobservable Inputs – Level 3

	As at 31 March 2017 £'000	Valuation technique used to measure fair value	Unobservable inputs	Range (weighted average used)	Sensitivity
Community Centres	120	Comparative based on limited rental evidence	Rental Value Yields Rental Value Yields	£15 - £50 /m^2 9% -13% 9% -13%	Changes in rental growth, yields, occupancy will result in a lower or higher fair value
Open Space/ Recreational Land	253	Comparative based on limited rental evidence	Capital Value Rental Value Yields	£25,000 - £50,000/ha £0.25 - £6 /m^2 8% -12%	Changes in rental growth, yields, occupancy will result in a lower or higher fair value

Valuation Process for Investment Properties

The fair value of the Authority's investment property is measured annually at each reporting date. Valuations in 2016/17 were carried out by registered valuers, Wilks Head & Eve and Kempton Carr Croft, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

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

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

12. Intangible Assets

Expenditure on intangible assets, namely IT software, is charged to service revenue accounts with amounts representing the benefit obtained in the year from expenditure on these items. The useful life assigned to all software is up to five years and is written off on a straight line basis.

The movement on intangible asset balances during the year is as follows:

	2015/16 Purchased Software £'000	2016/17 Purchased Software £'000
Balance at start of year:		
Gross carrying amounts	822	860
Accumulated amortisation	-650	-590
Net carrying amount at start of year	172	270
Additions	155	75
Disposals	-117	-448
Amortisation for the period	-57	-83
Reversal of amortisation on disposal	117	448
Net carrying amount at end of year		
Gross carrying amounts	860	487
Accumulated amortisation	-590	-225
Net carrying amount at end of year	270	262

13. Financial Instruments

A financial instrument is any contract which gives rise to a financial asset of one entity (such as cash, an equity instrument or a right to receive cash or an equity instrument) and a financial liability of another (such as an obligation to deliver cash or another financial asset).

Categories of Financial Instrument

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

	31 March 2016		31 March 2017	
	Short Term £'000	Long Term £'000	Short Term £'000	Long Term £'000
Fixed deposits / money market loans	7,065	6,000	8,045	3,000
Available-for-sale financial assets	20	1,008	122	624
Total Investments	7,085	7,008	8,167	3,624
Debtors	1,176	1,857	1,635	1,765
Cash and Cash Equivalents	6,864	-	6,491	-
Creditors	-2,269	-	-1,906	-

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

Income, Expense, Gains and Losses

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

	Cash & Bank £'000	Loans & Receivables – Money Market Loans £'000	Available for Sale Bonds £'000	Total £'000
2016/17				
Interest income to I&E	-16	-204	-114	-334
Revaluation (gain)/loss	-	-	58	58
(Gain)/loss for the year	**-16**	**-204**	**-56**	**-276**
2015/16				
Interest income to I&E	-68	-248	-50	-366
Revaluation (gain)/loss	-	-	34	34
(Gain)/loss for the year	**-68**	**-248**	**-16**	**-332**

Fair Values of Assets and Liabilities

The available for sale assets represent corporate bonds. These have been valued using quoted prices in active markets (level 1 valuation).

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

- Estimated interest rates at 31 March 2017 of between 0.33% and 0.99% depending on the loan duration.
- No early repayment or impairment is recognised.
- Where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values are calculated as follows.

	Short Term		Long Term	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
31 March 2017				
Loans and Receivables	8,045	8,045	3,000	2,967
31 March 2016				
Loans and Receivables	7,065	7,062	6,000	5,957

The fair value of loans and receivables as at 31 March 2017 (£11.012m) is lower than the carrying amount (£11.045m) because the Authority's portfolio of investments includes a number of fixed rate loans where the interest rate receivable is lower than the rates available for similar loans at the Balance Sheet date.
This decreases the amount that the Authority would receive if it agreed to early repayment of the loans.

The fair value hierarchy for financial assets that are not measured at fair value is as follows.

Recurring fair value measurements using:	Quoted prices in active markets for identical assets (Level 1) £'000	Other significant observable inputs (Level 2) £'000	Significant unobservable inputs (Level 3) £'000	Fair value as at 31 March £'000
31 March 2017				
Loans and receivables	-	11,012	-	11,012
31 March 2016				
Loans and receivables	-	13,019	-	13,019

14. Debtors

The amounts owed to the Council, net of impairment, are summarised as follows.

Long Term Debtors	2015/16 £'000	2016/17 £'000
Car Loans	6	3
Swan Road Finance Lease	89	89
Farnham Park Charitable Trust Loan	1,754	1,665
Other Long Term Debt	8	8
	1,857	**1,765**

Short Term	2015/16 £'000	2016/17 £'000
Central Government	3,180	2,165
Other Local Authorities	2,330	2,217
Council Tax (net of impairments)	212	72
Business Rates (net of impairments)	103	89
Sundry Debtors (net of impairments)	800	976
Farnham Park Charitable Trust Loan	81	86
Payments in Advance	494	112
	7,200	**5,717**

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

15. Short Term Creditors

	2015/16 £'000	2016/17 £'000
Central Government	-2,840	-2,225
Other Local Authorities	-2,701	-2,822
Council Tax	-119	-119
NNDR	-177	-79
Sundry Creditors	-1,163	-1,088
Receipts in Advance – Green Deal Funding	-1,191	-
	-8,191	**-6,333**

16. Provisions

	NDR Appeals £'000	Land Charges £'000	Total £'000
Balance as at 31 March 2016	-1,560	-49	-1,609
Amounts used	-	11	11
(Increase to)/release of existing provision	-108	38	-70
Balance as at 31 March 2017	**-1,668**	**-**	**-1,668**

A provision has been established in respect of Non-Domestic Rates appeals. Settlement is dependent on when the Valuation Office resolve the appeals.

A provision had been made for potential land charge personal search fee refunds. Some claims were settled in 2016/17. No further claims are expected and the remaining provision has been released to the Income and Expenditure Account.

17. Unusable Reserves

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

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

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

	2015/16 £'000	2016/17 £'000
Balance at 1 April	2,289	4,019
Upwards Revaluation of Assets	1,995	5,496
Downwards revaluation and impairment losses not charged to CI&E	-261	-261
Difference between fair value depreciation and historical cost depreciation	-52	-73
Accumulated gains on assets sold or scrapped	48	-
Balance at 31 March	**4,019**	**9,181**

Available For Sale Financial Instruments Reserve

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

	2015/16 £'000	2016/17 £'000
Balance at 1 April	181	147
In year change in fair value of available for sale assets	-34	-3
Redemption of Bond	-	-55
Balance at 31 March	**147**	**89**

Pensions Reserve

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

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

	2015/16 £'000	2016/17 £'000
Balance at 1 April	-27,953	-25,370
Remeasurements of pension assets and liabilities	3,572	-5,181
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	-2,093	-2,061
Employer's pensions contributions and direct payments to pensioners payable in the year	1,104	1,128
Balance at 31 March	**-25,370**	**-31,484**

Further information relating to the Pension fund can be found in note 25.

Capital Adjustments Account

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

The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 7 (Expenditure and Funding Analysis) provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

	2015/16 £'000	2016/17 £'000
Balance at 1 April	17,016	16,704
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income & Expenditure Statement:		
• Charges for depreciation / amortisation	-888	-1,029
• Charges for Depreciation - Assets acquired under Finance leases - Office	-291	-251
• Revaluation / Impairment of non-current assets (via CI&E)	-1,093	-830
• Revenue expenditure funded from capital under statute	-455	-330
• Disposals	116	-
Adjustment for additional current value depreciation charges	52	73
Remove accumulated gains on disposal	-48	-22
Financing of Capital Expenditure	1,538	5,574
Movement in the market value of Investment Properties	757	-786
Balance at 31 March	16,704	19,101

Collection Fund Adjustment Account

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

	2015/16 £'000	2016/17 £'000
Balance at 1 April	94	-1,852
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	107	34
Amount by which business rate income credited to the Comprehensive Income and Expenditure Statement is different from business rate income calculated for the year in accordance with statutory requirements	-2,053	969
Balance at 31 March	-1,852	-849

Notes to the Accounts

18. Members' Allowances

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

	2015/16 £'000	2016/17 £'000
Basic Allowance	125	120
Special Responsibility Allowance	44	47
Expenses	2	2
	171	169

19. Officers' Remuneration

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

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

2016/17	Employing Authority	Salary incl fees, allowances £	Expense allowances (chargeable to UK tax) £	Compensation for loss of office £	Benefits in kind £	Total remuner'n excluding pension contributions £	Employers pension contributions £	Total remuner'n including employers pension contr £
Chief Executive (note 1)	CDC	47,344	-	-	-	47,344	6,439	53,783
Acting Chief Executive (note 2)	SBDC	78,906	-	-	844	79,750	10,527	90,277
Director of Services (note 3)	Contractor	131,790	-	-	-	117,990	-	117,990
Director of Resources	SBDC	93,748	-	-	1,871	95,619	12,622	108,241
Head of Legal & Democratic Services	CDC	78,038	-	-	338	78,376	10,644	89,020
Head of Finance	SBDC	76,556	-	-	1,159	77,715	10,436	88,151
Head of Customer Services	CDC	78,038	-	-	810	78,848	10,723	89,571
Head of Business Support	CDC	78,038	-	-	1,323	79,361	10,792	90,153
Head of Health & Housing	CDC	78,038	-	-	1,089	79,127	10,760	89,887
Head of Sustainable Development	SBDC	78,038	-	-	2,042	80,080	10,571	90,651
Head of Environment	SBDC	78,038	-	-	1,329	79,367	10,477	89,844

2015/16	Employing Authority	Salary incl fees. £	Expense allowances £	Compen-sation £	Benefits in kind £	Total remuner'n £	Employers pension £	Total remuner'n £
Chief Executive (Note 1)	CDC	32,000	-	-	57	32,057	-	32,057
Acting Chief Executive (Note 2)	SBDC	93,750			845	94,595	12,487	107,082
Director of Services (Note 2)	SBDC	23,205	-	-	260	23,465	3,137	26,602
Director of Services (Note 3)	Contractor	76,590			-	76,590	-	76,590
Director of Resources	SBDC	92,820	-	-	1,495	94,315	12,490	106,805
Head of Legal & Democratic Services	CDC	77,644	-	-	171	77,815	10,583	88,398
Head of Finance	SBDC	77,644	-	-	968	78,612	10,377	88,989
Head of Customer Services	CDC	72,732	-	-	371	73,103	9,942	83,045
Head of Business Support	CDC	77,644	-	-	493	78,137	10,627	88,764
Head of Health & Housing	CDC	77,644	-	-	438	78,082	10,619	88,701
Head of Sustainable Development	SBDC	77,644	-	-	1,602	79,246	10,461	89,707
Head of Environment	SBDC	77,644		-	1,082	78,726	10,392	89,118

Note 1: The Chief Executive retired 30th June 2015. An acting Chief Executive was appointed by South Bucks until November 2016 then appointed to Chief Executive in Chiltern thereafter.

Note 2: The Director of Services was appointed to Acting Chief Executive effective 1st July 2015 until 15th November 2016.

Note 3: The current Director of Services is employed on an agency basis effective September 2015.

The number of officers receiving annual remuneration of £50,000 or more (this includes all amounts paid to or receivable by an employee and includes salary payments, other cash benefits, and the value of any non-cash benefits but excludes pension contributions) was as follows:
Note: This table includes the senior officers detailed in the tables above, but only if they are directly employed by SBDC.

Remuneration Band	**2015/16 Number of employees**	**2016/17 Number of employees**
£50,000 to £54,999	1	3
£55,000 to £59,999	1	2
£60,000 to £64,999	2	1
£65,000 to £69,999	-	-
£70,000 to £74,999	-	-
£75,000 to £79,999	3	3
£80,000 to £84,999	-	1
£90,000 to £94,999	1	-
£95,000 to £99,999	-	1
£115,000 to £119,999	1	-
Total	**9**	**11**

Exit Packages 2016/17

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

Exit Package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Total cost of exit packages in each band £'000s
Under £50,000	3	-	3	23
Over £50,000	-	-	-	-
Total cost included in bandings				23
Amounts provided for in CIES not included in bandings				-
Total cost included in CIES				23

The total cost of £23,000 in the table above has been charged to the Authority's Comprehensive Income and Expenditure Statement in the current year.

Exit Packages 2015/16

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

Exit Package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Total cost of exit packages in each band £'000
Under £50,000	4	1	5	40
Over £50,000	-	-	-	-
Total cost included in bandings				40
Amounts provided for in CIES not included in bandings				-
Total cost included in CIES				40

The total cost of £40,000 in the table above was charged to the Authority's Comprehensive Income and Expenditure Statement in 2015/16.

20. External Audit Costs

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

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

	2015/16 £'000	2016/17 £'000
Fees payable to Ernst & Young LLP with regard to external audit services	42	42
Fees payable to Ernst & Young LLP for the certification of grant claims and returns	19	21
Fees payable in respect of other services provided by Ernst & Young LLP	-	-
Total	61	63

21. Grant Income

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

Credited to Taxation and Non Specific Grant Income	2015/16 £'000	2016/17 £'000
Revenue Support Grant	871	436
New homes bonus grant	1,334	1,479
Transition Grant	-	80
Credited to Taxation and Non Specific Grant Income		
Small Business Rate Relief	191	187
Business Rates Retail Relief	124	-44
Business Rates 2% Compensation Grant	39	16
Council Tax freeze grant	48	-
New Burdens Grants	44	37
Community Housing Grant	-	29
Custom Build Grant	-	15
Decentralisation & Neighbourhood Grant	-	25
Net Other Grants	14	28
	460	293
Capital Grants and Contributions		
Defra Flood Grant	-5	-
Contribution to Stoke Poges Memorial Gardens	20	-
Transformation Challenge Award	94	-
	109	-
	2,774	2,288

Credited to Services	2015/16 £'000	2016/17 £'000
Housing and Council Tax Benefits Subsidy	15,547	15,265
Housing and Council Tax Benefits Administration	203	194
Cost of Collection Allowance	97	98
Discretionary Housing	57	80
Local Authority Data Sharing	-	13
Green Deal	1,205	1,149
Individual Electoral Registration	-	12
Election Funding	20	189
Improvement Grants	262	360
Police Crime Scrutiny	30	64
Other Grants	8	17
	17,428	**17,441**

22. Related Parties

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

Central Government

Central Government has significant influence over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits).
Grants received from Government departments are set out in Note 21 and amounts due to and from Government are shown in notes 14 and 15 respectively.

Other Local Authorities

The Authority has in place joint working arrangements with Chiltern District Council. Further details are given in the Narrative Report.

Members

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

Officers

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

Notes to the Accounts

Entities controlled or significantly influenced by the Authority.

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

Farnham Park Charitable Trust Fund

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

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

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

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

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

During 2016/17 the Trust earned income of £823,000 (2015/16 £808,000) and spent £992,000 (2015/16 £984,000) giving a net operating loss for the year of £169,000 (2015/16 loss of £176,000), which was funded from the Trust's accumulated reserves.

As at 31 March 2017 the Trust owned land and buildings valued at £4.165m.

Interest in Companies

The Council has an interest in two companies.

Green Deal Together Community Interest Company

South Bucks District Council contributed a grant of £35,000 in 2013 in order to become a Founding Member Shareholder of the Green Deal Together Community Interest Company. This entitled the Council to nominate a Director and a share of any dividends.
The aim of the Green Deal Together Community Interest Company was to:
Successfully operate as a Green Deal Provider in the administrative areas of the contributing local authorities with the benefits of:

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

In May 2015, the Shareholders agreed to close Green Deal Together Community Interest Company and as at the 31st March 2017, the company is in the process of being wound up. The company is limited by shares. Each local authority has 35,000 shares, each at a value of £1. However, due to amounts outstanding to suppliers at company closure, it is likely that South Bucks will recover only a proportion of this.

Colne Valley Park Community Interest Company

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

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

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

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

23. Capital Expenditure and Capital Financing

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

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

	2015/16 £'000	2016/17 £'000
Capital Expenditure		
IT Equipment & Systems	155	23
The Academy Leisure Facility	-	71
Stoke Poges Memorial Gardens	76	35
Cemeteries	17	9
Capswood Refurbishment	-	54
Refuse Vehicles	481	-
Green Waste/Recycling	79	40
Car Park Enhancements	19	-
Depots	28	-
Police Site at Gerrards Cross Purchase	-	4,277
Station Road Car Park GX (Multi Storey)	13	633
ICT Desktop IT (Unified Network)	215	57
Other Schemes	-	45
	1,083	5,244
Revenue Expenditure Funded from Capital Under Statute		
Environmental improvements	1	-
Refuse Vehicles	16	-
Evreham Centre	-	6
Improvement Grants	415	327
Community Development Schemes	23	-3
	455	330
Total Capital Expenditure	1,538	5,574
Sources of finance		
Capital receipts	1,162	5,287
Government grants and other contributions	376	287
Total Funding for Capital Expenditure	1,538	5,574

24. Leases
a. Authority as Lessee

Authority as Lessee - Finance Leases

The Authority acquired its main office building by entering into a finance lease.

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

As at 31 March 2017	Finance Lease Liabilities £'000	Future Finance Costs £'000	Minimum Lease Payments £'000
Under one year	285	211	496
In the second to fifth years	1,328	653	1,981
Over five years	1,936	292	2,228
	3,549	1,156	4,705

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

The Authority has sub-let some of the office accommodation held under these finance leases. However these sub leases can be terminated by the lessee, thus as at 31 March 2017 the minimum payments expected to be received under non-cancellable sub leases was £nil.

Authority as Lessee - Operating Leases

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

	2015/16 £'000	2016/17 £'000
Under one year	251	251
In the second to fifth years	1,002	1,002
Over five years	1,436	1,185
	2,689	2,438

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

	2015/16 £'000	2016/17 £'000
Operating lease payments	251	251

b. Authority as Lessor

Authority as Lessor - Finance Leases

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

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

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

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

	2015/16 £'000	2016/17 £'000
Finance lease debtor	90	89
Unearned finance income	266	263
Gross investment in the lease	356	352

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

Authority as Lessor - Operating Leases

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

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

	2015/16 £'000	2016/17 £'000
Not later than one year	329	224
Later than one year and no later than five years	1,257	1,308
Later than five years	14,466	14,956
	16,052	16,488

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

25. Defined Benefit Pension Schemes

Participation in pension scheme

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

The Authority participates in two post-employment schemes:
- The Local Government Pension Scheme, administered locally by Buckinghamshire County Council – this is a funded defined benefit scheme based on career average revalued salary and length of service on retirement, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.
- Arrangements for the award of discretionary post-retirement benefits upon early retirement - this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

Transactions relating to Post-Employment benefits

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

	Local Government Pension Scheme		Discretionary Benefits	
	2015/16 £'000	2016/17 £'000	2015/16 £'000	2016/17 £'000
Comprehensive Income and Expenditure Statement:				
Cost of Services				
• Service costs	1,161	1,138	-	-
• Administration expenses	27	29	-	-
• Net Interest on the defined liability (asset)	849	839	56	55
Total post-employment benefits charged to the surplus or deficit on the provision of services	2,037	2,006	56	55
Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement:				
Remeasurement of the net defined benefit liability comprising:				
• Return on plan assets	493	-4,864	-	-
• Actuarial gains/(losses) arising on changes in demographic assumptions	-	-1,178	-	-
• Actuarial gains/(losses) arising on changes in financial assumptions	-4,025	12,745	-	-
• Other	-40	-1,522	-	-
Total post-employment benefits charged to the Comprehensive Income and Expenditure Statement	-3,572	5,181	-	-
Movement in Reserves Statement:				
• Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	-1,044	-987	55	54
Actual amount charged against General Fund Balance for pensions in the year				
• Employer's contributions payable to the scheme	993	1,019	-	-
• Retirement benefits payable to pensioners	-	-	111	109

Pensions Assets and Liabilities Recognised in the Balance Sheet

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

	Local Government Pension Scheme		Discretionary Benefits	
	2015/16 £'000	2016/17 £'000	2015/16 £'000	2016/17 £'000
Present Value of Liabilities	60,070	71,928	1,585	1,678
Fair Value of Assets	-36,285	-42,122	-	-
Surplus/(Deficit)	23,785	29,806	1,585	1,678

Movements in the Fair Value of Scheme Assets

	Local Government Pension Scheme		Discretionary Benefits	
	2015/16 £'000	2016/17 £'000	2015/16 £'000	2016/17 £'000
Opening fair value of Fund assets 1 April	36,446	36,285	-	-
Interest on Assets	1,189	1,292	-	-
Return on Assets less Interest	-493	4,864	-	-
Other Actuarial Gains/Losses	-	499	-	-
Administration expenses	-27	-29	-	-
Employer Contributions including unfunded	1,104	1,128	-	-
Contributions by Scheme Participants	270	272	-	-
Benefits Paid	-2,204	-2,189	-	-
Closing fair value of Fund assets 31 March	36,285	42,122	-	-

Present Value of the Scheme Liabilities

	Local Government Pension Scheme		Discretionary Benefits	
	2015/16 £'000	2016/17 £'000	2015/16 £'000	2016/17 £'000
Opening Liability 1 April	62,656	60,070	1,743	1,585
Service Cost	1,161	1,138	-	-
Interest Cost	2,038	2,131	56	55
Contributions by Scheme Participants	270	272	-	-
Change in financial assumptions	-3,962	12,560	-63	185
Change in demographic assumptions	-	-1,140	-	-38
Experience loss/(gain) on defined benefit obligation	-	-1,023	-40	-
Benefits Paid	-2,093	-2,080	-	-
Unfunded Pension Payments	-	-	-111	-109
Closing Liability 31 March	60,070	71,928	1,585	1,678

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long term real rates of return experienced in the respective markets.

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. Both the Local Government Pension Scheme and Discretionary Benefit liabilities have been assessed by Barnett Waddingham, an independent firm of actuaries, and are based on the latest full valuation of the scheme as at 31 March 2016.

The main actuarial assumptions used in their calculations were as follows.

	2015/16	2016/17
Mortality Assumptions		
Longevity at 65 for current pensioners:		
Men	23.8 years	23.9 years
Women	26.2 years	26.0 years
Longevity at 65 for future pensioners:		
Men	26.1 years	26.1 years
Women	28.5 years	28.3 years
Rate of increase in pensions	2.3%	2.6%
Rate of inflation (RPI)	3.2%	3.5%
Rate of inflation (CPI)	2.3%	2.6%
Rate of increase in salaries	4.1%	4.1%
Rate for discounting scheme liabilities	3.6%	2.7%
Take up of option to convert annual pension into retirement lump sum	50%	50%

Note: These are long term actuarial assumptions and do not necessarily reflect current circumstances.

The pension scheme assets consist of the following;

	31 March 2016	31 March 2017		
	Total £'000s	Quoted £'000s	Unquoted £'000s	Total £'000s
Gilts	4,444	4,979	-	4,979
UK Equities	3,848	4,128	-	4,128
Overseas Equities	13,285	16,761	-	16,761
Private Equity	2,287	-	2,918	2,918
UK Other Bonds	4,423	5,168	-	5,168
Property	3,443	3,011	212	3,223
Cash	929	1,324	-	1,324
Alternative Assets	494	-	508	508
Hedge Funds	1,518	-	1,539	1,539
Absolute Return Portfolio	1,614	-	1,574	1,574
Value of Fund Assets	36,285	35,371	6,751	42,122

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

Contributions to the Fund are set every three years as a result of the actuarial valuation of the Fund. The next actuarial valuation will be carried out as at 31 March 2019 to set contributions for the period from 1 April 20 to 31 March 2023. Contributions are generally set to target a funding level of 100%.

The total contributions expected to be made to the Local Government Pension Scheme and the Discretionary Benefits scheme by the Council in the year to 31 March 2018 is £1,171,000.

The weighted average duration of the defined benefit obligation for scheme members is 18.0 years.

Sensitivity Analysis

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

	£000	£000	£000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	72,347	73,606	74,888
Projected service cost	1,644	1,682	1,721
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	73,743	73,606	73,469
Projected service cost	1,682	1,682	1,682
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	74,751	73,606	72,481
Projected service cost	1,721	1,682	1,644
Adjustment to mortality age rating assumption	+1 year	None	-1 year
Present value of total obligation	76,455	73,606	70,866
Projected service cost	1,736	1,682	1,630

26. Contingent Assets and Liabilities

Contingent Assets

The Authority has no material contingent assets.

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

Contingent Liabilities

The Authority has the following contingent liabilities:

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

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

27. Nature and Extent of Risks Arising from Financial Instruments

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

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

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

Credit Risk

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

The risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, as laid down by the credit rating agencies. The Annual Investment Strategy also imposes a maximum sum to be invested with a financial institution located within each category. No investment limits were exceeded during the reporting period and the Authority does not expect any losses from non-performance by any of its counterparties in relation to deposits.

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

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

The Authority's maximum exposure to credit risk in relation to investments in banks and building societies cannot be assessed generally, as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for entities that meet the minimum SBDC credit ratings, to be unable to meet their commitments. A risk of irrecoverability applies to all of the Authority's deposits but there was no evidence at the 31 March 2017 that this was likely to crystallise.

The following analysis summaries the Authority's potential maximum exposure to credit risk, based on experience of default and uncollectability over the last 3 financial years, adjusted to reflect current market conditions.

	Amount As at 31 March 2017 £'000	Historical Experience of default %	Experience adjusted for market conditions As at 31 March 2017 %	Estimated maximum exposure to default and uncollectability As at 31 March 2017 £'000	Estimated maximum exposure as at 31 March 2016 £'000
Deposits with banks and other financial institutions					
- Long Term Investments	3,624	-	0.30%	11	21
- Short Term Investments	8,167	-	0.30%	24	40
- Cash & Cash Equivalents	6,491	-	-	-	-
Customers	3,570	1.32%	5.00%	179	173

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

The Authority does not generally allow credit, such that £1.98m of the £5m balance is past its due date for payment. The past due amount can be analysed by age as follows:

	2015/16 £'000	2016/17 £'000
Less than one year	753	727
One to 2 years	596	634
More than 2 years	517	615
	1,866	1,976

Liquidity Risk

As the Authority has significant investment holdings there is no significant risk that the Authority will be unable to meet its commitments. Instead, the risk is that the Authority will have to seek early repayment of investments at unfavourable rates in order to finance its short term cash requirements. To prevent this occurring, the strategy is to ensure that a significant proportion of investments are held on demand and / or mature within 1 year.

Furthermore if unexpected movements happen, the Authority has ready access to borrowings from the money markets and the Public Works Loan Board. The maturity analysis of financial assets is as follows:

	Cash and Bank £'000	Loans and Receivables – Money Market Loans £'000	Available-for-sale Bonds £'000	Total £'000
As at 31 March 2017				
On demand	6,491	-	-	6,491
Less than three months	-	4,035	10	4,045
Between three months and one year	-	4,010	112	4,122
Between one and two years	-	-	-	-
More than two years	-	3,000	624	3,624
Total	6,491	11,045	746	18,282
As at 31 March 2016				
On demand	7,618	-	-	7,618
Less than three months		34	10	44
Between three months and one year		7,031	10	7,041
Between one and two years	-	3,000	113	3,113
More than two years	-	3,000	895	3,895
Total	7,618	13,065	1,028	21,711

Market Risk – Interest Rate Risk

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

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

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

The Authority has a number of strategies for managing interest rate risk. In particular the Authority holds a mix of long and short term investments and a mix of fixed and variable rate investments. The upper limit for variable rate investments in 2016/17 was 60% of the portfolio.

Finance officers assess interest rate exposure during the annual budget setting process and review the interest budget forecasts regularly during the year. This allows any adverse changes to be accommodated.

As at end March 2017, if interest rates had been 1% higher with all other variables held constant, the estimated financial effect would be:

	£'000
Increase in interest receivable on Cash & Bank holdings	-208
Decrease in fair value of Available for Sale Investments (Bonds)	29
Decrease in fair value of Long Term Loans & Receivables (no impact on Surplus or Deficit on provision of services)	79

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

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

Market Risk – Price Risk

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

Market Risk – Foreign Exchange Risk

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

27. Building Regulations Chargeable and Non Chargeable Account

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

Since 1 April 2014, Chiltern District Council and South Bucks District Council have run a joint Building Control service, and costs and income are split between the two authorities.

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

	Chargeable £'000	Non Chargeable £'000	Total £'000
Expenditure			
Employee Expenses	525	58	583
Central Support Services	198	22	220
Other Costs	57	5	62
	780	85	865
Income			
Building Regulation Charges	-830	-	-830
Miscellaneous Income	-1	-	-1
	-831	-	-831
(Surplus) / Deficit for Year	-51	85	34

Collection Fund

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

	Note	2015/16 Total £'000	2016/17 Council Tax £'000	2016/17 NDR £'000	2016/17 Total £'000
Income					
Income from Council Tax	1	-49,672	-51,540	-	-51,540
Transfers from General Fund		10	-10	-	-10
Income Collectable from Business Ratepayers	2	-30,509	-	-31,416	-31,416
Contribution to Previous Year's Estimated Deficit		-490	-55	-4,576	-4,631
		-80,661	-51,605	-35,992	-87,597
Expenditure					
Precepts and Demands / Shares of Business Rates					
Central Government		15,769	-	16,496	16,496
Buckinghamshire County Council		38,263	37,112	2,969	40,081
Thames Valley Police & Crime Commissioner		5,198	5,341	-	5,341
Bucks and MK Fire Authority		2,174	1,910	330	2,240
South Bucks District Council *		19,062	6,753	13,197	19,950
		80,466	51,116	32,992	84,108
Business Rates Transitional Protection Payments		244	-	-	-
Business Rates Cost of Collection		97	-	98	98
Business Rates Provision for Appeals		-577	-	271	271
Write offs of uncollectable amounts		-48	162	47	209
Increase / (reduction) in allowance for impairment		553	73	156	229
Contribution to previous year's Coll Fund surplus		4,242	-	-	-
		84,977	51,351	33,564	84,915
(Surplus) / Deficit for the Year		**4,316**	**-254**	**-2,428**	**-2,682**
Balance brought forward 1 April		235	-118	4,669	4,551
Balance carried forward 31 March		**4,551**	**-372**	**2,241**	**1,869**
Analysis of Share of Surplus / Deficit					
Central Government		2,335	-	1,121	1,121
Buckinghamshire County Council		334	-271	202	-69
Thames Valley Police & Crime Commissioner		-12	-38	-	-38
Bucks and MK Fire Authority		42	-14	22	8
South Bucks District Council		1,852	-49	896	847
		4,551	**-372**	**2,241**	**1,869**

* Includes Council Tax amounts collected on behalf of parish councils.

Notes to the Collection Fund

1. Council Tax

This Council's requirement from the Council Tax was £148.00 (2015/16 £143.00).

The average Council Tax at band D including all precepts on the Collection Fund was £1,597.98 (£2015/16 £1,540.96).

The Council Tax base (adjusted for dwellings where discounts apply) was made up of the following number of equivalent Band D dwellings.

Band	Net Dwellings	Band D Ratio	Band D Dwellings Equivalent
A	451	6/9	301
B	509	7/9	397
C	2,482	8/9	2,207
D	4,735	9/9	4,735
E	4,457	11/9	5,448
F	3,178	13/9	4,591
G	6,584	15/9	10,974
H	1,952	18/9	3,905
Adjust for estimated collection rate of 98.25% - Council Tax Base			31,988

2. Income from Business Ratepayers

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

	2015/16	2016/17
Non-domestic rateable value (at end of year)	£75.618m	£80.183m
Rate poundage – Standard Multiplier	49.3p	49.7p
- Small Business Multiplier	48.0p	48.4p

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

Annual Governance Statement

1) Scope of Responsibility

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

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

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

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

South Bucks District Council has approved and adopted a code of Corporate Governance, which is consistent with the CIPFA / SOLACE *Delivering Good Governance in Local Government Framework 2016.* A copy of the code can be obtained from the Director of Resources. This statement explains how South Bucks District Council has complied with the code and also meets the requirements of the Accounts and Audit Regulations in relation to the publication of an Annual Governance statement.

2) The Purpose of the Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which the Authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, value for money services.

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

The governance framework has been in place at South Bucks District Council for the year ended 31 March 2017 and up to the date of approval of the statement of accounts.

3) The Governance Framework

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

- overseeing the implementation and monitoring of the operation of the Code and Risk Management Strategy;
- reviewing the operation of the Code and Risk Management Strategy in practice; and
- ensuring that there is an effective internal audit function.

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

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

- an overall Business Plan and individual Service plans;
- the appointment of a legal Monitoring Officer;
- codes of conduct and staff performance appraisals;
- information asset and data quality policies and procedures;
- setting targets to measure financial and other performance;
- a performance management framework with regular performance monitoring;
- comprehensive budgeting systems; and
- regular reviews of financial reports which indicate financial performance against the forecasts.

4) Role of the Chief Finance Officer

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

The Chief Financial Officer:

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

To deliver these responsibilities the Chief Financial Officer:

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

5) Review of Effectiveness

South Bucks District Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the senior managers within the Authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates. As part of the process of compiling the Annual Governance Statement, statements of assurance on the effectiveness of internal control are obtained from Heads of Service.

For 2016/17 this review has been undertaken by the Audit Committee and included carrying out an assessment of the SBDC internal control framework.

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

6) Main Governance Issues

The following issues arose from a review of the assurance framework or from Internal Audit work.

ISSUE	ACTION
There is a need to review and update the Business Continuity Management processes and plans, recognising that South Bucks does not have a dedicated resource for Business Continuity.	In 2016/17 we implemented a new full Disaster Recovery / Business Continuity IT failover facility at a location independent to the main data centre. We will continue to review during 2017/18 the existing Business Continuity plans, taking into account organisational changes and shared working with Chiltern District Council, and will continue to test the IT business continuity arrangements. We have updated the Business Impact Analysis and Service Continuity Plans for the majority of service areas. The remaining areas will be updated in 2017/18. A Business Continuity Exercise was carried out in September 2016, and a further exercise is planned in 2017/18.
There is a need to review and keep up to date the Council's Information Management policies and procedures in the light of national issues raised by the Information Commissioner Office (ICO), Public Sector Network (PSN compliance), and as a result of joint working arrangements and other significant service changes.	Full PSN compliance has been maintained. We will continue to progress in a co-ordinated manner with Chiltern District Council work on Information Governance. This will be co-ordinated by the Information Governance Group. Information governance specifically information security and file management will be taken into account in the changes that will be part of the next phase of joint working. Information Asset Registers will be updated to fully reflect changes from shared services. Work will be undertaken to prepare for the GDPR in May 2018.

Bob Smith
Chief Executive

Date

Cllr Ralph Bagge
Leader of the Council

Date

Glossary of Terms

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

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

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

Actuarial Gains and Losses
Actuarial gains and losses represent changes in the net pension liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions.

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

Appropriation
The transfer of resources between reserves.

Asset
An asset is something that the Council owns that has a monetary value.

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

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

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

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

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

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

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

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

Glossary of Terms

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Glossary of Terms

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Glossary of Terms

NDR Levy
A levy is payable to DCLG for any growth on NDR income above the amount deemed to be able to collectable. Ordinarily the levy rate is 50% however this has been reduced in 16/17 as the Authority has entered into a pool with Chiltern District Council, Aylesbury Vale District Council, Bucks & Milton Keynes Fire Authority and Bucks County Council.

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

Outturn
The actual results for the financial year.

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

Precepting Authorities
Those authorities which are not billing authorities i.e. do not collect the council tax and non-domestic rate. Buckinghamshire County Council, Thames Valley Policy Authority and Buckinghamshire & Milton Keynes Fire Authority are 'major precepting authorities' and parish councils are 'local precepting authorities'.

Provisions
Amounts set aside in one year to cover expenditure in the future. Provisions are for liabilities or losses which are likely or certain to be incurred, but the amounts or the dates on which they will arise are uncertain.

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

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

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

Reserves
Reserves are amounts set aside which do not fall within the definition of provisions and include general reserves (or 'balances'), which every authority must maintain as a matter of prudence. A reserve results from an accumulation of surpluses, deficits and appropriations over past years. Reserves of a revenue nature are available and can be spent or earmarked at the Council's discretion.

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

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

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

Glossary of Terms

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

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

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

Section 106 Agreements
Section 106 receipts are monies paid to the Council by developers as a result of the grant of planning permission where works are required to be carried out or new facilities provided as a result of that permission. The sums are restricted to being spent only in accordance with the agreement concluded with the developer.

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

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