SOUTH BUCKS DISTRICT COUNCIL

Statement of Accounts

For the year ended 31 March 2013

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

SOUTH BUCKS DISTRICT COUNCIL

Statement of Accounts

For the year ended 31 March 2013

Contents

Explanatory Foreword

Introduction

The Accounts of South Bucks District Council for the year ended 31 March 2013 are set out on the following pages. The various statements include, where relevant, comparative figures relating to the previous financial year and supporting notes.

Financial Statements

The financial statements are prepared on an accruals basis and follow best practice recommended by the Code of Practice on Local Authority Accounting. They summarise the overall financial position of the Council and in particular include the following:

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

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

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

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

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

Movement in Reserves

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

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

- The General Fund Balance decreased by £410,000 to £2,510,000. £400,000 of which relates to creating a new earmarked reserve to respond to changes in Government Funding.
- Earmarked reserves increased by £70,000 to £2,144,000.
- The Council's capital receipts reduced by £187,000 to £12,293,000. This is because receipts were used to fund the Council's capital investment programme. These funds are available to meet future capital investment.

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

- The Pensions Reserve increased by £276,000. The accumulated estimated pension fund deficit now stands at £19,858,000.

Revenue Income and Expenditure

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

	Original Budget £'000	Latest Budget £'000	Yr End Actual £'000	Variance (Act-LB) £'000
Community	1,257	1,249	1,201	-48
Environment	2,496	2,364	2,482	118
Health & Housing	1,559	1,592	1,596	4
S106 Commuted Sums	-	-	376	376
Resources	2,467	2,538	2,386	-152
Resources – Investment Properties	-207	-207	-222	-15
Sustainable Development	1,853	1,818	1,776	-42
	9,425	9,354	9,595	241
Interest & Investment Income	-800	-800	-842	-42
Notional Interest Payable	292	292	292	-
Less Capital Charges	-1,215	-1,144	-1,144	-
Transfer from LDD reserve	-103	-103	-30	73
Net transfer to Transformation Reserve	-	-	97	97
Net transfer to Gov't Funding Changes Reserve	-	-	400	400
Net transfer from S106 reserve	-	-	-376	-376
	7,599	7,599	7,992	393
Parish Precepts	1,812	1,812	1,812	-
Amounts to be met from Government Grants and Local Taxation	**9,411**	**9,411**	**9,804**	**393**
Government Grants and Local Taxation				
Council Taxpayers – District element	-4,712	-4,712	-4,712	-
Council Taxpayers – Parish element	-1,812	-1,812	-1,812	-
Share of Business Rate Income	-2,056	-2,056	-2,056	-
Revenue Support Grant	-42	-42	-42	-
Council Tax Freeze Grant	-236	-236	-236	-
New Homes Grant	-535	-535	-492	43
Local Services Support Grant	-57	-57	-57	-
Community Bid/Challenge Grants	-	-	-13	-13
Collection Fund Deficit	39	39	39	-
	-9,411	**-9,411**	**-9,381**	**30**
Adjustment between reserves	-	-	-13	-13
Decrease in General Fund Reserve	**-**	**-**	**410**	**410**

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

	£'000
Comprehensive Income and Expenditure Statement (Page 9) Deficit on the Provision of Services	954
Adjustments between Accounting Basis and Funding Basis (Note 7)	-614
Net Transfer to Earmarked Reserves (Note 8)	70
Decrease in General Fund Reserve	**410**

Capital Income and Expenditure

Capital expenditure is all expenditure on the acquisition, creation, or enhancement of fixed assets, which yield benefits to the Authority and the services it provides for a period of more than one year. Total capital expenditure for the year amounted to £872,000. This was financed from internal capital receipts and central government grants. Further details are shown in note 26.

Capital income of £684,000 was received in 2012/13. The main income being improvement grants of £257,000 and £259,000 in respect of West Tradesman's Lodge.

Assets & Liabilities

The Balance Sheet (Page 10) shows the Council assets and liabilities as at 31 March. The following table provides a summary of the Council's key assets and liabilities.

	Value 31 Mar 12 £m	Value 31 Mar 13 £m
Assets		
Property, plant and equipment	10.2	10.1
Heritage assets	0.1	0.1
Investment property	5.8	5.7
Intangible assets	0.2	0.2
Investments, cash and bank holdings	26.3	26.0
Short Term Debtors	1.0	2.0
Liabilities		
Finance Leases	-5.4	-4.9
S106 Monies	-	-0.9
Short term creditors	-1.5	-2.0
Pension Liability	-20.1	-19.9

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

With regard to the Pension Liability, the Authority, as part of the terms and conditions of employment, offers retirement benefits to staff. Although these benefits will not be payable until employees retire, the Authority has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement. In common with many public and private companies, who offer defined benefit pension schemes; the current valuation of the pension fund assets is significantly less than the actuarial estimate of the liability. For South Bucks the pension asset value is £33.1m and the liability £53.0m giving a net deficit of £19.9m as at 31 March 2013. However statutory arrangements for the funding of the pension scheme means that the financial position of the Authority remains healthy as the deficit will be made good by increased contributions over the remaining working life of employees.

Cash Flow

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

It shows that in 2012/13 the Authority increased the amount of cash that it holds by £1.9m. This is primarily due to holding less money in investments and more in cash balances at the year end.

Collection Fund

The Collection Fund Statement (Page 59) shows the transactions of the Council as a billing authority in relation to council tax and non-domestic rates

In 2012/13 SBDC raised £45.7m in Council Tax and collected 98.34% of the amounts due. The Council also awarded £3.1m in Council Tax Benefit. Council Tax income is paid over to the precepting bodies (BCC, BF&R, PCC Thames Valley and SBDC) and the amount paid over in 2012/13 (£49.1m) equals the amount that was requested as part of the 2012/13 budget setting process.

In 2012/13 SBDC raised £28.4m in business rates and collected 98.98% of the amounts due. All business rate income (less an allowance of £101,000 payable to SBDC for collecting business rates) is paid over to the national pool.

Significant Factors Affecting the 2012/13 Accounts

There are no significant factors affecting the 2012/13 Accounts to report.

Borrowing

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

Significant Provisions, Contingencies and Material Write Offs

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

Material Events after the Reporting Date

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

Joint Working Arrangements with Chiltern District Council

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

Alan Goodrum was appointed the shared Chief Executive for Chiltern and South Bucks District councils on 22nd February 2012. At the same time the two joint director positions were also filled, with Bob Smith being appointed as Joint Director of Services and Jim Burness as Joint Director of Resources.
The final element of the shared Senior Management team was completed during 2012/13 with eight Joint Head of Service being appointed. Sharing a senior management will reduce the cost of running the two councils by at least £500,000 per year from 2014.

The two councils are now starting to investigate opportunities for further savings by collaboration and the joining together of services, assets, officer posts and officer teams.

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

Future

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

- Continuing to put in place measures to reduce net expenditure, in order that the Council has a sound financial position in the context of the further significant expected reduction in central Government funding, limitations on the council tax, and continuing low levels of income from investments, fees and charges.
- Progressing the joint arrangements with Chiltern District Council.
- Identifying the sustainable service levels and standards that are acceptable to our residents, and users of our services.
- Working with other public sector bodies on the delivery of the public services.

Further Information

Further information about the Accounts can be obtained from:

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

Statement of Responsibilities for the Statement of Accounts

The Authority's Responsibilities

The Authority is required to:

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

The Director of Resources' Responsibilities

The Director of Resources is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the 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 2013 and its income and expenditure for the year then ended.

Director of Resources

Date 28th June 2013

Certificate of Approval – Chair of Audit Committee

I confirm that these accounts were approved by the Audit Committee at the meeting held on 19th September 2013.

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

Date 19th September 2013

Movement In Reserves Statement

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

The Surplus or (Deficit) on the Provision of Services line shows the economic cost of providing the Authority's services. This is different from the statutory amounts required to be charged to the General Fund Balance for council tax setting purposes. The Net Increase / Decrease before transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves.

	Usable Reserves						Unusable Reserves							**Total**
	General Fund Balance	Earmarked General Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Capital Reserves	**Total Usable Reserves**	Revaluation Reserve	Available For Sale Financial Instruments	Capital Adjustments Account	Pensions Reserve	Deferred Credits	Collection Fund Adjustment Account	**Total Unusable Reserves**	**Total Authority Reserves**
	£'000	£'000	£'000	£'000	£'000	**£'000**	£'000	£'000	£'000	£'000	£'000	£'000	**£'000**	**£'000**
2012/13														
Balance at 1 April 2012	**2,920**	**2,074**	**12,480**	**126**	**3,925**	**21,525**	**2,488**	**135**	**13,789**	**-20,134**	**223**	**-105**	**-3,604**	**17,921**
Surplus or (deficit) on the provision of services	-954	-	-	-	-	**-954**	-	-	-	-	-	-	-	-954
Other comprehensive income & expenditure	-	-	-	-	-	**-**	-	53	-	749	-	-	802	802
Total comprehensive Income & Expenditure	**-954**	**-**	**-**	**-**	**-**	**-954**	**-**	**53**	**-**	**749**	**-**	**-**	**802**	**-152**
Adj between accounting & funding basis (Note 7)	614	-	-187	-	425	**852**	-51	-	-224	-473	-132	28	-852	-
Net Increase / (Decrease) before transfers to Earmarked Reserves	**-340**	**-**	**-187**	**-**	**425**	**-102**	**-51**	**53**	**-224**	**276**	**-132**	**28**	**-50**	**-152**
Transfer (to) / from Earmarked Reserves (Note 8)	-70	70	-	-	-	**-**	-	-	-	-	-	-	-	-
Total Increase / (Decrease) in year	**-410**	**70**	**-187**	**-**	**425**	**-102**	**-51**	**53**	**-224**	**276**	**-132**	**28**	**-50**	**-152**
Balance at 31 March 2013	**2,510**	**2,144**	**12,293**	**126**	**4,350**	**21,423**	**2,437**	**188**	**13,565**	**-19,858**	**91**	**-77**	**-3,654**	**17,769**
2010/11														
Balance at 1 April 2011	**2,789**	**2,888**	**12,716**	**169**	**3,925**	**22,487**	**644**	**74**	**15,003**	**-11,455**	**245**	**-108**	**4,403**	**26,890**
Surplus or (deficit) on the provision of services	-1,967	-	-	-	-	**-1,967**	-	-	-	-	-	-	-	-1,967
Other comprehensive income & expenditure	-	-	-	-	-	-	1,895	61	-	-8,958	-	-	-7,002	-7,002
Total comprehensive Income & Expenditure	**-1,967**	**-**	**-**	**-**	**-**	**-1,967**	**1,895**	**61**	**-**	**-8,958**	**-**	**-**	**-7,002**	**-8,969**
Adj between accounting & funding basis (Note 7)	1,284	-	-236	-43	-	1,005	-51	-	-1,214	279	-22	3	-1,005	-
Net Increase / (Decrease) before transfers to Earmarked Reserves	**-683**	**-**	**-236**	**-43**	**-**	**-962**	**1,844**	**61**	**-1,214**	**-8,679**	**-22**	**3**	**-8,007**	**-8,969**
Transfer (to) / from Earmarked Reserves (Note 8)	814	-814	-	-	-	-	-	-	-	-	-	-	-	-
Total Increase / (Decrease) in year	**131**	**-814**	**-236**	**-43**	**-**	**-962**	**1,844**	**61**	**-1,214**	**-8,679**	**-22**	**3**	**-8,007**	**-8,969**
Balance at 31 March 2012	**2,920**	**2,074**	**12,480**	**126**	**3,925**	**21,525**	**2,488**	**135**	**13,789**	**-20,134**	**223**	**-105**	**-3,604**	**17,921**

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.

	2011/12 Gross Expend £'000	2011/12 Gross Income £'000	2011/12 Net Expend £'000	2012/13 Gross Expend £'000	2012/13 Gross Income £'000	2012/13 Net Expend £'000
Central services to the public	5,346	-3,941	1,405	5,391	-4,064	1,327
Cultural & related services	958	-381	577	955	-294	661
Environmental & regulatory services	4,620	-895	3,725	4,680	-846	3,834
Planning & development services	2,823	-855	1,968	2,758	-921	1,837
Highways & transport services	862	-917	-55	431	-944	-513
Housing services	15,758	-14,838	920	16,245	-15,372	873
Housing services – s106 funds	1,119	-272	847	1,554	-1,178	376
Corporate & democratic core	1,512	-22	1,490	1,511	-156	1,355
Non distributed costs	25	-1	24	79	-1	78
Non distributed costs – Past Service Costs	-	-	-	-	-	-
Non distributed costs – Settlement/Curtailment Costs	-179	-	-179	-	-	-
Cost of Services	**32,844**	**-22,122**	**10,722**	**33,604**	**-23,776**	**9,828**
Other operating expenditure						
- Parish council precepts (Note 5)			1,806			1,811
- (Gains) / losses on disposal of non current assets			-247			-466
Financing and investment income and expenditure						
- Interest payable and similar charges			309			292
- Pensions interest cost and expected return on pension assets			129			502
- Interest receivable and similar income			-874			-842
- Inc & exp in relation to investment properties & changes in fair value (Note 11)			-394			-763
Deficit on discontinued operations - concessionary fares			1			-
Taxation and non-specific grant income						
- Council tax income			-6,450			-6,511
- Non domestic rates			-1,887			-2,174
- Non-ringfenced government grants			-1,148			-723
- Capital grants and contributions			-			-
(Surplus) or Deficit on Provision of Services			**1,967**			**954**
(Surplus) or deficit on revaluation of property, plant and equipment			-1,895			-
(Surplus) or deficit on revaluation of available for sale financial assets			-61			-53
Actuarial (gains) / losses on pension assets / liabilities			8,958			-749
Other Comprehensive Income and Expenditure			**7,002**			**-802**
Total Comprehensive Income and Expenditure			**8,969**			**152**

Balance Sheet

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

	Notes	At 31 March 2012 £'000	At 31 March 2013 £'000
Property, Plant & Equipment	9,27	10,204	**10,052**
Heritage Assets	10	63	**63**
Investment Property	11	5,786	**5,727**
Intangible Assets	12	224	**160**
Long Term Investments	13	14,346	**12,389**
Long Term Debtors	14	298	**188**
Long Term Assets		30,921	**28,579**
Short Term Investments	13	8,492	**8,240**
Inventories		-	**2**
Short Term Debtors	14	1,028	**2,031**
Short Term Debtors – Amts due from Preceptors		1,144	**1,348**
Cash and Cash Equivalents	15	3,470	**5,344**
Current Assets		14,134	**16,965**
Short Term Creditors	16	-1,522	**-2,024**
Short Term Creditors – Finance Leases	16,27	-457	**-474**
Current Liabilities		-1,979	**-2,498**
Long Term Creditors – Finance Leases	27	-4,928	**-4,454**
Long Term Creditors – S106 Monies	16	-	**-911**
Provisions	17	-86	**-54**
Other Long Term Liabilities			
Financial Guarantee Liability		-7	**-**
Pensions Liability	28	-20,134	**-19,858**
Long Term Liabilities		-25,155	**-25,277**
Net Assets		**17,921**	**17,769**
Usable Reserves *		21,525	**21,423**
Unusable Reserves *	18	-3,604	**-3,654**
Total Reserves		**17,921**	**17,769**

*See Movement in Reserves Statement for further details

Cash Flow Statement

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

	2011/12 £'000	2012/13 £'000
Operating Activities		
Net surplus or (deficit) on the provision of services	-1,967	-954
Adjustments to net surplus or deficit on the provision of services for non cash movements	904	1,050
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	-247	-467
Net cash flows from operating activities (Note 19)	**-1,310**	**-371**
Investing Activities		
Purchase of property, plant and equipment, investment property and intangible assets	-396	-255
Net purchase of short-term and long-term investments	2,000	2,210
Other payments for investing activities	-30	-64
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	300	830
Net proceeds from short-term and long-term investments	-	-
Other receipts from investing activities	51	64
Net cash flows from investing activities	**1,925**	**2,785**
Financing Activities		
Cash payments for the reduction of the outstanding liabilities relating to finance leases	-441	-457
Other payments for financing activities		
- Change in NNDR amount due to / payable from Government	900	222
- Change in Council Tax amount due to / payable from preceptors	-49	-305
Net cash flows from financing activities	**410**	**-540**
Net increase in cash and cash equivalents	**1,025**	**1,874**
Cash & cash equivalents at the beginning of the reporting period	2,445	3,470
Cash & cash equivalents at the end of the reporting period (Note 15)	3,470	5,344

Notes to the Accounts

1. Accounting Policies

General Principles

The Statement of Accounts summarises the Authority's transactions for the 2012/13 financial year and its position at the year-end of 31 March 2013. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2011, which those regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 and the Service Reporting Code of Practice 2012/13, 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.

Exceptional Items

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

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

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

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

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

Charges to Revenue for Non-Current Assets

Services are debited with the following amounts to record the cost of holding non-current assets during the year:
- depreciation attributable to the assets used by the relevant service
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- amortisation of intangible fixed assets attributable to the service.

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

Employee Benefits

Benefits Payable During Employment

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

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

Termination Benefits

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

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

Post Employment Benefits

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

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

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

The change in the net pensions liability is analysed into seven components:

- Current service cost – The increase in liabilities as the result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- Past service cost – The increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
- Interest Cost – The expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- Expected return on assets – The annual investment return on the fund assets attributable to the Authority, based on an average of the expected long-tem return – credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- Gains or losses on settlements and curtailments – The result of actions to relieve the Authority of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
- Actuarial gains and losses – Changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve.
- Contributions paid to the pension fund – Cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

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

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

Financial Assets

Financial assets are classified into two types:

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

Loans and Receivables

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

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

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

Available-for-Sale Assets

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

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

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

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

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

Instruments Entered Into Before 1 April 2006

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

Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Authority when there is reasonable assurance that:
- the Authority will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

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

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

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

Heritage Assets

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

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

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

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

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

Intangible Assets

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

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

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

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

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

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

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

Inventories

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

Investment Property

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

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

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

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

Leases

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

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

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

The Authority as Lessee

Finance Leases

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

Lease payments are apportioned between:

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

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

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

Operating Leases

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

<u>The Authority as Lessor</u>

Finance Leases

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

Lease rentals receivable are apportioned between:

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

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

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

Operating Leases

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

Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principals of the CIPFA Service Reporting Code of Practice 2012/13. The total absorption costing principal is used - the cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

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

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

Property, Plant and Equipment

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

Recognition

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

Measurement

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

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

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

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

Assets are then carried in the Balance Sheet using the following measurement bases:
- community assets and assets under construction – depreciated historical cost
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

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

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

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

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

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

Impairment

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

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

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

Depreciation

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

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

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

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

Disposals and Non Current Assets Held for Sale

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

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

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

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

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

The written-off value of disposals is not a charge against council tax, as the cost of 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 Account in the year that the Authority becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

Contingent Liabilities

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

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

Contingent Assets

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

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

Reserves

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

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

Revenue Expenditure Funded from Capital under Statute

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

VAT

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

2. 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 2013/14 (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 2013/14 financial statements. However the Authority is required to make disclosure of the estimated effect of the new standards in these (2012/13) financial statements.

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

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

- Introduce enhanced disclosures about defined benefit plans.

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

- Clarify miscellaneous issues, including the classification of employee benefits, current estimates of mortality rates, tax and administration costs and risk-sharing and conditional indexation features.

This new policy will have presentational impacts, however it is not expected to have any impact on net worth.

The 2013/14 Code has also adopted amendments to IAS 1 Presentation of Financial Statements, IAS 12 Income Taxes and IFRS 7 Financial Instruments: Disclosures (Offsetting Financial Assets and Liabilities). However these new policies are not expected to have any impact on the Authority.

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:

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

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

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

- The Authority has determined that its refuse, recycling and street cleaning contract contains an embedded finance lease for the refuse, recycling and street cleaning vehicles.

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

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 2013 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 dependant on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate could make it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets fall. It is estimated that the annual depreciation charge for buildings would increase by approximately £3,000 for every year that useful lives had to be reduced.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.	The effects to the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £1.047m. However, the assumptions interact in complex ways. During 2012/13, the Authority's actuaries advised that the net pension liability had increased by £0.112m as a result of estimates being corrected as a result of experience and increased by £3.058m attributable to updating of the assumptions.
Arrears	At 31 March 2013, the Authority had Council Tax debtors of £318,000. Review suggested that an impairment of doubtful debts of 49% (£157,000) was appropriate. At 31 March 2013, the Authority had Sundry debtors of £2,322,000. Review suggested that an impairment of doubtful debts of 49% (£1,131,000) was appropriate.	If collection rates were to deteriorate, increasing the impairment of doubtful debts by 10% would require an additional £260,000 to be set aside as an allowance.

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

5. Material Items of Income and Expense

Analysis of Parish Precepts	2011/12 £'000	2012/13 £'000
Beaconsfield	265	265
Burnham	472	472
Denham	94	94
Dorney	15	15
Farnham Royal	115	115
Fulmer	17	22
Gerrards Cross	199	199
Hedgerley	20	20
Iver	373	373
Stoke Poges	186	186
Taplow	19	19
Wexham	31	31
	1,806	1,811

6. Events after the Reporting Period

The Statement of Accounts was authorised for issue by the Director of Resources on 28 June 2013. 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 2013, 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 2013 if they provide information that is relevant to an understanding of the Authority's financial position but do not relate to conditions at that date.

For the 2012/13 Accounts there is no significant adjusting or non adjusting events to disclose.

7. Adjustments between Accounting Basis and Funding Basis under Regulations

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

2012/13	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Reserve £'000	Unusable Reserves £'000
Adjustments Primarily involving the Capital Adjustments Account				
Reversal of items debited or credited to the CI&E A/C				
- Charges for depreciation of non-current assets	226	-	-	-226
- Charges for depreciation of non-current assets – Finance Leases	533	-	-	-533
- Revaluation losses on Property, Plant and Equipment	32	-	-	-32
- Movement in the market value of Investment Properties	-541	-	-	541
- Amortisation of intangible assets	87	-	-	-87
- Capital grants and contributions applied	-	-	-	-
- Revenue expenditure funded from capital under statute	555	-	-	-555
- Amounts of non-current assets written off on disposal	253	-	-	-253
Adjustments Primarily involving the Capital Grants Unapplied Account				
Capital grants and contributions unapplied	-	-	-	-
Application of grants to capital financing	-256	-	-	256
Adjustments Primarily involving the Capital Receipts Reserve				
Transfer of cash sale proceeds	-830	405	425	-
Use of Capital Receipts Reserve to finance capital	-	-614	-	614
Contribution from the Capital Receipts to disposal costs	-	-	-	-
Transfer from Deferred Capital Receipts on receipt of cash	-	22	-	-22
Deferred Credit Adjustment	110	-	-	-110
Adjustments Primarily involving the Pensions Reserve				
Reversal of items relating to retirement benefits	1,315	-	-	-1,315
Employers pensions contributions payable in the year	-842	-	-	842
Adjustments Primarily involving the Collection Fund Adjustment Account				
Adjustment to council tax income	-28	-	-	28
Total Adjustments	**614**	**-187**	**425**	**-852**

2011/12 Comparative Figures	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Unusable Reserves £'000
Adjustments Primarily involving the Capital Adjustments Account				
Reversal of items debited or credited to the CI&E A/C				
- Charges for depreciation of non-current assets	193	-	-	-193
- Charges for depreciation of non-current assets – Finance Leases	533	-	-	-533
- Revaluation losses on Property, Plant and Equipment	960	-	-	-960
- Movement in the market value of Investment Properties	-224	-	-	224
- Amortisation of intangible assets	77	-	-	-77
- Capital grants and contributions applied	-	-	-	-
- Revenue expenditure funded from capital under statute	517	-	-	-517
- Amounts of non-current assets written off on disposal	53	-	-	-53
Adjustments Primarily involving the Capital Grants Unapplied Account				
Capital grants and contributions unapplied	43	-	-43	-
Application of grants to capital financing	-286	-	-	286
Adjustments Primarily involving the Capital Receipts Reserve				
Transfer of cash sale proceeds	-300	300	-	-
Use of Capital Receipts Reserve to finance capital	-	-558	-	558
Contribution from the Capital Receipts to disposal costs	-	-	-	-
Transfer from Deferred Capital Receipts on receipt of cash	-	22	-	-22
Adjustments Primarily involving the Pensions Reserve				
Reversal of items relating to retirement benefits	575	-	-	-575
Employers pensions contributions payable in the year	-854	-	-	854
Adjustments Primarily involving the Collection Fund Adjustment Account				
Adjustment to council tax income	-3	-	-	3
Total Adjustments	**1,284**	**-236**	**-43**	**-1,005**

8. Transfers to / from Earmarked Reserves

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

	Balance 1 April 2011 £'000	Transfers Out 2011/12 £'000	Transfers In 2011/12 £'000	Balance 31 March 2012 £'000	Transfers Out 2012/13 £'000	Transfers In 2012/13 £'000	Balance 31 March 2013 £'000
Allocated Funding	45	-45	13	13	-13	-	-
Bequests	15	-	-	15	-3	-	12
Disasters / Emergencies	27	-	-	27	-	-	27
Farnham Royal Pump	7	-	-	7	-	-	7
Gov Grant Funding Changes	-	-	-	-	-	400	400
Insurance	30	-6	26	50	-6	-	44
Leisure	12	-5	1	8	-8	-	-
Local Development Fund	360	-16	-	344	-30	-	314
Memorial Gardens	22	-	-	22	-	20	42
Renewals & Repairs	20	-5	-	15	-12	-	3
Russo Burial Trust	1	-	-	1	-	-	1
S106 Housing Reserve	2,349	-847	70	1,572	-577	202	1,197
Transformation reserve	-	-	-	-	-153	250	97
Total	2,888	-924	110	2,074	-802	872	2,144

9. Property, Plant and Equipment

Movements in 2012/13	Land and Buildings (including car parks) £'000	Buildings Acquired Under Finance Leases £'000	Vehicles, Fixtures & Fittings and Equipment £'000	Vehicles Acquired Under Finance Leases £'000	Community Assets £'000	Total £'000
Cost or Valuation						
At 1 April 2012	5,050	4,410	2,413	1,698	67	13,638
Additions	152	-	140	-	-	292
Transfers	350	-	-	-	-	350
Revaluation increases / (decreases) – recognised in the revaluation reserve	-	-	-	-	-	-
Revaluation increases / (decreases) – recognised in the Surplus / Deficit on the Provision of Services	-31	-	-	-	-	-31
Disposals	-	-	-4	-	-	-4
At 31 March 2013	5,521	4,410	2,549	1,698	67	14,245
Depreciation and Impairment						
At 1 April 2012	-69	-291	-2,004	-1,070	-	-3,434
Depreciation charge	-69	-291	-156	-243	-	-759
Disposals	-	-	-	-	-	-
At 31 March 2013	-138	-582	-2,160	-1,313	-	-4,193
Net Book Value						
At 1 April 2012	4,981	4,119	409	628	67	10,204
At 31 March 2013	5,383	3,828	389	385	67	10,052

	Land and Buildings (including car parks) £'000	Buildings Acquired Under Finance Leases £'000	Vehicles, Fixtures & Fittings and Equipment £'000	Vehicles Acquired Under Finance Leases £'000	Community Assets £'000	Total £'000
Comparative Movements in 2011/12						
Cost or Valuation						
At 1 April 2011	3,923	6,027	2,854	1,698	67	14,569
Write off on revaluation	-196	-1,690	-	-	-	-1,886
Additions	101	-	169	-	-	270
Transfers	-	422	-422	-	-	-
Revaluation increases / (decreases) – recognised in the revaluation reserve	1,832	-	-	-	-	1,832
Revaluation increases / (decreases) – recognised in the Surplus / Deficit on the Provision of Services	-610	-349	-	-	-	-959
Disposals	-	-	-188	-	-	-188
At 31 March 2012	5,050	4,410	2,413	1,698	67	13,638
Depreciation and Impairment						
At 1 April 2011	-196	-1,690	-2,015	-828	-	-4,729
Write off on revaluation	196	1,690	-	-	-	1,886
Depreciation charge	-69	-291	-123	-242	-	-725
Disposals	-	-	134	-	-	134
At 31 March 2012	-69	-291	-2,004	-1,070	-	-3,434
Net Book Value						
At 1 April 2011	3,727	4,337	839	870	67	9,840
At 31 March 2012	4,981	4,119	409	628	67	10,204

Impairment Losses

During 2012/13, the Authority has recognised an impairment loss of £nil (2011/12 £nil).

Depreciation

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

Land	– not depreciated
Buildings	– using straight-line method over the useful life of the asset after the year of expenditure
Fixtures & Fittings	– using straight-line method over a period of 10 years after the year of expenditure
Vehicles & equipment	– using straight-line method over a period of 4 years after the year of expenditure.

Capital Commitments

There are no significant commitments under capital contracts as at 31 March 2013.

Revaluations

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

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

	Land and Buildings (including car parks) £'000	Buildings Acquired Under Finance Leases £'000	Vehicles, Fixtures & Fittings and Equipment £'000	Vehicles Acquired Under Finance Leases £'000	Community Assets £'000	Total £'000
Carried at Historical Cost	-	-	2,413	1,698	67	4,178
Valued at Fair Value as at 1 April 2011	5,050	4,410	-	-	-	9,460
Total Cost or Valuation	**5,050**	**4,410**	**2,413**	**1,698**	**67**	**13,638**

Major Assets Held	Number at 31 March 2012	Number at 31 March 2013
Council Offices *	1	**1**
Refuse, Recycling and Street Cleaning Vehicles *	21	**21**
Off-street car parks	14	**14**
Golf courses	1	**1**
Sports centres	1	**1**
Cemeteries & memorial gardens	4	**4**
Public conveniences	3	**3**

** Held under Finance Leases*

10. Heritage Assets

	2011/12 £'000	2012/13 £'000
Balance at start of the year	-	63
Initial recognition / revaluation of Heritage Assets	63	-
Additions / Disposals	-	-
Balance at end of the year	63	63

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

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.

	2011/12 £'000	2012/13 £'000
Rental income from investment property	345	319
Direct operating expenses arising from investment property	-175	-96
Net gain	170	223

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

	2011/12 £'000	2012/13 £'000
Balance at start of the year	5,562	5,786
Transfers	-	-350
Disposals	-	-250
Net gains/(losses) from fair value adjustments	224	541
Balance at end of the year	5,786	5,727

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

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

Major Investment Property Held	Number at 31 March 2012	Number at 31 March 2013
Beaconsfield Town Hall	1	1
Brindley House	1	1
Depots	2	2
Stoke Park	1	1
Stoke Place	1	1
Dwellings	1	1
Caravan Site	1	1

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

12. Intangible Assets

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

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

The amortisation of £77,000 charged to revenue in 2012/13 was charged to the IT cost centre and then absorbed as an overhead across all the service headings in the Net Expenditure of Services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

	2011/12			2012/13		
	Purchased Software Licenses £'000	Internally Developed Software £'000	Total £'000	Purchased Software Licenses £'000	Internally Developed Software £'000	Total £'000
Gross Carrying Amount						
At 1 April	727	232	959	768	77	845
Additions	56	-	56	23	-	23
Disposals	-15	-155	-170	-13	-	-13
At 31 March	768	77	845	778	77	855
Amortisation						
At 1 April	-482	-232	-714	-544	-77	-621
Amortisation charge	-77	-	-77	-87	-	-87
Disposals	15	155	170	13	-	13
At 31 March	-544	-77	-621	-618	-77	-695
Net Book Value						
At 1 April	245	-	245	224	-	224
At 31 March	224	-	224	160	-	160

13. Financial Instruments

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

Note: In previous years the Authority has included details about Finance Leases within this note. However details about these are already covered in note 27.

Categories of Financial Instrument

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

	Long Term		Short Term	
	At 31 March 2012 £'000	At 31 March 2013 £'000	At 31 March 2012 £'000	At 31 March 2013 £'000
Investments				
Loans and receivables - Money market loans – Fixed Deposits	13,000	11,000	8,237	8,206
Available-for sale financial assets -Bonds	1,346	1,389	255	34
	14,346	**12,389**	**8,492**	**8,240**
Debtors	**290**	**182**	**556**	**1,200**
Creditors	**-**	**-911**	**-805**	**-1,397**

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

Income, Expense, Gains and Losses

	Financial Liabilities	Financial Assets			
	Liabilities measured at amortised cost £'000	Cash and Bank £'000	Loans and receivables - Money Market Loans £'000	Available-for-sale - Bonds £'000	Total £'000
2012/13					
Interest expense to CI&E	-	-	-	-	-
Interest income to CI&E	-	-98	-678	-66	-842
Revaluation (gain)/loss	-	-	-	-52	-52
Gain/(loss) for the Year	**-**	**-98**	**-678**	**-118**	**-894**
2011/12					
Interest expense to CI&E	-	-	-	-	-
Interest income to CI&E	-	-100	-699	-75	-874
Revaluation (gain)/loss	-	-	-	-61	-61
Gain/(loss) for the Year	-	-100	-699	-136	-935

Fair Values of Assets and Liabilities

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

- Estimated interest rates at 31 March 2012 of between 0.639% and 4.522% depending on the loan duration.
- No early repayment or impairment is recognised.
- Where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values are calculated as follows.

	31 March 12		31 March 13	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Loans and Receivables	21,237	21,441	19,206	19,383

The fair value of loans and receivables as at 31 March 2013 (£19.383m) is higher than the carrying amount (£19.206m) because the Authority's portfolio of investments includes a number of fixed rate loans where the interest rate receivable is higher than the rates available for similar loans at the Balance Sheet date. This increases the amount that the Authority would receive if it agreed to early repayment of the loans.

14. Debtors

	At 31 March 2012 £'000	At 31 March 2013 £'000
Long Term		
Transferred Debt – Slough	8	**6**
Unpaid Discounts	6	**6**
Colnbrook Village Hall	2	**1**
Paper Sort Facility Loan	131	**-**
Car Loans	61	**85**
Swan Road Finance Lease	90	**90**
	298	**188**
Short Term		
Central Government bodies	102	**422**
Other local authorities	-	**589**
Council Tax (net of impairment)	159	**160**
Interest receivable	-	**-**
Payments in advance	225	**258**
Sundry debtors (net of impairment)	542	**602**
	1,028	**2,031**

15. Cash and Cash Equivalents

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

	At 31 March 2012 £'000	At 31 March 2013 £'000
Cash held by the Authority	2	**2**
Bank current accounts	14	**691**
Short-term deposits	3,454	**4,651**
	3,470	**5,344**

16. Creditors

	At 31 March 2012 £'000	At 31 March 2013 £'000
Long Term		
Finance Lease – Offices	-4,529	**-4,306**
Finance Lease - Vehicles	-399	**-148**
S106 Monies	-	**-911**
	-4,928	**-5,365**
Short Term		
Finance Lease – Offices	-210	**-223**
Finance Lease - Vehicles	-247	**-251**
Central Government bodies	-618	**-591**
Other Local Authorities	-	**-471**
Council Tax	-89	**-29**
Sundry Creditors	-815	**-933**
	-1,979	**-2,498**

17. Provisions

	At 31 March 2012 £'000	At 31 March 2013 £'000
Local Land Charges – personal search fees	-29	**-54**
Joint Working Provision	-57	**-**
	-86	**-54**

A provision of £54,000 has been established for the potential repayment of personal search fees paid between 1 January 2005 and 30 July 2010. It is expected that the claims will be settled within the next 12-18 months.

A Joint Working Provision of £57,000 was established in 2011/12 for potential redundancy / early retirement costs arising from the joint working proposals with CDC. This provision was used in 2012/13.

18. Unusable Reserves

Revaluation Reserve

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

	2011/12 £'000	2012/13 £'000
Balance at 1 April	644	2,488
Initial recognition / revaluation of Heritage Assets	63	-
Upwards revaluations of assets	2,235	-
Downward revaluation of assets and impairment losses not charged to CI&E	-403	-
Difference between fair value depreciation and historical cost depreciation	-51	-51
Accumulated gains on assets sold or scrapped	-	-
Balance at 31 March	2,488	2,437

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.

	2011/12 £'000	2012/13 £'000
Balance at 1 April	74	135
In year change in fair value of available for sale assets	61	53
Balance at 31 March	135	188

Capital Adjustments Account

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

	2011/12 £'000	2012/13 £'000
Balance at 1 April	15,003	13,789
Reversal of items relating to capital expenditure charged to the CI&E		
Charges for depreciation / amortisation	-270	-313
Charges for depreciation – Assets acquired under finance leases – Office	-290	-291
Charges for depreciation – Assets acquired under finance leases – Vehicles	-243	-243
Revaluation / Impairment of non-current assets (via CI&E)	-960	-32
Revenue expenditure funded from capital under statute	-517	-555
Disposals	-53	-254
Adjustment for additional current value depreciation charges	51	51
Financing of Capital Expenditure	844	872
Movement in the market value of Investment Properties charged to CI&E	224	541
Balance at 31 March	13,789	13,565

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.

	2011/12 £'000	2012/13 £'000
Balance at 1 April	-11,455	-20,134
Actuarial gains or losses on pensions assets and liabilities	-8,958	749
Reversal of items relating to retirement benefits charged to CI&E	-575	-1,424
Employer's pension contributions and direct payments to pensioners	854	951
Balance at 31 March	-20,134	-19,858

Deferred Capital Receipts Reserve

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

	At 1 April 2011 £'000	Move -ments £'000	At 31 March 2012 £'000	Move -ments £'000	At 31 March 2013 £'000
Swan Road Loan	90	-	90	-	90
Colnbrook Hall Loan	3	-1	2	-1	1
Paper sort Loan	152	-21	131	-131	-
	245	-22	223	-132	91

Collection Fund Adjustment Account

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

	2011/12 £'000	2012/13 £'000
Balance at 1 April	-108	-105
Amount by which council tax income credited to the CI&E Statement is different from council tax income calculated for the year in accordance with statutory requirements/	3	28
Balance at 31 March	-105	-77

19. Cash Flow Statement Operating Activities

The cash flows for operating activities includes the following items.

	2011/12 £'000	2012/13 £'000
Interest received	904	894
Interest paid	-309	-292
	595	602

20. Amounts Reported for Resource Allocation Decisions

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

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

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

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

2011/12	Com-munity £'000	Environ-ment £'000	Health & Housing £'000	S106 Com muted Sums £'000	Resources £'000	Sustain-able Develop-ment £'000	Total £'000
Fees, charges & other service income	-370	-1,613	-685	-271	-729	-855	-4,523
Government grants	-	-	-281	-	-17,933	-	-18,214
Total income	-370	-1,613	-966	-271	-18,662	-855	-22,737
Employee expenses	584	403	823	-	2,049	1,475	5,334
Transfer payments	1	-	60	-	17,233	-	17,294
Capital financing costs	69	294	480	-	471	5	1,319
Other operating expenses	630	2,764	679	1,068	3,397	223	8,761
Support service recharges	357	418	346	50	-2,332	1,021	-140
Total Expenditure	1,641	3,879	2,388	1,118	20,818	2,724	32,568
Net Expenditure	**1,271**	**2,266**	**1,422**	**847**	**2,156**	**1,869**	**9,831**

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

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

	2011/12 £'000	2012/13 £'000
Net expenditure in the portfolio analysis	9,831	9,594
Net expenditure not included in the portfolio analysis		
- Expenditure funded from general reserves	224	-
- Expenditure funded from earmarked reserves	-54	8
- Impairment / revaluation loss	960	32
Amounts in the CI&E Statement not reported to management in the portfolio analysis		
- IAS 19 pension adjustments	-408	-29
Amounts included in the portfolio analysis not included in CI&E Statement		
- Income and expenditure in relation to investment properties	170	223
- Discontinued operations	-1	-
	10,722	**9,828**

Reconciliation to Subjective Analysis

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

2012/13	Portfolio analysis £'000	Services not in analysis £'000	Amounts not reported to Mgt £'000	Amounts not in CI&E £'000	Cost of Services £'000	Corporate amounts £'000	Total £'000
Fees, charges & other service income	-5,089	-	-	-319	-5,408	319	-5,089
Interest and investment income	-	-	-	-	-	-842	-842
Income from council tax	-	-	-	-	-	-6,511	-6,511
Government grants and contributions	-18,800	-	-	-	-18,800	-2,897	-21,697
Total income	-23,889	-	-	-319	-24,208	-9,931	-34,139
Employee expenses	5,853	-	-	-	5,853	-	5,853
Transfer payments	17,812	-	-	-	17,812	-	17,812
Capital financing costs	1,401	32	-	-	1,433	-	1,433
Other operating expenses	8,513	8	-29	542	9,034	-580	8,454
Support service recharges	-96	-	-	-	-96	-	-96
Interest payments	-	-	-	-	-	292	292
Precepts and levies	-	-	-	-	-	1,811	1,811
Gain / loss on disposal of fixed assets	-	-	-	-	-	-466	-466
Total Expenditure	33,483	40	-29	542	34,036	1,057	35,093
Surplus or deficit (CI&E Account)	**9,594**	**40**	**-29**	**223**	**9,828**	**-8,874**	**954**

2011/12	Portfolio analysis £'000	Services not in analysis £'000	Amounts not reported to Mgt £'000	Amounts not in CI&E £'000	Cost of Services £'000	Corporate amounts £'000	Total £'000
Fees, charges & other service income	-4,523	-	-	345	-4,178	-345	-4,523
Interest and investment income	-	-	-	-	-	-874	-874
Income from council tax	-	-	-	-	-	-6,450	-6,450
Government grants and contributions	-18,214	-	-	-	-18,214	-3,035	-21,249
Total income	-22,737	-	-	345	-22,392	-10,704	-33,096
Employee expenses	5,334	-	-	-	5,334	-	5,334
Transfer payments	17,294	-	-	-	17,294	-	17,294
Capital financing costs	1,319	960	-	-	2,279	-	2,279
Other operating expenses	8,761	170	-408	-176	8,347	81	8,428
Support service recharges	-140	-	-	-	-140	-	-140
Interest payments	-	-	-	-	-	309	309
Precepts and levies	-	-	-	-	-	1,806	1,806
Gain / loss on disposal of fixed assets	-	-	-	-	-	-247	-247
Total Expenditure	32,568	1,130	-408	-176	33,114	1,949	35,063
Surplus or deficit (CI&E Account)	**9,831**	**1,130**	**-408**	**169**	**10,722**	**-8,755**	**1,967**

21. Members' Allowances

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

	2011/12 £'000	2012/13 £'000
Allowances	212	**214**
Expenses	1	**2**
Total	213	**216**

22. Officers' Remuneration

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

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

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

Post	Salary Fees and Allowances	Bonus / PRP	Expenses (eg mileage sums chargeable to UK Tax)	2011/12 Payment for Loss of Office	Benefits In Kind (4)	Total Excluding Pension Contri-bution	Employers Pension Contri-Bution	Total Including Pension Contri-bution
	£	£	£	£	£	£	£	£
Chief Executive to 4 Sep 11 (1)	45,258	-	-	-	-	45,258	10,189	55,447
Chief Executive from 22 Mar 12 (2)		-	-	-	-	-	-	-
Director of Resources (3)	91,296	-	-	-	-	91,296	20,566	111,862
Director of Services (3)	91,024	-	-	-	-	91,024	20,504	111,528
Head of Legal Services	63,737	-	-	-	-	63,737	13,604	77,341
Head of Sustainable Development	61,519	-	-	-	-	61,519	13,517	75,036
Head of Finance & IT	61,076	-	-	-	-	61,076	13,416	74,492
Head of Environment	60,539	-	-	-	-	60,539	13,455	73,994
Head of Community Services	59,817	-	-	-	-	59,817	13,317	73,134

(1) Retired with effect from 4th Sept 2011.
(2) Since 22 March 2012 the Chief Executive provides services for both Chiltern District Council and South Bucks DC
He is formally employed by Chiltern DC and South Bucks is recharged 45.1% of his salary and other remuneration.
The charge for 2011/12 was £8,264.
(3) Since 22 March 2012 both the Director of Resources and the Director of Services provides services for both Chiltern DC and South Bucks DC. They are both formally employed by South Bucks DC and Chiltern DC is recharged 54.9% of their salary and other remuneration.
(4) The benefits in kind (BUPA allowances) have been included within Salary, Fees and Allowances.

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:

	2011/12 Number of Employees Total	2012/13 Number of Employees Total
£ 50,000 - £ 54,999	2	1
£ 55,000 - £ 59,999	1	-
£ 60,000 - £ 64,999	4	-
£ 65,000 - £ 69,999	-	4
£ 70,000 - £ 74,999	-	-
£ 75,000 - £ 79,999	-	-
£ 80,000 - £ 84,999	-	1
£ 85,000 - £ 89,999	-	-
£ 90,000 - £ 94,999	**2**	**2**

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

Exit Packages

The Authority terminated the contract of 1 employee in 2012/13 at a cost of £27,984 (2011/12 1 employee at a cost of under £5,000).

23. External Audit Costs

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

	2011/12 £'000	2012/13 £'000
Fees payable with regard to external audit services carried out by the appointed auditor for the year	85	**56**
Fees payable in respect of statutory inspection	-	**-**
Fees payable for the certification of grant claims and returns by the appointed auditor	26	**26**
Fees payable in respect of other services provided by the external auditor during the year	2	**2**
Total	113	**84**

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.

24. Grant Income

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

	2011/12 £'000	2012/13 £'000
Credited to Taxation and Non Specific Grant Income		
National Non-Domestic Rate	1,887	**2,174**
Revenue Support Grant	583	**42**
New Homes Grant	390	**492**
Council Tax Freeze Grant	117	**118**
Local Services Support Grant	57	**57**
Community Right to Challenge	-	**9**
Community Right to Bid	-	**5**
	3,034	**2,897**
Credited to Services		
Housing Benefit Grants	14,485	**15,040**
Council Tax Benefit Grants	3,345	**3,270**
Local Tax Support	-	**84**
Cost of Collection Allowance	101	**101**
Improvement Grants	243	**257**
Small Business Rates	2	**2**
Other grants	38	**12**
	18,214	**18,766**
	21,248	**21,663**

As at 31 March 2013 the Authority did not hold any grants, contributions or donations that have yet to be recognised as income as they had conditions attached to them that could require the monies or property to be returned to the giver.

25. Related Parties

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

Central Government

Central Government has significant influence over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (eg council tax bills, housing benefits). Grants received from government departments are set out in the subjective analysis in Note 20 on reporting for resource allocation decisions. Grant receipts outstanding at 31 March 2013 are shown in Note 14.

Members

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

Officers

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

Entities controlled or significantly influenced by the Authority.

The Authority did not provide any material assistance to any organisations that comprised more than 50% of their funding, on terms that gave the Authority effective control over their operations.
The Authority does not have any interests in companies outside of its normal contractual arrangements.

26. Capital Expenditure and Capital Financing

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

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

	2011/12 £'000	2012/13 £'000
Opening Capital Finance Requirement	**-**	-
Capital expenditure		
IT Equipment & systems	98	62
Car Parks	15	-
Beacon Centre	37	59
The Lanes Golf Course	-	5
Stoke Poges Memorial Gardens	66	12
Green Waste/Recycling	39	98
Depots	-	61
Grant Funded Playschemes	37	4
Other schemes	35	16
	327	**317**
Revenue expenditure funded from capital under statute		
Environmental improvements	-	16
Improvement grants	471	519
Community development schemes	3	3
Contribution Bells Hill Green Redevelopment	2	-
River Road Landing Steps	29	-
Minor works	12	17
	517	**555**
Sources of Finance:		
Capital Receipts	-558	-615
Government Grants - Other	-43	-
Government Grants – Revenue expenditure funded from capital	-243	-257
	-844	**-872**
Closing Capital Finance Requirement	**-**	-

27. Leases

Authority as Lessee - Finance Leases

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

	31 March 2012 £'000	31 March 2013 £'000
Buildings	4,119	**3,828**
Vehicles	628	**385**
	4,747	**4,213**

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

	31 March 2012 Buildings £'000	31 March 2012 Vehicles £'000	31 March 2012 Total £'000	31 March 2013 Buildings £'000	31 March 2013 Vehicles £'000	31 March 2013 Total £'000
Finance lease liabilities						
Current	210	247	457	223	251	474
Non-current - 1-5 years	980	399	1,379	1,041	147	1,188
Non-current - Later than 5 years	3,549	-	3,549	3,264	-	3,264
	4,739	646	5,385	4,528	398	4,926
Finance costs payable in future years						
Current	285	7	292	272	1	273
Non-current - 1-5 years	1,002	4	1,006	941	-	941
Non-current - Later than 5 years	1,156	-	1,156	946	-	946
	2,443	11	2,454	2,159	1	2,160
Minimum lease payments						
Current	495	254	749	495	252	747
Non-current - 1-5 years	1,982	403	2,385	1,982	147	2,129
Non-current - Later than 5 years	4,705	-	4,705	4,210	-	4,210
	7,182	**657**	**7,839**	**6,687**	**399**	**7,086**

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

The Authority has sub-let some of the office accommodation held under these finance leases. However these sub lease can be terminated by the lessee, thus as at 31 March 2013 the minimum payments expected to be received under non-cancellable sub leases was £nil.

Authority as Lessee - Operating Leases

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

	31 March 2012 £'000	31 March 2013 £'000
Not later than one year	251	**251**
Later than one year not later than five years	1,002	**1,002**
Later than five years	2,438	**2,187**
	3,691	**3,440**

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

	31 March 2012 £'000	31 March 2013 £'000
Minimum lease payments	251	**251**
Contingent rents	-	**-**
	251	**251**

Authority as Lessor - Finance Leases

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

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

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

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

	31 March 2012 £'000	31 March 2013 £'000
Finance lease debtors	90	**90**
Unearned finance income	282	**278**
Unguaranteed residual value of property	-	**-**
Gross investment in the lease	372	**368**

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

Authority as Lessor - Operating Leases

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

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

	31 March 2012 £'000	31 March 2013 £'000
Not later than one year	326	**320**
Later than one year not later than five years	1,249	**1,257**
Later than five years	15,147	**15,130**
	16,722	**16,707**

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

28. Defined Benefit Pension Schemes

Participation in pension scheme

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

The Authority participates in two post employment schemes:

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

Transactions relating to Post Employment benefits

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather then 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	
	2011/12	2012/13	2011/12	2012/13
	£'000	£'000	£'000	£'000
Comprehensive Income and Expenditure Statement				
Cost of Services:				
- Current service cost	720	**922**	-	**-**
- Past service costs *	-	**-**	-	**-**
- Unfunded pension payments *	-	**-**	-	**-**
- Settlements and curtailments *	-179	**-**	-	**-**
	541	**922**	-	**-**
Financing and Investment Income and Expenditure				
- Interest cost	2,206	**2,125**	58	**65**
- Expected return on scheme assets	-2,135	**-1,688**	-	**-**
	71	**437**	58	**65**
Net charge to the Surplus or Deficit on the Provision of Services	612	**1,359**	58	**65**
Other Post Employment Benefit Charged to the CI&E Statement				
- Actuarial gains and losses	8,958	**-749**	-	**-**
Total Post Employment Benefit Charged to the CI&E Statement	9,570	**610**	58	**65**
Movement in Reserves Statement				
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	242	**-517**	37	**44**
Actual amounts charged against the General Fund Balance for Pensions in the year	854	**842**	95	**109**

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

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement to the 31 March 2013 is a loss of £13.046m (31 March 2012 loss of £13.795m).

Assets and liabilities in relation to post employment benefits

Reconciliation of present value of the scheme liabilities (defined benefit obligation):	Local Government Pension Scheme		Discretionary Benefits	
	2011/12	2012/13	2011/12	2012/13
	£'000	£'000	£'000	£'000
Opening balance 1 April	40,975	**47,022**	1,109	**1,470**
Current service cost	720	**922**	-	**-**
Interest cost	2,206	**2,125**	58	**65**
Contributions by scheme participants	268	**265**	-	**-**
Actuarial (gains) and losses	5,453	**3,027**	398	**143**
Benefits paid	-1,696	**-1,927**	-	**-**
Past service gains	-	**-**	-	**-**
Curtailments	-	**-**	-	**-**
Settlements	-904	**-**	-	**-**
Unfunded pension payments	-	**-**	-95	**-109**
Closing balance 31 March	47,022	**51,434**	1,470	**1,569**

Reconciliation of fair value of the scheme assets:	Local Government Pension Scheme		Discretionary Benefits	
	2011/12	2012/13	2011/12	2012/13
	£'000	£'000	£'000	£'000
Opening balance 1 April	30,629	**28,358**	-	**-**
Expected rate of return	2,135	**1,688**	-	**-**
Actuarial gains and (losses)	-3,107	**3,919**	-	**-**
Employer contributions	854	**842**	-	**-**
Contributions by scheme participants	268	**265**	-	**-**
Benefits paid	-1,696	**-1,927**	-	**-**
Payment of bulk transfer value	-725	**-**	-	**-**
Closing balance 31 March	28,358	**33,145**	-	**-**

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

The actual return on scheme assets in the year was £5.607m (2011/12 -£0.971m).

Scheme history

	At 31 March 2009 £'000	At 31 March 2010 £'000	At 31 March 2011 £'000	At 31 March 2012 £'000	At 31 March 2013 £'000
Present value of liabilities					
- Local Gov Pension Scheme	-36,037	-53,341	-40,975	-47,022	-51,434
- Discretionary Benefits	-1,079	-1,225	-1,109	-1,470	-1,569
Fair value of assets					
- Local Gov Pension Scheme	22,399	28,661	30,629	28,358	33,145
- Discretionary Benefits	-	-	-	-	-
Surplus / (deficit) in the scheme					
- Local Gov Pension Scheme	-13,638	-24,680	-10,346	-18,664	-18,289
- Discretionary Benefits	-1,079	-1,225	-1,109	-1,470	-1,569

The liabilities show the underlying commitments that the Authority has in the long run to pay post employment (retirement) benefits. The total liability of £19.858m has a substantial impact on the net worth of the Authority as recorded in the balance sheet.

However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy.

- The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (ie before payments fall due), as assessed by the scheme actuary.
- Finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2014 is £835,000. Expected contributions for the Discretionary Benefits scheme in the year to 31 March 2014 are £106,500.

Basis for estimating assets and liabilities

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

The principal assumptions used by the actuary have been:

	2011/12	2012/13
Long-term expected rate of return on assets in the scheme:		
Equity investments	6.6%	**6.0%**
Property	6.1%	**6.0%**
Gilts	3.3%	**6.0%**
Other Bonds	4.6%	**6.0%**
Alternative Assets	6.6%	**6.0%**
Cash	3.0%	**6.0%**
Mortality assumptions:		
Longevity at 65 for current pensioners		
Men	20.0 years	**20.1 years**
Women	24.0 years	**24.1 years**
Longevity at 65 for future pensioners		
Men	22.0 years	**22.1 years**
Women	25.9 years	**26.0 years**
Rate of inflation (RPI)	3.3%	**3.3%**
Rate of inflation (CPI)	2.5%	**2.5%**
Rate of increase in salaries	4.7%	**4.7%**
Rate of increase in pensions	2.5%	**2.5%**
Rate for discounting scheme liabilities	4.6%	**4.3%**
Take-up of option to convert annual pension into retirement lump sum	50.0%	**50.0%**

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

	31 March 2012 %	31 March 2013 %
Equity investments	68	**70**
Property	9	**8**
Gilts	8	**4**
Other Bonds	9	**9**
Alternative Assets	4	**8**
Cash	2	**1**
	100	**100**

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

History of experience gains and losses

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

	At 31 March 2009 £'000	At 31 March 2010 £'000	At 31 March 2011 £'000	At 31 March 2012 £'000	At 31 March 2013 £'000
Experience adjustments on scheme assets	-6,932	5,863	303	-3,107	3,919
As a percentage of scheme assets	30.9%	20.5%	1.0%	11.0%	11.8%
Experience adjustments on scheme liabilities	-	-	4,927	-344	-112
As a percentage of scheme liabilities	-	-	11.7%	0.7%	0.2%

29. Contingent Liabilities

The Authority has the following contingent liabilities:

The Council has received three claims for compensation / legal costs. One relating to a planning matter, one relating to a licensing matter, and one relating to an ex employee. These claims are currently being investigated, but potentially in total they could cost the Authority approximately £130,000.

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

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

30. Contingent Assets

The Authority has the following contingent assets:

The Authority currently charges VAT on car parking fees and pays this over to HM Revenue and Customs. However whether car park fees levied by councils should be subject to VAT is currently the subject of an ongoing legal challenge. If the result of this is that the Authority's car parking fees are not liable for VAT, then the Authority could be due a refund of overpaid VAT relating to the period since September 2001.

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

31. Nature and Extent of Risks Arising from Financial Instruments

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

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

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

Credit Risk

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

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

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

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

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

The Authority's maximum exposure to credit risk in relation to investments in banks and building societies cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for entities, that meet the minimum SBDC credit ratings, to be unable to meet their commitments. A risk of irrecoverability applies to all of the Authority's deposits but there was no evidence at the 31 March 2013 that this was likely to crystallise.

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

	Amount at 31 March 2013	Historical experience of default	Experience adjusted for market conditions	Estimated Maximum Exposure to default	Amount at 31 March 2012
	£'000	£'000	£'000	£'000	£'000
Deposits with banks and other financial institutions	**25,972**	**-**	**0.30%**	**78**	79
Customers	**2,219**	**1.64%**	**5.00%**	**111**	123

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 £1.58m of the £2.22m balance is past its due date for payment. The past due amount can be analysed by age as follows:

	Council Tax	Other	Total	Total at 31 March 2012
	£m	£m	£m	£m
As at 31 March 2013				
Less than one year	**0.08**	**0.50**	**0.58**	**0.57**
One to 2 years	**0.05**	**0.46**	**0.51**	**0.44**
More than two years	**0.03**	**0.46**	**0.49**	**0.55**
	0.16	**1.42**	**1.58**	**1.56**

Liquidity Risk

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

The maturity analysis of financial assets is as follows:

	Cash and Bank	Loans and receivables - Money Market Loans	Available-for-sale - Bonds
	£'000	£'000	£'000
As at 31 March 2013			
On demand	**5,344**	**-**	**-**
Less than one year	**-**	**8,206**	**-**
Between one and two years	**-**	**3,000**	**198**
More than two years	**-**	**8,000**	**1,224**
	5,344	**19,206**	**1,422**
As at 31 March 2012			
On demand	3,470	-	-
Less than one year	-	8,237	255
Between one and two years	-	3,000	-
More than two years	-	10,000	1,346
	3,470	21,237	1,601

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

Market Risk – Interest Rate Risk

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

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

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

The Authority has a number of strategies for managing interest rate risk. In particular the Authority holds a mix of long and short term investments and a mix of fixed and variable rate investments. The upper limit for variable rate investments in 2012/13 was 35% 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 2013, if interest rates had been 1% higher with all other variables held constant, the estimated financial effect would be:

	At 1 April 2012 £'000	At 31 March 2013 £'000
Change in Interest and Investment income shown in the Comprehensive I&E Account - Increase in interest receivable on cash & bank holdings	-83	-78
Change in fair value of fixed rate investments - Decrease in fair value of Available for Sale investments (Bonds)	77	83
Decrease in fair value of Loans and Receivables (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive I&E)	405	449

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

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

Market Risk – Price Risk

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

Market Risk – Foreign Exchange Risk

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

32. 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 2012/13 the Trust earnt income of £451,000 (2011/12 £543,000) and spent £958,000 (2011/12 £917,000). Giving a net loss for the year of £507,000 (2011/12 loss of £374,000), which was funded from the Trust's accumulated reserves.

As at 31 March 2013 the Trust owned land and buildings valued at £1.961m (31 March 2012 £1.730m).

33. Building Regulations Chargeable and Non Chargeable Account

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

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

2011/12	Chargeable	Non-Chargeable	Total
	£	£	£
Total Expenditure	377,177	89,411	466,588
Less Income			
Building Regulation Fees	-347,782	-	-347,782
Miscellaneous Income	-	-	-
Deficit for Year	29,395	89,411	118,806

Collection Fund

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

	Notes	2011/12 £'000	2012/13 £'000
Income			
Income from Council Tax	1	-45,637	**-45,740**
Transfer from General Fund			
Council tax benefit		-3,221	**-3,128**
Transitional relief		1	**-**
Income collectable from business ratepayers	2	-28,179	**-28,376**
Contribution towards previous year's estimated deficit		-400	**-300**
		-77,436	**-77,544**
Expenditure			
Precepts and demands	3	48,876	**49,069**
Business rate			
Payment to national pool		27,703	**28,281**
Cost of collection		102	**101**
Interest on Refunds		3	**-**
Impairment of Debts			
Write offs of uncollectable amounts		162	**830**
Increase /(reduction) in allowance for impairment		560	**-948**
		77,406	**77,333**
Deficit / (Surplus) for year		-30	**-211**
Balance brought forward 1 April		819	**789**
Balance carried forward 31 March		**789**	**578**

Notes to the Collection Fund

1. Council Tax

The average Band D charge for 2012/13 was £1,489.14 (£1,489.20 in 2011/12). The Council Tax base (adjusted for dwellings where discounts apply) was made up of the following number of equivalent Band D dwellings:

Band	Band D equivalent Estimate 2011/12	Band D Equivalent Estimate 2012/13
A	330	**343**
B	539	**549**
C	2,556	**2,587**
D	5,059	**5,046**
E	5,600	**5,604**
F	4,632	**4,631**
G	10,821	**10,931**
H	3,601	**3,659**
	33,138	**33,350**

2. Income from Business Rates

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

	2011/12	2012/13
Non-domestic rateable value (at end of year)	£75.047m	**£74,501**
Rate poundage – Standard Multiplier	43.3p	**45.8p**
- Small Business Multiplier	42.6p	**45.0p**

3. Precepts

	2012/13 Precept £'000	Share of 31 March 2013 Deficit £'000	2012/13 Total £'000
Buckinghamshire County Council	**35,513**	**-418**	**35,095**
Bucks & MK Fire Authority	**1,948**	**-23**	**1,925**
Thames Valley Policy Authority	**5,084**	**-60**	**5,024**
South Bucks District Council *	**6,524**	**-77**	**6,447**
	49,069	**-578**	**48,491**

	2011/12 Precept £'000	Share of 31 March 2012 Deficit £'000	2011/12 Total £'000
Buckinghamshire County Council	35,372	-571	34,801
Bucks & MK Fire Authority	1,941	-31	1,910
Thames Valley Policy Authority	5,064	-82	4,982
South Bucks District Council *	6,499	-105	6,394
	48,876	-789	48,087

* Includes amounts collected on behalf of parish councils.

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

Opinion on the Authority's financial statements

We have audited the financial statements of South Bucks District Council for the year ended 31 March 2013 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, and Collection Fund and the related notes 1 to 33. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

This report is made solely to the members of South Bucks District Council, as a body, in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the authority and the authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Director of Resources and auditor

As explained more fully in the Statement of the Director of Resources' Responsibilities set out on page 7, the Director of Resources is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Director of Resources; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Statement of Accounts 2012/13 to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of South Bucks District Council as at 31 March 2013 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

Opinion on other matters

In our opinion, the information given in the Statement of Accounts 2012/13 for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We report to you if:

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

We have nothing to report in these respects.

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

Respective responsibilities of the Authority and the auditor

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

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

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

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

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in November 2012, as to whether the Authority has proper arrangements for:

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

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2013.

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

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in November 2012, we are satisfied that, in all significant respects, *South Bucks District Council* put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2013.

Certificate

We certify that we have completed the audit of the accounts of South Bucks District Council in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission

Maria Grindley
for and on behalf of Ernst & Young LLP, Appointed Auditor
Reading
24 September 2013

1) Scope of Responsibility

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

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

South Bucks District Council has approved and adopted a code of Corporate Governance, which is consistent with the principals of the CIPFA / SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the code can be obtained from the Director of Resources. This statement explains how South Bucks District Council has complied with the code and also meets the requirements of regulation 4 of the Accounts and Audit (England) Regulations 2011 in relation to the publication of an Annual Governance statement.

2) The Purpose of the Governance Framework

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

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

The governance framework has been in place at South Bucks District Council for the year ended 31 March 2013 and up to the date of approval of the statement of accounts.

3) The Governance Framework

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

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

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

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

- performance management framework and performance plans;
- regular performance monitoring;
- comprehensive budgeting systems;
- regular reviews of financial reports which indicate financial performance against the forecasts;
- setting targets to measure financial and other performance; and
- clearly defined expenditure guidelines.

4) Role of the Chief Finance Officer

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

The Chief Financial Officer in a public service organisation:

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

To deliver these responsibilities the Chief Financial Officer:

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

5) Review of Effectiveness

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

For 2012/13 this review has been undertaken by the Audit Committee and included carrying out:

- a review of internal audit;
- an assessment of the SBDC internal control framework against the CIPFA best practice checklist; and
- an assessment of the SBDC corporate governance framework against the CIPFA / SOLACE framework.

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

6) Significant Governance Issues

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

ISSUE	ACTION
Issues arising from Management Assurance Statements	
Review and update of Business Continuity Management processes and plans.	An action plan is in place and progress is being made in developing and testing the authorities business continuity plans.
With the development of a range of joint working arrangements the Council's governance arrangements need to be reviewed in order that they best support any new working arrangements. Any changes will need to be reflected in the Council's Constitution.	This issue will be progressed as part of the project to harmonise council procedure rules with Chiltern District Council.
Information Management policies and procedures need to be reviewed and updated in the light of any national issues raised by the Information Commissioner Office (ICO), or as a result of joint working arrangements or other significant service changes.	Officers during 2013 will identify actions and commence implementation to address the needs to increase staff awareness of the importance of information management and data security, and ensure policies, procedures and controls are up to levels that would be expected by ICO given the size and risk profile of the Council.
Over the past year there have been a number of new senior officers. We need to ensure that we provide these officers with appropriate training on the governance and control framework so that by the end of the year they are confident with the control framework.	Training to be organised during 2013/14 to support senior staff. Work progressed to harmonise key processes such as risk management, service planning, financial procedures, in order to minimise risks of non compliance.
Issues arising from Internal Audit work - Limited Assurance Opinion	
Environmental Heath - Limited Assurance Opinion The audit noted that premise visits were not being carried out as frequently as planned and appropriate records were not always kept.	An action plan to address these issues was agreed with management and all the agreed actions have been implemented.

In addition:

- On 19 January 2012 Chiltern District Council and South Bucks District Council signed an inter authority agreement to put in place a shared Management Team across the two authorities, and then consider opportunities for shared services and shared assets. A shared Management Team is now in place and the authorities are currently embarking on shared service reviews. As such the authorities are currently going through a period of significant change. These changes will result in significant cost savings and increased resilience and capacity. However whilst this change is ongoing there is an increased risk of disruption, but the risk is being mitigated as far as possible by taking a carefully planned and pragmatic approach to the changes.

- Given the current economic climate and the national financial pressures it is anticipated that there will continue to be future significant funding constraints. The anticipated continued reduction in funding of the Authority by Central Government, combined with the implications of changes such as welfare reform are likely to have material financial implications. However the authority is well placed to deal with these issues.

Alan Goodrum Chief Executive	22 July 2013
Cllr Adrian Busby Leader of the Council	22 July 2013

Glossary of Terms

Accruals
Income and expenditure included in the accounts as sums due to or from the Council during the year but not actually received or paid in the year.

Capital expenditure
Expenditure on the acquisition of Property, Plant, Equipment and Intangible Assets, or expenditure that adds to and not merely maintains the value of existing assets.

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

Collection fund
A statutory fund maintained by South Bucks District Council, which is used to record council tax and non-domestic rates collected by the Authority, along with payments to precepting authorities, the non-domestic rates national pool and its own general fund.

Council tax
The main source of local taxation to local authorities. Council tax is levied on households within the South Bucks area and the proceeds are paid into its Collection Fund for distribution to precepting authorities and for use by its own General Fund.

Council tax benefit
Assistance provided by South Bucks District Council to adults on low incomes to help them pay their council tax bill. The cost to South Bucks of council tax benefit is largely met by Government grant.

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

Depreciation
The loss of value of assets due to wear and tear, age or obsolescence.

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

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

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

Financial derivatives
Financial instruments that change in response to an underlying measure (eg interest rate); require no initial net investment; and will be settled at a future date (eg futures and forwards, swaps, option contracts).

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

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

Glossary of Terms

General fund
The main fund of the Council.

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

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

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

Intangible assets
Assets that do not have physical substance but are identifiable and bring benefits to the authority (eg software licences).

National Non-Domestic Rates (NNDR)
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. NNDR is collected by South Bucks District Council on behalf of central Government and paid into a national 'pool'. The 'pool' is then redistributed among all local authorities and police authorities on the basis of population.

Net expenditure
Gross expenditure less specific service income, but before deduction of non specific grant income.

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

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

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

Provisions and reserves
Amounts set aside in one year to cover expenditure in the future. Provisions are for liabilities or losses which are likely or certain to be incurred, but the amounts or the dates on which they will arise are uncertain. Reserves are amounts set aside which do not fall within the definition of provisions and include general reserves (or 'balances'), which every authority must maintain as a matter of prudence.

Revenue expenditure
The day-to-day costs of running Council services.

Revenue support grant (RSG)
A grant paid by central Government to aid local authority services in general, as opposed to specific grants. The amount paid to authorities is based on a 'four block' system, which takes account of the relative needs of different councils.

Specific grants
Grants paid to South Bucks District Council that may only be used for a specific purpose.