

# Wycombe District Council Statement of Accounts

## 2014/2015



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## EXPLANATORY FOREWORD

This document presents the Council's statement of accounts for the year April 2014 to March 2015.

Explanation of the purpose of the Core Financial Statements is given below:-

- (a) **Movements in Reserves Statement.** This reconciles the Comprehensive Income and Expenditure Account (reflecting the true economic cost of providing the authorities services as determined by IFRS Accounting Standards) to the General Fund Balance (reflecting the Council's financial position as required by Statute).
- (b) **Comprehensive Income and Expenditure Account:** This records income and expenditure on all services and is the Council's main revenue account.
- (c) **Balance Sheet:** This shows the financial position of the Council at the end of March 2015. All reserve balances are included within the consolidated Balance Sheet.
- (d) **Cash Flow Statement:** This summarises movements in cash over all the Council's activities.
- (e) **Collection Fund:** This shows income from Council Tax and Non-Domestic Rates along with precepts and demands paid to Central Government, Buckinghamshire County Council, Thames Valley Police Authority, Buckinghamshire & Milton Keynes Fire Authority and Wycombe District Council.
- (f) These accounts are supported by the Statement of Accounting Policies (pages 15-30) used in compiling them, as well as various notes to explain further some of the figures presented.

This foreword provides a brief financial summary of the Council's activities.

## EXPLANATORY FOREWORD

### Financial Summary 2014/15

#### Comprehensive Income and Expenditure Account and Statement of Movement on Reserves

The Comprehensive Income & Expenditure Account is shown on page 12 and is reconciled to the General Fund Outturn on Page 11 within the Statement of Movement in Reserves. The core statements include Special Expenses (High Wycombe Town Committee) activity as it is part of the Council's operations.

The final outturn position on the General Fund was an underspend against budget of £984k and is summarised below:

General Fund Outturn (£'000)	Budget	Actual	Variance
HR, ICT & Customer Services	271	160	(111)
Finance	1,902	1,817	(85)
Economic Development	(2,622)	(2,847)	(225)
Planning & Sustainability	2,700	2,549	(151)
Environment	5,575	5,754	179
Community, Housing & Big Society Leader	7,831	7,428	(403)
	3,383	3,128	(255)
<b>Cabinet Outturn 2014/15</b>	<b>19,040</b>	<b>17,989</b>	<b>(1,051)</b>
<b><u>Other Charges</u></b>			
Capital Charge Reversal	(2,699)	(2,653)	46
Use of Reserves	(911)	(890)	21
Council Tax freeze grant	(93)	(93)	0
Parish Payments	175	175	0
<b>Non-Service Net Expenditure</b>	<b>(3,528)</b>	<b>(3,461)</b>	<b>67</b>
<b>(Surplus) / Deficit on General Fund</b>	<b>15,512</b>	<b>14,528</b>	<b>(984)</b>

The £984k underspend has been added into general reserves. The majority of the Council's service areas delivered outturn positions better than budget.

The main areas of variances have arisen from:

- a) Additional rent from commercial leases
- b) Various savings on waste contract expenditure and increased income from higher recycling
- c) A deficit in off-street car parking income following the roll-out of the new parking management system
- d) Higher volume of planning application fees
- e) Savings on staff costs following Community restructures

Further information on the Council's outturn can be found at [www.wycombe.gov.uk](http://www.wycombe.gov.uk)

Special Expenses fall under High Wycombe Town Committee and are not included in the outturn above. More details on Special Expenses can be found at Note 28 on Page 72.

## EXPLANATORY FOREWORD

### **Balance Sheet**

The Balance Sheet is shown on page 13 of the Statement of Accounts and shows a reduction of £10.8m in net assets (£9.9 million in 2013/14).

£6m accelerated depreciation on the current Handy Cross Sports Centre contributed towards this reduction on the balance sheet. The new Handy Cross Sports Centre will open in January 2016.

### **Cash Flow Statement**

The Cash Flow Statement on page 14 of the Statement of Accounts shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the authority.

During 2014/15 the Council's cash & equivalent balances increased by £1.6 million from £21.5 million to £23.1 million.

### **Sources of Funds**

The Council maintains a number of specific reserves in order to meet capital and major projects expenditure and other financial commitments. The largest of these is the Capital Receipts Reserve. Other resources used for capital and major works are the Revenue Development Reserve and the Repairs and Renewal Fund. In 2014/15 the Council received £5.9m in Capital Receipts, including £4.5m from the sale of land for the Next Home Store. £1.1m was received from Red Kite Community Housing for the Council's share of Preserved Right to Buy receipts . Further information on RKCH receipts can be found on Page 74.

## EXPLANATORY FOREWORD

### **Section 106 Contributions**

The Council spent a total of £3,097k in 2014/15. £1,382k was received and a further £27k was accrued in interest on balances. Balances reduced from £8.5m to £6.8m.

### **Community Infrastructure Levy (CIL)**

CIL allows Councils to charge a levy on specified development that is ring fenced to fund additional infrastructure to support the development of the area. The levy can be used to address the impacts of development by funding infrastructure that the Council and local communities support.

In 2014/15, the Council raised a total of £1,841k. This has been recognised in the accounts as follows:

£1,495k as capital grants unapplied. This is a ring-fenced fund for future infrastructure works within the district. £250k is recognised as a creditor to parish and town councils for their share. £96k is recognised in the Comprehensive Income and Expenditure Statement to cover administration costs as prescribed by legislation.

### **Investments and Borrowing**

The Council has a total of £77.3m of investments at 31 March 2015 of which £7.5m is invested for more than one year.

Investments represent future funding for the Council's Major Projects programme, plus funding for other specific funds and reserves. The Council also paid back a £5m long-term loan with the Public Works Loans Board. The Council received £3.3m from the Bucks Thames Valley Local Enterprise Partnership (BTVLEP) as an interest-free short term loan to support the cash flow of the Handy Cross Hub project. This is held in Short-Term Creditors on the Balance Sheet.

### **Pension Fund**

The Balance Sheet includes a pension liability of £60.4m as at 31 March 2015, representing an actuarial assessment of the Council's share of the deficit on the Buckinghamshire County Council Pension Fund. Further information is provided in Note 25 to the Core Statements (see Page 61).

### **Pension Fund Liabilities**

The liabilities are the future benefit payments due from the Fund relating to current and former employees of the Council as assessed at the Balance Sheet date. Allowance is made for expected future increases in pay and pension. The value of the liabilities represents the discounted value of these future payments i.e. the amount of money that needs to be set aside now to meet the benefits that the employer is committed to provide for service up to the accounting date on the basis of the assumptions used.

## EXPLANATORY FOREWORD

### Chilterns Crematorium Joint Committee

The Council is one of three constituent members of the Chilterns Crematorium Joint Committee along with Aylesbury Vale and Chiltern District Councils. The Joint Committee manages the crematorium and associated facilities located in Amersham.

Under the terms of the Joint Committee, any deficit or surplus earned by the Joint Committee is shared between the constituent authorities on the basis of the number of cremations from the area of each authority in comparison to total cremations. However, it has been agreed by all constituent authorities that any surplus will not be distributed, but will be retained by the Joint Committee for use in funding replacement capital expenditure and to meet future deficits. In the event of the Joint Committee ceasing to exist, any assets held are vested in the authority in which the assets are located. In this case, the assets would transfer to Chiltern District Council.

Wycombe District Council's share of the accumulated reserves is £1,891k (£1,870k 2013/14). The assets and liabilities of the Joint Committee have not been consolidated into the Council's accounts, reflecting the separate statutory nature of the service. Instead, the summarised results of the Joint Committee are presented below. The Joint Committee is currently exploring options to build a second crematorium to address rising demand in the region.

District Council	Balance at 31st March 2014	Apportionment 2014/15	Balance at 31st March 2015
	£	£	£
Aylesbury Vale	1,301	17	1,318
Chiltern	1,250	13	1,263
Wycombe	1,870	21	1,891
<b>TOTAL</b>	<b>4,421</b>	<b>51</b>	<b>4,472</b>

### Wycombe Sports Centre Depreciation

Depreciation of the current Wycombe sports centre has been accelerated over two years in anticipation of the new sports centre becoming operational in two years. This has resulted in a depreciation charge of £6.1m in the Comprehensive Income & Expenditure Statement, recorded as an exceptional item. This charge is reversed out through the Movement in Reserves Statement so that it does not impact on the General Fund or Council Tax.

### Group Accounts

The Council is sole trustee of Higginson Park Charity and the assets are required to be recognised within a set of group accounts. These can be found on Page 78.

The Group Account Financial Statements consolidate the financial position of the Council and its interest in Higginson Park Charity. The aim of the consolidation is to provide a clearer financial picture of the Council's control and influence. These requirements have no impact upon the Council's financial results and standing.

## EXPLANATORY FOREWORD

### **GLITNIR Impairment**

Early in October 2008, the Icelandic banks Landsbanki, Kaupthing and Glitnir collapsed and the UK subsidiaries of the banks, Heritable and Kaupthing Singer and Friedlander went into administration. The authority had £2.5m deposited with Glitnir at an interest rate of 6.36% which was due to be repaid on 13th January 2009.

Following confirmation by the Icelandic supreme court of priority creditor status payment of each depositor's claim was made in a basket of currencies (Icelandic Kroner, Norwegian Krona, British Sterling, Euros and US Dollars). The amounts received by this authority in currencies other than Icelandic Kroner (ISK) were converted to sterling at the time of receipt in March 2012. This totalled just under £2.1m. The ISK amount that was distributed by the GLITNIR winding up board is being held in an interest bearing escrow account in Iceland pending agreement by Icelandic central bank to release Icelandic currency. At 31st March 2015 this was earning interest at 3.11%. Interest of £16k increased the holding value of the investment from £556k at the start of the year to £573k at 31st March 2015 and the amount is held in current investments.

An Icelandic supreme court judgement in favour of non - preferential creditors reduced Wycombe District Council's entitlement (as a preferential creditor) to the Escrow account balance in Islandsbanki. A settlement of £29k was made in 2014/15. The Council participated unsuccessfully in a currency auction to dispose of its remaining Kroner. The balance of Kroner held has been impaired by 20% to reflect the outcome of this auction as representing a more realistic valuation of this balance should it be converted to Sterling. A total impairment of £107k was made and is reflected in the Comprehensive Income and Expenditure Statement.



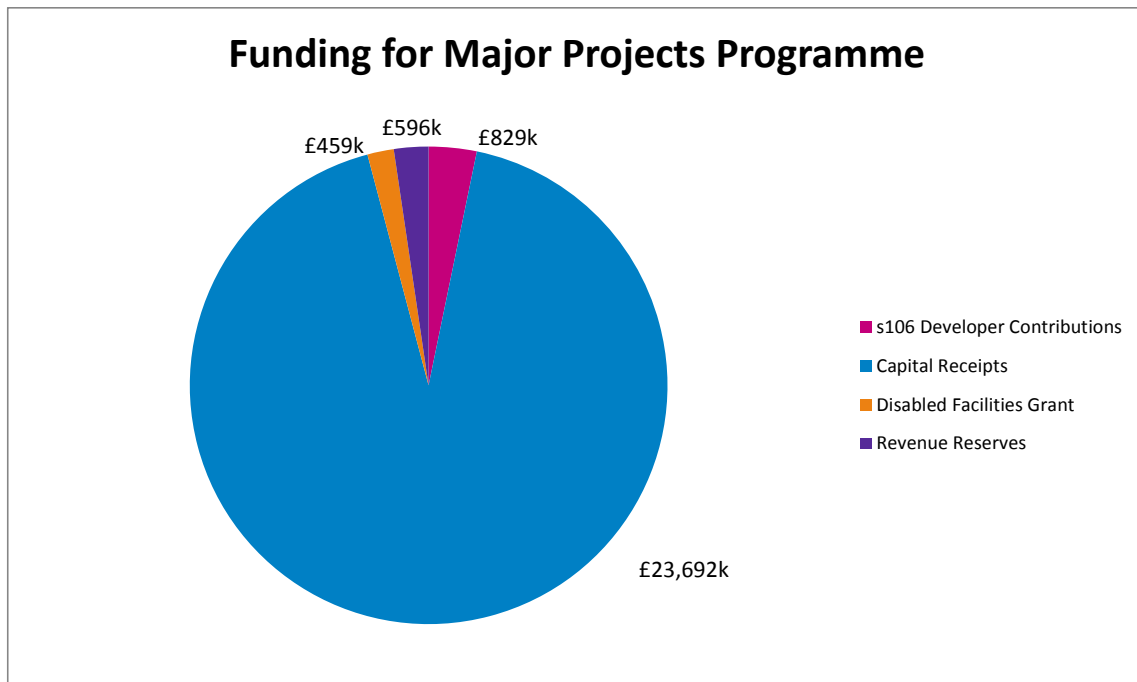
## EXPLANATORY FOREWORD

### Major Projects Programme

During 2014/15, the Council spent £25.6m on Major Projects against a budget of £32.5m. The unspent balance will be carried over into the new financial year to enable completion of projects.

Major spending areas in 2014/15:	£'000
Handy Cross Hub including new sports centre	19,847
Hughenden Quarter	1,769
Renovation of Council Offices	809
Disabled Facilities Grant	717
Town Centre Regeneration	581
Car Parks Number Plate Recognition	455
Town Hall Refurbishment	448
Desborough Rec changing rooms	382
ICT Rolling Capital programme	376
Other Major Projects	192
<b>TOTAL</b>	<b>25,576</b>

The Major Project Programme for 2014/15 has been funded through the following streams:



Further information on the Major Projects Programme for 2014/15 can be found at:

[www.wycombe.gov.uk](http://www.wycombe.gov.uk)

## EXPLANATORY FOREWORD

### **Collection Fund**

The Collection Fund is shown on page 75. For the financial year 2014/15, the Council was required to raise £15.5m for its General Fund activities. Central Government grants and Business Rates funded 47% of this with the remaining 53% from Council Tax. In addition it raised a further £87.6m on behalf of other major precepting authorities, and £2.6m for High Wycombe Town Committee and Parish and Town Councils. By 31st March 2015 98% of the Council tax raised for the year had been collected. The net cash for Council Tax collected in the year was £98.4m.

The Council collects Non-Domestic Rates (NDR, also known as Business Rates), retaining 40% of rates collected with the remaining 60% being passed to Major Preceptors and Central Government. In 2014/15, £71.0m in rates were collected, £34.7m were paid to major preceptors and Central Government, net of a contribution paid to balance the Collection Fund.

From the Council's share of £23.1m (net of its share of the 2013/14 Collection Fund deficit), the Council paid a tariff of £24.3m to Central Government in respect of Non-Domestic Rate funding arrangements. The Council's net NDR income position of a £1m deficit is recognised in Grant & Local Taxation Income section of the Comprehensive Income & Expenditure Statement.

### **Future challenges**

Council tax and NDR payer debtors (net of any bad debt provision) and advance receipts have been apportioned between the District Council and the major precepting authorities, as has the Collection Fund balance. The balance sheet shows only the District Council share of these balances, while the precepting authority share is netted down separately. The District Council share of the movement on the Collection Fund in the year has been included in the Comprehensive Income and Expenditure Account.

The Council continues to be in a period of exceptional challenge with reducing grant from central government, whilst balancing higher demand and expectation on services. The Council will need to make further economies and grow income to meet the anticipated reductions in government funding. Despite these reductions the Council remains well placed to meet this and maintain low Council Tax.

Further Information about the accounts is available, including alternative languages or font size. Please write to Wycombe District Council, Queen Victoria Road, High Wycombe, Bucks HP11 1BB, or telephone 01494 421316.

## STATEMENT OF MOVEMENT IN RESERVES

This Statement reconciles the Comprehensive Income and Expenditure Account (reflecting the true economic cost of providing the Council's services as determined by IFRS Accounting Standards) to the General Fund Balance (reflecting the Council's financial position as required under Statute).

	General Fund Balance <i>Restated</i> £'000	Earmarked Reserves <i>Restated</i> £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Reserves £'000
Note	16b	16c	16d	16e	16	17	
<b>Balance as at 31 March 2013</b>	<b>6,274</b>	<b>36,137</b>	<b>57,653</b>	<b>0</b>	<b>100,064</b>	<b>84,155</b>	<b>184,219</b>
<b>Movement in Reserves during 2013/14</b>							
Surplus or (Deficit) on provision of services 2013/14	(12,161)	0	0	0	(12,161)	0	(12,161)
Other Comprehensive (Expenditure) / Income 2013/14	0	0	0	0	0	2,224	2,224
<b>Total Comprehensive Expenditure and (Income) 2013/14</b>	<b>(12,161)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(12,161)</b>	<b>2,224</b>	<b>(9,937)</b>
Adjustments between accounting basis & funding basis under regulations 2013/14	7 11,838	0	(3,864)	0	7,974	(7,974)	0
<b>Net increase/(decrease) before transfers to earmarked reserves 2013/14</b>	<b>(323)</b>	<b>0</b>	<b>(3,864)</b>	<b>0</b>	<b>(4,187)</b>	<b>(5,750)</b>	<b>(9,937)</b>
Transfers (to)/from earmarked reserves 2013/14	1,875	(1,875)	0	0	0	0	0
<b>Increase/(Decrease) in 2013/14</b>	<b>1,552</b>	<b>(1,875)</b>	<b>(3,864)</b>	<b>0</b>	<b>(4,187)</b>	<b>(5,750)</b>	<b>(9,937)</b>
<b>Balance as at 31 March 2014</b>	<b>7,826</b>	<b>34,262</b>	<b>53,789</b>	<b>0</b>	<b>95,877</b>	<b>78,405</b>	<b>174,282</b>
<b>Movement in Reserves during 2014/15</b>							
Surplus or (Deficit) on provision of services 2014/15	(1,405)	0	0	0	(1,405)	0	(1,405)
Other Comprehensive (Expenditure) / Income 2014/15	0	0	0	0	0	(9,462)	(9,462)
<b>Total Comprehensive (Expenditure) and Income 2014/15</b>	<b>(1,405)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,405)</b>	<b>(9,462)</b>	<b>(10,867)</b>
Adjustments between accounting basis & funding basis under regulations 2014/15	7 768	0	(17,785)	1,544	(15,473)	15,473	0
<b>Net increase/(decrease) before transfers to earmarked reserves 2014/15</b>	<b>(637)</b>	<b>0</b>	<b>(17,785)</b>	<b>1,544</b>	<b>(16,878)</b>	<b>6,011</b>	<b>(10,867)</b>
Transfers (to)/from earmarked reserves 2014/15	1,621	(1,621)	0	0	0	0	0
<b>Increase/(Decrease) in 2014/15</b>	<b>984</b>	<b>(1,621)</b>	<b>(17,785)</b>	<b>1,544</b>	<b>(16,878)</b>	<b>6,011</b>	<b>(10,867)</b>
<b>Balance as at 31 March 2015</b>	<b>8,810</b>	<b>32,641</b>	<b>36,004</b>	<b>1,544</b>	<b>78,999</b>	<b>84,416</b>	<b>163,415</b>

A prior-year movement of £763k has been made from General Fund reserves to a Business Rates Equalisation fund (earmarked reserves), authorised by Cabinet, to allow the Council to protect itself against annual fluctuations in business rates income following the change in business rates legislation in 2013/14.

## COMPREHENSIVE INCOME AND EXPENDITURE ACCOUNT

2013/14			NOTE	2014/15		
GROSS EXPEND- ITURE £'000	GROSS INCOME £'000	NET EXPEND- ITURE £'000		GROSS EXPEND- ITURE £'000	GROSS INCOME £'000	NET EXPEND- ITURE £'000
			<b>Expenditure on Continuing Services</b>			
3,315	(2,473)	842	Central Services to the Public	3,490	(2,704)	786
7,574	(1,776)	5,798	Cultural and Related Services	7,100	(1,572)	5,528
8,374	(1,816)	6,558	Environment & Regulatory Services	9,489	(2,163)	7,326
5,605	(2,284)	3,321	Planning Services	5,697	(4,063)	1,634
2,344	(3,282)	(938)	Highways and Transport Services	2,462	(2,793)	(331)
54,343	(50,072)	4,271	Housing Services - General Fund	51,265	(48,591)	2,674
5,100	0	5,100	Exceptional Item Pension Deficit Buy-Out	0	0	0
5,322	0	5,322	Exceptional Item Wycombe Sports Centre Depreciation	6,056	0	6,056
3,576	39	3,615	Corporate & Democratic	2,837	339	3,176
(283)	(327)	(610)	Non Distributed Costs	1,027	(4)	1,023
<b>95,270</b>	<b>(61,991)</b>	<b>33,279</b>	<b>Cost of Services</b>	<b>89,423</b>	<b>(61,551)</b>	<b>27,872</b>
		1,387	<b>Other Operating Expenditure</b>			1,202
		(2,089)	<b>Financing &amp; Investment Income &amp; Expenditure</b>			(6,270)
		32,577	<b>Net Operating Expenditure</b>			22,804
		(20,416)	<b>Taxation &amp; Non-Specific Grant Income</b>			(21,399)
		12,161	<b>(Surplus) / Deficit on Provision of Services</b>			1,405
		(3,443)	(Surplus)/Deficit on revaluation of non-current assets charged to or from Revaluation Reserve			(2,205)
		1,219	Actuarial (gains)/losses on pension assets/liabilities			11,667
		<b>(2,224)</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>9,462</b>
		<b>9,937</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>10,867</b>

This statement shows the accounting cost in the year of providing services in accordance with International Financial Reporting Standards, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The reconciliation & taxation position is shown at Note 8.

## BALANCE SHEET AS AT 31 MARCH 2015

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. Reserves are reported in two categories. The first category are usable reserves, i.e. those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category of reserves are those that the authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31 Mar 13 £'000	31 Mar 14 £'000		Note	31 March 2015 £'000      £'000	
		<b>NON-CURRENT ASSETS</b>			
58,377	63,377	Property, Plant and Equipment	9	79,123	
780	780	Heritage Assets		780	
68,841	69,167	Investment Properties	10	69,189	
369	256	Intangible Assets		214	
450	0	Assets Held for Sale		0	
10,000	16,500	Investments	12a	7,500	
7,466	10,627	Long Term Debtors	12b	13,674	
<b>146,283</b>	<b>160,707</b>	<b>TOTAL LONG TERM ASSETS</b>			<b>170,480</b>
		<b>CURRENT ASSETS</b>			
85,762	66,046	Investments (Short Term)	12c	69,717	
5,223	6,413	Short Term Debtors	12d	7,609	
14,214	21,492	Cash and Cash Equivalents	12e	23,081	
27	31	Inventories		44	
105,226	93,982	<b>TOTAL CURRENT ASSETS</b>			<b>100,451</b>
<b>251,509</b>	<b>254,689</b>	<b>TOTAL ASSETS</b>			<b>270,931</b>
		<b>CURRENT LIABILITIES</b>			
0	(820)	Finance Leases	12f	(798)	
(19,180)	(20,772)	Short Term Creditors & Receipts in Advance	12g	(37,870)	
(1,385)	(3,609)	Provisions	13	(4,228)	
(20,565)	(25,201)	<b>TOTAL CURRENT LIABILITIES</b>			(42,896)
<b>230,944</b>	<b>229,488</b>	<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>228,035</b>
		<b>NON-CURRENT LIABILITIES</b>			
(5,000)	(5,000)	Borrowing (Long Term)	12h	0	
(3)	(4,831)	Other Payables	14	(4,255)	
(41,722)	(45,375)	Liability related to Defined Benefit Pension Scheme	15	(60,365)	
(46,725)	(55,206)				(64,620)
<b>184,219</b>	<b>174,282</b>	<b>NET ASSETS</b>			<b>163,415</b>
100,064	95,877	<b>TOTAL USABLE RESERVES</b>	16a		78,999
84,155	78,405	<b>TOTAL UNUSABLE RESERVES</b>	17a		84,416
<b>184,219</b>	<b>174,282</b>	<b>TOTAL RESERVES</b>			<b>163,415</b>

These financial statements replace the unaudited financial statements certified by the Chief Finance Officer on 30th June 2015.

Signed .....

Date: 24th September 2015

Section 151 Officer

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2015

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 the cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future service delivery. Cash flows arising from finance activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the authority.

2013/14 Financial Activity in Year £'000		Note	2014/15 Financial Activity in Year £'000
12,161	<b>Net (Surplus) or Deficit on the Provision of Services</b>		1,405
(13,753)	Adjustment to (Surplus) or Deficit on the provision of services for non cash movements	18a	(15,118)
999	Adjustment for items included in the net (Surplus)/Deficit on the provision of services that are investing and finance activities	18a	1,155
(593)	Net Cash Flows from Operating Activities	18a	(12,558)
(3,114)	Net Cash Flows from Investing Activities	18b	16,331
(3,571)	Net Cash Flows from Financing Activities	18c	(5,362)
<b>(7,278)</b>	<b>TOTAL (INCREASE)/DECREASE IN CASH &amp; CASH EQUIVALENTS</b>		<b>(1,589)</b>
<b>(14,214)</b>	<b>CASH &amp; CASH EQUIVALENTS AT THE BEGINNING OF THE REPORTING PERIOD</b>		<b>(21,492)</b>
<b>(21,492)</b>	<b>CASH &amp; CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD</b>		<b>(23,081)</b>

# NOTES TO THE CORE FINANCIAL STATEMENTS

## 1 Accounting Policies

### A General Principles

The Statement of Accounts summarises the Authority's transactions for the 2014/15 financial year and its position at the year-end of 31 March 2015. The Authority is required to prepare an annual Statement of Accounts by The Accounts & Audit (England) regulations 2011 which require the accounts 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 2014/15 and the Service Reporting Code of Practice 2014/15, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

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

### B Accruals of Income and Expenditure

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

Revenue from the sale of goods is recognised when the 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 (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

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.

### C Provisions

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

Provisions are charged to the appropriate service revenue account in the year that the authority becomes aware of the obligation, based on the best estimate of the likely settlement. When payments are eventually made, they are charged to the provision set up in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year - where it becomes more likely than not that a transfer of economic benefits will not now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service revenue account.

Where some or all of the payment required to settle a provision is expected to be met by another party (e.g. from an insurance claim), this is only recognised as income in the relevant service revenue account if it is virtually certain that re-imburement will be received if the obligation is settled.

### **D Reserves**

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by charging to 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 against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then credited to 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.

### **E Government Grants and Contributions**

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

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

Amounts recognised as due to the Council are credited to the Comprehensive Income and Expenditure Statement when 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 acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor. Sums advanced as grants and contributions for which conditions have yet to be 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 grants (defined as capital under statute) are credited to the Comprehensive Income and Expenditure Statement (as required under IFRS), they are debited to the General Fund Balance in the Movement in Reserves Statement.



## NOTES TO THE CORE FINANCIAL STATEMENTS

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 Adjustment Account once they have been applied to fund capital expenditure.

Revenue Support Grant (RSG) is a general grant allocated by central government directly to local authorities as additional revenue funding. RSG is non-ringfenced and is credited to Taxation and Non-Specific Grant Income in the Comprehensive Income and Expenditure Statement

### **F 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 and non-monetary benefits in lieu of salary (e.g. nursery vouchers) for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but yet to be taken before the year end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year being the period in which the employee takes the benefit. The accrual is charged to the Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to the General Fund in the financial year in which the holiday absence occurs.

### **G 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 Non Distributed Costs 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 as distinct from 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 debits and credits for pension enhancement termination benefits charged in the Comprehensive Income and Expenditure Account and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

## NOTES TO THE CORE FINANCIAL STATEMENTS

### Post Employment Benefits

#### The Local Government Pension Scheme

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

The liabilities of the Buckinghamshire County Council pension fund attributable to the Council 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 of 3.3%.

The assets of Buckinghamshire County Council pension fund attributable to the Council are included in the Balance Sheet at their fair value using the following methods:

quoted securities – current bid price  
unquoted securities – professional estimate  
unitised securities – current bid price  
property – market value.

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

- Service cost comprising:

Current Service Cost – the increase in liabilities as a result of years of service earned this year - allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked

Past Service Cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited 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.

Net Interest Expense - the expected change in the present value of net liabilities during the year as they move one year closer to being paid, partially offset by the annual investment return on the fund assets attributable to the Authority, based on an average of the expected long-term return - debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

- Remeasurements comprising:

Return of Plan Assets - excluding amounts included in net interest on the net defined benefit liability - charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

Actuarial Gains and Losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited/credited to the Pensions Reserve.

Contributions paid to the Buckinghamshire County Council pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

## NOTES TO THE CORE FINANCIAL STATEMENTS

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year as distinct from 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 debits and credits for retirement benefits charged in the Comprehensive Income and Expenditure Account and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits as 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.

### **H VAT**

Income and Expenditure excludes any amounts related to VAT, as all VAT collected is payable to HM Revenue & Customs, and all VAT paid is recoverable from it.

### **I Overheads and Support Services**

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2014/15 (SeRCOP). The total absorption costing principle is used - the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

Corporate and Democratic Core - costs relating to the Council's status as a multi-functional, democratic organisation.

Non-Distributed Costs - the cost of discretionary benefits awarded to employees retiring early.

These two cost categories are defined in SeRCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Cost of Services.

## NOTES TO THE CORE FINANCIAL STATEMENTS

### **J 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) are capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Authority.

Intangible assets are measured initially at cost, when in excess of £10k. 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.

### **K 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 (over £10k) on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (ie repairs and maintenance) is charged as an expense when it is incurred.

## NOTES TO THE CORE FINANCIAL STATEMENTS

### Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The Council does not capitalise borrowing costs incurred whilst assets are under construction. Assets are then carried in the Balance Sheet using the following measurement bases:
  - infrastructure, community assets and assets under construction – 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.

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 since 31 March 2007 are reflected in the Revaluation Reserve to recognise unrealised gains. In year gains will be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Decreases in value are identified as follows:

- where there is an opening balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance or an insufficient balance in the Revaluation Reserve, the carrying amount of the asset is written down against the relevant service lines 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. Assets with a valuation of less than £10k are not recognised.

### Impairment

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

When impairment losses are identified, they are accounted for as follows:

- where there is an opening balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service lines 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.

## NOTES TO THE CORE FINANCIAL STATEMENTS

### **Depreciation**

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

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer
- vehicles, plant, furniture and equipment – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer

Depreciation is charged to the appropriate service against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. It is then credited to the General Fund balances through the Movement in Reserves Statement so that is no net charge against Council Tax. The corresponding debit is to the Capital Adjustment Account.

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

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

### **Disposals and Non-current Assets Held for Sale**

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any losses previously 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.

## NOTES TO THE CORE FINANCIAL STATEMENTS

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 disposals (if any) are credited to the same line in the Comprehensive Income & Expenditure Statement also as part of the gain or loss on disposal. All Revaluation Reserve balances in respect of the Asset are transferred to the Capital Adjustment Account. Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used to fund new capital investment (or set aside to reduce the Council's underlying need to borrow [the Capital Financing Requirement]). 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.

### **L Charges to Revenue for Non-Current Assets**

Services, support services and trading accounts are debited with the following amounts to record the cost of holding 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 assets attributable to the service

The Authority is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement. This amount, known as the minimum revenue provision (MRP) is equal to an amount calculated on a prudent basis determined by the authority in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by this contribution in the General Fund Balance by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two methods.

### **M REFCUS (Revenue Expenditure Funded from Capital Under Statute)**

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Authority has determined to meet the cost of this expenditure from existing capital resources or by borrowing, 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 that there is no impact on the level of Council Tax.

## NOTES TO THE CORE FINANCIAL STATEMENTS

### **N Leases**

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

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

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

### **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 recognised at the lower of the present value of the minimum lease payments and the fair value. They are accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the 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 on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two methods.



## NOTES TO THE CORE FINANCIAL STATEMENTS

### **Operating Leases**

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting 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 (eg there is a rent-free period at the commencement of the lease).

### **The Authority as Lessor**

#### **Finance Leases**

Where 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 – 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. Where 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 payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against Council Tax, as the cost of Property, Plant and Equipment is fully provided for under separate arrangements for capital financing. Amounts are therefore charged to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

## NOTES TO THE CORE FINANCIAL STATEMENTS

### **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 receipts (eg there is a premium paid at the commencement of the lease). 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.

### **O 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.

For most of the borrowings that the Authority has, 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 according to the loan agreement.

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

#### **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.

## NOTES TO THE CORE FINANCIAL STATEMENTS

### **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 Financing 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 income 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 an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

### **P Community Infrastructure Levy (CIL)**

Income from CIL charges, with the exception of amounts applied in accordance with the CIL regulations to meet administrative expenses, must be applied to fund infrastructure to support the development of the area.

Where CIL charges to be applied to fund capital expenditure have been received prior to the commencement date for the chargeable development, the CIL charges shall be transferred from the General Fund to the Capital Grants Unapplied Account until such a time that the charges are applied to capital expenditure. When CIL charges have been applied to fund capital expenditure, the CIL charges shall be transferred from the General Fund (or the Capital Grants Unapplied Account) to the Capital Adjustment Account.

Where CIL charges are to be applied to fund revenue expenditure (such as administration expenses), the CIL charges shall not be transferred out of the General Fund.

## NOTES TO THE CORE FINANCIAL STATEMENTS

### **Q Inventories**

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

### **R Insurance**

A partial self-insurance fund has been established to cover any excess on claims made, as this is not covered under the insurance policies that are currently held.

In addition there is a provision made to cover the cost of known insurance claims.

### **S Cash and Cash Equivalents**

Any investment in instant access cash deposit accounts will be treated as cash. Any term deposit that has been made for less than an original term of 1 month will be treated as a cash equivalent. Investments in instant access vehicles such as Money Market Funds will also be treated as Cash equivalents. Investments in term deposits for periods of 1 month or more will be treated as investments as will investments with or through fund managers.

### **T Prior Period Adjustments, Changes in Accounting Policies, 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 Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

### **U Investment Property**

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale. Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Properties are not depreciated but are revalued as part of a five year rolling programme 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. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance.

The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

## NOTES TO THE CORE FINANCIAL STATEMENTS

### **V Heritage Assets**

Heritage assets consist solely of the Authority's museum collections, details of which can be found in note 10 to the Balance Sheet. The carrying amounts of heritage assets are reviewed where there is evidence of impairment, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any such impairment is recognised and measured in accordance with the Authority's general policies on impairment.

### **W Group Accounts**

Wycombe District Council acts as sole trustee of Higginson Park Charity and the assets are recognised within a set of group accounts.

### **X Materiality and Exceptional Item**

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 Account or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

### **Y Business Rates Retention Scheme**

The Council, as billing authority, retains 40% of income collected after adjusting for a tariff paid to central government. Total rates collected are accounted for within the Collection Fund (see Page 75), transferring to the Council's creditors, debtors and provision accounts in the statement of accounts, when payment are due to or from central government and the Council's precepting authorities.

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 2 Accounting Standards That Have Been Issued But Have Not Yet Been Adopted

There are no accounting standards affecting the Council that have been issued but not yet adopted for 2014/15.

### 3 Critical Judgements In Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Council has to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgement in the Statements of Accounts is the level of uncertainty about future levels of funding for local government. However, the Council has planned to make savings to compensate for reductions in funding. These savings will result predominantly from efficiencies and not reduced level of services, so the Council 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.

### 4 Assumptions Made About The Future And Other Major Sources Of Uncertainty

The Statements of Accounts contains estimated figures that are based on assumptions made by the Authority about the future that are otherwise uncertain. Estimates are made taking in to account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Authority's Balance Sheet at 31 March 2015 for which there is significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Business Rates Appeals Provision	Business Ratepayers have the right to appeal against their business rate property valuations. Appeals are lodged and decided by the Valuation Office Agency (VOA). If their appeal is successful they will be entitled to a refund of overpaid Non Domestic Rates. The Council has recognised a provision in its accounts of £2.882m (a net increase of £322k in 2014/15) for the settlement of successful appeals. This represents 40% of the total Collection Fund appeals provision which can be found on Page 75.	An increase in the level of appeals would reduce the Collection Fund's net collectable NDR rates and would result in an increased level of safety net payment due from the government in respect of the new NDR funding scheme and reduce or result any net gain from Business Rates growth. This would also affect the payments to Major Preceptors and Central Government.

## NOTES TO THE CORE FINANCIAL STATEMENTS

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
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 the retirement ages, mortality rates and expected returns on pension assets. A firm of actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	The Council's actuaries update their assumptions and the calculation of the liability annually, based on the latest available data. During 2014/15, the Council's actuaries advised that the net pensions liability had increased by £15.0m as a result of estimates and assumptions being updated.
Property, Plant, Equipment and Investment Properties	The Authority has Property, Plant & Equipment and Investment Properties valued at £148.3m as at 31st March 2015. These are subject to professional valuation at least every five years according to local market conditions and are depreciated in accordance with estimated useful lives in years when valuation does not take place. The value attached to these properties are subject to variation due to market conditions and/or the level of consumption over time in support of service delivery.	Asset Sales at less than the Net Book Value or reductions in rentals upon Investment Properties will lead to a reduction in the Net Assets and Total Reserves of the Authority as shown on the Balance Sheet. An increase in consumption in support of service delivery will put strain on the council's resources resulting from an increased demand for Capital Expenditure to replenish the enhanced impairment or depreciation.
Arrears (excluding Business Rates arrears)	At 31 March 2015, the Authority had gross short term debtors attributable to companies or private individuals totalling £11.1m. A review of significant balances suggested a provision of £5.3m was appropriate.	If collection rates were to deteriorate, the amounts of impairment of doubtful debts would need to be increased.

### 5 Material Items of Income and Expense

All material items are shown within the Comprehensive Income & Expenditure Account.

### 6 Events After The Balance Sheet Date

The Statement of Accounts was authorised for issue by the Section 151 Officer. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2015, the figures in the financial statement and notes have been adjusted in all material respects to reflect the impact of this information.

# NOTES TO THE CORE FINANCIAL STATEMENTS

## 7 Adjustments between accounting basis & funding basis under regulations 2013/14

General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000
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### Items impacting Unusable Capital Reserves

Reversal of Charges for depreciation and revaluation losses of Long Term Assets	8,825	0	0	8,825	(8,825)
Reversal of Amortisation of intangible Long Term Assets	124	0	0	124	(124)
Reversal of Revenue expenditure funded from Capital under Statute	714	0	0	714	(714)
Reversal of Capital grants & contributions received yet to be applied to capital financing	(450)	0	0	(450)	450
Reversal of Movement in Market Value of Investment Properties	832	0	0	832	(832)
Statutory Provision for the Repayment of Debt	(901)	0	0	(901)	901

### Items impacting Usable Capital Receipts Reserve

Net gain/(loss) written off on sale or disposal of Long Term Assets	(1,023)	2,595	0	1,572	(1,572)
Financing of Capital Expenditure	0	(6,525)	0	(6,525)	6,525
Transfer from Deferred Capital Receipts	0	78	0	78	(78)
Contribution from Capital Receipts Reserve to finance payments to the Government Capital Receipts Pool	12	(12)	0	0	0

### Items impacting Pension Reserve

Employer's contributions payable to the Pension Fund and retirement benefits payable direct to pensioners	(1,832)	0	0	(1,832)	1,832
Reversal of Net charges made for pensions-current Service cost	2,493	0	0	2,493	(2,493)
Reversal of Net charges (pensions - Past Service cost & financing items)	1,773	0	0	1,773	(1,773)

### Items impacting Other Reserves

Reversal of Accrued Employee benefits	(16)	0	0	(16)	16
Council's share of Movement in Collection Fund Surplus/(Deficit)	1,287	0	0	1,287	(1,287)
<b>TOTAL Adjustments between accounting basis &amp; funding basis under regulations 2013/14</b>	<b>11,838</b>	<b>(3,864)</b>	<b>0</b>	<b>7,974</b>	<b>(7,974)</b>



# NOTES TO THE CORE FINANCIAL STATEMENTS

## 7 Adjustments between accounting basis & funding basis under regulations 2014/15

General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000
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### Items impacting Unusable Capital Reserves

Reversal of Charges for depreciation and revaluation losses of Long Term Assets	9,579	0	0	9,579	(9,579)
Reversal of Amortisation of intangible Long Term Assets	106	0	0	106	(106)
Reversal of Revenue expenditure funded from Capital under Statute	800	0	0	800	(800)
Reversal of Capital grants & contributions received yet to be applied to capital financing	(878)	0	0	(878)	878
Capital Grants Unapplied reversed to Grants Unapplied Reserve	(1,544)	0	1,544	0	0
Reversal of Movement in Market Value of Investment Properties	(390)	0	0	(390)	390
Statutory Provision for the Repayment of Debt	(888)	0	0	(888)	888

### Items impacting Usable Capital Receipts Reserve

Net gain/(loss) written off on sale or disposal of Long Term Assets	(4,900)	5,855	0	955	(955)
Financing of Capital Expenditure	0	(23,693)	0	(23,693)	23,693
Transfer from Deferred Capital Receipts	0	53	0	53	(53)

### Items impacting Pension Reserve

Employer's contributions payable to the Pension Fund and retirement benefits payable direct to pensioners	(1,268)	0	0	(1,268)	1,268
Reversal of Net charges made for pensions-current Service cost	2,455	0	0	2,455	(2,455)
Reversal of Net charges (pensions - Past Service cost & financing items)	2,136	0	0	2,136	(2,136)

### Items impacting Other Reserves

Reversal of Accrued Employee benefits	(16)	0	0	(16)	16
Reversal of Glitnir impairment	107	0	0	107	(107)
Council's share of Movement in Collection Fund Surplus/(Deficit)	(4,531)	0	0	(4,531)	4,531
<b>TOTAL Adjustments between accounting basis &amp; funding basis under regulations 2014/15</b>	<b>768</b>	<b>(17,785)</b>	<b>1,544</b>	<b>(15,473)</b>	<b>15,473</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 8a Segmental reporting (Amounts Reported For Resource Allocation Decisions)

The service analysis on the Comprehensive Income & Expenditure Statement is that specified by the Service Code of Practice. However decisions about resource allocation are taken by the Council on the basis of budget reports analysed by operational responsibility. The Council's financial outturn for the year in the latter format is shown below:

2013/14 £'000		2014/15 £'000
5,268	HR, ICT & Customer Services	160
1,535	Finance	1,735
(3,944)	Economic Development	(3,128)
2,538	Planning & Sustainability	2,549
5,183	Environment	5,754
8,336	Community, Housing & Big Society	7,428
3,619	Democratic, Legal & Policy	3,128
<b>22,535</b>	<b>Net Cost of District Services reported to management</b>	<b>17,626</b>
6,185	Impairment/Depreciation not reported to management	7,525
3,769	Other Adjustments not reported to management inc. Business units	1,356
790	Pensions Adjustment - Current Service Cost year end adjustment	1,365
<b>33,279</b>	<b>Net Cost of Services (Comprehensive Income &amp; Expenditure A/c)</b>	<b>27,872</b>
2,374	Payment of Precepts to Parishes	2,357
12	Contribution to Housing Receipt Capital Pool	0
(999)	Loss/(Profit) on disposal of Property, Plant & Equipment and Asset Held for Sale	(1,155)
<b>1,387</b>	<b>TOTAL Other Operating Expenditure</b>	<b>1,202</b>
6,810	Pensions Adjustment - Interest Cost	7,191
(5,306)	Pensions Adjustment - Expected return on assets	(5,321)
140	Admin Expenses - Pension Scheme	100
0	Impairment of financial Instruments	107
(24)	Loss/(gains) on Disposal of Investment Assets	(3,744)
(504)	Interest Receivable net of Interest Payable	(696)
(3,205)	(Surplus) / Deficit upon Investment properties	(3,907)
<b>(2,089)</b>	<b>TOTAL Financing &amp; Investment Income &amp; Expenditure</b>	<b>(6,270)</b>
<b>32,577</b>	<b>Net Operating Expenditure</b>	<b>22,804</b>
(10,911)	Demanded from Collection Fund	(11,038)
(4,417)	Revenue Support Grant	(3,436)
(2,281)	National Non-Domestic Rates	(2,942)
(2,807)	Government Grants (not applicable to Specific Services)	(3,564)
0	Non-Specific Grant	(419)
<b>(20,416)</b>	<b>Total Income from Grant and Local Taxation</b>	<b>(21,399)</b>
<b>12,161</b>	<b>(Surplus)/Deficit on Provision of Services</b>	<b>1,405</b>
(1,875)	Contributions to/(from) Earmarked Reserves	(1,454)
	Adjustments under Statute :	
(9,144)	Reversal of Items impacting Unusable Capital Reserves	(6,785)
1,011	Reversal of Items impacting Usable Capital Receipts Reserve	4,900
(2,434)	Reversal of Pensions Adjustments	(3,323)
(1,271)	Other adjustments under Statute (net)	4,440
<b>(13,713)</b>	<b>Amount charged to Government Grant and Local Taxation</b>	<b>(2,222)</b>
<b>(1,552)</b>	<b>General Fund (Surplus)/Deficit for Year</b>	<b>(817)</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 8b Reconciliation of Subjective Analysis to the Comprehensive Income and Expenditure Statement

2013/14 Total £'000	Income (Subjective Format)	Reported	Not reported	2014/15 Other inc BU's £'000	2014/15 Total £'000
		to Mngmnt 2014/15 Cost of Services £'000	to Mngmnt 2014/15 Cost of Services £'000		
(8,841)	Fees, Charges & Other Service Income	(9,091)	(337)	(414)	(9,842)
(802)	Interest and Investment Income	0	(1)	(966)	(967)
(10,911)	Income From Council Tax	0	0	(11,038)	(11,038)
(49,534)	Govt Grants & Contribs (To Services)	(48,699)	5	(3)	(48,697)
(9,505)	Govt Grants & Contribs (Core Income)	0	0	(10,037)	(10,037)
(5,003)	Rental Income & Valuation on Investment Properties	(4,816)	4,493	(4,299)	(4,622)
(5,306)	Pensions Adjustment - Expected return on assets	0	0	(5,321)	(5,321)
140	Admin Expenses - Pension Scheme	0	0	100	100
(9,893)	Allocated Overheads (Income)	(3,105)	0	(6,287)	(9,392)
(1,023)	Gains / Losses on Long Term Assets	0	0	(4,899)	(4,899)
<b>(100,678)</b>	<b>Total Income</b>	<b>(65,711)</b>	<b>4,160</b>	<b>(43,164)</b>	<b>(104,715)</b>
13,317	Employee Expenses	10,898	(98)	2,552	13,352
47,354	Transfer Payments - Rent Allowances, Benefit Payments etc.	46,803	0	0	46,803
22,351	Other Service Expenditure	15,632	(3,323)	3,074	15,383
8,959	Depreciation, amortisation and impairment	2,017	7,219	438	9,674
(11)	Depreciation Item - Special Expenses	0	0	11	11
9,871	Allocated Overheads (Expenditure)	7,987	46	1,097	9,130
790	Pensions Adjustment - Current Service Cost year end adjustment	0	1,334	31	1,365
6,810	Pensions Adjustment - Interest Cost	0	0	7,191	7,191
714	Capital Programme Expenditure not enhancing Asset	0	801	(1)	800
2,374	Payment of Precepts to Parishes	0	0	2,357	2,357
12	Contribution -Housing Receipt Capital Pool	0	0	0	0
0	Impairment of Financial Instruments (Glitnir)	0	107	0	107
298	Interest Payable	0	0	271	271
<b>112,839</b>	<b>Total Expenditure</b>	<b>83,337</b>	<b>6,086</b>	<b>17,021</b>	<b>106,444</b>
<b>12,161</b>	<b>(Surplus)/Deficit on Provision of Services</b>	<b>17,626</b>	<b>10,246</b>	<b>(26,143)</b>	<b>1,729</b>
(9,144)	Transfers to Reserves to achieve Statutory outturn				(6,785)
1,011	Reversal of Items impacting Unusable Capital Reserves				4,900
(2,434)	Reversal of Items impacting Usable Capital Receipts Reserve				(3,323)
(1,271)	Reversal of Pensions Adjustments				4,440
(1,875)	Other adjustments under Statute (net)				(1,454)
	Contributions to Earmarked Reserves				
<b>(1,552)</b>	<b>(Surplus)/Deficit on General Fund Outturn</b>				<b>(493)</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 8c Segmental reporting (Subjective analysis by segment) - Items reported to management

2013/14	Employee Expenses £'000	Transfer Payments £'000	Depreciation £'000	Other Services Expend £'000	Support Services Inward £'000	Support Services Outward £'000	TOTAL EXPEND £'000
HR, ICT & Customer Services	0	0	0	5,100	168	0	5,268
Finance	1,166	46,872	0	1,337	1,816	(402)	50,789
Economic Development	365	0	155	993	693	(1,101)	1,105
Planning & Sustainability	2,778	0	0	535	1,221	0	4,534
Environment	1,455	0	228	6,922	1,122	(130)	9,597
Community, Housing & Big Society	3,321	273	2,155	4,598	2,237	(1,365)	11,219
Leader	1,864	0	0	1,001	1,708	(563)	4,010
Finance & Commercial Business Unit	656	0	0	150	132	(930)	8
Human & Information Resources Business Unit	1,801	0	354	2,585	826	(5,540)	26
<b>GRAND TOTAL EXPENDITURE</b>	<b>13,406</b>	<b>47,145</b>	<b>2,892</b>	<b>23,221</b>	<b>9,923</b>	<b>(10,031)</b>	<b>86,556</b>

2013/14	TOTAL EXPEND £'000	Fees & Charges £'000	Rentals £'000	Grant Income £'000	NET EXPEND £'000
HR, ICT & Customer Services	5,268	0	0	0	5,268
Finance	50,789	(724)	0	(48,530)	1,535
Economic Development	1,105	(311)	(4,730)	(8)	(3,944)
Planning & Sustainability	4,534	(1,991)	0	(5)	2,538
Environment	9,597	(4,389)	(25)	0	5,183
Community, Housing & Big Society	11,219	(1,854)	(249)	(780)	8,336
Leader	4,010	(390)	(1)	0	3,619
Finance & Commercial Business Unit	8	(8)	0	0	0
Human & Information Resources Business Unit	26	(27)	1	0	0
<b>GRAND TOTAL EXPENDITURE</b>	<b>86,556</b>	<b>(9,694)</b>	<b>(5,004)</b>	<b>(49,323)</b>	<b>22,535</b>

8c Segmental reporting (Subjective analysis by segment) - Items reported to management

2014/15	Employee Expenses £'000	Transfer Payments £'000	Depreciation £'000	Other Services Expend £'000	Support Services Inward £'000	Support Services Outward £'000	TOTAL EXPEND £'000
HR, ICT & Customer Services	0	0	0	0	160	0	160
Finance	1,394	46,640	0	680	1,501	(298)	49,917
Economic Development	586	129	299	1,271	425	(963)	1,747
Planning & Sustainability	2,701	0	0	573	1,441	0	4,715
Environment	1,356	0	303	7,473	1,050	(5)	10,177
Community, Housing & Big Society	2,943	34	1,415	4,421	2,049	(1,174)	9,688
Leader	1,918	0	0	1,214	1,361	(665)	3,828
Finance & Commercial Business Unit	398	0	0	90	142	(630)	0
Human & Information Resources Business Unit	1,895	0	320	2,671	790	(5,657)	19
<b>GRAND TOTAL EXPENDITURE</b>	<b>13,191</b>	<b>46,803</b>	<b>2,337</b>	<b>18,393</b>	<b>8,919</b>	<b>(9,392)</b>	<b>80,251</b>

2014/15	TOTAL EXPEND £'000	Fees & Charges £'000	Rentals £'000	Grant Income £'000	NET EXPEND £'000
HR, ICT & Customer Services	160	0	0	0	160
Finance	49,917	(444)	0	(47,738)	1,735
Economic Development	1,747	(283)	(4,586)	(6)	(3,128)
Planning & Sustainability	4,715	(2,166)	0	0	2,549
Environment	10,177	(4,276)	(7)	(140)	5,754
Community, Housing & Big Society	9,688	(1,576)	(220)	(464)	7,428
Leader	3,828	(346)	(3)	(351)	3,128
Finance & Commercial Business Unit	0	0	0	0	0
Human & Information Resources Business Unit	19	(19)	0	0	0
<b>GRAND TOTAL EXPENDITURE</b>	<b>80,251</b>	<b>(9,110)</b>	<b>(4,816)</b>	<b>(48,699)</b>	<b>17,626</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 9 Property, Plant And Equipment

#### a) Movement of Property, Plant and Equipment 2013-14

	Land & Buildings £'000	Vehicle Plant & Equip £'000	Comm- unity Assets £'000	Surplus Assets £'000	Assets Under Constr- uction £'000	Total £'000
<b>Cost or valuation</b>						
At 1 April 2013	53,526	9,832	977	398	7,046	71,779
Additions	0	7,796	0	0	4,476	12,272
Revaluation increases / (decreases) recognised in the Revaluation Reserve	3,392	0	50	0	0	3,442
Revaluation increases / (decreases) recognised in the Surplus / Deficit on the provisions of services	(620)	0	0	0	0	(620)
Disposals	(740)	(944)	0	0	0	(1,684)
Depreciation written off on revaluation	(3,087)	0	0	0	0	(3,087)
Other Transfers	(1,097)	0	0	0	(78)	(1,175)
<b>At 31 March 2014</b>	<b>51,374</b>	<b>16,684</b>	<b>1,027</b>	<b>398</b>	<b>11,444</b>	<b>80,927</b>
<b>Accumulated Depreciation</b>						
At 1 April 2013	(5,736)	(7,666)	0	0	0	(13,402)
Depreciation Charge	(6,636)	(1,568)	0	0	0	(8,204)
Depreciation written off on revaluation	3,087	0	0	0	0	3,087
Accumulated Depreciation written out upon disposal	25	944				969
<b>At 31 March 2014</b>	<b>(9,260)</b>	<b>(8,290)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(17,550)</b>
<b>Balance Sheet Value at 31 March 2014</b>	<b>42,114</b>	<b>8,394</b>	<b>1,027</b>	<b>398</b>	<b>11,444</b>	<b>63,377</b>
<b>Balance Sheet Value at 1 April 2013</b>	<b>47,790</b>	<b>2,166</b>	<b>977</b>	<b>398</b>	<b>7,046</b>	<b>58,377</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

9

### b) Movement of Property, Plant and Equipment 2014-15

	Land & Buildings £'000	Vehicles Plant & Equip £'000	Comm- unity Assets £'000	Surplus Assets £'000	Assets Under Constr- uction £'000	Total Assets £'000
<b>Cost or valuation</b>						
At 1 April 2014	51,374	16,684	1,027	398	11,444	80,927
Additions	71	914	0	0	22,134	23,119
Revaluation increases / (decreases) recognised in the Revaluation Reserve	565	0	806	835	0	2,206
Revaluation increases / (decreases) recognised in the Surplus / Deficit on the provisions of services	(683)	0	(469)	(23)	0	(1,175)
Depreciation written off on revaluation	(15,457)	(95)	0	0	0	(15,552)
Other Transfers	2,578	0	0	0	(2,578)	0
<b>At 31 March 2015</b>	<b>38,448</b>	<b>17,503</b>	<b>1,364</b>	<b>1,210</b>	<b>31,000</b>	<b>89,525</b>
<b>Accumulated Depreciation</b>						
At 1 April 2014	(9,260)	(8,290)	0	0	0	(17,550)
Depreciation Charge	(6,846)	(1,558)	0	0	0	(8,404)
Depreciation written off on revaluation	15,457	95	0	0	0	15,552
<b>At 31 March 2015</b>	<b>(649)</b>	<b>(9,753)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(10,402)</b>
<b>Balance Sheet Value at 31 March 2015</b>	<b>37,799</b>	<b>7,750</b>	<b>1,364</b>	<b>1,210</b>	<b>31,000</b>	<b>79,123</b>
<b>Balance Sheet Value at 1 April 2014</b>	<b>42,114</b>	<b>8,394</b>	<b>1,027</b>	<b>398</b>	<b>11,444</b>	<b>63,377</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

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### c) Revaluations

The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment to be measured at fair value are revalued at least every five years. Valuations are in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS). The basis of valuing individual classes of assets owned by the Council is detailed in the Statement of Accounting Policies. The Council's Operational Land & Building Assets were revalued by Wilks Head & Eve.

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### d) Information About Depreciation Methodologies

Depreciation and amortisation is charged over the useful life of an asset on a straight line basis, on all assets except non-operational land and buildings and community assets. Half of the annual depreciation charge is made for assets acquired in the course of the current financial year.

Buildings	40 years average
Intangible Assets	3 years average
Plant and Computer Equipment	3-5 years average

Community Assets have not been depreciated as they consist largely of freehold land; nor have any Heritage Assets which consist of works of art and other museum collections.



## NOTES TO THE CORE FINANCIAL STATEMENTS

### 10 Investment Properties And Surplus Assets

#### a) Information on Assets Held

Investment Property is land or a building, or part of a building, or both, held solely to earn rentals or for capital appreciation or both. These are not held for use in the production of goods or services for administrative purposes or sale in the ordinary course of operations. Property, Plant and Equipment and Heritage Assets are accounted for in Notes 9 & 10.

#### b) Movement of Investment Properties

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

31 Mar 14 £'000		31 Mar 15 £'000
68,841	<b>Cost or valuation</b> At 1 April year start	69,167
390	Additions	587
(832)	Revaluation increases / (decreases) recognised in the Surplus / Deficit on the provisions of services	390
(407)	Derecognition - Disposals	(955)
1,175	Other Transfers	0
<b>69,167</b>	<b>At 31 March year end</b>	<b>69,189</b>

#### c) Accounted for in Comprehensive Income and Expenditure Statement

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 on page 12.

31 Mar 14 £'000		31 Mar 15 £'000
(4,751)	Rental and Other income from Investment Properties	(4,430)
832	Change in Fair Value of Investment Properties	(390)
714	Operating expenses arising from Investment property	912
<b>(3,205)</b>	<b>(Surplus) / Deficit upon Investment properties</b>	<b>(3,908)</b>

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 Council approved as part of a construction contract with Wilmott Dixon Ltd (WDL) to construct a foodhall as part of the Handy Cross Hub programme. The contract and lease for the construction and letting of the foodhall to Waitrose have both been completed.

#### d) Revaluations of Investment Property

Investment Property is revalued in accordance with a five year rolling programme by the Council's internal valuer.

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 11 Capital Expenditure, Financing And Commitments

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

31 Mar 14 £'000		31 Mar 15 £'000
<b>4,615</b>	<b>Opening Capital Finance Requirement</b>	<b>10,128</b>
	<b>Capital Investment</b>	
5,860	Property, Plant and Equipment	23,119
6,413	Waste Finance Leases	0
390	Investment Properties	587
11	Intangible Assets	64
714	Revenue Expenditure Funded from Capital Under Statute	800
<b>13,388</b>		<b>24,570</b>
	<b>Sources of Finance</b>	
(6,525)	Capital receipts	(23,693)
(450)	Government grants and other contributions	(878)
(810)	Minimum Revenue Provision (Waste contract)	(800)
(90)	Minimum Revenue Provision (Internal borrowing)	(88)
<b>(7,875)</b>		<b>(25,459)</b>
<b>5,513</b>	<b>Total in year movement in Capital Financing Requirement</b>	<b>(889)</b>
<b>10,128</b>	<b>Closing Capital Finance Requirement</b>	<b>9,239</b>

The net movement in the year is represented by:

5,513	Increase/(Decrease) in underlying need to borrow	(889)
<b>5,513</b>	<b>Total in year movement in Capital Financing Requirement</b>	<b>(889)</b>

Cumulatively the Council has incurred Capital Expenditure of £9,239k which it has yet to finance. This is a reduction of £889k since 2013/14. This consists of £4.8m relating to finance leases from the joint waste contract and £4.4m applied borrowing not yet financed.

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 12 Financial Instruments - Balances

The Balance Sheet includes the following financial instruments:-

#### 12a Investments (Long Term)

31 Mar 13	31 Mar 14		01 Apr 14	Movement in Year	31 Mar 15
£'000	£'000		£'000	£'000	£'000
10,000	16,500	Maturing dates from 2015/16 to 2017/18	16,500	(9,000)	7,500

#### 12b Debtors - Long Term

Long-term debtors are debtors which fall due after a period of at least one year and are analysed as follows:

31 Mar 13	31 Mar 14		01 Apr 14	Movement in Year	31 Mar 15
£'000	£'000		£'000	£'000	£'000
5,669	8,939	Red Kite Community Housing (RKCH)*	8,939	3,149	12,088
350	272	Deferred Sale Receipts	272	(106)	166
1,349	1,349	Rent to Mortgage	1,349	0	1,349
98	67	Other Long Term debtors	67	4	71
<b>7,466</b>	<b>10,627</b>	<b>Total</b>	<b>10,627</b>	<b>3,047</b>	<b>13,674</b>

\* The long term debtor balance relating to RKCH is in connection with the VAT shelter cash flow mechanism, which forms part of the housing stock transfer agreement. This is due to be repaid in 2021.

#### 12c Investments (Short Term)

31 Mar 13	31 Mar 14		01 Apr 14	Movement in Year	31 Mar 15
£'000	£'000		£'000	£'000	£'000
43,881	27,614	Fund Managers	27,614	163	27,777
41,755	38,346	Temporary Investments	38,346	3,523	41,869
122	82	Equity Share	82	(15)	67
4	4	Other	4	0	4
<b>85,762</b>	<b>66,046</b>	<b>Total</b>	<b>66,046</b>	<b>3,671</b>	<b>69,717</b>

Included within Temporary Investments is interest accrued on investments that have been excluded from the short term investments financial instruments calculation.

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 12d Debtors - Short Term

These are amounts that are owed to the Council from other organisations. Short-term debtors are due to be paid within the 2014/15 financial year.

31 Mar 13	31 Mar 14		01 Apr 14	Movement in Year	31 Mar 15
£'000	£'000		£'000	£'000	£'000
3,434	4,968	General Debtors Gross	4,968	(90)	4,878
<b>3,434</b>	<b>4,968</b>	<b>Total Financial Instruments definition</b>	<b>4,968</b>	<b>(90)</b>	<b>4,878</b>
		<b>Government Items and Bad Debt Provisions:</b>			
		Business Rates:			
407	1,254	Gross Arrears of Tax	1,254	574	1,828
0	(842)	Provision for Impairment - Tax	(842)	(32)	(874)
0	0	Provision for Impairment - Costs	0	(37)	(37)
0	0	Gross Arrears of Costs	0	37	37
		Council Tax:			
495	624	Gross Arrears of Costs	624	110	734
(495)	(625)	Provision for Impairment - Costs	(625)	(110)	(735)
472	549	Gross Arrears of Tax	549	796	1,345
(342)	(426)	Provision for Impairment - Tax	(426)	(76)	(502)
		Housing Benefits:			
3,541	3,973	Gross	3,973	768	4,741
(2,476)	(3,000)	Provision for Impairment	(3,000)	(706)	(3,706)
615	409	Government Departments Other	409	(87)	322
		General Debtors			
(428)	(471)	Provision for Impairment *	(471)	49	(422)
<b>5,223</b>	<b>6,413</b>	<b>Total</b>	<b>6,413</b>	<b>1,196</b>	<b>7,609</b>

\* General debtors impairment has been separated from the gross arrears to enable the financial instrument element of debt to be identifiable within the note.

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 12e Cash and Cash Equivalents

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

31 Mar 13 £'000	31 Mar 14 £'000		01 Apr 14 £'000	Movement in Year £'000	31 Mar 15 £'000
40	118	Bank Current Account	118	(675)	(557)
14,174	21,374	Short Term Deposits	21,374	2,264	23,638
<b>14,214</b>	<b>21,492</b>	<b>Total</b>	<b>21,492</b>	<b>1,589</b>	<b>23,081</b>

### 12f Borrowing (Short Term)

31 Mar 13 £'000	31 Mar 14 £'000		01 Apr 14 £'000	Movement in Year £'000	31 Mar 15 £'000
0	(820)	Embedded Finance Lease (waste contract)	(820)	22	(798)

### 12g Creditors - Short Term

An analysis of creditors falling due within one year is shown below:

31 Mar 13 £'000	31 Mar 14 £'000		01 Apr 14 £'000	Movement £'000	31 Mar 15 £'000
(7,297)	(8,522)	s106 Developer Contributions (see Note 20)	(8,522)	1,695	(6,827)
(748)	(1,779)	Other Receipts in Advance	(1,779)	(125)	(1,904)
(4,891)	(4,448)	General creditors and accruals *	(4,448)	(8,251)	(12,699)
<b>(12,936)</b>	<b>(14,749)</b>	<b>Total Financial Instruments Definition</b>	<b>(14,749)</b>	<b>(6,681)</b>	<b>(21,430)</b>
		<b>Government Items and Bad Debt Provisions:</b>			
(3,353)	(1,199)	Central Government Bodies **	(1,199)	(8,035)	(9,234)
(2,627)	(4,592)	Other Local Authorities	(4,592)	(2,327)	(6,919)
(264)	(232)	Council Tax	(232)	(55)	(287)
<b>(19,180)</b>	<b>(20,772)</b>	<b>Total</b>	<b>(20,772)</b>	<b>(17,098)</b>	<b>(37,870)</b>

\* General creditors have increased by £8.3m in 2014/15, which includes:

£3.3m interest-free loan from Thames Valley LEP to fund Handy Cross Hub, to be repaid Nov 2015

£1.2m for invoices to Chiltern District Council in respect of the Joint Waste contract

£2.9m for Willmott Dixon, the contractors responsible for construction of the new Handy Cross Sports Centre

\*\* Creditor liabilities to central government bodies have increased by £7.8m due to:

£1.8m increase in Housing Benefits subsidy due to be repaid to DWP

£5.3m net increase in monies due to be repaid to CLG in respect of Non-Domestic Rates.

## 12h Borrowing (Long Term)

31 Mar 14 £'000		01 Apr 14 £'000	Movement in Year £'000	31 Mar 15 £'000
(5,000)	Maturing between 1 and 10 years	(5,000)	5,000	0

The Council paid back its £5m Public Works and Loans Board loan during 2014/15.

## 13 Provisions

31 Mar 13 £'000	31 Mar 14 £'000		01 Apr 14 £'000	Movement in year £'000	31 Mar 15 £'000
(1,053)	(1,455)	Insurance Provision*	(1,455)	53	(1,402)
(332)	(107)	Restructuring Provision	(107)	0	(107)
0	(2,047)	NDR Appeals Provision (WDC's share) **	(2,047)	(672)	(2,719)
<b>(1,385)</b>	<b>(3,609)</b>	<b>Total</b>	<b>(3,609)</b>	<b>(619)</b>	<b>(4,228)</b>

\* The Council has made provision for the settlement of various claims, including structural claims relating to its former Housing Stock.

\*\* The Council's share of anticipated losses from NDR appeals is calculated at £2,883k (40% of total future losses)

## 14 Other Payables

31 Mar 13	31 Mar 14 £'000		01 Apr 14 £'000	Movement in Year £'000	31 Mar 15 £'000
0	(4,782)	Finance Lease for Embedded Leases (Waste Contract) *	(4,782)	777	(4,005)
(3)	(49)	Community Infrastructure Levy parish councils payments	(49)	(201)	(250)
<b>(3)</b>	<b>(4,831)</b>		<b>(4,831)</b>	<b>576</b>	<b>(4,255)</b>

\* The Council operates a joint waste contract with Chiltern District Council. The Council does not own the waste vehicles or equipment but does receive the risks and rewards associated with them. It therefore has to recognise the assets associated with running the contract. The finance lease liability represents the element within the Council's contractor payments of vehicles and equipment. This is drawn down over the lifetime of the contract.

## 15 Pension Liability

31 Mar 14 £'000		01 Apr 14 £'000	Movement in Year £'000	31 Mar 15 £'000
(166,212)	Present Value of Liabilities	(166,212)	(44,506)	(210,718)
120,837	Fair Value of assets in scheme	120,837	29,516	150,353
<b>(45,375)</b>	<b>Total</b>	<b>(45,375)</b>	<b>(14,990)</b>	<b>(60,365)</b>

Full Details of the Pension Fund are presented on Note 25 (pages 61 to 65) of the Financial Statements.

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 16 Usable Reserves

#### a) Movement In Reserves

Details of the movements relating to individual usable reserves are shown below:

Balance at 31 Mar 13 <i>Restated</i> £'000	Move- ment in Year £'000	Balance at 31 Mar 14 £'000		Balance at 31 Mar 14 £'000	Move- ment in Year £'000	Balance at 31 Mar 15 £'000
6,274	1,552	7,826	General Fund *	7,826	984	8,810
36,137	(1,875)	34,262	Earmarked Reserves	34,262	(1,621)	32,641
57,653	(3,864)	53,789	Usable Capital Receipts	53,789	(17,785)	36,004
0	0	0	Capital Grants Unapplied	0	1,544	1,544
<b>100,064</b>	<b>(4,187)</b>	<b>95,877</b>	<b>TOTAL USABLE RESERVES</b>	<b>95,877</b>	<b>(16,878)</b>	<b>78,999</b>

\* £763k has been moved from General Fund balances to earmarked reserves from 31st March 2013 to account for a Business Rate Equalisation Reserve and the accounts have been restated to reflect this. This reserve was Cabinet approved and allows the Council to protect itself against annual fluctuations in business rates income.

### 16

#### b) General Fund

The General Fund is the resources available to meet future running costs. The unallocated accumulated balances on the General Fund are set out below:

2013/14 <i>Restated</i> £'000		2014/15 £'000
6,274	Balance brought forward at 1 April	7,826
(12,161)	Surplus / (Deficit) on Provision of services	(1,405)
11,838	Adjustments between Accounting Basis & funding Basis under regulation	768
1,875	Transfers (to)/from Earmarked Reserves	1,621
<b>1,552</b>	<b>Fund Surplus / (Deficit) for the year</b>	<b>984</b>
<b>7,826</b>	<b>Balance carried forward at 31 March</b>	<b>8,810</b>

The Fund outturn for the year is a surplus of £1,014k. The main reasons for the differences are detailed in the Explanatory Foreword to the financial statements.

## NOTES TO THE CORE FINANCIAL STATEMENTS

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**c) Earmarked Reserves**

	Balance at 1 April 2013 £'000	Additions in year 2013/14 £'000	Used in year 2013/14 £'000	Balance at 1 April 2014 £'000	Additions in year 2014/15 £'000	Used in year 2014/15 £'000	Balance at 1 April 2015 £'000
Revenue Development Reserve (RDR)	17,046	3,738	(6,248)	14,536	3,749	(4,194)	14,091
Repairs & Renewals Fund	11,592	195	0	11,787	116	(557)	11,346
Transformation	875	0	0	875	0	(42)	833
Insurance Funds	2,530	0	(417)	2,113	53	(37)	2,129
Planning Delivery, LAGBI & Local Development	1,478	52	(723)	807	95	(157)	745
DWP Appropriation	660	215	0	875	686	0	1,561
Special Expenses	496	60	0	556	79	0	635
Business Rates Adjustment Reserve	0	1,449	0	1,449	0	(1,449)	0
Business Rates Equalisation Fund	763	0	0	763	0	0	763
Other	697	94	(290)	501	94	(57)	538
<b>TOTAL EARMARKED RESERVES</b>	<b>36,137</b>	<b>5,803</b>	<b>(7,678)</b>	<b>34,262</b>	<b>4,872</b>	<b>(6,493)</b>	<b>32,641</b>

A charge of £3,861k was made against the Revenue Development Reserve (RDR) in the year. Included within this was £2,377k which relates to the timing difference between the Collection Fund and General Fund Revenue Account in respect of Business Rates. This charge will be reversed in 2015/16 and these monies repaid into the RDR.

Earmarked Reserves have been restated from financial year 2012/13 to account for £763k Business Rates Equalisation Fund to alleviate annual fluctuations in business rate yields. This was implemented following the change in Business Rate regulations in 2013/14.

The spending plans for Earmarked Reserves are set out in the Council's Medium Term Financial Plan approved in March every year. The plan can be found at [www.wycombe.gov.uk](http://www.wycombe.gov.uk)



## NOTES TO THE CORE FINANCIAL STATEMENTS

**16**

**d) Usable Capital Receipts**

The Usable Capital Receipts Reserve holds capital receipts from the sale of assets which have been received and have not yet been used to finance capital expenditure. The balance on the Reserve is held to fund future years' expenditure in the approved Capital Budget.

2013/14 £'000		2014/15 £'000
57,653	Balance brought forward at 1 April	53,789
2,595	Proceeds from sale of non-current assets	5,855
(6,525)	Use of Capital Receipts Reserve to finance new capital expenditure	(23,693)
78	Capital Receipt from Deferred Capital Receipts Reserve	53
(12)	Contribution from Capital Receipts Reserve to finance payments to the Government Capital Receipts Pool	0
<b>53,789</b>	<b>Balance carried forward at 31 March</b>	<b>36,004</b>

**16**

**e) Capital Grants Unapplied**

Where capital grants, that have no conditions attached to them, have been received but no expenditure has yet been made against them, the amount is held in the Capital Grants Unapplied Reserve. This reserve is currently made up of Community Infrastructure Levy receipts which are due to be spent on future infrastructure throughout the District. This balance consists of 80% of the actual payment due.

2013/14 £'000		2014/15 £'000
0	Balance brought forward at 1 April	0
0	Capital Grants from Community Infrastructure Levy	1,544
<b>0</b>	<b>Balance carried forward at 31 March</b>	<b>1,544</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 17 Unusable Reserves

#### a) Movement in Reserves

Details of the movements relating to individual unusable reserves are shown below:

Balance at 31 Mar 13 £'000	Net Move- ment in year £'000	Balance at 31 Mar 14 £'000		Net Move- ment in year £'000	Balance at 31 Mar 15 £'000
110,623	(1,313)	109,310	Capital Adjustment Account	16,764	126,074
13,578	565	14,143	Revaluation Reserve	(150)	13,993
1,753	(78)	1,675	Deferred Capital Receipts	(53)	1,622
(41,722)	(3,653)	(45,375)	Pensions Reserve	(14,990)	(60,365)
203	(1,287)	(1,084)	Collection Fund Adjustment Acct	4,531	3,447
0	0	0	Financial Instruments Adjustment Account	(107)	(107)
(280)	16	(264)	Accumulated Absences Reserve	16	(248)
<b>84,155</b>	<b>(5,750)</b>	<b>78,405</b>	<b>TOTAL UNUSABLE RESERVES</b>	<b>6,011</b>	<b>84,416</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

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### b) Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from different arrangements for accounting for the consumption of long term assets and for financing the acquisition, construction or enhancements of those assets under statutory provisions. The Account is charged with the cost of consumption of property, plant and equipment and enhanced by the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement of these assets.

31 Mar 13 £'000	31 Mar 14 £'000		31 Mar 15 £'000
122,427	110,623	Balance brought forward at 1 April	109,310
(1,801)	(5,881)	Depreciation on Property, Plant & Equipment	(6,049)
(123)	(124)	Amortisation of Intangible Assets	(106)
(11,871)	0	Impairment of Assets	0
0	(621)	Revaluation Losses on Property, Plant & Equipment	(1,175)
(736)	(1,017)	Amounts of non-current assets written off on disposal as part of the loss on disposal on the Comprehensive Income & expenditure Account	(955)
(14,531)	(7,643)	<b>Net written out amount of the cost of non-current assets consumed in the year</b>	(8,285)
		Resources set aside to finance capital expenditure	
1,567	6,525	Capital Receipts	23,693
519	450	Grants & Contributions Applied	878
85	901	Minimum Statutory Provision	888
2,171	7,876	<b>Total Financing Items</b>	25,459
(763)	(714)	Revenue Expenditure Funded from Capital under Statute	(800)
1,319	(832)	Movements in Market Value of Investment Properties	390
<b>110,623</b>	<b>109,310</b>	<b>Balance carried forward at 31 March</b>	<b>126,074</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

17

### c) Revaluation Reserve

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

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

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

31 Mar 13 £'000	31 Mar 14 £'000		31 Mar 15 £'000
14,911	13,578	Balance brought forward at 1 April	14,143
170	3,952	Upward revaluation of Assets	2,210
(9)	(509)	Downward Revaluation of Assets excluding those charged to the Surplus/(Deficit) on Provision of services	(5)
(448)	(2,323)	Depreciation on Property, Plant & Equipment - current cost element in excess of historical cost	(2,355)
(1,046)	(555)	Accumulated Gains in Prior Years upon Assets sold or scrapped in current year	0
<b>13,578</b>	<b>14,143</b>	<b>Balance carried forward at 31 March</b>	<b>13,993</b>

### d) Deferred Capital Receipts

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets for which 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.

31 Mar 13 £'000	31 Mar 14 £'000		31 Mar 15 £'000
1,824	1,753	Balance brought forward at 1 April	1,675
(71)	(78)	Transfer to the Capital Receipts Reserve upon receipt of cash for items disposed in prior years	(53)
<b>1,753</b>	<b>1,675</b>	<b>Balance carried forward at 31 March</b>	<b>1,622</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

17

### e) Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits in accordance with statutory provisions. The Authority accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall upon the resources the Authority has set aside in relation to the accrued benefit entitlement of past and current employees. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

31 Mar 13 £'000	31 Mar 14 £'000		31 Mar 15 £'000
(47,453)	(41,722)	Balance brought forward at 1 April	(45,375)
5,917	(6,338)	Actuarial Gain or (Loss) on Pension Assets and Liabilities	(11,667)
(265)	(34)	Past Service Costs	(66)
(2,333)	(2,493)	Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post employment benefits in accordance with the code - Current Service Cost	(2,455)
(2,224)	(1,739)	Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post employment benefits in accordance with the code - Financing Items	(2,070)
4,636	6,951	Employer's Pension Contributions	1,268
<b>(41,722)</b>	<b>(45,375)</b>	<b>Balance carried forward at 31 March</b>	<b>(60,365)</b>

Full Details of the Pension Scheme are presented on Note 25 (pages 61 to 65) of the Financial Statements.

### f) 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 amounts to or from the General Fund to the Collection Fund.

31 Mar 13 £'000	31 Mar 14 £'000		31 Mar 15 £'000
283	203	Balance brought forward at 1 April	(1,084)
0	(1,406)	In-year Non-Domestic Rates surplus movement	4,389
(80)	119	In-year Council Tax surplus movement	142
<b>203</b>	<b>(1,084)</b>	<b>Balance carried forward at 31 March</b>	<b>3,447</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 18 Cash Flow

#### a) Cash Flow Statement - Operating Activities

2013/14 Financial Activity in Year  £'000		2014/15 Financial Activity in Year  £'000
12,161	<b>Deficit / (Surplus) on the Provision of Services</b>	1,405
	<b>Adjustments for non cash movements:</b>	
(8,328)	Depreciation & Amortisation	(8,510)
(621)	Impairment	(1,174)
(2,434)	Pension Liability	(3,323)
(832)	Movement in Market Value of Investment Property	390
(1,623)	(Increase) / Decrease in Impairment Provision for bad debts	(912)
(4,076)	Increase / (Decrease) in Creditors (excluding Collection Fund Agencies)	(6,138)
3,220	(Increase) / Decrease in Debtors (excluding Impairment Provision & Collection Fund Agencies)	2,108
4	(Increase) / Decrease in Stocks	13
(2,224)	Increase / (Decrease) in Provisions	(619)
3,161	(Increase) / Decrease in Long Term Debtors	3,047
<b>(13,753)</b>	<b>Sub-Total Adjustments for Non-cash Movements</b>	<b>(15,118)</b>
	<b>Adjustment for items included in the net (deficit) / surplus on the provision of services that are investing and finance activities:</b>	
999	Adjust for profit upon sale of assets (offset to proceeds shown in investment section below)	1,155
<b>(593)</b>	<b>Total Cash (inflow)/outflow from operating activities</b>	<b>(12,558)</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

18

**b) Cash Flow Statement - Investing Activities**

2013/14		2014/15
Financial Activity in Year £'000		Financial Activity in Year £'000
12,673	Purchase/(Sale) of Property, Plant & equipment, Heritage & Intangible Assets	23,770
(2,571)	Proceeds from the Sale of Property, Plant & equipment, Heritage & Intangible Assets	(2,110)
6,500	Purchase/(Sale) of Long Term Investment	(9,000)
(19,716)	Purchase / (Sale) of Temporary Investments	3,671
<b>(3,114)</b>	<b>Net Cash (inflow)/outflow from Investing Activities</b>	<b>16,331</b>

**c) Cash Flow Statement - Financing Activities**

2013/14		2014/15
Financial Activity in Year £'000		Financial Activity in Year £'000
0	(Increase) / Reduction in Long Term Borrowing	5,000
(407)	(Increase) / Decrease in Debtors (Collection Fund Agencies)	0
(3,164)	(Increase) / Decrease in Creditors (Collection Fund Agencies)	(10,362)
<b>(3,571)</b>	<b>Net Cash (inflow)/outflow from Financing Activities</b>	<b>(5,362)</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 19 Members Allowances

The Local Authorities (Members' Allowances) (England) Regulations 2003 provide for the circumstances in which allowances are payable to members and to the maximum amounts payable in respect of certain allowances. Members Allowances are intended to compensate for time spent on all duties in connection with their role as elected members including special responsibilities undertaken and/or attendance at Council and other meetings as necessary in assisting the Council to discharge its functions. Expenses directly incurred by a member in the conduct of duties may be claimed, within certain limits, where a receipt is provided. These payments are made only for approved duties.

The total of Members' Allowances paid in the year was £420,402 (£425,636 in 2013/14).

The level of Member Allowances is recommended by an independent remuneration panel.

### 20a Officers Remuneration

A requirement of the Accounts and Audit Regulations 2011 is for the disclose of the number of employees in the accounting period whose remuneration fell in each bracket of a scale in multiples of £5,000, starting with £50,000. Amounts exclude pension costs but include all payments, taxable allowances and the monetary value of other employee benefits. The relevant details are as follows:

2013/14 No. of Employees	Remuneration Band	2014/15 No. of Employees
11	£50,000 - £54,999	11
8	£55,000 - £59,999	12
3	£60,000 - £64,999	2
1	£65,000 - £69,999	0
0	£70,000 - £74,999	0
0	£75,000 - £79,999	1
6	£80,000 - £84,999	6
0	£85,000 - £89,999	0
0	£90,000 - £94,999	0
0	£95,000 - £99,999	0
0	£100,000 - £104,999	0
0	£105,000 - £109,999	0
1	£110,000 - £114,999	1
0	£115,000 - £119,999	0
0	£120,000 - £124,999	0
0	£125,000 - £129,999	0
0	£130,000 - £134,999	0
0	£135,000 - £139,999	0
0	£140,000 - £144,999	0
1	£145,000 - £149,999	1
31		34



## NOTES TO THE CORE FINANCIAL STATEMENTS

### 20b Senior Employees

The following tables disclose individual remuneration details for Senior Employees such as Heads of Service, Directors and the Chief Executive

<b>2013/14</b>	Salary (Including fees & allowance) £	Expenses Allowance £	Benefit in Kind £	Total Remuneration Excluding Pension Contribution £	Pension Contribut'n £	Total Remuneration £
<b>Post</b>						
Chief Executive (Karen Satterford)	140,487	553	525	141,565	27,454	<b>169,019</b>
Corporate Director	110,641	101	525	111,266	20,788	<b>132,055</b>
Major Projects & Estates Executive	83,369	337	525	84,231	15,688	<b>99,919</b>
Head of HR, ICT and Customer Services	83,369	0	525	83,894	15,688	<b>99,582</b>
Head of Community Services	83,369	126	525	84,020	15,688	<b>99,708</b>
Head of Financial Services	82,019	0	525	82,544	15,143	<b>97,687</b>
Head of Planning & Sustainability 1	64,765	0	394	65,159	11,766	<b>76,925</b>
Head of Planning & Sustainability 2	18,753	0	124	18,877	3,530	<b>22,407</b>
Head of Democratic, Legal & Policy	83,369	12	525	83,906	15,688	<b>99,594</b>
Head of Environmental Services	83,369	211	525	84,105	15,688	<b>99,793</b>
District Solicitor (Monitoring Officer) 1	59,742	81	514	60,337	11,268	<b>71,605</b>
District Solicitor (Monitoring Officer) 2	4,676	220	41	4,937	882	<b>5,819</b>
	<b>897,927</b>	<b>1,641</b>	<b>5,273</b>	<b>904,841</b>	<b>169,273</b>	<b>1,074,113</b>
<b>2014/15</b>	Salary (Including fees & allowance) £	Expenses Allowance £	Benefit in Kind £	Total Remuneration Excluding Pension Contribution £	Pension Contribut'n £	Total Remuneration £
<b>Post</b>						
Chief Executive (Karen Satterford)	140,487	463	525	141,475	20,071	<b>161,546</b>
Chief Executive - Returning Officer fee	10,087	0	0	10,087	0	<b>10,087</b>
Corporate Director	110,641	52	525	111,218	15,341	<b>126,559</b>
Major Projects & Estates Executive	83,647	315	525	84,487	11,616	<b>96,103</b>
Head of HR, ICT and Customer Services	83,647	0	525	84,172	11,616	<b>95,788</b>
Head of Community Services	83,647	363	525	84,535	11,616	<b>96,150</b>
Head of Financial and Commercial	82,272	53	525	82,851	11,426	<b>94,277</b>
Head of Planning & Sustainability	79,536	115	525	80,176	11,007	<b>91,182</b>
Head of Democratic, Legal & Policy	83,647	18	525	84,190	11,616	<b>95,806</b>
Head of Environmental Services	83,647	112	525	84,284	11,616	<b>95,900</b>
District Solicitor (Monitoring Officer)	60,180	0	525	60,705	8,377	<b>69,082</b>
	<b>901,438</b>	<b>1,492</b>	<b>5,250</b>	<b>908,179</b>	<b>124,301</b>	<b>1,032,480</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 21 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.

2013/14 £'000		2014/15 £'000
110	Fees payable to the audit commission with regard to external audit services	82
28	Fees payable for the certification of grant claims and returns for the year.	33
<b>138</b>	<b>Total</b>	<b>115</b>

### 22a Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement:

2013/14 <i>Restated*</i> £'000		2014/15 £'000
	<b>Credited to Taxation and Non Specific Grant Income</b>	
(467)	Government Grants (Not Attributable to Specific Services)	(563)
(2,281)	National Non-Domestic Rates	(2,942)
(4,510)	RSG and Freeze Grant	(3,529)
(2,247)	New Homes Bonus	(2,908)
0	Developer Capital Contribution	(419)
(9,505)	<b>Total Credited to Taxation and Non Specific Grant Income</b>	(10,361)
	<b>Credited to Services</b>	
(48,405)	Housing & Council Tax Benefits	(47,250)
(318)	Council Tax Support Admin and NDR cost of collection	(487)
(324)	Homelessness Grants	0
(450)	Improvement Grants (Disabled Facilities Grant)	(459)
0	European Election	(203)
0	Individual Electoral Registration	(148)
0	Flood Prevention	(140)
(37)	Miscellaneous Grants	(10)
(49,534)	<b>Total Credited to Services</b>	(48,697)
<b>(59,039)</b>	<b>Total</b>	<b>(59,058)</b>

\* The split between grants credited to Taxation and Non-Specific Grant Income has been corrected in year.

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 22b Contributions Received in Advance or owed to Third Parties

The Authority has received a number of grants and contributions that have yet to be recognised as income as they have conditions attached to them that will require the monies to be returned to the giver or where the Council is holding funds for third parties. The balances at the year end are as follows:

31 Mar 14 £'000		31 Mar 15 £'000
(1,982)	Open Space Developer Contribution Unapplied	(1,747)
(517)	Community Developer Contribution Unapplied	(499)
(413)	Environmental Developer Contribution Unapplied	(404)
(334)	Indoor Leisure Developer Contribution Unapplied	0
(32)	CCTV Developer Contribution Unapplied	(32)
(1,885)	On behalf of Affordable Housing Schemes	(2,023)
<b>(5,163)</b>	<b>Total yet to be applied at Balance Sheet date</b>	<b>(4,705)</b>
(2,786)	On behalf of Buckinghamshire County Council Transport Schemes	(1,645)
<b>(7,949)</b>	<b>Total s106 Developer Contributions Unapplied</b>	<b>(6,350)</b>
(573)	On behalf of other schemes and parties	(477)
<b>(8,522)</b>	<b>Total held on behalf of third parties</b>	<b>(6,827)</b>

### 23 Related Parties Transactions

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

A related party transaction is the transfer of assets or liabilities or the performance of services by, to, or for a related party irrespective of whether a charge is made.

Related parties to this authority would include:

- central government;
- local authorities and other bodies precepting or levying demands on the council tax;
- its councillors;
- its chief officers; and
- its pension fund.

Members of the immediate family, or the same household of an individual identified as a related party, are also presumed to be related parties.

All significant transactions with the Government, precepting authorities and the Buckinghamshire County Council pension fund have been disclosed elsewhere in this Statement of Accounts. In addition the council made other payments to Buckinghamshire County Council totalling £1,248k (£677k in 2013/14) and undertook work to the value of £38k (£327k in 2013/14) on behalf of Buckinghamshire County Council.

The Council made payments to Chiltern District Council of £6,188m in 2014/15 (£6,155k in 2013/14), comprising mostly the joint waste contract of approximately £5.2m.

## NOTES TO THE CORE FINANCIAL STATEMENTS

No material transactions took place in respect of councillors and chief officers except for the following:

The Council awards grants to various voluntary and community organisations throughout the district. The award of such grants are all independently approved by the relevant Cabinet Member. 5 District Council members declared interests in voluntary organisations receiving funding from the Council of £177,780 in 2014/15 (£196,684 in 2013/14).

A Senior Officer is currently a Director and minority shareholder in Crendon Properties Limited. This company hold three 125 year ground leases with Wycombe District Council. A remuneration of £3k per annum is earned in this capacity.

### 24 Leases

#### a) Authority as Lessee

##### i) Operating Leases

The Council has a number of operating leases as follows:

2013/14 £'000	Annual Operating Lease Costs	2014/15 £'000
59	Land & Buildings - 2 area offices	76
19	Vehicles, Plant and Office Equipment - post room machinery	11
<b>78</b>	<b>Total</b>	<b>87</b>

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

2013/14		Future Years		
		Land & Buildings £'000	Vehicles, Plant & Equip- ment £'000	Total £'000
Total £'000				
14	Not later than one year	0	0	0
60	Later than one year and not later than five years	56	13	69
<b>74</b>	<b>Total Liability</b>	<b>56</b>	<b>13</b>	<b>69</b>

##### ii) Finance Leases

As at 31st March 2015, the Council had £4.8m of finance leases relating to the new joint waste contract. These are leases embedded within the service contract and have no net effect on the Council's debt levels.

#### b) Authority as Lessor

##### i) Operating Leases

Operating lease rentals received during the year totalled £4,732k (£4,730k in 2013/14). These relate to the Council's property portfolio.

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 25 Defined Benefit Pension Scheme

#### 25a 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 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.

#### 25b Transactions relating to Retirement Benefits

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

2013/14 £'000		2014/15 £'000
	<b>Comprehensive Income and Expenditure Statement</b>	
	<i>Cost of Services:</i>	
2,448	● Current Service Cost	2,455
34	● Settlements and Curtailments	66
	<i>Financing and Investment Income and Expenditure</i>	
1,644	● Net Interest Expense	1,970
140	● Administration Expense	100
<b>4,266</b>	<b>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b>	<b>4,591</b>
	<b>Other Post Employment Benefit Charged to the Comprehensive Income &amp; Expenditure Account:</b>	
	<i>Remeasurement of the net defined benefit liability comprising:</i>	
(2,961)	● Return on plan assets (excluding the amount included in the net interest expense)	(9,450)
6,957	● Actuarial gains and losses arising on changes in demographic assumptions	0
3,635	● Actuarial gains and losses arising on changes in financial assumptions	21,117
(1,293)	● Other (if applicable)	0
(5,119)	● Pension Deficit Buy-Out	0
<b>1,219</b>	<b>Total Other Post Employment Benefit Charged to the Comprehensive Income &amp; Expenditure Account</b>	<b>11,667</b>
	<b>Movement in Reserves Statement</b>	
(4,266)	● reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(4,591)
1,692	● employer's contributions payable to the scheme	1,268
	<b>Actual amount charged against the General Fund Balance for pensions in the year:</b>	
<b>(2,574)</b>		<b>(3,323)</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 25c Assets and Liabilities, Gains and Losses

Local Government Scheme	Discretion Benefits	TOTAL		Local Government Scheme	Discretion Benefits	TOTAL
31 Mar 14 £'000	31 Mar 14 £'000	31 Mar 14 £'000		31 Mar 15 £'000	31 Mar 15 £'000	31 Mar 15 £'000
(166,212)	0	(166,212)	Present value of liabilities in the Local Government Pension Scheme	(191,370)	0	(191,370)
120,837	0	120,837	Fair value of assets in the Local Government Pension Scheme	131,005	0	131,005
<b>(45,375)</b>	<b>0</b>	<b>(45,375)</b>	<b>Surplus / (deficit) in the scheme</b>	<b>(60,365)</b>	<b>0</b>	<b>(60,365)</b>

The liabilities show the underlying commitments that the Authority has in the long run to pay post employment (retirement) benefits. The total liability of £60.365m 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 Council remains healthy.

The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payment fall due), as assessed by the scheme actuaries.

The employer contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2016 is £1.321m.

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement for 2014/15 is a loss of £11,667k.

## NOTES TO THE CORE FINANCIAL STATEMENTS

### Assets and Liabilities in relation to Post-employment Benefits

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

31 Mar 14 £'000		31 Mar 15 £'000
(161,090)	Opening balance at 1 April	(166,212)
(2,493)	Current service costs	(2,455)
(6,810)	Interest cost	(7,191)
0	Change in financial assumptions	(21,117)
(645)	Contributions by scheme participants	(696)
(6,957)	Actuarial gains and (losses) arising from changes in demographic assumptions	0
(3,635)	Actuarial gains and (losses) arising from changes in financial assumptions	0
9,447	Experience (loss)/gain on defined benefit obligation	0
5,877	Benefits paid	6,367
128	Liabilities (assumed) / extinguished on settlements	0
(34)	Curtailments	(66)
<b>(166,212)</b>	<b>Closing Balance at 31 March</b>	<b>(191,370)</b>

Reconciliation of fair value of the scheme assets:

31 Mar 14 £'000		31 Mar 15 £'000
119,368	Opening balance at 1 April	120,837
6,951	Employer Contributions	1,268
5,166	Interest on Assets	5,221
645	Contributions by scheme participants	696
2,961	The return on Plan Assets, excluding the amount included in the net interest expense	9,450
(8,154)	Other Actuarial gains/(losses)	0
(5,877)	Benefits paid	(6,367)
(83)	Settlement Prices received / (paid)	0
(140)	Administration Expenses	(100)
<b>120,837</b>	<b>Closing Balance at 31 March</b>	<b>131,005</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

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 experiences in the respective markets.

The actual return on scheme assets in the year was £9,450k (2013/14 gain of £2,961k).

The Scheme assets consist of the following categories, by proportion of the total assets held:

31 Mar 14 %		31 Mar 15 %
68.0	Equity Instruments	55.0
15.0	Bonds	25.0
	<i>By sector:</i>	
5	Corporate	12
10	Government	13
17.0	Property & Alternative	20.0
	<i>By type:</i>	
8	Property	9
1	Cash	2
0	Alternative Assets	1
4	Hedge	4
4	Absolute Portfolio	4
<b>100.0</b>		<b>100.0</b>

### 25d Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Barnett Waddingham, an independent firm of actuaries, estimates for the County Council Fund being based on the latest full valuation of the scheme as at 31 March 2013 but rolled forward to 31 March 2015.



## NOTES TO THE CORE FINANCIAL STATEMENTS

### 25e Principal Assumptions

The principal assumptions used by the actuary were:

2013/14		2014/15	Sensitivity to Change	
			+1% or 1 year	-1% or 1 year
	<b>Liability Assumptions (rate of increase)</b>		£million	£million
3.6%	Rate of inflation/Pension Increase Rate	3.2%	-29.77	29.26
4.6%	Rate of increase in salaries	4.2%	-3.27	3.25
4.4%	Rate for discounting scheme liabilities	3.3%	32.19	-32.77
10%	Take-up of option to convert annual pension	10%		
	<b>Liability Assumptions (mortality)</b>			
	Longevity at 65 for current pensioners			
23.6	• Men	23.7	65.36	-65.91
26.0	• Women	26.1	65.36	-65.91
	Longevity at 65 for future pensioners			
25.8	• Men	26.0	65.36	-65.91
28.3	• Women	28.4	65.36	-65.91
	<b>Asset assumptions (Rate of Return)</b>			
6.0%	Equity investments	6.0%		
6.0%	Bonds	6.0%		
6.0%	Other Assets	6.0%		

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 26a Disclosure Of Nature And Extent Of Risk Arising From Financial Instruments

#### Income, Expense, Gains and Losses

Relevant items are shown in Note 8 to the Accounts.  
The relevant items comprise:

- Interest Payable
- Impairment Losses
- Fee Expense
- Interest Income
- Gains on Derecognition
- Gains on revaluation

#### Financial Instruments - Balances

Financial Instruments	Long-Term		Current	
	31-Mar-15 £'000	31-Mar-14 £'000	31-Mar-15 £'000	31-Mar-14 £'000
Investments				
More than one year	7,500	16,500	-	-
Less than one year	-	-	69,717	66,046
Debtors	13,674	10,627	4,878	4,968
Cash (or equivalent)	-	-	25,495	21,492
Borrowings/Loans	0	(5,000)	(3,300)	0
Other Long Term Liabilities				
- Finance Leases	(4,005)	(4,782)	(798)	(820)
Creditors	(49)	(49)	(18,130)	(14,749)

Income, Expense, Gains and Losses from Financial Instruments	31-Mar-15 £'000	31-Mar-14 £'000
Investment Interest/gains from treasury activity	(966)	(780)
Interest on Borrowing (PWLb)	20	28

## NOTES TO THE CORE FINANCIAL STATEMENTS

### Fair Value

Financial liabilities and financial assets represented by borrowing, creditors, investments and debtors (with the exception of the investment in the Icelandic bank Glitnir) are carried on the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments using the following assumptions:

- the £3.3m short-term loan from Bucks Thames Valley Local Enterprise Partnership (BTVLEP) is interest-free.
- where an investment that has a maturity of under one year, or has a variable rate of interest, is a creditor or a trade debtor then the fair value is taken to be the repayment outstanding or the invoiced amount.

In effect this means that the only financial instrument that is subject to fair value adjustment is the long term investment in UK Government fixed interest securities (gilts) where the capital value can fluctuate based on interest rate yield and money market activity.

### Key Risks

The Council's activities expose it to a variety of financial risks. The key risks are:

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

### 26b Overall procedures for managing risk

The Council's overall procedures for managing risk focus on the unpredictability of financial markets and the implementation of restrictions to minimise these risks. The procedures for risk management are set out through a legal framework in the 'Local Government Act Prudential Code and the CIPFA Treasury Management in the Public Services Code of Practice. Overall these procedures require the Council to manage risk in the following ways:

- by formally adopting the requirements of the CIPFA Treasury Management Code of Practice;
- by the adoption of a Treasury Policy Statement and treasury management clauses within its financial regulations/standing orders/constitution;
- by approving annually in advance prudential and treasury indicators for the following three years which show:
  - The Council's overall borrowing;
  - Its maximum and minimum exposures to fixed and variable rates;
  - Its maximum and minimum exposures to the maturity structure of its debt;
  - Its maximum annual exposures to investments maturing beyond a year.
- by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties.

These are required to be reported and approved before the start of the year to which they relate. These items are reported with the annual treasury management strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported annually to members.

These policies are implemented by a central treasury team. The Council maintains written principles for overall risk management, as well as written policies (Treasury Management Practices – TMPs) covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash. These TMPs are reviewed periodically.

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 26c Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers described below as Trade and Other Debtors.

Deposits, i.e. investments, are only made with banks and financial institutions when they meet the minimum requirements of the investment criteria set out in the Treasury Management Strategy. This is based on Credit ratings from the Fitch; Moody's; and Standard and Poor's credit rating agencies. The Annual Treasury Management Strategy report also imposes a maximum amount and time to be invested with a financial institution located within each credit rating category.

The following analysis summarises the Authority's estimated exposure to credit risk based on historical experience of default. This is based on credit rating agency records since 1981.

The historical experience of default for trade and other debtors is based on the authority's own records over the last five financial years, adjusted to reflect current market conditions.

	<b>Amount at 31 March 2015</b>	<b>Historical Experience of Default</b>	<b>Adjusted for Market Conditions at 31 March 15</b>
	<b>£'000's</b>	<b>%</b>	<b>%</b>
AA+ related counterparties	39,500	0.00	0.00
AA- rated counterparties	5,000	0.01	0.01
A rated counterparties	8,000	0.06	0.06
A- rated counterparties	6,000	0.06	0.06
BBB+ & unrated counterparties	14,200	0.15	0.15
Trade & Other Debtors	7,609	23.01	23.01

These figures exclude the investment with the Icelandic Bank Glitnir which is carried in the balance sheet at £467k. The position with Glitnir is explained in the Explanatory Foreword.

A breach of the Council's counterparty criteria occurred during the reporting period which was reported to the Audit Committee. Subsequent deposits were repaid and the Council does not expect any losses from non-performance in relation to any of its deposits.

The Council has no significant exposure to credit risk based on historical experience of default.

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 26d Liquidity risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the Treasury Management Strategy), as well as through a comprehensive cash flow management system, as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when needed.

The Council ensures that it has ready access to borrowings from the money markets to cover any day to day cash flow need. It currently has no longer term borrowing requirements. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The maturity analysis of financial liabilities is as follows:

31 Mar 14 £'000		31 Mar 15 £'000
(5,000)	Between two and seven years	0
<b>(5,000)</b>	<b>Total</b>	<b>0</b>

The Council's £5m PWLB loan was repaid in 2014/15.

### 26e Refinancing and Maturity risk

The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council's approved annual Treasury Management Strategy addresses the main risks and the central treasury team address the operational risks within the approved parameters. This includes monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The Council maintains a significant investment portfolio and has recently repaid a £5m loan back to the Public Works Loans Board. The longer-term risk to the Council relates to managing the exposure when replacing its investments as they mature.

The maturity analysis of the Council's assets at year end is as follows:-

31 Mar 13 £'000	31 Mar 14 £'000		31 Mar 15 £'000
91,012	77,970	Less than 1 year	66,010
17,466	25,439	More than 1 year	34,849
<b>108,478</b>	<b>103,409</b>	<b>Total</b>	<b>100,859</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 26f Market Risk

#### *Interest Rate Risk*

The Council's cash investments are exposed to interest rate movements. For instance, a rise in variable and fixed interest rates would have the effect of increasing the income credited to the Comprehensive Income and Expenditure Statement.

The Council has a number of strategies for managing interest rate risk. The annual Treasury Management Strategy draws together the Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The central treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns.

If all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

2013/14 £'000		2014/15 £'000
(700)	Increase in interest receivable on variable rate investments	(1,013)
50	Increase in interest payable on variable rate borrowing	0
<b>(650)</b>	<b>IMPACT OF 1% INCREASE UPON COMPREHENSIVE INCOME &amp; EXPENDITURE ACCOUNT</b>	<b>(1,013)</b>

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

#### *Price Risk*

The Council has no shareholdings that might expose it to this kind of risk.

#### *Foreign Exchange Risk*

The only foreign exchange risk that the Council is exposed to is a balance in a escrow account in Iceland held in Icelandic krona following the failure of the Glitnir bank in 2008. See page 8 for more details.

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 27 Trust Funds

Three Trust Funds not consolidated into the Balance Sheet are administered by the Council. These Trusts held the following balances at the Balance Sheet Date:

Griffiths Trust £112k, Rutland Hospital Trust £40k and Higginson Park £134k.

The Griffiths Trust provides objects and facilities which develop and improve the environment, knowledge and understanding of arts and crafts to the benefit of the inhabitants of High Wycombe.

Higginson Park Trust had gross expenditure of £272k (excluding depreciation) in 2014/15 financed by income from external sources of £138k and a subsidy from the Council of £134k.

### 28 Special Expenses

Such expenses are incurred within the unparished area of High Wycombe and are levied only on the taxpayers of that area. The Gross Income and Expenditure of these have been included within the Comprehensive Income & Expenditure Account.

31 Mar 14 £'000		31 Mar 15 £'000
128	Recreation Grounds	129
62	Cemetery	152
100	Wrights Meadow Community Centre	2
88	Other Services	72
<b>378</b>	<b>TOTAL EXPENDITURE</b>	<b>355</b>
	Financed by:	
(11)	Capital Resources	(11)
(423)	Collection Fund and Council Tax Support Funding	(419)
<b>(434)</b>	<b>TOTAL INCOME</b>	<b>(430)</b>
(496)	Balance at Year Start	(557)
(56)	(Surplus)/Deficit for the Year	(75)
(5)	Interest Receivable	(4)
<b>(557)</b>	<b>Balance at Year End</b>	<b>(636)</b>

#### Reasons for Significant Variances in Special Expenses

- 1 £25k additional expenditure on Cemetery Lodge works funded from working balances
- 2 £56k additional expenditure on concrete burial chambers funded from working balances
- 3 £96k surplus on interment fees and burial rites at High Wycombe Cemetery
4. £14k underspend on Community Grants to be carried over into 2015/16
5. £8k vacancy saving on employee costs for Allotments



## NOTES TO THE CORE FINANCIAL STATEMENTS

### 29 Acquired and Discontinued Operations

No operations were acquired or discontinued during 2014/15.

### 30 Trading Operations

The Council has two types of internal functions with significant income budgets. These relate to rental incomes from Investment Properties as detailed in Note 10c and Business Units as detailed in Note 8. Neither are formal trading services in the sense that they have no effective independent scope to vary the turnover level of their activity.

### 31 Impairment Losses

The Council's Icelandic investment has been impaired by £107k in 2014/15.

### 32 Termination Benefits

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

Exit Packages Cost Band (including special payments)	Number of compulsory Redundancies		Number of other departures agreed		Total number of exit packages by Cost Band		Total Cost of Exit Packages in each band	
	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15
£0-£20,000	2	7	1	0	3	7	44,436	48,409
£20,000-£40,000	1	2	1	0	2	2	51,452	43,282
£40,000-£60,000	0	0	1	0	1	0	44,618	0
£60,000 upwards	0	0	0	0	0	0	0	0
<b>TOTAL Cost of Redundancies made in year</b>							140,506	91,691
<b>Reversal of amounts provided for in previous financial years regarding redundancies paid in current financial year</b>							(307,382)	(80,800)
<b>Other Amounts provided for in Comprehensive Income &amp; Expenditure Account regarding agreed redundancies at Balance Sheet date yet to be paid in cash at that date</b>							80,800	107,885
<b>TOTAL Amounts provided for in Comprehensive Income &amp; Expenditure Account for Redundancies</b>							(86,076)	118,776

### 33 Contingent Assets And Liabilities

#### VAT Shelter Arrangement

As part of the transfer agreement the Council provided a VAT guarantee to Red Kite Community Housing (RKCH) to pay up to a maximum sum of £22m should RKCH be unable to fully recover VAT on the qualifying works included within valuation due to an event outside their control. It is the Council's current opinion that the VAT shelter will not fail.

#### Warranties

The Council has agreed to a number of warranties under the Transfer Agreement, these are common place in such negotiations.

The key warranties for the Council in respect of contingent liabilities are (a) Japanese knotweed indemnity; (b) asbestos indemnity and (c) environmental pollution.

#### Asbestos Indemnity

For cases that relate to pre-transfer of the housing stock to RKCH in December 2011, the Council will indemnify RKCH for all costs, claims and lawsuits which arise from any person being exposed to asbestos unless there is negligence on the part of RKCH. This warranty runs for the first thirty years after the sale date.

The indemnity also covers the cost of removal, treatment or encapsulation of asbestos within properties to be paid by the Council provided that RKCH have firstly spent the £1.1m (inclusive of fees) within the original valuation.

#### Environmental Pollution

Other than that which is disclosed as part of the transfer agreement and amongst other things, the Council has warranted that: it has complied in full with all environmental legislation; that it has obtained and complied with all environmental approvals necessary for the ownership and use of the property; that there is no environmental claim which is current, pending or threatened; that no dangerous substance is present at, in or under any property; that no part of the property has been or is in such a condition that it could be designated as contaminated.

## COLLECTION FUND

This account reflects the statutory requirement for the Council, as the billing authority, to maintain a separate Collection Fund. It shows transactions in relation to Non-Domestic Rates and Council Tax and illustrates the way in which these have been distributed to the Government and other local authorities.

2013/14			2014/15		
£'000		Note	Council Tax £'000	Business Rates £'000	TOTAL £'000
	<b>INCOME</b>				
(95,428)	Council Tax Payers	CF2	(98,429)		(98,429)
(68,850)	Business Rate Payers	CF3		(71,036)	(71,036)
<b>(164,278)</b>	<b>Total Income</b>		<b>(98,429)</b>	<b>(71,036)</b>	<b>(169,465)</b>
	<b>EXPENDITURE</b>				
	Precepts and Demands				
33,109	Central Government		0	28,927	28,927
74,684	Buckinghamshire County Council		70,809	5,207	76,016
10,036	Thames Valley Police Authority		10,390	0	10,390
4,433	Bucks & Milton Keynes Fire Authority		3,828	579	4,407
37,120	Wycombe District Council		10,785	23,141	33,926
	Charges to Collection Fund				
568	Write offs of uncollectable amounts		0	0	0
554	(Increase)/Decrease in bad debt provision		742	886	1,628
5,119	(Increase)/Decrease in provision for appeals		0	1,681	1,681
249	Cost of Collection		0	252	252
<b>165,872</b>	<b>Total Expenditure</b>		<b>96,554</b>	<b>60,673</b>	<b>157,227</b>
<b>1,594</b>	<b>(Increase) / Decrease in Collection Fund Balance</b>		<b>(1,875)</b>	<b>(10,363)</b>	<b>(12,238)</b>
(1,783)	Fund Balance - (Surplus) / Deficit at 1 April		(2,823)	3,514	691
880	Fund Balance Distributed in Year		500	0	500
<b>691</b>	<b>Fund Balance - (Surplus) / Deficit at 31 March</b>		<b>(4,198)</b>	<b>(6,849)</b>	<b>(11,047)</b>

## NOTES TO THE COLLECTION FUND

### CF1 The Fund

These accounts represent the transactions of the Collection Fund. The Fund is required under statute to record the amount collectable from residents in their role as Council Taxpayers and Businesses liable to pay the Non-Domestic Rate. The proceeds of Council Tax & NDR are shared between the Council and its partner organisations as detailed in Note CF3 below.

Wycombe District Council's own entitlement to this income is shown on the Comprehensive Income & Expenditure Account

### CF2 Council Tax Payers & Precepting Authorities (Fund Outturn for the Year)

The charge for council tax is based on the total number of dwellings in each of eight bands at 1 April 1991 valuations. This is adjusted for dwellings where discounts or exemptions apply and is converted into an "equivalent number of Band D dwellings" where bands below Band D will pay proportionately less than dwellings in higher bands. A further adjustment is made for losses on collection and contributions in lieu of tax in respect of certain government properties. The table below sets out the calculation of the Council Tax Base for 2014/15.

Equivalent Number of Band D Dwellings 2013/14	Valuation Band	Total Chargeable Dwellings	Conversion Fraction (Proportion)	Equivalent Number of Band D Dwellings 2014/15
-	A (Disabled Relief)	-	5/9	
675.72	A	1,084.10	6/9	726.35
4,830.01	B	6,363.65	7/9	4,963.65
13,828.71	C	15,650.70	8/9	13,929.12
9,004.70	D	10,104.33	9/9	10,104.33
12,112.62	E	9,926.95	11/9	12,110.88
11,731.11	F	8,123.25	13/9	11,697.48
10,751.92	G	6,397.20	15/9	10,683.32
1,802.72	H	918.55	18/9	1,837.10
<b>64,737.51</b>		<b>58,568.73</b>		<b>66,052.23</b>
(971.06)	Less: Allowance for losses on collection			(1,321.04)
<b>63,766.45</b>	<b>Council Tax Base for the Year (number of weighted properties Band D) (X)</b>			<b>64,731.19</b>
<b>1,461.00</b>	<b>Average Council Tax at Band D level (Y)</b>			<b>1,480.15</b>
<b>93,163</b>	<b>Council Tax budgeted for the year (£'000) (X multiplied by Y)</b>			<b>95,812</b>

## NOTES TO THE COLLECTION FUND

### CF3 Business Rate Payers

In line with the Local Government Act 2003, from 1 April 2005, all business premises are subject to a tax known as Non-Domestic Rates (NDR). The tax is calculated using local rateable values which are then multiplied by a uniform rate.

The Council is responsible for collecting the total amount of NDR payable, less certain reliefs and other deductions, and paying a percentage over to Central Government and Major Preceptors. The Council retains 40% of NDR receipts which are recorded in the Comprehensive Income & Expenditure Statement.

The relevant rateable value and multiplier data is shown below:

2013/14		2014/15
£173,470,054	Total Non-domestic Rateable Value at 31 March	£170,440,648
47.1p	National Non-domestic Rate Multiplier - Full	49.3p

Small Business Rate Relief came into effect on 1 April 2005. It is generally available to ratepayers who have only one business property with a rateable value of less than £12,000.

2013/14 £'000		2014/15 £'000
<b>(77,064)</b>	Income due from ratepayers before reliefs	<b>(78,896)</b>
	Less	
896	Transitional Relief	(31)
3,913	Charitable Relief	4,208
904	Empty Property Relief	1,728
2,286	Small Business Relief	2,484
210	Provision for Bad Debts	(886)
-	Discretionary Reliefs	356
5	Interest on Refunds	1
<b>(68,850)</b>	Income due from ratepayers after reliefs	<b>(71,036)</b>

## GROUP COMPREHENSIVE INCOME AND EXPENDITURE ACCOUNT

2013/14			NOTE	2014/15		
GROSS EXPEND- ITURE £'000	GROSS INCOME £'000	NET EXPEND- ITURE £'000		GROSS EXPEND- ITURE £'000	GROSS INCOME £'000	NET EXPEND- ITURE £'000
			<b>Expenditure on Continuing Services</b>			
3,315	(2,473)	842	Central Services to the Public	3,490	(2,704)	786
7,574	(1,776)	5,798	Cultural and Related Services	7,100	(1,572)	5,528
8,374	(1,816)	6,558	Environment & Regulatory Services	9,489	(2,163)	7,326
5,605	(2,284)	3,321	Planning Services	5,697	(4,063)	1,634
2,344	(3,282)	(938)	Highways and Transport Services	2,462	(2,793)	(331)
54,343	(50,072)	4,271	Housing Services - General Fund	51,265	(48,591)	2,674
5,100	0	5,100	<b>Exceptional Item Pension Deficit Buy-Out</b>	0	0	0
5,322	0	5,322	Exceptional Item Housing Revenue A/c Impairment	6,056	0	6,056
3,576	39	3,615	Corporate & Democratic	2,837	339	3,176
(283)	(327)	(610)	Non Distributed Costs	1,027	(4)	1,023
<b>95,270</b>	<b>(61,991)</b>	<b>33,279</b>	<b>Cost of Services</b>	<b>89,423</b>	<b>(61,551)</b>	<b>27,872</b>
		1,387	<b>Other Operating Expenditure</b>			1,202
		(2,089)	<b>Financing &amp; Investment Income &amp; Expenditure</b>			(6,270)
		32,577	<b>Net Operating Expenditure</b>			22,804
		(20,416)	<b>Taxation &amp; Non-Specific Grant</b>			(21,399)
		12,161	<b>(Surplus) / Deficit on Provision of Services</b>			1,405
		(3,443)	(Surplus)/Deficit on revaluation of non-current assets charged to or from Revaluation Reserve			(2,205)
		1,219	Actuarial (gains)/losses on pension assets/liabilities			11,667
		<b>(2,224)</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>9,462</b>
		<b>9,937</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>10,867</b>

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting policies, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The reconciliation & taxation position is shown at Note 8.

## GROUP BALANCE SHEET AS AT 31 MARCH 2015

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. Reserves are reported in two categories. The first category are useable reserves, i.e. those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category of reserves is those that the authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31 Mar 13 £'000	31 Mar 14 £'000		Note	31 March 2015 £'000      £'000	
		<b>LONG TERM ASSETS</b>			
63,669	68,477	Property, Plant and Equipment	<b>G2</b>	84,038	
780	780	Heritage Assets	<b>10</b>	780	
69,769	70,096	Investment Properties	<b>G3</b>	70,118	
369	256	Intangible Assets	<b>12</b>	214	
450	0	Assets Held for Sale	<b>13</b>	0	
10,000	16,500	Investments	<b>15</b>	7,500	
7,466	10,627	Long Term Debtors	<b>16</b>	13,674	
<b>152,503</b>	<b>166,736</b>	<b>TOTAL LONG TERM ASSETS</b>			<b>176,324</b>
		<b>CURRENT ASSETS</b>			
85,762	66,046	Investments (Short Term)	<b>17</b>	69,717	
5,223	6,430	Short Term Debtors	<b>18</b>	7,626	
14,214	21,492	Cash and Cash Equivalents	<b>19</b>	23,081	
27	31	Inventories	<b>20</b>	44	
<b>105,226</b>	<b>93,999</b>	<b>TOTAL CURRENT ASSETS</b>			<b>100,468</b>
<b>257,729</b>	<b>260,735</b>	<b>TOTAL ASSETS</b>			<b>276,792</b>
		<b>CURRENT LIABILITIES</b>			
0	(820)	Finance Leases	<b>21</b>	(798)	
(19,180)	(20,789)	Short Term Creditors & Receipts in Advance	<b>22</b>	(37,887)	
(1,385)	(3,609)	Provisions	<b>23</b>	(4,228)	
(20,565)	(25,218)	<b>TOTAL CURRENT LIABILITIES</b>			(42,913)
<b>237,164</b>	<b>235,517</b>	<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>233,879</b>
		<b>LONG TERM LIABILITIES</b>			
(5,000)	(5,000)	Borrowing (Long Term)	<b>24</b>	0	
(3)	(4,831)	Other Payables	<b>25</b>	(4,255)	
(41,722)	(45,375)	Liability related to Defined Benefit Pension Scheme	<b>26</b>	(60,365)	
(46,725)	(55,206)				(64,620)
<b>190,439</b>	<b>180,311</b>	<b>NET ASSETS</b>			<b>169,259</b>

## GROUP BALANCE SHEET AS AT 31 MARCH 2015

		<b>FINANCED BY:</b>		
100,064	95,877	<b>TOTAL USABLE RESERVES</b>		78,999
90,375	84,434	<b>TOTAL UNUSABLE RESERVES</b>	<b>G4</b>	90,260
<b>190,439</b>	<b>180,311</b>	<b>TOTAL RESERVES</b>		<b>169,259</b>

These financial statements replace the unaudited statements certified by the Chief Finance Officer on 30th June 2015.

**Signed** .....

**Date: 24th September 2015**

**Section 151 Officer**

**Signed** .....

**Date: 24th September 2015**

**Chairman of Audit Committee**



## NOTES TO THE GROUP FINANCIAL STATEMENTS

### G1 Group Comprehensive Income and Expenditure Account

The analysis of income and expenditure in the Group Comprehensive Income and Expenditure Account shows the same net position for cost of services as in the Core statements on page 12. However whereas the expenditure and the income figures in the Accounts on page 12 include a net subsidy to the Higginson Park Trust, the group accounts include the expenditure and income of the Trust separately:-

2013/14 £'000		2014/15 £'000
476	Trust Expenditure	272
(120)	Trust Income	(138)
<b>356</b>	<b>Amount paid as Grant to Trust by Wycombe DC</b>	<b>134</b>

### G2 Property, Plant And Equipment

#### a) Information on Assets Held

The Operational Land & Buildings (Net Book Value) of the Council comprises:

31 Mar 14 £'000		31 Mar 15 No. of units	31 Mar 15 £'000
8,376	Offices	1	8,552
11,368	Car Parks	36	11,639
22,925	Leisure Land & Buildings	7	7,751
5,121	Other Land/Property	35	9,857
<b>47,790</b>	<b>Total Council Only</b>	<b>79</b>	<b>37,799</b>
5,100	Other Land/Property - Higginson Park Trust		4,915
<b>52,890</b>	<b>Total Group</b>		<b>42,714</b>

## NOTES TO THE GROUP FINANCIAL STATEMENTS

G2

### b) Movement of Property, Plant and Equipment 2013/14

	Land & Buildings £'000	Vehicles Plant & Equip £'000	Comm- unity Assets £'000	Surplus Assets £'000	Assets Under Constr- uction £'000	Total £'000
<b>Cost or valuation</b>						
At 1 April 2013	64,054	9,508	977	398	7,046	81,983
Additions	0	7,796	0	0	4,476	12,272
Revaluation increases / (decreases) recognised in the Revaluation Reserve	3,392	0	50	0	0	3,442
Revaluation increases / (decreases) recognised in the Surplus / Deficit on the provisions of services	(620)	0	0	0	0	(620)
Disposals	(740)	(944)	0	0	0	(1,684)
Depreciation written off on revaluation	(3,087)	0	0	0	0	(3,087)
Other Transfers	(1,097)	0	0	0	(78)	(1,175)
<b>At 31 March 2014</b>	<b>61,902</b>	<b>16,360</b>	<b>1,027</b>	<b>398</b>	<b>11,444</b>	<b>91,131</b>
<b>Accumulated Depreciation &amp; Impairment</b>						
At 1 April 2013	(11,142)	(7,172)	0	0	0	(18,314)
Depreciation Charge	(6,769)	(1,627)	0	0	0	(8,396)
Depreciation written off on revaluation	3,087					3,087
Accumulated Depreciation and Impairment written out upon disposal	25	944	0	0	0	969
<b>At 31 March 2014</b>	<b>(14,799)</b>	<b>(7,855)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(22,654)</b>
<b>Balance Sheet Value at 31 March 2014</b>	<b>47,103</b>	<b>8,505</b>	<b>1,027</b>	<b>398</b>	<b>11,444</b>	<b>68,477</b>
<b>Balance Sheet Value at 1 April 2013</b>	<b>52,912</b>	<b>2,336</b>	<b>977</b>	<b>398</b>	<b>7,046</b>	<b>63,669</b>

## NOTES TO THE GROUP FINANCIAL STATEMENTS

G2

### (b) Movement of Property, Plant and Equipment 2014/15

	Land & Buildings £'000	Vehicles Plant & Equip £'000	Comm- unity Assets £'000	Surplus Assets £'000	Assets Under Constr- uction £'000	Total Assets £'000
<b>Cost or valuation</b>						
At 1 April 2014	61,902	16,360	1,027	398	11,444	91,131
Additions	71	914	0	0	22,134	23,119
Revaluation increases / (decreases) recognised in the Revaluation Reserve	565	0	806	835	0	2,206
Revaluation increases / (decreases) recognised in the Surplus / Deficit on the provisions of services	(683)	0	(469)	(23)	0	(1,175)
Depreciation written off on revaluation	(15,457)	0	0	0	0	(15,457)
Other Transfers	2,578	0	0	0	(2,578)	0
<b>At 31 March 2015</b>	<b>48,976</b>	<b>17,274</b>	<b>1,364</b>	<b>1,210</b>	<b>31,000</b>	<b>99,824</b>
<b>Accumulated Depreciation &amp; Impairment</b>						
At 1 April 2014	(14,799)	(7,855)	0	0	0	(22,654)
Depreciation Charge	(6,986)	(1,603)	0	0	0	(8,589)
Depreciation written off on revaluation	15,457	0	0	0	0	15,457
<b>At 31 March 2015</b>	<b>(6,328)</b>	<b>(9,458)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(15,786)</b>
<b>Balance Sheet Value at 31 March 2015</b>	<b>42,648</b>	<b>7,816</b>	<b>1,364</b>	<b>1,210</b>	<b>31,000</b>	<b>84,038</b>
<b>Balance Sheet Value at 1 April 2014</b>	<b>47,103</b>	<b>8,505</b>	<b>1,027</b>	<b>398</b>	<b>11,444</b>	<b>68,477</b>

## NOTES TO THE GROUP FINANCIAL STATEMENTS

### G3 Investment Properties And Surplus Assets

#### a) Information on Assets Held

Investment Property is land or a building, or part of a building, or both, held solely to earn rentals or for capital appreciation or both. These are not held for use in the production of goods or services for administrative purposes or sale in the ordinary course of operations. Property, Plant and Equipment and Heritage Assets are accounted for in Notes 9 & 10.

#### b) Movement of Investment Properties

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

31 Mar 14 £'000		31 Mar 15 £'000
	<b>Cost or valuation</b>	
69,769	At 1 April year start	70,096
390	Additions	587
(832)	Revaluation increases / (decreases) recognised in the Surplus / Deficit on the provisions of services	390
(407)	Derecognition - Disposals	(955)
1,176	Other Transfers	0
<b>70,096</b>	<b>At 31 March year end</b>	<b>70,118</b>
<b>70,096</b>	<b>Balance Sheet Value at year end</b>	<b>70,118</b>
<b>69,769</b>	<b>Balance Sheet Value at year start</b>	<b>70,096</b>

### G4 Higginson Park Trust - Reserve Fund

31 Mar 14 £'000		31 Mar 15 £'000
	Represented by:	
5,100	Property, Plant & Equipment	4,915
929	Investment Properties	929
<b>6,029</b>	<b>At 31 March year end</b>	<b>5,844</b>

### G5 Group Movement in Reserves Statement

There are no Movement in Reserve Statement items arising from Trust activities.

The Trusts depreciation is accounted for on a commercial basis and is separately shown in the Trust's Financial Statements as Restricted Funds. The Trust's depreciation is not reimbursed by the Council.

### G6 Group Cash Flow Statement

There are no Cash Flow Statement items arising from Trust activities.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WYCOMBE DISTRICT COUNCIL**

### **Opinion on the Authority's financial statements**

We have audited the financial statements of Wycombe District Council for the year ended 31 March 2015 under the Audit Commission Act 1998 (as transitionally saved). The Authority financial statements comprise the Authority Movement in Reserves Statement, the Authority and Group Comprehensive Income and Expenditure Statement, the Authority and Group Balance Sheet, the Authority Cash Flow Statement and the related notes 1 to 33 and G1 to G6; and the Collection Fund and the related notes CF1 to CF3.

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 2014/15.

This report is made solely to the members of Wycombe 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 Chief Financial Officer and auditor**

As explained more fully in the Statement of the Chief Financial Officer's Responsibilities set out on page 85, the Chief Financial Officer 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 2014/15, 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 Chief Financial Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Statement of Accounts 2014/15 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the financial position of Wycombe District Council as at 31 March 2015 and of its expenditure and income for the year then ended;
- give a true and fair view of the financial position of the Group as at 31 March 2015 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 2014/15.

### **Opinion on other matters**

In our opinion, the information given in the Statement of Accounts 2014/15 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 comply with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007 (updated as at December 2012);
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998;
- we designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects

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

### **Respective responsibilities of the Authority and 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 in October 2014.

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 review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2014, 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 its 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 2015.

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

### **Conclusion**

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2014, we are satisfied that, in all significant respects, Wycombe District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2015.

### **Certificate**

We certify that we have completed the audit of the accounts of Wycombe 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**  
**25 September 2015**

# STATEMENT OF RESPONSIBILITIES

The CIPFA Code of Practice on Local Authority Accounting in The United Kingdom reflects the requirements of the Accounts and Audit Regulations 2011. The Council must provide a Statement of Responsibilities for the Statement of Accounts which sets out the responsibilities of the Council and the Chief Financial Officer for the Accounts.

## **The Council's Responsibilities**

The Council 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 Council that officer is the Chief Financial Officer.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

## **The Chief Financial Officer's Responsibilities**

The Chief Financial Officer is responsible for the preparation of the Council'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 Chief Financial Officer has:

- selected suitable accounting policies and applied them consistently
- made judgements and estimates that were reasonable and prudent
- complied with the local Council Code of Practice.

The Chief Financial Officer has also:

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

The Statement of Accounts presents a true and fair view of the financial position of Wycombe District Council as at 31 March 2015 and its income and expenditure for the year ended 31 March 2015. These financial statements replace the unaudited statements certified by the Chief Finance Officer on 30th June 2015.

**Signed** .....

**Date: 24th September 2015**

**Chief Financial Officer**

**Signed** .....

**Date: 24th September 2015**

**Chairman of Audit Committee**

## GLOSSARY OF TERMS AND ABBREVIATIONS

### **ACCOUNTING PERIOD**

The period of time covered by the accounts, normally a period of 12 months commencing on 1 April. The end of the accounting period is the Balance Sheet date.

### **ACCOUNTING POLICIES**

Accounting policies define the process whereby transactions and other events are reflected in financial statements. For example, an accounting policy for a particular type of expenditure may specify whether an asset or a loss is to be recognised; the basis on which it is to be measured; and where in the Comprehensive Income and Expenditure Account or Balance Sheet it is to be presented. Accounting Policies do not include estimation techniques.

### **ACCRUALS**

The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

### **ACTUARIAL GAINS AND LOSSES**

For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because:

- (i) events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses); or
- (ii) the actuarial assumptions have changed.

### **AMORTISATION**

The reduction of the value of an intangible asset by spreading its cost over a period of years.

### **BILLING AUTHORITY**

A local authority responsible for collecting Council Tax and National Non-Domestic Rates.

### **BUDGET**

The Council's aims and policies set out in financial terms against which performance is monitored. Both revenue and capital budgets are prepared.

### **CAPITAL ADJUSTMENT ACCOUNT**

A reserve that reflects financing of capital from revenue and capital receipts together with the adjustment of the minimum revenue provision.

### **CAPITAL CHARGES**

Charges to service revenue accounts to reflect the cost of Property, Plant & Equipment used in the provision of services.



## GLOSSARY OF TERMS AND ABBREVIATIONS

### **CAPITAL EXPENDITURE**

Spending which produces or enhances an asset, like land, buildings, roads, vehicles, plant and machinery, and intangible assets such as computer software. Any expenditure which does not fall within the definition must be charged to a revenue account.

### **CAPITAL RECEIPTS**

The proceeds from the sale of Long Term Assets such as land and buildings. Capital receipts can be used to repay any outstanding debt on Long Term Assets or to finance new capital expenditure, within rules set down by government. Capital receipts cannot, however, be used to finance revenue expenditure.

### **CHARTERED INSTITUTE OF PUBLIC FINANCE AND ACCOUNTANCY (CIPFA)**

The professional accountancy body concerned with local authorities and the public sector.

### **COLLECTION FUND**

A separate fund recording the expenditure and income relating to Council Tax and National Non-Domestic Rates.

### **COLLECTION FUND ADJUSTMENT ACCOUNT**

A reserve account that reconciles differences between statutory requirements as a Billing Authority and proper accounting practice.

### **COMMUNITY ASSETS**

Assets that the local authority intends to hold in perpetuity, that have no determinable useful life, and that may have restrictions on their disposal. Examples of community assets are parks and historic buildings.

### **CONTINGENCY**

A situation, which exists at the balance sheet date, where the outcome will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events.

### **CONTINGENT ASSETS / LIABILITIES**

Potential gains and losses for which a future event will establish whether a liability exists and for which it is inappropriate to set up a debtor or provision in the accounts.

### **CORPORATE AND DEMOCRATIC CORE**

The corporate and democratic core comprises all activities which local authorities engage in specifically because they are elected, multi-purpose authorities. The cost of these activities are thus over and above those which would be incurred by a series of independent, single purpose, nominated bodies managing the same services. There is therefore no logical basis for apportioning these costs to services.

## GLOSSARY OF TERMS AND ABBREVIATIONS

### **CURRENT SERVICE COST (PENSIONS)**

The increase in present value of a defined benefit scheme's liabilities expected to arise from employee service in the current period.

### **DEFINED BENEFIT SCHEME**

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

### **DEPRECIATION**

The measure of the wearing out, consumption, or other reduction in the useful economic life of a fixed asset, whether arising from use, passage of time, obsolescence or other changes.

### **EARMARKED RESERVES**

These are funds set aside for a specific purpose, or a particular service, or type of expenditure.

### **EXPECTED RATE OF RETURN ON PENSION ASSETS**

For a funded defined benefit scheme, the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

### **FINANCE LEASE**

A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee. Such a transfer of risks and rewards may be presumed to occur if at the inception of the lease the present value of the minimum lease payments, including any initial payment, amounts to

### **GENERAL FUND**

The Income and Expenditure of the Council as defined by Statute as distinct from definition by IFRS Financial Reporting Standards.

### **HERITAGE ASSETS**

Heritage Assets are held with the objective of increasing knowledge, understanding and the appreciation of the Authority's history and local area.

### **IFRS**

International Financial Reporting Standards.

## GLOSSARY OF TERMS AND ABBREVIATIONS

### **IMPAIRMENT**

This is a reduction in the value of Property or Plant as shown in the balance sheet to reflect its true value.

### **INFRASTRUCTURE ASSETS**

Expenditure on works of construction or improvement but which have no tangible value, such as construction of, or improvement to, highways.

### **INVESTMENTS**

Deposits for less than one year with approved institutions.

### **INVESTMENT PROPERTIES**

Interest in land and/or buildings in respect of which construction work and development have been completed and which is held for its investment potential.

### **LONG TERM ASSETS - TANGIBLE**

Tangible assets (i.e. land and buildings) that yield benefits to the Council and the services it provides for a period of more than one year.

### **LONG TERM ASSETS - INTANGIBLE**

Assets which are of benefit to the organisation, but have no physical presence such as software licences.

### **LONG TERM DEBTORS**

Amounts due to the Council more than one year after the Balance Sheet date.

### **NON DOMESTIC RATES (NDR)**

**Under the arrangements for uniform business rates, which came into effect on 1 April 1990, the Council collects Non-Domestic Rates for its area based on local rateable values, multiplied by nationally set rates. The total amount, less certain reliefs and deductions, is paid to a central pool managed by the Government, which in turn, pays back to Authorities their share of the pool based on a standard amount per head of the local adult population.**

### **NET BOOK VALUE (NBV)**

The amount at which Property, Plant & Equipment is included in the Balance Sheet, i.e. their historical costs or current value less the cumulative amounts provided for depreciation.

## GLOSSARY OF TERMS AND ABBREVIATIONS

### **NET CURRENT REPLACEMENT COST**

The cost of replacing or recreating the particular asset in its existing condition and in its existing use, i.e. the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

### **NET REALISABLE VALUE**

The open market value of the asset in its existing use (or open market value in the case of non-operational assets), less the expenses to be incurred in realising the asset.

### **NON-OPERATIONAL ASSETS**

Long Term Assets held by an organisation but not directly occupied, used or consumed in the delivery of services. An example of a non operational asset is an investment property or an asset being held pending its sale.

### **OPERATIONAL ASSETS**

Long Term Assets held by the Council and used or consumed in the delivery of its services.

### **OPERATING LEASE**

An arrangement whereby the risks and rewards of ownership of the leased asset remain with the leasing company.

### **PENSION FUND**

An employees' pension fund maintained by an authority, or a group of authorities, in order primarily to make pension payments on retirement of participants. It is financed from contributions from the employing authority, the employee and investment income.

### **POOLING OF HOUSING CAPITAL RECEIPTS**

Pooling is the term given to the requirement to pay to the Government a proportion of certain types of capital receipt. From 1st April 2004 Right To Buy receipts are subject to a payment into a government pool at the rate of 75%. Costs associated with improvement to the property expended over the past three years are deductible from the cash receipt before the pooling percentage is applied.

### **PRECEPT**

The amount by which a Precepting Authority (e.g. a County Council) requires from a Billing Authority (e.g. District Councils) to meet its expenditure requirements.

### **PROFIT ON THE SALE OF LONG TERM ASSETS**

This is a recent accounting requirement for Local Government, and requires the book value of the asset sold to be compared to the net proceeds to calculate the profit or loss on the transaction.

## GLOSSARY OF TERMS AND ABBREVIATIONS

### **PROJECTED UNIT METHOD**

An accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings. An accrued benefits valuation method is a valuation method in which the scheme liabilities at the valuation date relate to:

- (i) the benefits for pensioners and deferred pensioners (i.e. individuals who have ceased to be active members but are entitled to benefits payable at a later date) and their dependents, allowing where appropriate for future increases; and
- (ii) the accrued benefits for members in service on the valuation date.

The accrued benefits are the benefits for service up to a given point in time, whether vested rights or not.

### **PROPERTY PLANT & EQUIPMENT**

Tangible assets that benefit the local authority and the services it provides for a period of more than one year.

### **PROVISIONS**

Sums set aside to meet future expenditure where a specific liability is known to exist but cannot be measured accurately.

### **RELATED PARTIES**

Two or more parties are related parties when at any time during the financial period:

- (i) one party has direct or indirect control of the other party; or
- (ii) the parties are subject to common control from the same source; or
- (iii) one party has influence over the financial and operational policies of the other party to an extent that the other party might be inhibited from pursuing at all times its own separate interests; or
- (iv) the parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interests.

### **RELATED PARTY TRANSACTION**

A related party transaction is the transfer of assets or liabilities or the performance of services by, to or for a related party irrespective of whether a charge is made.

### **RESIDUAL VALUE**

The net realisable value of an asset at the end of its useful life. Residual values are based on prices prevailing at the date of the acquisition (or revaluation) of the asset and do not take account of expected future price changes.

### **REVENUE EXPENDITURE FINANCED BY CAPITAL UNDER STATUTE (REFCUS)**

Expenditure that may be classified under legislation as capital but does not result in the creation of a non current (fixed) asset on the Balance Sheet. This expenditure is generally charged to the relevant service revenue account in the year incurred with a corresponding credit to the Statement of Movements in Reserves to ensure there is no cost to the General Fund.

## GLOSSARY OF TERMS AND ABBREVIATIONS

### **REVENUE SUPPORT GRANT (RSG)**

This funding is the Government Grant provided by the Department for Communities and Local Government (DCLG), which is based on the Government's assessment as to what should be spent on local services. The amount provided by the DCLG is fixed at the beginning of each financial year.

### **SCHEME LIABILITIES (PENSIONS)**

The liabilities of a defined scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

### **SERVICE REPORTING CODE OF PRACTICE (SeRCOP)**

CIPFA's Service Reporting Code of Practice sets out the financial reporting guidelines for local councils. It supplements the principles and practice set out in the Code of Practice on Local Authority Accounting (known as the Code), by establishing practice for consistent reporting.