

## 1. Acquired or Discontinued Operations

There were no acquired or discontinued operations affecting South Oxfordshire in 2006/07.

## 2. Exceptional and Extraordinary Items and Prior Period Adjustments

1. **Waste Collection Costs** - In October 2001 the Council terminated its waste collection contract with SITA over contract performance issues. The Council has sought financial recompense from SITA since that time. In April 2006 the Court's awarded against the Council and since 1<sup>st</sup> April 2006 exceptional court costs amounting to £746,542 have been incurred. (Reference I&E Account, Exceptional Items).
  
2. **Early Retirement Costs** – During 2006/07 a number of early retirements were approved. The costs and potential savings of each case was reviewed by the Audit & Governance Committee at their meeting on 14<sup>th</sup> September 2006 and ten early retirements were agreed. The additional costs falling into the 2006/07 accounts were £106,300. These costs have been carried within the Service Account outturns from savings within budget. A further group of early retirements was agreed in March 2007 and the costs resulting from these will fall in the Statement of Accounts for 2007/08.
  
3. **Prior Period Adjustments** - the Council has adopted the 2006/07 Statement of Recommended Practice (SORP). This has required a new presentation of the 2005/06 accounts to compare with the 2006/07 accounts. The impact of the changes has been to indicate that income into the Council was greater than expenditure by £2.551 million for 2005/06. Of this amount £1.146 million related to the adjustment required to recognise the total income from the sales of property not just the written down value as previously stated in the accounts. The adjustments will be included as a part of the audit of the 2006/07 accounts. The following note details the changes in the comparatives to the published 2005/06 Statement of Accounts:

### **3. Outstanding un-discharged obligations arising from long-term contracts**

There are no outstanding, un-discharged obligations arising from any long-term contracts by the Council.

### **4. Trading Operations**

The Council own a portfolio of non-operational assets, which includes land, industrial estates, depots, garages, shops that are let or used on a commercial basis. Turnover against expenditure on these properties for the year was as follows:

The surplus on the trading was adjusted by a notional capital charge in 2005/06 as required by the SORP in that year. For 2005/06 this capital charge was 3.5% and represented the opportunity cost of not using the capital for other purposes. For 2006/07 there is no statutory requirement to show a capital charge and so the comparator table for 2005/06 has been adjusted accordingly. Deferred charges relate to capital expenditure on projects undertaken where costs arising do not enhance the value of associated assets and are written off in the year.

### **5. Discretionary Expenditure under S137 Local Government Act**

The Local Government Act 2000 granted new powers to authorities in England and Wales to promote wellbeing in their area. As a consequence, the majority of the provisions of section 137 were repealed with effect from October 2000. The only remaining requirement is for councils to disclose expenditure under section 137(3) e.g. donations to charities, not-for-profit bodies and mayoral appeals. There was no expenditure in 2006/07 under section 137.

### **6. Publicity Account**

Section 5 of the Local Government Act 1986 as applied by the Local Authorities (Publicity Account) (Exemption) Order 1987 requires local authorities to keep a separate account of its expenditure on publicity.

## **7. Building Control Account**

The Building (Local Authority Charges) Regulations 1998 require the disclosure of information regarding the setting of charges for the administration of the building control function. South Oxfordshire District Council sets charges for work carried out in relation to building regulations with the aim of covering all costs incurred. However, certain activities performed by the Building Control Section cannot be charged for, such as providing general advice and liaising with other statutory authorities. The statement below shows the total cost of operating the building control unit divided between the chargeable and non-chargeable activities.

Under the Building (Local Authority Charges) Regulations 1998, the Council must ensure income from charges fully recovers the cost of carrying out its building control functions over a rolling 3 year period.

## **8. Agency Services**

Under various statutory powers, the Council may agree with other public bodies to do work on their behalf. The Council will be fully reimbursed by the responsible public body for any costs incurred in carrying out this work. Expenditure or income relating to agency services would not normally be included in the Council's Income and Expenditure Account, since it is not incurred as part of the Council's normal responsibilities and for the sake of transparency are therefore disclosed in the notes to the accounts.

1. Disposal of abandoned vehicles - the District Council acts as an agent on behalf of Oxfordshire County Council for the disposal of abandoned vehicles.
2. Car Parking Cash Collection - the District Council has provided, via one of its contractors, a car parking cash collection service for Henley Town Council.

## **9. Transport Act 2000**

The District Council has no responsibilities under the Transport Act 2000.

## **10. Business Improvement District Schemes**

There are no Business Improvement District Schemes operating in South Oxfordshire District Council.

## **11. Local Authority (Goods and Services) Act 1970**

The Council is empowered by this Act to provide goods and services to other public bodies. During the year commercial property was leased to Didcot Town Council.

The Council also charge Henley Town Council and Oxfordshire County Council for car park cash collection services and Oxfordshire County Council for disposing of abandoned vehicles (see Note 8).

## **12. Health Act 1999 Pooled Funds and Similar Arrangements**

There are no pooled budgets held by South Oxfordshire District Council and NHS partners.

## **13. Members' Allowances**

The Local Government Act 2000 and the Local Authorities (Members' Allowances) Regulations 2003 required the Council to appoint an independent remuneration panel to review its scheme for Members' Allowances and to make recommendations to the Council regarding the scheme operated in 2006/07. This resulted in a total payment of £210,697 for Members' allowances for 2006/07 (2005/06 £202,997). Further information on Members' allowances is available on request at the Council Offices.

## **14. Officers' Emoluments**

The number of employees whose remuneration, including special payments such as redundancy and early retirement and excluding pension contributions, was £50,000 or more in bands of £10,000 was as follows:

## **15. Related Party Transactions**

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

**Central Government** – details of transactions with Government departments are set out in Note 48 - Analysis of government grants shown in the Cash Flow Statement, page 29. Central government is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. housing benefits).

**Members of the Council** have direct control over the Council's financial and operational policies. However, any contracts entered into are in full compliance with the Council's constitution and any decisions are made with proper consideration of declarations of interest. Details of any material interests are recorded in the Register of Members' Interests, which is open to public inspection. From the replies the following relationships were declared: Councillor Mrs E Hards – family connection with South Oxfordshire Leisure Ltd., Councillor C Quinton, personal connection with Halarase Ltd., a software supplier to SODC, and Councillor J Stimson, Trustee to the Citizen's Advice Bureau, Didcot.

**Senior officers** of the Council have control over the day to day management of the Council and all Heads of Service and Management Team Members have been asked to declare any related party transactions. From the replies provided there are no material transactions to be declared.

**Assisted organisations** – during 2006/07 the Council provided £67,000 (£56,000 2005/06) to South Oxfordshire Leisure Limited (SOLL), on long-term agreements for public access to pools and leisure centres. SOLL are contracted to manage the leisure centres and use 8 buildings under licence in the provision of the service, six of these buildings are occupied under licence from Oxfordshire County Council.

Assistance was also provided of £138,000 (£121,000 2005/06) to Citizen Advice Bureaux and £76,000 (£74,000 2005/06) to One-Stop shops.

In addition, financial assistance was provided to a number of organisations primarily by way of grant payments. Full details of all grant payments are available on request.

## **16. Audit Costs**

In 2006/07 South Oxfordshire District Council incurred the following fees relating to external audit and inspection:

## **17. An explanation of the significance of the Statement of Movement on the General Fund Balance for the year for local taxation and the resources available to fund the authority's services**

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

- Capital investment is accounted for as it is financed, rather than when the fixed assets are consumed.
- The payment of a share of housing capital receipts to the Government scores as a loss in the Income and Expenditure Account, but is met from the usable capital receipts balance rather than council tax.
- Retirement benefits are charged as amounts become payable to pension funds and pensioners rather than as future benefits are earned.

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

Note 18 summarises the differences between the outturn on the Income and Expenditure Account and the General Fund Balance.

## **18. Breakdown of amounts additional to the Income & Expenditure Account that are required to be debited or credited to the General Fund**

The following table itemises the amounts additional to the (surplus)/deficit on the Income and Expenditure Account that are required by statute and non-statutory proper practices to be debited or credited to the General Fund for the year.

## **19. Summary of capital expenditure and fixed asset disposals**

### **1. Movement of Fixed Assets**

The movement in fixed assets during 2005/06 is summarised below:

### **2. Capital Expenditure and Financing**

The capital finance requirement shows the purchase and financing of capital spending during the year and indicates the Council's need to borrow to finance its capital spending to date. As the year end figure is negative, this indicates that no borrowing is required. The figures are derived from the opening and closing movements on the assets and accounts.

### **19.3 Intangible Assets**

An intangible asset is a non-financial asset where the cost incurred can be of a capital nature, but there is no physical tangible asset to show for the expenditure but they are identifiable and can be controlled through custody or legal rights. The Council's intangible assets relate to the acquisition of software licences. These licences are amortised over one to three years, commencing from the year after acquisition.

### **19.4 Change to amortisation method on intangible assets**

There has been no change to amortisation method used to write down the cost of intangible assets.

## **20. Movements in Deferred Charges**

A deferred charge is defined as that expenditure which can be treated as capital for financing purposes but which does not lead to the creation of a fixed asset under the control of the Council and consequently does not appear on the Balance Sheet. e.g. improvement grants.

As a result of the changes introduced in 2004/05 expenditure which meets the recognition requirement of a deferred charge has been charged to the Income and Expenditure Account as it is incurred. The expenditure in the analysis of capital expenditure is shown in note 35.3.

## **21. Commitments under Capital Contracts**

The Council has authorised and contractually agreed significant expenditure in future years of £2.738m under its capital programme. These commitments relate to the following schemes.

## **22. Information on Assets Held**

The assets of the Council that make up the fixed asset balance on the balance sheet are:

Community assets held on the balance sheet at nominal value are 127 small areas of land at a nominal value of £1 each.

## **23. Assets held for Leases**

**Council as Lessee** - amounts of rentals payable under finance and operating leases. The Council has no finance leases in place. Operational leases are listed below:



These operating leases have the following financial commitments:

The Council does not act as a lessor for finance or operating leases.

#### **24. Assets recognised under a PFI arrangement**

The Council owns no assets under a PFI arrangement.

#### **25. Valuation Information**

The following table shows the progress of the Council's rolling programme for the revaluation of fixed assets, which happens over a five year cycle. Note that the values of operational assets listed here will differ from the values stated in the balance sheet because operational assets are held at depreciated value in the balance sheet.

Valuations of all commercial properties other than Market House, Thame and the Orchard Centre, Didcot, have been undertaken by external valuers, John Carroll, FRICS and the District Valuation Office. They have relied on previous records of measurements and Lease agreements have been provided where applicable. Market House was valued independently in 2006 by Colliers and their value was used for the re-assessment. The Orchard Centre has been valued internally based on a multiplier of anticipated rental income. The valuations are generally based on either the Net Realisable Value of the assets in their existing use, i.e., Market Value or Depreciated Replacement Cost (DRC) for operational property where no market comparables exist. The basis for valuation is set out in the Statement of Accounting Policies.

#### **26. Depreciation Methodologies**

All assets are currently depreciated on a straight line basis over an estimate of their useful life. Land and non-operational commercial assets are not depreciated. Community assets are depreciated only where enhancement

results in the capitalisation of the asset. Useful lives for depreciation purposes are as follows:

## **28. Change to depreciation useful life**

A review of useful lives has been undertaken following the removal of the charge for “notional” interest as required by the SORP for 2006/07. Capital charges to Service Revenue Accounts for 2005/06 were required to equal the provision for depreciation (representing the cost of using the assets) plus a capital financing charge called a notional interest rate which was set annually by the CIPFA/LASSAAC Joint Committee. The removal of this notional interest charge has given the opportunity to review the period over which the Council’s car parks are depreciated. It has been agreed that the useful life of car parks should be 15 years since the annual depreciation charge for the car parks over 15 years is in excess of the annual loss in value due to wear and tear.

A note of the accumulated depreciation and impairment, disclosure on additions, disposals, revaluations and transfers at the beginning of the financial period and as at the balance sheet date is shown in note 19.1 Movement of Fixed Assets.

## **29. Analysis of Net Assets Employed**

The Council is required to disclose the net assets employed by the General Fund in the Council’s Balance Sheet Statement.

## **30. Interests in Companies**

There is a requirement for the Council to provide details of the name, business, percentage of total shareholding, the degree of commitment to meet accumulated deficits or losses of subsidiary or associated companies, net assets and the results of operations and other financial transactions of any related companies. The Council has no such interest to declare.

## **31. Capital Instruments**

There is a requirement for the Council to provide details of any instruments that are issued by the Council as a means of raising finance, including shares, debentures, loans and debt instruments, options and warrants that give

financial rights to the holders of those instruments. The Council holds no local authority bonds or stock issues.

### 32. Long Term Borrowing

There is a requirement for the Council to provide details of any long term loans maturing in the years following the year of account to give an indication of future borrowing requirements and cash flow implications. There are no long-term borrowing requirements in place.

### 33. Insurance Provisions

Insurance for the Council is provided under contract with Zurich Municipal. The Council does not maintain a provision or reserve for the purpose providing insurance cover to services.

### 34. Provisions

The following table shows the provisions that the Authority has established to meet known future liabilities where the amounts or timing of the liabilities are unknown.

The Deposit Guarantee Provision is to cover the cost of meeting claims from Landlords for providing accommodation for the homeless.

### 35. Reserves

#### 1. Summary introduction to detail of movements on Reserves

The Council keeps a number of reserves in the Balance Sheet. Some are required to be held for statutory reasons, some are needed to comply with proper accounting practice, and others have been set up voluntarily to earmark resources for future spending plans.

Reserves	1 Apr 2006 £'000	Interest £'000	Tsfs in £'000	Tsfs out £'000	31 Mar 2007 £'000	Purpose
<b>General Balances</b>						
Surplus/Deficiency	750	0	0	0	750	To maintain a working balance to help cushion the impact of uneven income and

						expenditure patterns.
<b>Unallocated Reserves</b>						
Enabling Fund – Unallocated	18,065	2,774	449	(1,957)	19,321	Accumulated surpluses in previous years, which have not yet been earmarked.
<b>Reserves</b>	<b>1 Apr 2006 £'000</b>	<b>Interest £'000</b>	<b>Tsfs in £'000</b>	<b>Tsfs out £'000</b>	<b>31 Mar 2007 £'000</b>	<b>Purpose</b>
Vacancy Reserve – Unallocated	405	0	265	(170)	500	Accumulated savings on employee costs in previous years, which have not yet been earmarked.
CIF Interest – capital unallocated	6,548	1,615	0	0	8,163	To hold interest distributed on CIF balances for capital expenditure.
<b>Allocated Reserves</b>						
Enabling Fund – Revenue	678	0	0	(678)	0	To meet the cost of future one-off revenue growth items.
Enabling Fund – Job Evaluation	125	0	0	(25)	100	As a contribution towards the future salary costs of employees who have been re-graded downwards and whose salary is subject protection.
Revenue Funding	1,000	1,247	0	(1,247)	1,000	From CIF interest earnings in previous years, which will be used to support the general fund revenue budget.
Vacancy Reserve – Allocated	170	0	170	(170)	170	From accumulated savings on employee costs in previous years, to meet specific expenditure commitments.
CIF Interest – Distributed	3,301	935	0	(775)	3,461	From interest earned on the CIF principal to be used to fund the capital programme.
Planning Inquiry	130	0	0	0	130	To meet the cost of any inquiries that have to be set up as a result of the updating of the local plan.
Carry Forwards	483	0	645	(483)	645	By departments from under spends to cover future specific costs.
Redundancy & Early Retirement	76	0	0	0	76	To help meet the redundancy and early retirement costs associated with any future restructuring.
Building Control	59	0	0	(46)	13	From ring fencing the building control trading account.
Commuted Lump Sum	110	13	0	0	123	To fund expenditure covered from commuted sums paid by developers.
E-Gov Reserve	75	0	0	(25)	50	To fund future costs of e-Government Programme expenditure.
Pensions Reserve	0		300		300	
Didcot Arts Centre Reserve	25	0	0	0	25	To fund future running costs of the Arts Centre.
<b>CIF Principal</b>						To hold sums received from the sale of capital

Interest Allocated as Principal	15,609	0	0	0	15,609	assets and which have now been recycled into the equivalent amount of interest and thus could be used to meet any future costs. However, Members have agreed not to spend these sums but to use the funds to generate interest.
	<b>47,608</b>	<b>6,584</b>	<b>1,830</b>	<b>(5,576)</b>	<b>50,446</b>	

## 2. Fixed Asset Restatement Account

This account records the surplus or deficit arising from the revaluation of assets and until 2005/06 it was written down by the net book value of assets as they were disposed of. However, the 2006/07 SORP requires the Council to have revalued its assets at the time of disposal. The receipt for the asset is then recorded as a gain or loss against this revaluation. This has required the 2005/06 position to be amended to provide appropriate comparison for the current year statement.

## 3. Capital Financing Account

This account contains amounts which are set aside by statute from either revenue resources or capital receipts to finance past capital expenditure.

## 4. Usable Capital Receipts

The Usable Capital Receipts reserve holds the proceeds from the sale of fixed assets, pending their use to finance future capital expenditure.

## **5. Pensions Reserve**

The Pensions Reserve represents an estimate of the current liability of SODC's share of the Oxfordshire County Council pension fund.

## **6. Deferred Capital Receipts**

Deferred capital receipts represent the capital income that is still to be received from mortgagors and from transferred debt repayments. The balance is reduced on receipt of principal repayment on loans.

## **7. Deferred Government Grants**

This account records where the purchase of a fixed asset is funded either wholly or in part by a Government grant or other contribution. As the asset values are written down the balance will be reduced accordingly.

## **8. Grants and Contributions Unapplied**

This reserve holds Government grants and other contributions towards capital schemes which have not yet been applied to finance expenditure.

## **36. Contingent Liabilities and Contingent Assets**

A contingent liability is defined as:

1. A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the organisation's control, or
2. A present obligation that arises from past events but is not recognised because:
  - a. It is not probable that a transfer of economic benefits will be required to settle the obligation, or
  - b. The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is similarly defined as a possible asset that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control.

The following contingent liabilities and assets were identified for South Oxfordshire District Council.

### **Didcot Town Centre**

In December 2000 the Council entered into an agreement with Taylor Woodrow for the redevelopment of Didcot town centre. Under the agreement the Council has acquired the site using compulsory purchase powers where necessary. At the time of the closure of accounts, two compensation claims from companies having an interest in the land were still to be agreed and had been referred to the Lands Tribunal for settlement. The amount of the payment to Somerfield has subsequently been agreed and is detailed in note 38 to these accounts in 'Events after the Balance Sheet Date'.

### **Potential Repayment of Grant**

The authority receives Government Grant towards the cost of Disabled Facilities Grants. The authority has calculated this grant based on the value of Disabled Facilities Grants determined by the Council. However in 2002/03 the Audit Commission requested a ruling from the Office of the Deputy Prime Minister (ODPM) as the Council received a payment from a third party that administers some grants on the Council's behalf, and the Audit Commission was of the opinion that this income should be deducted from the total expenditure before the government grant was calculated. Subsequently the ODPM paid the 2002/03 grant claim in full, If the ODPM determines that for the years 2002/03, 2003/04, 2004/05, 2005/06 or 2006/07 income should be taken into account then the Authority could be required to repay approximately £49,000, £29,700, £21,400, £25,200 and £22,900 respectively.

### **37. Authorisation of Accounts for Issue**

There is a requirement to disclose the date that the financial statements are authorised for issue. This establishes the date after which events will not have been recognised in the statement of accounts.

For South Oxfordshire District Council the relevant date is Wednesday, 27<sup>th</sup> June 2007 (the date following their approval by the Audit and Corporate Governance Committee).

### **38. Events after the Balance Sheet Date**

Compensation relating to the compulsory purchase of the Somerfield site in Didcot has now been agreed by the Lands Tribunal. A further £3 million was paid to Somerfield in full and final settlement of their compensation claim on 18<sup>th</sup> May 2007. A contingent liability had been agreed by the Council on 2<sup>nd</sup> December 2003 allowing for an adverse award of compensation to be made from the Council's capital programme.

### **39. Trust Funds**

The Council acted as custodian trustee for an old staff benevolent fund which closed down in 1983. A small remaining balance exists and Legal Services are seeking access to the fund details in order to clear this amount in an appropriate way.

### **40. Reserves and Balances held by Schools under Delegated Schemes**

Responsibility for the administration of South Oxfordshire's schools rests with Oxfordshire County Council.

### **41. Amounts due to or from Related Parties**

Refer to Note 15 of the Statement of Accounts.

### **42. Local Government Pension Scheme (Disclosures under FRS17)**

South Oxfordshire District Council is required to disclose certain information concerning assets, liabilities, income and expenditure related to pension scheme employees.

As part of the terms and conditions of employment, South Oxfordshire District Council offers retirement benefits. Employees of the Council are entitled to join the Local Government Pension Scheme (LGPS), which is administered by



Oxfordshire County Council under the regulations governing the LGPS, a defined benefit scheme based on final pensionable salary. This is a funded pension scheme, which means that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions' liabilities with investment assets.

The most recent valuation was carried out at 31<sup>st</sup> March 2004 and has been updated by independent actuaries to the Oxfordshire County Council Pension Fund ("the Fund") to take account of the requirements of FRS17 in order to assess the liabilities of the fund as at 31 March 2007. Liabilities are valued on an actuarial basis using the projected unit method which assesses the future liabilities discounted to their present value. In 2004/05 South Oxfordshire District Council made a one-off payment to reduce the pension fund deficit and thereby reduce future contributions required.

The employer's contributions certified by the actuary to the Fund in respect of the period 1 April 2003 to 31 March 2007 were initially as follows:

2003/04 14.40% of pensionable pay

2004/05 16.50% of pensionable pay

2005/06 16.50% of pensionable pay

2006/07 15.60% of pensionable pay

The main assumptions used for the purposes of FRS17 are as follows:

At 31 March 2007, it is estimated that the Authority had the following overall share of assets and liabilities, and these are included in the balance sheet.

Assets are valued at fair value, principally market value for investments. The proportion of total assets held in each type by the fund as a whole at 31 March 2006 is as follows:

The movement in the net pension liability for the year to 31 March 2007 is shown in Note 35.5.

The current deficiency in the pension fund represents the estimated position at the end of the financial year. The deficit has slightly increased in year from £17.140 (2005/06) to £17.707 (2006/07). It should also be noted that pension rates have been set to cover the full estimated long-term cost of the pension scheme based on an actuarial valuation as at 31 March 2004.

**43. Reconciliation between the net surplus or deficit on the Income & Expenditure Account to the revenue activities net cash flow shown in the Cash Flow Statement.**

**44. Reconciliation of the movement in cash to the movement in net debt.**

**Analysis of changes in net debt**

	<b>1<sup>st</sup> April 2006</b>	<b>Cash-flows</b>	<b>31<sup>st</sup> March 2007</b>
Cash overdrawn	(103)	(11)	(114)

**45. Reconciliation of the items shown within the financing and management of liquid resources sections of the Cash Flow Statement to the related items in the opening and closing Balance Sheets for the**

period

**46. An explanation of what the authority includes in liquid resources and any change in its policy**

As in previous years, the above figures comprise cash balances held in call and short-term notice deposit accounts, as well as fixed term cash investments with a maturity date not greater than 1 year from the balance sheet date.

**47. Analysis of government grants shown in the Cash Flow Statement**

**48. Investments**

<b>31 Mar 2006 £'000</b>	<b>Cost of Investments</b>	<b>31 Mar 2007 £'000</b>
	<b>Long Term Investments</b>	
44,500	Cash Deposits	49,000
11,405	Unit Trusts	11,843
9,989	Corporate Bonds	7,644
5	3.5% War Stock      Undated	5
65,899		68,492

<b>Short Term Investments</b>			
52,981	Cash deposits		48,422
118,880	Total Investments		116,914

The Council's Investments are managed in accordance with the Council's Treasury Management Strategy of which £30m is managed by external Fund Managers. As at 31 March the Council's investments had market values as follows.

<b>31 Mar 2006 £'000</b>	<b>Market Value of Investments</b>	<b>31 Mar 2007 £'000</b>
12,914	Unit Trusts	14,246
9,659	Corporate Bonds	7,106
7	3.5% War Stock Undated	6

The majority of the Council's investments are valued in the accounts at cost. However, in accordance with the SORP, investments in marketable securities are carried at cost less provision, where appropriate, for loss in value - as below:

<b>Provision for Loss in Value of investments</b>	<b>Bonds</b>
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	£'000
As at 31 March 2006	330
As at 31 March 2007	538
Movement	
<b>Increase/(decrease) in provision</b>	<b><u>208</u></b>

South Oxfordshire District Council is the authority responsible for the billing, collection and recovery of council tax, community charges and national non-domestic rates. The Council is required to maintain a separate income and expenditure account to reflect the transactions relating to the Collection Fund.

Any surplus or deficit in respect of council tax at the end of the year is, during the next year, apportioned between the Council, Oxfordshire County Council and the Thames Valley Police Authority in proportion to their precepts in the year the surplus or deficit occurred.

Any balance resulting from the net adjustments on the old community charge accounts rests with the Council's general fund.

The following amounts are included within debtors/creditors in respect of the share of the deficit/(surplus) due to the major precepting authorities:-

<b>2005/06</b>		<b>2006/07</b>
<b>£'000</b>		<b>£'000</b>
31	Oxfordshire County Council	(263)
4	Thames Valley Police Authority	(35)
<b>35</b>	<b>Debtors/(Creditors)</b>	<b>(298)</b>

NNDR Rateable Values as at 1 April 2006    £101,703,676

31 March 2007    £101,574,246

NNDR Multiplier 2006/07    44.4p

## 1. Precepts and Demands

Oxfordshire County Council	£55,221,582
Thames Valley Police	£ 7,257,834
South Oxfordshire DC:	
District Council Requirement	£ 6,332,494
Parish Precepts	<u>£ 3,170,652</u>
Demand on Collection Fund	£ 9,503,146
District Council Share of est. surplus on Collection Fund	£ 41,856
District Council entitlement to Community Charge surplus	<u>£ _____ 0</u>
	£ 9,545,002

## 2. Council Tax Base Calculation

\* Class "O" dwellings are those owned by the Secretary of State for Defence and held for the purposes of Armed Forces accommodation.

### ACCRUALS

An important accounting principle is that income and expenditure should be accounted for in the period to which it relates, irrespective of the date of settlement.

An accrual is a sum included in the accounts to cover income or expenditure attributable to goods or services received within the accounting period but for which payment has not been received or made.

### actuarial gains and losses

Changes in the net pensions liability that arise because events have not coincided with assumptions. Not charged to revenue.

## **AGENCY**

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

## **AMORTISATION**

The planned writing-down of the value of an intangible asset, over its limited useful life. The organisation directly providing the services is reimbursed by the responsible organisation.

## **ASSET**

Something of value which is measurable in monetary terms. The true value of the Council's assets is not always reflected in the accounts.

## **BALANCE SHEET**

A statement of the assets and liabilities at the end of the accounting period.

## **CAPITAL FINANCING ACCOUNT**

A reserve includes amounts set aside from revenue or capital receipts, financing transactions relating to expenditure on fixed assets, and certain other capital transactions.

## **CAPITAL RECEIPTS**

Proceeds from the sale of assets e.g. land or a building. The Government specifies a proportion to be used to repay debt; the remainder can be used to finance new capital expenditure.

## **CENTRAL ADMINISTRATION CHARGES**

An allocation of the net cost of the administrative and professional departments that support all of an authority's services, e.g. finance, personnel.

## **COLLECTION FUND**

A fund maintained by collecting authorities into which is paid council taxes, NNDR, and community charges. The fund then meets the requirements of the County, District and Parish Councils and, the Thames Valley Police Authority, as well as paying NNDR to the national pool.

## **contributions paid to the Oxfordshire County Council pension fund**

Cash paid as employer's contributions to the pension fund.

## **CREDITOR**

An amount owed by the organisation for work done, goods received or services rendered to the organisation within the accounting period but for which payment has not yet been made.

## **CURRENT ASSET**

An asset where the value changes on a day-to-day basis e.g. stores, cash, debtors (as distinct from a Fixed Asset such as Land and Buildings).

## **CURRENT LIABILITY**

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

## **Current service costs**

The increase in pension liabilities as a result of years of service earned this year. Allocated to the revenue accounts of services for which the employees worked.

## **DEBTOR**

An amount due to the organisation within the accounting period not received by the balance sheet date.

## **DEFERRED CHARGE**

A deferred charge arises where

(i) Expenditure is charged to capital but there is no tangible asset e.g. improvement grants, compensatory payments. These charges are written down over a maximum of five years.

(ii) Assets are transferred to another organisation and the associated transferred debt is being repaid over time. These charges are written-down by the loan repayments so that the total equates to the relevant loan debt outstanding.

## **DEFINED BENEFIT PENSION SCHEME**



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

### **FIXED ASSET**

An asset which continues to have value and benefit for a period longer than one financial year.

### **FIXED ASSET RESTATEMENT ACCOUNT**

A reserve representing the difference between the current valuation of assets with the previous balance sheet value. The reserve is also written down by the value of assets disposed of.

### **FINANCIAL REPORTING STANDARD (FRS)**

Accounting practice recommended by the ASB (Accounting Standards Board) for adoption in the preparation of accounts by applicable bodies (see also SSAP).

### **gains/losses on settlements and curtailments**

The results of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees. Debited to the Net Costs of Services as part of Non-Distributed Costs.

### **GENERAL FUND**

The main revenue account of an authority, which summarises the cost of all services provided by the Council which are paid for from amounts collected from Council Tax payers, Government Grants and other income.

### **LIABILITY**

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

### **NATIONAL NON DOMESTIC RATES (NNDR)**

NNDR is a tax charged on commercial properties. It is calculated by multiplying a property's 'rateable value' by a nationally set amount (known as the 'NNDR multiplier'). The Council acts as a collecting agency for Central Government and passes all income onto the Office of the Deputy Prime Minister (ODPM). The ODPM then redistributes the money it receives back to local authorities based on resident population.

**Past service cost**

The increase in pension liabilities arising from current year decisions whose effect relates to years of service earned in earlier years, debited to the Net Cost of Services as part of Non Distributed Costs interest cost, and the expected increase in the present value of liabilities during the year as they move one year closer to being paid, debited to Net Operating Expenditure

**REVENUE SUPPORT GRANT (RSG)**

This main non-specific grant paid by central government to local authorities to help fund the services that they provide. The allocation to each authority is determined by a complex formula.

**Transferred debt**

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