WEST OXFORDSHIRE DISTRICT COUNCIL

Financial Statements 2010/2011

CONTENTS

EXPLANATORY FOREWORD

1. Introduction

The purpose of this foreword is to provide an easily understandable guide to the most significant matters reported in the accounts and an explanation in overall terms of the Council's financial position. The foreword includes an explanation of the purpose of each statement.

2. The Council's Accounts

The accounts contain the following statements for the year 2010/11:

Statement of Accounting Policies

This explains the basis on which the figures in the accounts have been prepared.

The Statement of Accounts

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the authority, analysed into 'usable reserves' (ie those that can be applied to fund expenditure or reduce local taxation) and unusable reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for council tax setting purposes. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the council.

Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories. The first category of reserves are usable reserves, ie 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 (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). 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 'adjustment between accounting basis and funding basis under regulations'.

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses 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 (ie borrowing) to the authority.

Supplementary Financial Statements

The Collection Fund Statement

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates.

3. Summary Revenue Expenditure

At the beginning of the year the Council set a Net Expenditure Budget of £11.379 million. This budget was revised during the year to £11.450 million to take account of use of earmarked reserves to finance specific items and changes to capital charges.

The table below shows how the actual revenue expenditure for 2010/11 compared with the Revised Budget and it is a management report at the end of financial year before accounting treatment:

	Budget £	Actual £	(Underspend) / Overspend £
Net Expenditure General Fund			
Environmental Services	3,982,400	3,470,647	(511,753)
Planning, Leisure and Housing Services	3,921,500	3,779,060	(142,440)
Resources	2,989,800	2,618,627	(371,173)
Chief Executives	1,985,700	2,046,644	60,944
Cost of Services	**12,879,400**	**11,914,978**	**(964,423)**
Direct Service Org. (Deficit) / Surplus	(153,400)	(94,501)	58,899
Interest payable and similar charges	10,000	3,497	(6,503)
Capital Charges	(1,285,600)	(1,211,608)	73,992
Net Operating Expenditure	**11,450,400**	**10,612,366**	**(838,034)**
Financed By			
Investment Income	(692,000)	(418,193)	273,807
Imvestment Interest Smoothing Reserve	(500,000)	(500,000)	0
Improvement & Change Management Reserve	(53,200)	(53,267)	(67)
Deficit from the Collection Fund		1,156	1,156
Job Evaluation Reserve	(18,100)	(18,094)	6
Revenue Support Grant	(774,688)	(774,689)	(1)
Non-Domestic Rates	(5,334,980)	(5,334,979)	1
Council Tax	(3,420,803)	(3,420,803)	0
Use of the Council's Reserves	(656,629)	(93,497)	563,132
Total Financing	**(11,450,400)**	**(10,612,366)**	**838,034**

4. Major Variations in expenditure

Key Underspends

Central Support Services £165,000

Support service costs are fully recharged to all other services. This underspend is the total across all Central Support Services and consequently includes Chief Executives and Corporate Resources. The most significant underspend overall is within staffing costs of over £108,000. This is a consequence of posts either being vacant for large proportions of the year or where they have been filled under temporary agency arrangements pending the implementation of the GO Programme. Supplies and services are underspent by approximately £43,000 and the balance is the accumulation of other minor variances. As the reduced support services costs are recharged to all other services this underspend is also reflected within their final position for the year.

Council Tax, Business Rates and Council Tax Benefit £78,400

This reflects a shortfall in income of £103,000 from court fees due to a more proactive approach to enforcement without taking people to court but offset by additional subsidy and administration grant of £98,000 and income from shared services activity of £27,000. The balance is the accumulation of employee and supplies and services underspends.

Concessionary Fares £78,300

The reimbursement to bus operators was below forecast due to lower than predicted usage to a value of £35,000 whilst applications for tokens was also reduced, showing a saving of £50,000. Full provision has been made for all tokens issued this year and for those outstanding from the previous year. It is possible that not all tokens will be used and reimbursed, so there is a potential saving next year.

Environmental Policy £57,100

There were two vacant posts previously involved with Environmental Policy, Performance and Promotion, creating this underspend during the year. The posts have now been deleted from the establishment and are part of the efficiency savings within this service area.

Housing Benefit including Local Scheme and Fraud £207,900

Approximately £139,000 of the underspend is due to invoices raised to benefit claimants for overpayments, amounting to £289,000 this financial year. This is significantly greater than last year (£177,000) and compares to a budgeted sum of £150,000. The balance is the accumulation of employee related costs of £44,000 and supplies and services underspends.

Planning £67,200

This variation is primarily reduced employee costs of £52,000 across all service areas but the most significant was within Development Control Enforcement, Planning Administration Support and Policy.

Tourism £69,100

This underspend is employee costs of £53,000 and is a reflection of a change in working hours at the Visitor Information Centres and a staff vacancy.

Waste & Recycling £119,100

There has been significant movement within the Waste Services budgets throughout the year to reflect the sequence of events of the old waste contract till October, the allocation of resources for the preparation and implementation of the new waste contract and the subsequent ongoing cost of the new contract. In overall terms the Waste budget was £2,783,500 whilst actual spend was £2,664,407, an underspend of £119,093. The main areas of underspend were staff costs of £54,000, supplies and services of £50,000 and additional income such as recycling credits of £15,000.

Key Overspends

Corporate and Democratic Core £87,300

This is the net position of a number of Policy Initiatives such as Publicity and Best Value plus Democratic Representation and Management which includes the Support to Elected Members, Chief Executive's office and Corporate Policy Making.

Building Control £69,500

The general economic position of the country is reflected in the level of activity and income within the Building Control service. The total income budget for 2010/11 was £555,000 with the previous forecast reported to Cabinet stating to expect a significant shortfall, projecting income for the year of £445,000 with a net overspend of £85,000. The outturn is showing improvement from that position with actual income achieved of £456,000 and due to other reduced spending costs, a net overspend of £69,500.

5. Capital

Capital expenditure during the year totalled £8.645 million; within this sum £1.156 million was spent on acquiring waste and kitchen bins as part of the implementation of the new waste contract and £463,000 was spent on Affordable Housing. Other significant items included a £620,000 contribution towards the North East Witney Community Hall, £563,000 renovation grants and £335,000 Flood Prevention Works. Also included in the expenditure figure is the capitalised amount relating to Icelandic Investments of £4.144 million.

The capital programme was financed by capital receipts of £6.827 million, Government grants totalling £578,000 with the balance of funding from developers under S.106 agreements and other contributions.

As at 31st March 2011 the Council has capital receipts of £11.5 million and funds from grants and contributions a further £1.125 million.

6. Pension Liability (IAS 19 Disclosure)

The estimated future costs of paying pensions to Council employees are shown in the Balance Sheet. This is based on actuarial advice. Although the charge is significant, it is offset by a reserve. The balance on the reserve at 31 March 2011 is £14.588 million. It should be noted that compliance with this financial reporting standard has no impact on the amount of council tax that needs to be levied.

7. Collection Fund

The Council is legally obliged to maintain this fund separately from all other funds and accounts. It shows the transactions that have arisen because West Oxfordshire is a billing authority responsible for collecting non-domestic rates and council tax on behalf of the precepting authorities – Oxfordshire County Council, Thames Valley Police Authority and Parish Councils, as well as for West Oxfordshire District Council. The Collection Fund records the income received from local tax payers and the money that is distributed as precepts. In West Oxfordshire, the Council Tax for a band D property was £81.63 in 2010/11 – the second lowest for a shire District Council in the country. This was a rise of £3.06 from the previous year.

8. Changes in Accounting Policies

The Council changed its accounting policies from UK GAAP basis to an IFRS basis which will have a significant impact on the Council's financial account. An explanation of the significance of the move will be detailed in the note of the accounts.

STATEMENT OF RESPONSIBILITIES FOR FINANCIAL STATEMENTS

The Authority's Responsibilities

The Authority is required:

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

Statement of Accounts Approved at Audit and General Purposes Committee meeting September 2011

Martin Chapman
Chairman

The Responsibilities of the Chief Financial Officer:

The Chief Financial Officer is responsible for the preparation of the Authority's Statement of Accounts, in accordance with proper practices as set out in the CIPFA/LASAAC 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 then applied them consistently
- made judgements and estimates that were reasonable and prudent
- complied with the local authority Code

The Chief Financial Officer has also:

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

I certify the Statement of Accounts gives a true and fair view of the financial position of the authority at 31 March 2011 and of its income and expenditure for the year ended 31 March 2011.

Frank Wilson
Strategic Director

THE STATEMENT OF ACCOUNTS

MOVEMENT IN RESERVES STATEMENT

Movement in Reserves Statement 2010/11

2010/11	General Fund Balance £000	Earmarked Reserves £000	Capital Grants Unapplied £000	Capital Receipts Reserve £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance at 31 March 2010	10,430	2,898	1,734	18,118	33,181	30,680	63,861
Surplus/(deficit) on provision of services (accounting basis)	(448)				(448)	0	(448)
Other Comprehensive Income and Expenditure					0	17,094	17,094
Total Comprehensive Income & Expenditure	(448)	0	0	0	(448)	17,094	16,646
Adjustments between accounting basis & funding basis under regulations (note 7)	(944)		(612)	(6,594)	(8,149)	8,183	34
Other movements in reserves	(669)				(669)	0	(669)
Net Increase / Decrease before Transfers to Earmarked Reserves	(2,061)	0	(612)	(6,594)	(9,266)	25,277	16,011
Transfers to / from Earmarked Reserves (note 8)	526	(526)			0	0	0
Increase / Decrease in Year	(1,535)	(526)	(612)	(6,594)	(9,266)	25,277	16,011
Balance at 31 March 2011	8,896	2,372	1,123	11,524	23,917	55,955	79,872

Movement in Reserves Statement 2009/10

	General Fund Balance £000	Earmarked Reserves £000	Capital Grants Unapplied £000	Capital Receipts Reserve £000	Total Usable Reserves £000	Unusable Reserves[1] £000	Total Authority Reserves £000
Balance at 31 March 2009	11,046	2,738	2,912	20,588	37,284	43,498	80,782
Surplus/(deficit) on provision of services (accounting basis)	(8,826)				(8,826)	0	(8,826)
Other Comprehensive Income and Expenditure					0	(8,300)	(8,300)
Total Comprehensive Income & Expenditure	(8,826)	0	0	0	(8,826)	(8,300)	(17,126)
Adjustments between accounting basis & funding basis under regulations	8,399		(1,178)	(2,470)	4,751	(4,594)	157
Other movements in reserves					0	51	51
Net Increase / Decrease before Transfers to Earmarked Reserves	(428)	0	(1,178)	(2,470)	(4,075)	(12,843)	(16,919)
Transfers to / from Earmarked Reserves	(188)	160			(28)	28	0
Increase / Decrease in Year	(616)	160	(1,178)	(2,470)	(4,103)	(12,815)	(16,919)
Balance at 31 March 2010	10,430	2,898	1,734	18,118	33,181	30,680	63,861

COMPREHENSIVE INCOME & EXPENDITURE STATEMENT

2009/10 Net Expenditure £000		Note	2010/11 Gross Expenditure £000	2010/11 Income £000	2010/11 Net Expenditure £000
8,417	Cultural, Environmental and Planning Services		14,283	(5,351)	8,933
1,694	Highways and Transport Services		2,872	(401)	2,471
2,404	Housing Services		23,561	(22,641)	920
2,523	Corporate and Democratic Core		7,373	(4,651)	2,722
81	Non Distributed Costs		69	-	69
1,519	Central Services to the Public		11,546	(10,596)	950
16,637	**Cost of Services - continuing operations**		**59,706**	**(43,640)**	**16,065**
2,271	Other Operating Expenditure	9	4,345	(1,705)	2,640
2,419	Financing and Investment Income and Expenditure	10	5,248	(5,271)	(23)
-	Surplus or Deficit of Discontinued Operations				
(12,501)	Taxation and Non-Specific Grant Income	11	-	(13,296)	(13,296)
	Pension valuation change to CPI basis - Past service benefit cost		(4,938)		(4,938)
8,826	**(Surplus) / Deficit on Provision of Services**				**448**
-	(Surplus) or deficit on revaluation of non current assets			(3,155)	(3,155)
-	(Surplus) or deficit on revaluation of available for sale financial assets		-	-	-
8,328	Actuarial (gains) / losses on pension assets and liabilities		-	(13,939)	(13,939)
(28)	Other (gains) and losses				
8,300	**Other Comprehensive Income and Expenditure**				**(17,094)**
17,127	**Total Comprehensive Income and Expenditure**				**(16,646)**

BALANCE SHEET

1st April 2009 £000	31st March 2010 £000		Note	31st March 2011 £000
38,779	38,731	Property, Plant & Equipment	12	42,126
16,157	30,209	Investment Property	13	30,149
55	73	Intangible Assets	14	55
19,230	7,854	Long Term Investments	15	1,862
128	120	Long Term Debtors	15	239
74,349	76,987	Long Term Assets		74,430
32,885	23,861	Short Term Investments	15	25,295
60	52	Inventories	16	47
3,604	4,130	Short Term Debtors	18	4,855
3,188	845	Cash and Cash Equivalents	19	1,278
0	0	Assets held for sale		0
39,737	28,888	Current Assets		31,475
0	0	Bank Overdraft		0
0	(1,200)	Short Term Borrowing	15	0
(10,404)	(8,432)	Short Term Creditors	21	(9,248)
0	0	Liabilities in disposal groups		0
0	0	Provisions		0
(10,404)	(9,632)	Current Liabilities		(9,248)
0	0	Provisions		0
0	0	Long Term Borrowing	15	0
(22,900)	(32,375)	Other Long Term Liabilities	15	(16,586)
0	0	Donated Assets Account		0
0	(8)	Capital Grants Receipts in Advance	38	(199)
(22,900)	(32,383)	Long Term Liabilities		(16,785)
80,782	63,860	Net Assets		79,872
37,284	33,181	Usable reserves	23	23,916
43,498	30,679	Unusable Reserves	24	55,956
80,782	63,860	Total Reserves		79,872

CASHFLOW STATEMENT

31/03/2010 £000		Note	31/03/2011 £000
8,826	Net (surplus) or deficit on the provision of services		448
(11,138)	(A) Adjust net surplus or deficit on the provision of services for non-cash movements		(1,217)
	(B) Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities		1,206
560	(C) Reversal of operating activity items included in the net surplus or deficit on the provision of service that are shown separately in (D) below		908
(560)	(D) Cash flows from Operating Activities include the following items (required to be disclosed separately)	25	(908)
(2,312)	Net cash flows from Operating Activities		437
5,729	Investing Activities	26	(1,575)
(1,075)	Financing Activities	27	705
2,343	**Net (increase) or decrease in cash and cash equivalents**		**(433)**
3,188	Cash and cash equivalents opening balance		845
845	Cash and cash equivalents at closing balance		1,278
(2,343)	**Movement in Cash (Decrease negative, Increase positive)**		**433**

NOTES TO THE ACCOUNTS

1. Accounting Policies

(a) General Principles

The Statement of Accounts summarises the Authority's transactions for the 2010/11 financial year and its position at the 31st March year end. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2011, which those regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 and the Best Value Accounting Code of Practice 2010/11, supported by International Financial Reporting Standards (IFRS).

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

The summary of significant accounting policies includes the following items where they have a significant effect on the amounts recognised in the financial statements:-

(b) Accruals of Income and Expenditure

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

- Revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption; they are carried as inventories [stock] on the Balance Sheet where the value is material.
- 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 interest payable 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) Acquisitions and Discontinued Operations

Acquisitions and discontinuation of operations are disclosed in the body of the statement, where material.

(d) Cash and Cash Equivalents

Cash and cash equivalents are represented by cash in hand and deposits or investments with financial institutions which are repayable, without penalty, on notice of not more than 24 hours. This includes bank call-accounts, Money Market Funds (MMF) and any other 'overnight type' investments.

(e) Exceptional Items

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

(f) Prior Period Adjustments, Changes in Accounting Polices and Estimates and Errors

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

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

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

(g) 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 fixed assets during the year:

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

The Authority is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement 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 the contribution in the General Fund Balance - Minimum Revenue Provision (MRP), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

(h) Employee Benefits

Benefits payable during employment

Short-term employee benefits are those due to be settled within 12 months of the year end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlement (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year end which employees can carry forward into the next financial year. 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 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 revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of decisions by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. They 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 the pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

(i) Post Employment Benefits

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

The Local Government Pension Scheme

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

- The liabilities of the Oxfordshire County Council pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of future earnings for current employees.

- Liabilities are discounted to their value at current prices, based upon a discount rate derived from the yield on the iBoxx AA rated 15-year corporate bond index, as at the Balance Sheet date.
- The assets of the Oxfordshire County Council pension fund attributable to the Authority are included in the balance sheet at their fair value:
  - quoted securities – current bid price
  - unquoted securities – professional estimate
  - unitised securities – current bid price
  - property – market value
- The change in the net pensions liability is analysed into seven components:
  - current service cost – the increase in liabilities as result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
  - past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
  - interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
  - expected return on assets – the annual investment return on the fund assets attributable to the Authority, based on an average of the expected long-term return – credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
  - gains/losses on settlements and curtailments – the result of actions to relieve the Authority of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
  - actuarial gains and losses – changes in the net pension liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Pensions Reserve
  - contributions paid to the Oxfordshire County Council pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pension Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any 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 are earned by employees.

Discretionary Benefits

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

(j) Events After the Balance Sheet Date

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

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

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

(k) Financial Instruments

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 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.

Financial assets are classified into two types:

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

Loans and Receivables

Loans and receivables are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the 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 payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

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

Instruments entered into before 1 April 2006

The Council has not entered into any financial guarantees not accounted for as financial instruments. These guarantees would be reflected in the Statement of Accounts to the extent that provisions might be required or a contingent liability note is needed under the policies set out in the section on Provisions, Contingent Liabilities and Contingent Assets.

(l) Foreign Currency Translation

The Council has no dealings in currencies other than pounds sterling. If the authority were to enter into a transaction denominated in a foreign currency, the transaction would be converted into sterling at the exchange rate applicable on the date the transaction was effective. Amounts outstanding at the year end would be reconverted at the spot exchange rate at 31 March. Resulting gains or losses would be recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

(m) Government Grants and Contributions

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

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

Amounts recognised as due to the Authority are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contributions have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using 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.

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

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

(n) Intangible Assets

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

Expenditure on the development of websites and other internally generated IT works is not capitalised.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the authority can be determined by reference to an active market. In practice, no intangible asset held by the Authority meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the 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.

(o) Interests in Companies and Other Entities

The Authority is required to consider all its interests (including those in local authorities and similar bodies) and to prepare a full set of group financial statements where they have material interests in subsidiaries, associates or joint ventures.

The Council has no such interests.

(p) Inventories and Long Term Contracts

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

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

(q) 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 annually according to market conditions at 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 and Expenditure 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.

(r) Leases

Leases are classified as finance leases when 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 building 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 lease 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).

Any property, plant and equipment recognised under a finance lease is accounted for using the polices 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.

Operating leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. 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 (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – 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 on 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. 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 fixed assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Operating leases

Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease even if this does not match the pattern of payments (e.g. there is a premium paid 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.

The Council is also a lessee/lessor, renting in/out predominately industrial units at market rental value. Income and expenditure is taken to the Comprehensive Income and Expenditure Statement over the term of the lease.

(s) 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 Best Value Accounting Code of Practice 2010 (BVACOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

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

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

The basis of recharge is determined by the most appropriate cost for the service. For example, payroll and human resources (employee numbers) and office overheads (floor areas).

(t) Property, Plant and Equipment

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

Recognition

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

The Council's capitalisation de minimis is £10,000, except for where the sum of a number of similar assets is significant. Additionally, items below the de minimis limit may be capitalised and included on the asset register if, for example, they are deemed portable and attractive.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

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

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

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

- infrastructure, community assets and assets under construction – depreciated historical cost
- all other classes of asset – 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 an estimate of fair value.

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

Assets included in the balance sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at year end, but as a minimum, every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

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

- where there is a balance 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 gain)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

Impairment

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

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

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

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

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite 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:

- All operational buildings – straight-line allocation over the life of the property as estimated by the Council's valuers
- vehicles, plant, furniture and equipment – straight line, over the estimated useful life of the asset

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 asset may be componentised into its constituent parts. Each component would then be depreciated separately, according to the expected live of the component. Componentisation is not considered for assets valued at under £1m.

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.

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 and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for disposal in excess of £10,000 are categorised as capital receipts. Capital Receipts are credited to the Capital Receipts Reserve, and can then only be used for 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 the fixed 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.

(u) Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

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

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

Where some or all of the payment required to settle a provision is expected to be recovered (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Authority settles the obligation.

Contingent Liabilities

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

Contingent liabilities are disclosed in a note to the accounts.

Contingent Assets

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

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

(v) Reserves

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

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, and retirement & employee benefits and do not represent usable resources for the Authority – these reserves are grouped together on the balance sheet as 'unusable reserves'.

(w) 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 Council has determined to meet the cost of this expenditure from existing capital resources a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so there is no impact on the level of council tax.

(x) Value Added Tax

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

2. Critical judgements in applying accounting policies

In applying the accounting policies set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- The Council has £9m deposited with the Icelandic Banks Glitnir, Landsbanki and Kaupthing Singer & Friedlander. All these banks are in administration in Iceland and London.
  Kaupthing Singer & Friedlander is UK based and as such falls under UK law where wholesale deposits rank equal with general creditors and the deposit has been impaired in line with best estimates, therefore, as a 'non preferential' creditor.
  Glitnir and Landsbanki are subject to Icelandic law in respect of administration, and UK authorities are arguing that they are protected as preferential creditors under the Icelandic government's Emergency Act.
  Glitnir Winding Up Board took the view that the local authorities' deposits are wholesale deposits and as such fall outside of the definition of deposits set out by the Icelandic government in protecting the deposits of its citizens. They have stuck to this view in spite of a District Court case that found in favour of local authorities and have challenged the decision of the District Court themselves.
  Landsbanki Winding Up Board has taken the view that local authorities are preferential creditors and that the Icelandic government made no differentiation between wholesale and retail deposits.
  The District Court has determined on the side of UK Local Authorities but has granted leave to appeal to the Supreme Court, and effectively, therefore, there is sufficient doubt in the mind of the District Court about their findings of fact that the Supreme Court could reasonably take a different view.
  Given the position of Kaupthing Singer & Friedlander as non preferential and the Glitnir Winding Up Board as non preferential, my best estimate at this stage is that there is sufficient risk that the council should estimate the impairment as if the deposits were ranked as general rather than preferential creditors. This approach is not in line with the guidance issued in LAAP 82.

- There is a high degree of uncertainty about future levels of funding for local government. However, the Authority has determined that this uncertainty is not yet 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.

3. Assumptions made about the future and other major sources of uncertainty

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

The items in the Authority's Balance Sheet at 31st March 2011 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

- Property Plant and Equipment – assets are depreciated over their useful economic lives. Calculations assume that assets will be adequately maintained during that time.
- Pension liability – the net pension liability is based upon a number of complex judgements. All figures reported in relation to the pension fund have been estimated by the pension fund actuary, Barnett Waddingham.

4. Material items of income and expenditure

The Council has no material items of income or expenditure which have not been suitably disclosed in the Comprehensive Income & Expenditure Statement.

5. Accounting Standards that have been issued but have not yet been adopted

For 2010/11 the only accounting policy change that needs to be reported relates to FRS 30 Heritage Assets. The Council has no Heritage Assets to report. In term of community assets, the Council holds some lands on the Balance Sheet, which is classified as Community Assets. It is always measured as historical cost and will continue to be valued on a historic cost basis.

6. Events after the Balance Sheet date

The Statement of Accounts was authorised for issue by the Strategic Director (Resources) on 20 September 2011. Events taking place after this date are not reflected in the financial statement or notes. Where events taking place before this date provided information about conditions existing at 31 March 2011, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

7. Adjustments between accounting basis and funding basis under regulations

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

2010/11 Adjustments between accounting and funding basis	General Fund Balance £000	Earmarked Reserves £000	Capital Grants Unapplied £000	Capital Receipts Reserve £000	Total Usable Reserves £000	Unusable Reserves[1] £000
Adjustments primarily involving the Capital Adjustment Account:						
Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement						
Charges for depn and impairment of non-current assets	(3,783)				(3,783)	3,783
Revaluation losses on PPE					0	0
Movements in the market value of Investment Properties	(156)				(156)	156
Amortisation of intangible assets	0				0	0
Capital grants and contributions applied			1,112		1,112	(1,112)
Revenue expenditure funded from capital under statute	(6,587)				(6,587)	6,587
Profit/(loss) on disposal of fixed assets	(85)				(85)	85
Deferred credit - equity loan scheme	144				144	(144)
MRP	130				130	(130)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement						
Statutory provision for the financing of capital investment					0	0
Capital expenditure charged against the General Fund					0	0
Adjustments primarily involving the Capital Grants Unapplied Account						
Grants credited to the CI&E statement	1,206		(1,206)		0	0
Application of grants to CAA			706		706	(706)
Adjustments primarily involving Usable Capital Receipts						
Unattached capital receipts	230			(230)	0	0
Use of UCR to finance new expenditure				6,827	6,827	(6,827)
UCR to finance payments to Capital Pooling	(11)			11	0	0
Transfer from deferred capital receipts upon receipt of cash				(14)	(14)	14
Adjustments primarily involving the Financial Instruments Adjustment Account						
Impairment of Icelandic Loans	5,920				5,920	(5,920)
					0	0
Adjustments primarily involving the pensions reserve						
Reversal of items relating to retirement benefits credited to CI&E	2,423				2,423	(2,423)
Employer's pensions contributions and payments to pensioners in year	1,388				1,388	(1,388)
						0
Adjustments primarily involving the Collection Fund Adjustment Account						
Differences between CI&E and statutory requirments	111				111	(111)
Adjustments primarily involving the Accumulated Absences Account						
Amount by which officer remuneration in the CI&E on an accruals basis is different to the amounts chargeable under statutory requirements	31				31	(31)
Reversal of financing of unequal pay back provision	(18)				(18)	18
Total adjustments:	944	0	612	6,594	8,149	(8,149)

2009/10 - Note 7 Adjustments between accounting and funding basis	General Fund Balance £000	Capital Grants Unapplied £000	Capital Receipts Reserve £000	Total Usable Reserves £000	Unusable Reserves[1] £000
Account:					
Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement					
Charges for depn and impairment of non-current assets	(2,441)			(2,441)	2,441
Revaluation losses on PPE				0	0
Movements in the market value of Investment Properties	1,219			1,219	(1,378)
Amortisation of intangible assets	(14)			(14)	14
Capital grants and contributions applied	408			408	(408)
Revenue expenditure funded from capital under statute	(1,891)			(1,891)	1,891
Profit/(loss) on disposal of fixed assets	(110)			(110)	110
Adjustments primarily involving the Capital Grants Unapplied					
Grants credited to the CI&E statement	369	(369)		0	0
Application of grants to CAA		1,547		1,547	(1,547)
Adjustments primarily involving Usable Capital Receipts					
Unattached capital receipts	23		(23)	0	0
Use of UCR to finance new expenditure			2,500	2,500	(2,500)
UCR to finance payments to Capital Pooling	(4)		4	0	0
Transfer from deferred capital receipts upon receipt of cash			(13)	(13)	13
Adjustments primarily involving the Financial Instruments Adjustment Account				0	0
Impairment of Icelandic Loans	(4,777)			(4,777)	4,777
Adjustments primarily involving the pensions reserve					
Reversal of items relating to retirement benefits credited to	(2,567)			(2,567)	2,567
Employer's pensions contributions and payments to	1,420			1,420	(1,420)
Adjustments primarily involving the Collection Fund Adjustment Account					
Differences between CI&E and statutory requirments	21			21	(21)
Adjustments primarily involving the Accumulated Absences					
Amount by which officer remuneration in the CI&E on an accruals basis is different to the amounts chargeable under	(54)			(54)	54
Total adjustments:	(8,399)	1,178	2,468	(4,752)	4,593

8. Transfer to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund balances in Earmarked Reserves to provide financing for future expenditure plans and the amounts posted back from Earmarked Reserves to meet General Fund expenditure 2011/12.

2010/11	Balance at 01/04/2010 £000	Transfers out 2010/11 £000	Transfers In 2010/11 £000	Balance at 31/03/2011 £000
General Fund:				
Direct Service Organisations' Surplus	685	(94)	-	591
Improvement & Change Management Reserve	566	(53)	-	513
Investment Interest Smoothing Reserve	1,164	(500)		664
LABGI and Performance Reward Grant funding	63			63
Other	420	(3)	124	541
Total	2,898	(650)	124	2,372

2009/10	Balance at 01/04/2009 £000	Transfers out 2009/10 £000	Transfers In 2009/10 £000	Balance at 31/03/2010 £000
General Fund:				
Direct Service Organisations' Surplus	801	(116)	-	685
Improvement & Change Management Reserve	1,208	(642)	-	566
Investment Interest Smoothing Reserve	333	(332)	1,164	1,165
LABGI and Performance Reward Grant funding	38	-	24	63
Other	358	(144)	206	420
Total	2,738	(1,234)	1,394	2,898

9. Other operating expenditure

The Other Operating Expenditure line on the Comprehensive Income and Expenditure account can be broken down as follows:

2009/10 Net Expenditure £000		2010/11 Net Expenditure £000
2,287	Parish Council precepts	2,363
4	Payments to the Government Housing Capital Receipts Pool	11
110	(Gains)/losses on the disposal of non-current assets	85
	Deferred credit - equity loan scheme	(144)
116	Trading activities - DSOs	95
	DSO revaluation loss to CI&E	476
(10)	Trading activities - Markets & Fairs	(15)
(237)	Other income - Unattached receipts	(230)
2,270	Total	2,640

10. Financing and investment income and expenditure

The 'Financing and investment income and expenditure' line on the Comprehensive Income and Expenditure account can be broken down as follows:

2009/10 Net Expenditure £000		2010/11 Net Expenditure £000
8	Interest Payable	51
5,284	Loan Impairment (Icelandic deposits)	1,600
(3,322)	Interest and Investment Property Income [gross]	(2,762)
(1,219)	Movement in Investment Property valuations	156
1,668	Pension interest cost and expected return on pensions assets	932
2,419	Total	(23)

11. Taxation and non-specific grant income

The 'Taxation and non-specific grant income' line on the Comprehensive Income and Expenditure account can be broken down as follows:

2009/10 £000		2010/11 £000
(5,606)	Demand on the Collection Fund	(5,895)
(388)	Capital Grants received	(1,206)
(1,569)	General Government Grants	(860)
(4,938)	Non Domestic Rates Redistribution	(5,335)
(12,501)	Total	(13,296)

12. Property, Plant and Equipment

Movement on balances:

2010/11	Land & Buildings £000	Vehicles, Plant & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Total PPE £000
Cost or valuation						
Opening balance at 1st April 2010	35,422	4,672	1,607	780	-	42,481
Additions	194	3,823		73		4,090
Revaluation increases/(decreases):						-
In the Revaluation Reserve	3,156					3,156
In the Surplus/Deficit on Provision of Services	(2,571)					(2,571)
Dereocognition - disposals of assets			(85)			(85)
Transfers to 'assets held for sale'						-
Other reclassifications						-
Other movements						-
Closing balance	36,201	8,495	1,522	853	-	47,071
Accumulated Depreciation and Impairment						
Opening balance at 1st April 2010	(536)	(3,214)	-	-	-	(3,750)
Depreciation charge for the year	(739)	(457)				(1,196)
Impairment losses (reversals):						
In the Revaluation Reserve						-
In the Surplus/Deficit on Provision of Services						-
Dereocognition - disposals of assets						-
Other movements						-
Closing balance	(1,275)	(3,671)	-	-	-	(4,946)
Net Book Value of assets:						
at 31st March 2011	34,926	4,824	1,522	853	-	42,126

2009/10 comparators	Land & Buildings £000	Vehicles, Plant & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Total PPE £000
Cost or valuation						-
Opening balance at 1st April 2009	35,054	4,344	1,420	613		41,431
Additions	1,313	328	137	217		1,995
Revaluation increases/(decreases):						
In the Revaluation Reserve						-
In the Surplus/Deficit on Provision of Services	(1,027)					(1,027)
Dereocognition - disposals of assets	(110)					(110)
Transfers to 'assets held for sale'						-
Other reclassifications	192		50	(50)		192
Other movements						-
Closing balance	35,422	4,672	1,607	780	-	42,481
Accumulated Depreciation and Impairment						
Opening balance at 1st April 2009		(2,656)				(2,656)
Dereciation charge for the year	(536)	(558)				(1,094)
Impairment losses (reversals):						-
In the Revaluation Reserve						-
In the Surplus/Deficit on Provision of Services						-
Dereocognition - disposals of assets						-
Other movements						-
Closing balance	(536)	(3,214)	-	-	-	(3,750)
Net Book Value of assets:						
at 31st March 2010	34,886	1,458	1,607	780	-	38,731

Depreciation:

The following useful lives and depreciation rates have been used in the calculation of depreciation charges:

- Land assets are generally not depreciated
- Operational buildings are typically depreciated over 30 to 60 year useful lives, depending upon the particular asset
- Vehicles, Plant and Equipment are depreciated over 5 years
- Infrastructure and Community Assets are not depreciated

Capital Commitments:

The Council has £814,000 slippage under capital contracts as at 31st March 2011 plus other capital commitments of £1.306 million from the 2010/11 Capital Programme. The existing capital contracts are in respect of Flooding Prevention Works, Council Buildings Maintenance Programme, ERPS (financial management system including HR/Payroll) and the relocation of the Burford VIC.

Revaluations:

The authority carries out revaluations on all Land and Property to ensure assets are measured at fair value, at least every five years. All valuations are carried out by external valuers, Lambert Hampton Smith. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. A full revaluation exercise was carried out as at 1st April 2010.

In estimating fair values it has been assumed that:

- The capacity of utility services [electricity, gas, water, mains drainage] are adequate for the future use of the properties
- All assets have planning consent for their existing uses
- Tenancies are not subject to any unusual or onerous restrictions
- No contamination exists in relation to property assets [land and buildings] sufficient enough to affect value.

	Land & Buildings £000	Vehicles, Plant & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Total PPE £000
Carried at historical cost	32,529	1,636	1,420	28	4,592	40,205
valued at fair value as at:						
31 March 2011	38,123	8,495	1,522	853		48,993
31 March 2010	36,280	4,672	1,607	780		43,339
31 March 2009	35,912	4,344	1,420	613		42,289
31 March 2008	35,026	2,264	1,420	91		38,801

13. Investment Properties

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.

	2010/11 £'000	2009/10 £'000
Rental Income from Investment Property	(2,453)	(1,682)
Direct Operating expenses arising from investment property	269	210
Net (gain)/loss	(2,184)	(1,472)

There are no restrictions on the Authority's ability to realise the value inherent in its investment property or on the Authority's right to the remittance of income and the proceeds of disposal. The authority has no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancement.
The following table summarises the movement in the fair value of investment properties over the year:

	2010/11 £'000	2009/10 £'000
Opening balance - 1st April	30,209	16,157
Additions		
Purchases		13,034
Construction	95	-
Subsequent expenditure		-
Disposals		-
Net gain/loss from fair value adjustments (valuations)	(155)	1,211
Transfers to/from Property, Plant and Equipment		(192)
Other changes		-
Balance at 31st March	30,149	30,209

14. Intangible Assets

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system. Items of IT hardware are accounted for as equipment within the Property, Plant and Equipment category. The intangible assets include purchased licenses and other software. The Council has no internally generated software.

All intangible assets are amortised on a straight-line basis over a 5 year period. This represents the period over which the software is expected to be of use to the Council.

Amortisation of intangible assets is charged within the Comprehensive Income & Expenditure Account, Net Expenditure to Services. For specific systems, amortisation is charged direct to the service using the asset. For corporate systems amortisation is allocated across all services benefitting from the asset.

The movement on Intangible Asset balances during the year is as follows:

	2010/11 £000	2009/10 £000
Balance at the start of the year:		
Gross value [purchase cost]	104	72
Accumulated amortisation	(31)	(17)
Net carrying amount at the start of the year	73	55
Movements in the year:		
Purchases	1	32
Amortisation	(19)	(14)
Other movements		
Net carrying amount at the end of the year	55	73
Comprising:		
Gross carrying amount	105	104
Accumulated depreciation	(50)	(31)
	55	73

15. Financial Instruments

(a) Financial Instruments - Classifications

The accounting standards in respect of financial instruments were incorporated into the Local Authority SORP in 2007. The 2010 Code of Practice notes that where they continue to be relevant, the transitional provisions of the UK standards adopted by the 2007 SORP remain.

The definition of a financial instrument is: 'Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity'.

The term 'financial instrument' covers both financial assets and financial liabilities. These range from straightforward trade receivables and trade payables to more complex transactions such as financial guarantees, derivatives and embedded derivatives. The Council's borrowing, service concession arrangements (PFI and finance leases), and investment transactions are classified as financial instruments.

Financial Liabilities
A Financial Liability is an obligation to transfer economic benefits controlled by the Council and can be represented by a contractual obligation to deliver cash or financial assets or an obligation to exchange financial assets and liabilities with another entity that are potentially unfavourable to the Council.

The Council has no outstanding borrowing as at 31st March 2011.

Financial Assets
A Financial Asset is a right to future economic benefits controlled by the Council that is represented by cash or other instruments or a contractual right to receive cash or another financial asset.
The three classifications for financial assets under the Code of Practice are:
- Loans and Receivables;
- Available for Sale; and
- Fair Value through Profit and Loss.

The Council's portfolio of investments consists of fixed term deposits, money market funds, call/notice accounts and supranational/government bonds. Term deposits and call accounts are classed as 'Loans and Receivables' and are measured at amortised cost. This form of measurement does not change the amount of cash received under the terms of the investment. Trade Receivables (Debtors) are classified as Loans and Receivables. As these are considered immaterial they have been measured at cost on the Balance Sheet. Money Market Funds and Supranational/Government Bonds are classified as Available for Sale.

Balances in call account at 31st March 2011 are shown under 'cash and cash equivalents' in the Balance Sheet, as they represent highly liquid investments that are readily convertible to known amounts of cash, with an insignificant risk of changes in value.

Transaction Costs
Measurement at amortised cost permits transactions costs related to financial instruments to be attached to the loan or investment and charged to the Comprehensive Income and Expenditure Statement over the life of the instrument. Where these are considered to be immaterial they can be

charged in full to the Comprehensive Income and Expenditure Statement in the financial year in which they are incurred. The Council has adopted this latter approach in 2010/11.

(b) Financial Instruments – Balances

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

		Long - term			Current	
Financial Instruments balances	31/03/2011	31/03/2010	01/04/2009	31/03/2011	31/03/2010	01/04/2009
	£000	£000	£000	£000	£000	£000
Investments:						
Loans and receivables	1,862	7,854	19,230	2,702	6,184	8,267
Available-for-sale financial assets		-			-	
Unquoted equity investment at cost		-			-	
Financial assets at fair value through profit and loss		-		22,593	17,677	24,618
Total investments	1,862	7,854	19,230	25,295	23,861	32,885
Debtors:						
Loans and receivables	239	120	128	5,108	4,287	3,734
Financial assets carried at contract amounts		-			-	
Total Debtors	239	120	128	5,108	4,287	3,734
Borrowings:						
Financial liabilities at amortised cost		-		-	(1,200)	-
Financial liabilities at fair value throught profit & loss		-		-	-	
Total borrowings	-	-	-	-	(1,200)	-
Other Long Term Liabilities:						
Finance Leases	(1,998)					
Liability related to defined benefit pension scheme	(14,588)	(32,375)	(22,900)			
Total other long term liabilities	(16,586)	(32,375)	(22,900)	-	-	-
Creditors:						
Financial liabilities at amortised cost		-		(9,248)	(8,432)	(10,404)
Financial liabilities carried at contract amount		-		-	-	

(c) Financial Instruments – Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments consists of the following items:

Financial Instruments Income, Expense, Gains and Losses

2010/11	Financial Liabilities measured at amortised cost £000	Financial Assets: Loans and receivables £000	Financial Assets: Available for sale £000	Assets and Liabilities at Fair Value through Profit and Loss £000	Total £000
Interest expense					-
Losses on derecognition					-
Reductions in fair value					-
Impairment losses		(1,776)			(1,776)
Fee expense					-
Total expense in Surplus or Deficit on the Provison of Services	-	(1,776)	-	-	(1,776)
Interest income		209			209
Interest income accrued on impaired financial assets		151			151
Increases in fair value		218			218
Gains on derecognition					-
Fee income					-
Total income in Surpluse or Deficit on the Provision of Services	-	578	-	-	578
Gains on revaluation					-
Losses on revaluation					-
Amounts recycled to the Surplus or Deficit on the Provision of Services after		176			176
Surplus/deficit arising on revaluation of financial assets in Other					-
Net gain/(loss) for the year	-	(1,022)	-	-	(1,022)
2009/10	£000	£000	£000	£000	£000
Interest expense					-
Losses on derecognition					-
Reductions in fair value					-
Impairment losses		(5,284)			(5,284)
Fee expense					-
Total expense in Surplus or Deficit on the Provison of Services	-	(5,284)	-	-	(5,284)
Interest income		1,011			1,011
Interest income accrued on impaired financial assets		508			508
Increases in fair value		332			332
Gains on derecognition					-
Fee income					-
Total income in Surpluse or Deficit on the Provision of Services	-	1,851	-	-	1,851
Gains on revaluation					-
Losses on revaluation					-
Amounts recycled to the Surplus or Deficit on the Provision of Services after					-
Surplus/deficit arising on revaluation of financial assets in Other					-
Net gain/(loss) for the year	-	(3,433)	-	-	(3,433)

(d) Financial Instruments - Fair Values

The Council's long term financial assets and financial liabilities are carried in the Balance Sheet at amortised cost. The portion of borrowings and investments due to be settled within 12 months of the Balance Sheet date are presented in the Balance Sheet under short term borrowings or short term investments. This also includes accrued interest for long term investments and borrowings.

The 2010 Code of Practice requires the Fair Values of these assets and liabilities to be disclosed for comparison purposes. Fair Value is defined in Financial Reporting Standard 26 (FRS 26) as the amount for which asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. The Fair Value of a financial instrument on initial recognition is generally the transaction price.

In the case of the Council's investments, these consisted of fixed term deposits and certificate of Deposits with Banks and Building Societies. The maturity dates of these investments were within 12 months of the Balance Sheet date. Where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value.

	31/03/2011		31/03/2010	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£000	£000	£000	£000
Fund Manager - Tradition UK	749	749	12,416	13,139
Fund Manager - Investec Asset Management	22,593	22,593	17,409	17,409
In - House Investment	3,815	3,815	2,448	2,448
	27,157	27,157	32,273	32,996

16. Stocks and Inventories

The Council holds a small balance of stocks [inventories]. These are primarily internal consumables and small items for resale. The value of these is as follows:

	2010/11	2009/10
	£000	£000
Balance at 1st April	52	60
Movement in inventories	-5	-8
Closing balance at 31st March	47	52

17. Construction Contracts

At 31st March 2011 the Council had no major construction contracts in progress.

18. Debtors

	31/03/2011 £000	31/03/2010 £000	01/04/2009 £000
Central government bodies	1,335	2,444	1,131
Other local authorities	-	126	108
Public corporations and trading funds	1,362	322	300
Other entities and individuals	2,411	1,395	2,195
Sub total	**5,108**	**4,287**	**3,734**
Provision for bad debts	(253)	(157)	(130)
Net Debtors Total	**4,855**	**4,130**	**3,604**

19. Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits. Cash will also include bank overdrafts that are repayable on demand and that are integral to the authority's cash management.

Balances classified as 'Cash Equivalents' fit the definition of being short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

The net balance of Cash and Cash Equivalents is made up of the following elements at the Balance Sheet date:

31/03/2010 £000		31/03/2011 £000
5	Cash held by the Authority	5
282	Bank current accounts	(307)
558	Money Market Fund / Call Account	1,580
0	Short-term deposits with building societies	-
845		1,278

20. Assets held for sale

At 31st March 2011 the Council had no assets held for sale.

21. Creditors

	31/03/2011 £000	31/03/2010 £000	01/04/2009 £000
Central government bodies	(2,173)	(2,186)	(898)
Other local authorities	(1,780)	(1,772)	(1,657)
Public corporations and trading funds		-	
Other entities and individuals	(5,295)	(4,474)	(7,849)
Total	(9,248)	(8,432)	(10,404)

22. Provisions

At 31st March 2011 the Council had no provisions other than provisions for bad debts which have been disclosed under the Debtors note to the accounts.

23. Usable Reserves

Movement in the Authority's usable reserves are detailed in the Movement in Reserves Statement.

01/04/2009 £000	31/03/2010 £000		31/03/2011 £000
2,738	2,898	Earmarked reserves	2,373
11,046	10,430	General fund	8,896
2,912	1,735	Capital Grants Unapplied	1,125
20,588	18,118	Capital Receipts	11,524
37,284	33,181	Total Usable Reserves	23,916

24. Unusable Reserves

01/04/2009 £000	31/03/2010 £000		31/03/2011 £000
6,394	6,249	Revaluation Reserve	9,404
-	-	Available for Sale Financial Instruments Reserve	-
61,216	62,815	Capital Adjustment Account	60,977
(1,143)	(5,920)	Financial Instruments Adjustment Account	-
31	18	Deferred Capital Receipts Reserve	148
(22,900)	(32,375)	Pension Reserve	(14,588)
(23)	(2)	Collection Fund Adjustment Account	109
(80)	(134)	Accumulated Absences Account	(103)
-	28	Unequal pay back Reserve	10
43,498	30,679	Total Unusable Reserves	55,956

24a. Revaluation Reserve

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

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

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

31/03/2010 £000	Revaluation Reserve		31/03/2011 £000
6,394	**Balance at 1 April**		6,249
	Upward revaluation of assets	4,729	
(145)	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(1,574)	
(145)	Surplus or deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services		3,155
0	Difference between fair value depreciation and historical cost depreciation		
0	Accumulated gains on assets sold or scrapped		
0	Amount written off to the Capital Adjustment Account		0
6,249	**Balance at 31 March**		9,404

24b. Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the authority as finance for the costs of acquisition, construction and enhancement.

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

See Note 7 tables for details of transactions posted to the Capital Adjustment Account, apart from those involving the Revaluation Reserve.

31/03/2010 £000	Capital Adjustment Account		31/03/2011 £000
61,213	Balance at 1 April		62,816
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
(2,428)	> Charges for depreciation and impairment of non-current assets	(1,195)	
145	> Revaluation losses on Property, Plant and Equipment	(2,572)	
(14)	> Amortisation of intangible assets	(19)	
(1,891)	> Revenue expenditure funded from capital under statute	(6,587)	
(110)	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(85)	
(4,298)			(10,458)
	Adjusting amounts written out of the Revaluation Reserve		
(4,298)	Net Written out amount of the cost of non-current assets consumed in the year		(10,458)
	Capital financing applied in the year:		
2,500	> Use of the Capital Receipts Reserve to finance new capital expenditure	6,827	
	> Use of the Major Repairs Reserve to finance new capital expenditure		
1,880	> Capital grants and contribution credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing		
	> Application of grants to capital financing from the Capital Grants Unapplied Account	1,818	
342	> Statutory provision for the financing of capital investment charged against the General Fund	130	
(342)	> Capital expenditure charged against the General Fund		
4,380			8,775
1,522	Movement in the market value of Investmet properties debited or credited to the Comprehensive Income and Expenditure Statement		(156)
	Movement in the Donated Assets Account credited credited to the Comprehensive Income and Expenditure Statement		
62,816	Balance at 31 March		60,977

24c. Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The Council uses this account to hold impairment of Icelandic deposits. Under CIPFA's guidance LAAP bulletin 82, the Council transferred the impairment losses from FIAA to the general fund account in 2010/11.

31/03/2010 £000	Financial Instruments Adjustment Account	31/03/2011 £000
(1,143)	Balance at 1 April	(5,919)
(5,621)	Transfer impairment charge to FIAA	
845	Transfer interest receiable	
-	Transfer impairment loss to CI&E	5,919
(5,919)	Balance at 31 March	-

24d. Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised 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 in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

31/03/2010 £000	Pensions Reserve	31/03/2011 £000
(22,900)	Balance at 1 April	(32,375)
(8,328)	Actuarial gains or losses on pensions assets and liabilities	13,939
	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of services in the Comprehensive Income and Expenditure Statement	
(1,147)	Employer's pensions contributions and direct payments to pensioners payable in the year	3,848
(32,375)	Balance at 31 March	(14,588)

24e Deferred Capital Receipts Reserve

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

31/03/2010 £000	Deferred Capital Receipts Reserve	31/03/2011 £000
31	Balance at 1 April	18
	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	144
(13)	Transfer to the Capital Receipts Reserve upon receipt of cash	(14)
18	Balance at 31 March	148

24f. Collection Fund Adjustment Account

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

31/03/2010 £000	Collection Fund Adjustment Account	31/03/2011 £000
(23)	Balance at 1 April	(2)
21	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	111
(2)	Balance at 31 March	109

24h. Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year eg annual leave entitlement carried forward at 31st March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

31/03/2010 £000	Accumulated Absences Account	31/03/2011 £000
(80)	Balance at 1 April	(134)
	Settlement or cancellation of accrual made at the end of the preceding year	
(54)	Amounts accrued at the end of the current year	31
-	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	
(134)	Balance at 31 March	(103)

25. Cash Flow Statement – Operating activities

The cash flows for operating activities include the following items:-

31/03/2010 £000		31/03/2011 £000
(568)	Interest received	(911)
8	Interest paid	3
(560)		(908)

26. Cash Flow Statement – Investing activities

31/03/2010 £000		31/03/2011 £000
13,409	Purchase of property, plant and equipment, investment property and intangible assets	4,293
4,203	Purchase of short-term and long-term investments	63,872
	Other capital cash payments	
	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	
(11,689)	Other receipts from investing activities	(68,246)
(192)	Capital Grants Received (Gov't)	(783)
	Capital Grants Received (Non Gov't)	(711)
5,729	Net cash flows from investing activities	(1,575)

27. Cash Flow Statement – Financing activities

31/03/2010 £000		31/03/2011 £000
(1,542)	Cash receipts of short-and long-term borrowing	(243)
	Other receipts from financing activities	(1,136)
467	Payment of short and long term borrowing	2,084
	Other payments for financing activities	
(1,075)	Net cash flows from financing activities	705

28. Amounts reported for resource allocation decisions (Segmental Reporting)

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

- no charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement)
- the cost of retirement benefits is based on cash flows (payment of employer's pension contributions) rather than current service cost of benefits accrued in the year
- expenditure on some support service is budgeted for centrally and not charged to services

The income and expenditure of the Authority's principal service areas recorded in the budget reports for the year is as follows:

2010/11	Environmental Services	Planning, Leisure & Housing	Resources	Chief Executives	Total
	£	£	£	£	£
Fees, charges & other service income	(3,869,543)	(2,591,409)	(5,465,817)	(2,469,604)	(14,396,373)
Government Grants	(122,341)	(197,074)	(25,855,697)	0	(26,175,112)
Total income	(3,991,884)	(2,788,484)	(31,321,513)	(2,469,604)	(40,571,486)
Employee Expenses	2,812,783	2,280,486	3,462,109	1,345,712	9,901,091
Other service expenses	5,172,927	2,037,550	28,729,300	2,063,748	38,003,525
Support service recharge	910,496	1,034,583	1,529,980	1,106,788	4,581,848
Total expenditure	8,896,206	5,352,619	33,721,390	4,516,249	52,486,463
Net expenditure	**4,904,322**	**2,564,135**	**2,399,876**	**2,046,644**	**11,914,978**

2009/10	Environmental Services	Planning, Leisure & Housing	Resources	Chief Executives	Total
	£	£	£	£	£
Fees, charges & other service income	(3,857,389)	(1,904,292)	(5,558,022)	(2,149,191)	(13,468,894)
Government Grants	(35,260)	(91,969)	(23,631,416)	(180,495)	(23,939,140)
Total income	(3,892,649)	(1,996,260)	(29,189,439)	(2,329,685)	(37,408,034)
Employee Expenses	2,875,535	2,340,208	3,722,037	1,191,500	10,129,281
Other service expenses	4,662,952	2,597,294	26,539,851	1,982,696	35,782,793
Support service recharge	864,349	988,973	1,560,856	1,115,056	4,529,234
Total expenditure	8,402,836	5,926,475	31,822,745	4,289,252	50,441,309
Net expenditure	**4,510,187**	**3,930,215**	**2,633,306**	**1,959,567**	**13,033,275**

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

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

	2010/11	2009/10
	£	£
Net expenditure in the Service Analysis [from above]	11,914,978	13,033,275
Annual Leave adjustment not included in the analysis	(30,805)	
Net expenditure of services and support services not included in the analysis		
Add:IAS 19 adjustments	194,712	(519,767)
Decrease in non current assets valuation	2,096,027	(341,723)
Removal of other trading activities and DSOs - not to be included in CI&E NCS	(78,958)	88,648
Removal of investment activities - not to be included in CI&E NCS	2,184,150	
Deferred charges expenditure	6,587,463	1,890,948
Deferred charges funding	(6,587,463)	(1,471,431)
Rent in adv & Rental deposit	(36,597)	
Waste Contract credit to Services	(178,000)	
	16,065,507	12,679,950
Adjustments from SORP to IFRS		
Reversal of Amortisation of Government Grants line		341,723
Reversal of treatment of contributions applied to schemes		1,546,683
Reversal of treatment of new capital contributions applied to Grants Deferred		(408,098)
Investment property income to Financing and Investment Income		1,321,000
Inclusion of the increase in annual leave accrual		54,140
Transferral of Investment Property costs to Financing Investment and Income		(37,034)
Impairment cost - Woodford Way car park		1,026,516
Cost of Services in CI&E Statement - IFRS compliant	**16,065,507**	**16,524,880**

Reconciliation to subjective analysis

This reconciliation aims to show how the figures presented in the figures presented in the analysis of directorate income and expenditure relates to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income & Expenditure Statement.

2010/11 Reconciliation to subjective analysis of total income & expenditure	Service Analysis	Services not in Analysis	Not reported to mgt	Not to be in NCS	IFRS adj after report	Net Cost of Services	Corporate Amounts	Total
	£	£	£	£	£	£	£	£
Fees, charges & other service income	(11,943,468)					(11,943,468)		(11,943,468)
Interest and investment income	(2,452,905)			2,452,905		-	(2,761,685)	(2,761,685)
Income from council tax						-	(5,894,840)	(5,894,840)
Government grants and contributions	(26,175,112)					(26,175,112)	(7,401,271)	(33,576,383)
Total Income	(40,571,486)	-	-	2,452,905	-	(38,118,580)	(16,057,796)	(54,176,376)
Employee expenses	9,901,091		163,150			10,064,241	(4,006,000)	6,058,241
Other service expenses	36,791,917		(215,935)	(347,714)		36,228,268	(294,454)	35,933,814
Support Service recharges	4,581,848					4,581,848		4,581,848
Depreciation, amortisation and impairment	1,211,608		2,096,027			3,307,635	2,231,525	5,539,160
Interest Payments						-	51,582	51,582
Precepts & Levies						-	2,363,498	2,363,498
Payments to Housing Capital Receipts Pool						-	10,586	10,586
(Gain)/Loss on disposal of Fixed Assests						-	85,047	85,047
Total operating expenses	52,486,463	-	2,043,242	(347,714)	-	54,181,991	441,785	54,623,777
(Surplus) / deficit on the provision of services	11,914,977	-	2,043,242	2,105,191	-	16,063,411	(15,616,011)	447,400

2009/10 Reconciliation to subjective analysis of total income & expenditure	Service Analysis	Services not in Analysis	Not reported to mgt	Not to be in NCS	IFRS adj after report	Net Cost of Services	Corporate Amounts	Total
	£	£	£	£	£	£	£	£
Fees, charges & other service income	(11,781,943)					(11,781,943)	(236,585)	(12,018,528)
Interest and investment income	(1,686,951)				1,321,000	(365,951)	(3,322,381)	(3,688,332)
Income from council tax						-	(5,605,781)	(5,605,781)
Government grants and contributions	(23,939,140)				(408,098)	(24,347,238)	(6,781,386)	(31,128,624)
Total Income	(37,408,034)	-	-	-	912,902	(36,495,132)	(15,946,133)	(52,441,265)
								-
Employee expenses	10,129,281		(519,767)		54,140	9,663,654	1,668,000	11,331,654
Other service expenses	34,675,127		508,165		1,509,649	36,692,941	107,458	36,800,399
Support Service recharges	4,529,234					4,529,234		4,529,234
Depreciation, amortisation and impairment	1,107,666		(341,723)		1,368,239	2,134,182	4,065,498	6,199,680
Interest Payments						-	8,185	8,185
Precepts & Levies						-	2,286,918	2,286,918
Payments to Housing Capital Receipts Pool						-	4,458	4,458
(Gain)/Loss on disposal of Fixed Assests						-	110,000	110,000
Total operating expenses	50,441,309	-	(353,325)	-	2,932,028	53,020,012	8,250,516	61,270,528
								-
(Surplus) / deficit on the provision of services	13,033,275	-	(353,325)	-	3,844,930	16,524,880	(7,695,616)	8,829,263

29. Acquired and Discontinued Operations

With effect from 1st April 2011, the Council transferred the Concessionary Fares Scheme to Oxfordshire County Council. However, West Oxfordshire continues to facilitate this service to its residents under an agency agreement with Oxfordshire County Council.

30. Trading Operations

The Council's trading operations are shown in Note 9 – other operating expenditure account.

31. Agency Services

Since the collection of Council Tax is in substance an agency agreement, the cash collected by the Council as billing authority from Council Tax payers belongs proportionately to the billing authority and the major preceptors. The accounts include creditor balances for the money owed by the Council [as billing authority] to Oxfordshire County Council and Thames Valley Police Authority as the cash paid to each authority in the year is different to amounts collected.

Agency Services	2010/11 £000	2009/10 £000
Net creditor to:		
Oxfordshire County Council	28	401
Thames Valley Police Authority	4	54

Similarly, the collection of National Non-Domestic Rates (NNDR) is also administered under an agency agreement. Cash collected by the Council [as billing authority] is collected on behalf of the Government and does not belong to the Council. At 31st March 2011 any amount collected, but not yet paid to the Government is included on the Balance Sheet as a creditor balance, with any amounts owed to the Council as a debtor balance. At 31st March 2011 the Government owed the Council £992,282 in relation to NNDR collection (In 2009/10 the Government owed the Council £1,411,637).

32. Woodstock & District Swimming Pool (Registered Charity No. 304394)

The leasehold title for the Woodstock & District Swimming Pool is vested in the Official Custodian for Charities. Under the terms of a scheme dated November 1977, the District Council has acted as Trustee of the Charity and accordingly is required to account separately for income and expenditure relating to the Woodstock & District Swimming Pool.

The management of Woodstock & District Swimming Pool transferred to Wycombe Leisure Ltd on 5 April, 2002. Wycombe Leisure Ltd changed their name on 25th March 2008 to Nexus Community. A merger with Greenwich Leisure Ltd took place on 1 January 2011 and the company was renamed GLL Nexus. GLL Nexus is a non-profit distributing organisation, which is contracted to manage the Council's leisure facilities until 2016.

Under the terms of the contract the Council paid Nexus Community £43,553 to manage Woodstock & District Swimming Pool. Additionally, the Council incurred £20,046 of expenditure, including depreciation charges, in respect of the Swimming Pool.

The direct income and expenditure for the year ended 31st March 2011 incurred by GLL Nexus in managing Woodstock & District Swimming Pool, excluding the management fee paid by the Council, is as follows:

2009/2010 £'000	Woodstock & District Swimming Pool	2010/2011 £'000
	Expenditure	
40	Employees	36
28	Premises Related Expenditure	32
7	Supplies & Services	10
1	Capital Charges	(1)
76		76
	Income	
(58)	Fees and charges for services	(53)
(58)		(53)
18	Net (surplus)/deficit	23

33. Pooled Budgets

The Council has no pooled budgets arrangement with third parties.

34. Members Allowances

	2010/11 £	2009/10 £
Basic Allowances	208,416	207,318
Responsibility Allowances	125,869	121,176
Expenses	25,031	22,290
Total	359,316	350,784

35. Officer Remuneration

2010/11

Position	Basic Salary	Supplements	Honorarium	Benefit in Kind	Compensation for loss of Office	Pension Contribution	Total Remuneration
	£	£	£	£	£	£	£
Chief Executive	101,691		15,000	4,220		24,833	145,744
Strategic Director (Development)	73,812		4,843	4,279		17,526	100,460
Strategic Director (Environment)	73,812	5,447	4,843	326	110,000	16,817	211,245
Strategic Director (Resources)	73,812	6,083	8,857			16,744	105,496
Head of Legal and Democratic Services	50,496	1,215	3,073	2,554		11,357	68,695

2009/10

Position	Basic Salary	Supplements	Honorarium	Expense	Benefit in Kind	Pension Contribution	Total Remuneration
	£	£	£	£	£	£	£
Chief Executive	99,849	3,328	14,750	60	397	24,379	142,763
Strategic Director (Development)	73,812	362	5,443		5,189	16,715	101,521
Strategic Director (Environment)	73,812	5,447	5,443	165	298	16,647	101,812
Strategic Director (Resources)	73,812	5,849	8,119	109		17,151	105,040
Head of Legal and Democratic Services	50,496	936	3,074	27	2,218	11,357	68,108

The Chief Executive and Strategic Director (Resources) provide services for both the West Oxfordshire and Cotswold District Council. They are formally employed by West Oxfordshire and Cotswold District Council is recharged 50% of their salaries and other remunerations.

The Authority's total employees receiving more than £50,000 remuneration for the year, including those in note 35 above (excluding employer's pension contributions) were as follows:

Remuneration Band	2010/11 Number of employees	2009/10 Number of employees
£50,000 - £54,999	1	2
£55,000 - £59,999	3	5
£60,000 - £64,999	3	1
£65,000 - £69,999	1	
£70,000 - £74,999		1
£75,000 - £79,999		
£80,000 - £84,999	2	1
£85,000 - £89,999	1	2
£90,000 - £94,999		
£95,000 - £99,999		
£100,000 - £104,999		
£105,000 - £109,999		
£110,000 - £114,999		
£115,000 - £119,999		1
£120,000 - £124,999	1	

36. External Audit Costs

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

External audit costs	2010/11 £000	2009/10 £000
Fees payable with regard to external audit services carried out by the appointed auditor for the year	100	110
Fees payable in respect of statutory inspections	0	0
Fees payable for the certification of grant claims and returns for the year	27	28
Fees payable in respect of other service provided during the year	9	0
Total	136	138

37. Dedicated School Grant

The Council has no Dedicated School Grant.

38. Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2010/11:

Miscellaneous government grants	2010/11 £000	2009/10 £000
Credited to taxation and non-specific grant income		
Demand on the Collection Fund	(5,895)	(5,606)
Capital Grants received	(1,206)	(274)
General Government Grants	(860)	(1,569)
Non Domestic Rates Redistribution	(5,335)	(4,938)
Total	(13,296)	(12,387)
Credited to services	(28,314)	(25,653)
Total	(28,314)	(25,653)
Capital grants receipts in advance		
Environment Agency - land drainage grant	(199)	(8)
Total	(199)	(8)

39. Related Parties

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

Central Government

Central government has control over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many transactions that the Authority has with other parties (eg Council Tax bills, Housing Benefits). Grants received from government departments are set out in the subjective analysis in Note 28 on reporting for resource allocation decisions. Grant receipts outstanding at 31 March 2011, are shown in Note 38.

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2010/11 is shown in Note 33. All elected Members are required to complete a questionnaire detailing any areas where potential conflicts of interest may occur between their private interests and their position as the elected representatives of the Council. There are no significant related party transactions to report.

Officers

West Oxfordshire District Council is sharing its Chief Executive and a Strategic Director with Cotswold District Council. Both officers are employed by this Council with an agreement that Cotswold District Council contribute 50% of the officers' costs. Although both officers are in positions of influence, decisions on overall policy and the strategic direction are still set by Cabinet and Council.

There are also some other management posts which this Council shares with Cotswold District Council in a bid to boost efficiency and reduce costs.

No further declarations are necessary.

Other Public Bodies

The Council collects precepts on behalf of Oxfordshire County Council, Thames Valley Police Authority and the Town and Parish Councils within the Council area. Precepts for the County Council and Police Authority are shown in the Collection Fund. Town and Parish precepts are shown in the Income and Expenditure Account.

The Council provides retirement benefit to its employees. The Local Government Pension Scheme is administered by Oxfordshire County Council.

40. Capital Expenditure and Capital Financing

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

	2010/11 £000	2009/10 £000
Opening Capital Financing Requirement	(48)	(12,620)
Capital investment:		
Property, Plant and Equipment	4,091	1,995
Investment Properties	95	13,034
Intangible Assets	1	32
Revenue Expenditure Funded from Capital under Statute	6,587	1,891
Sources of finance		
Capital receipts	(6,827)	(2,500)
Government grants and other contributions	(1,818)	(1,880)
Sums set aside from revenue:		
Direct revenue contributions		
MRP/Loans fund principal	(130)	0
Closing Capital Financing Requirement	1,951	(48)
Explanation of movements in year		
Increase in underlying need to borrow (supported by government financial assistance)		
Increase in underlying need to borrow (unsupported by government financial assistance)		
Assets acquired under finance leases (Waste Contract)	2,129	0
Increase/(decrease) in Capital financing requirement	2,129	0

41. <u>Leases</u>

Council as Lessee

Finance Leases

The Authority entered into a 7 year contract for waste collection and recycling with effect from 1st October 2010. This arrangement has been determined to be an embedded finance lease for the vehicles utilised in performing the service, and the payment due under the contract includes vehicles utilised in performing the service. The payments due under the contract are included in the tables below:

	31/03/2011 £000	31/03/2010 £000
Other Land and Buildings		
Vehicles, Plant, Furniture and Equipment	2,129	0
	2,129	0

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

	31/03/2011 £000	31/03/2010 £000
Principal payments outstanding on non-current assets	1,998	0
plus		
Finance Costs payable in future years	320	0
Minimum lease payments	2,318	0

The minimum lease payments will be payable over the following periods:

	Minimum Lease Payments		Finance Lease Liabilities	
	31/03/2011 £000	31/03/2010 £000	31/03/2011 £000	31/03/2010 £000
Not later than one year	356	0	270	0
Later than one year and not later than five years	1,427	0	1,213	0
Later that five years	535	0	515	0
	2,318	0	1,998	0

Operating Leases

The Council leases several vehicles, printer/copiers and a number of premises in the local area. Minimum lease payments due on these leases in future years are as below,

	31/03/2011 £000	31/03/2010 £000
Not later than one year	158	128
Later than one year and not later than five years	656	107
Later than five years	1,400	1,517

The expenditure charged to the cost of services is as follows,

	31/03/2011 £000	31/03/2010 £000
Minimum lease payments	158	128
Sublease payment receivable	(105)	(88)

Council as Lessor

Finance Leases

The Council has no finance leases arrangement within its property portfolio.

Operating Leases

The Council leases out property under operating leases for several vehicles, printer/copiers and a number of premises within the local area, the lease payment associated with these are shown below,

	31/03/2011 £000	31/03/2010 £000
Not later than one year	2,258	2,249
Later than one year and not later than five years	10,615	10,769
Later than five years	40,211	42,132

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

42. Private Finance Initiatives and Similar Contracts

The Council has no Private Finance Initiatives and similar Contracts.

43. Impairment Losses

The Council had £9m invested in Icelandic banks and all the deposit within the Icelandic banks, are currently subject to the respective administration and receivership process. The Council has been awarded preferred creditor status which significantly reduces the impairment losses. However, this decision has been appealed and will go to the Supreme Court in Iceland in September 2011. Consequently the Council is taking a prudent approach and made impairment on the account based on the non preferred creditor status. The estimated impairment loss is debited to the Comprehensive Income & Expenditure Statement, but reversed out of the General Fund Balance to the Account in the Movement in Reserves Statement. The Council capitalised £4.1m of potential impairment, which was funded by the Council's Capital Receipt Reserves. A further net of £1.4m was charged to the General Fund balances. In December 2010 DCLG permitted the Council's capitalisation application and the capitalisation direction will result in Revenue Expenditure Funded from Capital under Statute. The expected losses capitalised under the direction should therefore be transferred to the Capital Adjustment Account. For capital control purposes, this amount will be treated as capital expenditure and will be funded through the use of capital receipts. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on council tax.

44. Capitalisation of Borrowing Costs

The Council retains debt free status and there is no capitalisation of borrowing costs.

45. Termination Benefits

The termination benefits of £178k paid out/accrued in 2010/11 were charged to surplus or deficit on provision of services. Of this total, £110k was payable to Strategic Director (Environment Services) in the form of compensation for loss of office as disclosed in note 35.

46. Pension Schemes accounted for as defined contribution schemes

The defined contribution scheme is not applicable to the Council.

47. Defined Benefit Pension Schemes

Participation in Pension Schemes

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 need to be disclosed at the time the employees earn their future entitlement.

The Authority participates in two post employment schemes:

- The Local Government Pension Scheme, administered locally by Oxfordshire County Council – this is a funded defined benefit final salary scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

- Arrangements for the award of discretionary post retirement benefits upon early retirement – this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

Transactions Relating to Post-employment Benefits

We recognise the cost of retirement benefits in the reported cost of services when they are earned by the employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of 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 Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

Defined Benefit Pension Schemes	Local Government Pension Scheme	
	2010/11	2009/10
	£000	£000
Comprehensive Income and Expenditure Statement		
Cost of Services:		
>current service cost	1,583	877
>past service costs	(4,938)	
>settlements and curtailments		22
Financing and Investment Income and Expenditure		
>interest cost	2,996	2,953
>expected return on scheme assets	(2,064)	(1,285)
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	(2,423)	2,567
Other PostEmployment Benefit Charged to the Comprehensive Income and Expenditure Statement		
>actuarial gains and losses	(13,939)	8,328
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	(16,362)	10,895
Movement in Reserves Statement		
>reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	2,423	(2,567)
Actual amount charged against the General Fund Balance for pensions in the year:		
>employers' contributions payable to scheme	1,388	1,420

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement to 31st March 2011 is a gain of £13.939 m.

Assets and Liabilities in Relation to Post-employment Benefits

In the UK budget statement on 22 June 2010 the Chancellor announced that with effect from 1 April 2011 public service pensions would be up-rated in line with the Consumer Prices Index (CPI) rather than the Retail Prices Index (RPI).

This has the effect of reducing West Oxfordshire District Council's liabilities in 2010/11 Pension Fund by £4.938 million and has been recognised as a past service gain in accordance with guidance set down in UITF Abstract 48, since the change is considered to be a change in benefit entitlement. There is no impact upon the General Fund.

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

Reconciliation of PV of the scheme liabilities	Funded liabilities: Local Government Pension Scheme		Unfunded liabilities: Discretionary Benefits	
	2010/11	2009/10	2010/11	2009/10
	£000	£000	£000	£000
Opening balance at 1 April	61,814	44,430	725	650
Current service cost	1,583	877		
Interest cost	2,957	2,913	39	40
Contrubutions by scheme participants	425	433		
Acturarial gains and losses	(13,237)	15,090	53	75
Benefits paid Past service costs	(1,888)	(1,951)	(38)	(40)
Past service costs	(4,804)			
Curtailments		22		
Settlements			(134)	
Closing balance at 31 March	**46,850**	**61,814**	**645**	**725**

Reconciliation of fair value of the scheme assets:

Reconciliation of fair value of the scheme assets:	Local Government Pension Scheme	
	2010/11	2009/10
	£000	£000
Opening balance at 1 April	30,164	22,180
Expected rate of return	2,064	1,285
Actuarial gains and losses	755	6,745
Employer contributions	1,387	1,512
Contributions by scheme participants	425	433
Benefits paid	(1,888)	(1,991)
Entity combinations		
Settlements		
Closing balance at 31 March	**32,907**	**30,164**

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date.

Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The actual return on scheme assets in the year was £2.548m (In 2009/10: £8.03m).

Scheme History

Scheme History	2006/07 £000	2007/08 £000	2008/09 £000	2009/10 £000	2010/11 £000
Present value of liabilities:					
Local Government Pension Scheme	(43,140)	(41,550)	(45,080)	(62,539)	(47,495)
Discretionary Benefits					
Fair value of assets in the Local Government Pension Scheme	29,330	28,970	22,180	30,164	32,907
Surplus/(deficit) in the scheme:					
Local Government Pension Scheme					
Discretionary Benefits					
Total	(13,810)	(12,580)	(22,900)	(32,375)	(14,588)

The liabilities show the underlying commitments that the Authority has in the long run to pay post employment (retirement) benefits. The total liability of £47.495m has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet, resulting in a negative overall balance of £14.588m. However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy:

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

The total contributions expected to be made to the Local Government Pension Scheme by the council in the year to 31st March 2012 is £1.359m.

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Barnett Waddingham, an independent firm of actuaries, estimates for the Council being based on the latest full valuation of the scheme as at 31st March 2007.

The principal assumptions used by the actuary have been:

Basis for Estimating Assets and Liabilities	Funded liabilities: Local Government Pension Scheme	
	2010/11	2009/10
Long-term expected rate of return on assets in the scheme:		
Equity investments	7.4%	7.5%
Bonds	5.0%	5%
Other	4.7%	4.8%
Mortality assumptions:		
>Men	21.5	23.1
>Women	24.1	25
Longevity at 65 for future pensioners:		
>Men	23.4	25.4
>Women	25.9	27.3
Rate of inflation	3.5%	3.9%
Rate of increase in salaries	5.0%	5.4%
Rate of increase in pensions	2.7%	3.9%
Rate for discounting scheme liabilities		
Take-up of option to convert annual pension into retirement lump sum		

The Local Government Pension Scheme's assets consist of the following categories, by proportion of the total assets held:

	31/03/2011 %	31/03/2010 %
Equity investments	72	73
Debt Instruments	14	18
Other assets	14	9
	100	100

History of Experience Gains and Losses

The actuarial gains identified as movements on the Pensions Reserve in 2010/11 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31st March 2011:

	2007/08 %	2008/09 %	2009/10 %	2010/11 %
Differences between the expected and actual retrun on assets	(8.5)	(40.0)	22.4	2.3
Experience gains and losses on liabilities	(2.4)	0.4	0.0	10.5

48. Contingent Liabilities

The Council has no contingent liabilities.

49. Contingent Assets

The Council has no contingent assets.

50. Nature and extent of risks arising from financial instruments

The Council has adopted CIPFA's Revised Code of Practice on Treasury Management and complies with The Revised Prudential Code of Capital Finance for Local Authorities (both updated in November 2009).

As part of the adoption of the Treasury Management Code, the Council approves a Treasury Management Strategy before the commencement of each financial year. The Strategy sets out the parameters for the management of risks associated with Financial Instruments. The Council also produces Treasury Management Practices specifying the practical arrangements to be followed to manage these risks.

The Treasury Management Strategy includes an Annual Investment Strategy in compliance with the CLG's Investment Guidance for local authorities. This Guidance emphasises that priority is to be given to security and liquidity, rather than yield. The Council's Treasury Strategy, together with its Treasury Management Practices are based on seeking the highest rate of return consistent with the proper levels of security and liquidity.

The main risks covered are:

Credit Risk: The possibility that one party to a financial instrument will fail to meet their contractual obligations, causing a loss for the other party.

Liquidity Risk: The possibility that a party will be unable to raise funds to meet the commitments associated with Financial Instruments.

Market Risk: The possibility that the value of an instrument will fluctuate because of changes in interest rates, market prices etc.

Credit Risk

Loans and Receivables

The Council manages credit risk by ensuring that investments are placed with the Debt Management Office, other local authorities, AAA-rated money market funds or Banks and Building Societies having sufficiently high credit worthiness as set out in the Treasury Management Strategy. A limit of £5m is placed on the amount of money that can be invested with a single counterparty. The Council also sets a total group investment limit for institutions that are part of the same banking group.

It must also be noted that although credit ratings remain a key source of information, the Council recognises that they have limitations and investment decisions are based on a range of market intelligence. All investments have been made in line with the Council's Treasury Management Strategy Statement for 2010/11, approved by Full Council in February 2010. The 2010/11 Treasury Strategy can be found via the following web link: www.westoxon.gov.uk
As conditions in the financial sector had begun to show signs of improvement, albeit with substantial intervention by government authorities, the Authority decided it would be appropriate to diversify the counterparty list in 2010/11, through the inclusion of comparable non-UK Banks for investments. The sovereign states whose banks were included were Australia, Canada, Finland, France, Germany,

Netherlands, Switzerland and the US. These countries, and the Banks within them, were selected after analysis and careful monitoring of:

- Credit Ratings (minimum long-term A+)
- Credit Default Swaps
- GDP; Net Debt as a Percentage of GDP
- Sovereign Support Mechanisms / potential support from a well-resourced parent institution
- Share Price

Throughout 2010/11 the *minimum* criteria for new investments has been a long term rating of A+/A1/A+ (Fitch/Moody's/S&P) and a short term rating of F1/P-1/A-1 (Fitch/Moody's/S&P).

The table below summarises the nominal value of the Council's investment portfolio at 31st March 2011, and confirms that all investments were made in line with the Council's approved credit rating criteria:

Counterparty	Credit Rating Criteria met when investment placed?	Credit Rating Criteria met on 31.03.2011?	Up to 1 month	> 1 month and < 3 months	> 6 months and < 9 months	> 9 months and < 12 months	Total
	YES / NO	YES / NO	£000s	£000s	£000s	£000s	£000s
Lloyds TSB	YES	YES		1,000			1,000
Lloyds TSB	YES	YES				1,000	1,000
Call Accounts - NatWest	YES	YES	1,578				1,578
Total			**1,578**	**1,000**	**0**	**1,000**	**3,578**

The above analysis shows that all deposits outstanding as at 31st March 2011 met the Council's credit rating criteria on the 31st March 2011.

The above analysis excludes the estimated carrying value after impairment of the Council's Icelandic Bank investment of £2.5m.

Liquidity Risk

The Council has access to borrowing facilities via the Public Works Loan Board, commercial banks, bond issues, medium term notes, tax increment financing, the European Investment Bank, and other local authorities. There is no perceived risk that the Council will be unable to raise finance to meet its commitments. The Council also has to manage the risk that it will not be exposed to replenishing a significant proportion of its borrowing at a time of unfavourable interest rates.

The Council would only borrow in advance of need where there is a clear business case for doing so and will only do so for the current capital programme or to finance future debt maturities. The Council has no outstanding borrowing as at 31st March 2011.

Market Risk

- *Interest Rate Risk:* The Council is exposed to risks arising from movements in interest rates. The Treasury Management Strategy aims to mitigate these risks by setting an upper limit of 100% on external debt that can be subject to variable interest rates.

  Investments are also subject to movements in interest rates. As investments are made at fixed rates, but for shorter periods of time, there is greater exposure to interest rate movements. This risk has to be balanced against actions taken to mitigate credit risk.

- *Price Risk:* The Council does not invest in equity shares and therefore is not subject to any price risk (i.e. the risk that the Council will suffer loss as a result of adverse movements in the price of financial instruments).

- *Foreign Exchange Risk:* The Council has no financial asset or liabilities denominated in a foreign currency. It therefore has no exposure to loss arising as a result of adverse movements in exchange rates.

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

	£000
Increase in interest receivable on variable rate investmetns - Investec	(225)
Impact on the Provision of Services (surplus)/deficit	(225)
Decrease in fair value of fixed rate investment assets	36

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed. These assumptions are based on the same methodology as used in the 'Fair Value' disclosure note.

51. Reconciliation of Full Statement

Impact of the Adoption of International Financial Reporting Standards:

The statement of Accounts for 2010/11 is the first to be prepared on an IFRS basis. Adoption of the IFRS-based Code has resulted in the restatement of various balances and transactions, with the result that some amounts presented in the financial statement are different from the equivalent figures presented in the Statement of Accounts for 2009/10.

An explanation of the differences between the amounts presented in the 2009/10 financial statement and the equivalent amounts presented in 2010/11 financial statements is set out in the following tables,

RECONCILIATION OF NET WORTH REPORTED UNDER PREVIOUS SORP TO NET WORTH UNDER IFRS AT THE DATE OF TRANSITION TO IFRS (1st APRIL 2009)

	Previous SORP	IP RR trf to CAA 1	Investment and cash eqv adj 2	Annual leave 3	Govt. Grants Applied 4	Govt. Grants Unapplied 5	IFRS
	£000	£000	£000	£000	£000	£000	£000
Property, Plant & Equipment	38,779						38,779
Investment Property	16,157						16,157
Intangible Assets	55						55
Long Term Investments	19,230						19,230
Long Term Debtors	128						128
Long Term Assets	74,349	0	0	0	0	0	74,349
							0
Short Term Investments	35,727		(2,842)				32,885
Inventories	60						60
Short Term Debtors	3,604						3,604
Cash and Cash Equivalents	346		2,842				3,188
Assets held for sale							0
Current Assets	39,737	0	0	0	0	0	39,737
							0
Short Term Creditors	(10,324)			(80)			(10,404)
Liabilities in disposal groups							0
Provisions							0
Current Liabilities	(10,324)	0	0	(80)	0	0	(10,404)
Government Grant Deferred	(4,926)				4,926		0
Capital Contributions Unapplied	(2,912)					2,912	0
Other Long Term Liabilities[2]	(22,900)						(22,900)
Capital Grants Receipts in Advanc	0						0
Long Term Liabilities	(30,738)	0	0	0	4,926	2,912	(22,900)
Net Assets	73,024	0	0	(80)	4,926	2,912	80,782
Represented by:							
Earmarked reserves	2,738						2,738
General fund	11,046						11,046
Capital Grants unapplied (new)						2,912	2,912
Capital receipts	20,588						20,588
Usable reserves	34,372	0	0	0	0	2,912	37,284
Capital adjustment account	58,489	(2,197)			4,926		61,218
Revaluation reserves	6,394						6,394
IP Revaluation reserves	(2,197)	2,197					(0)
Accumulated Absences Account	0			(80)			(80)
Deferrred credit	31						31
Pension reserves	(22,900)						(22,900)
Financial Instruments adjustment a	(1,143)						(1,143)
Collection fund adjustment a/c	(23)						(23)
Unusable Reserves	38,651	0	0	(80)	4,926	0	43,497
Total Reserves	73,024	0	0	(80)	4,926	2,912	80,782

RECONCILIATION OF NET WORTH REPORTED UNDER PREVIOUS SORP TO NET WORTH UNDER IFRS AT THE DATE OF TRANSITION TO IFRS (31st MARCH 2010)

	Previous SORP	IP RR trf to CAA	0910 IP adj	Investment & cash equ adj	Annual leave	Govt. Grants Applied 01/04/09 adj	Govt. Grants applied	Govt. Grants unapplied	Others	IFRS
		1	2	3	4	5	6			
	£000	£000	£000	£000	£000	£000	£000			£000
Property, Plant & Equipment	38,539		192							38,731
Investment Property	30,402		(192)							30,210
Intangible Assets	73									73
Long Term Investments	7,854									7,854
Long Term Debtors	120									120
Long Term Assets	**76,987**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	76,987
Short Term Investments	24,419			(558)						23,861
Inventories	52									52
Short Term Debtors	4,130									4,130
Cash and Cash Equivalents	287		0	558						845
Assets held for sale										0
Current Assets	**28,888**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**28,888**
Bank Overdraft[1]										0
Short Term Borrowing	(1,200)									(1,200)
Short Term Creditors	(8,508)				(134)				211	(8,431)
Liabilities in disposal groups										0
Provisions										0
Current Liabilities	**(9,708)**	**0**	**0**	**0**	**(134)**	**0**	**0**	**0**	**211**	**(9,631)**
Applied government grants	(4,991)					4,926	408		(342)	0
Unapplied government grants	(1,648)					2,912	(1,547)	282	(8)	(8)
Receipts in Advance	0									0
Provisions	0									0
Long Term Borrowing	0									0
Other Long Term Liabilities[2]	(32,375)									(32,375)
Donated Assets Account	0									0
Capital Grants Receipts in Advanc	0									0
Long Term Liabilities	**(39,014)**	0	0	0	0	7,838	(1,139)	282	(350)	**(32,382)**
Net Assets	**57,152**	**0**	**0**	**0**	**(134)**	**7,838**	**(1,139)**	**282**	**(140)**	**63,860**
Represented by:										
Earmarked reserves	2,783								211	2,994
General fund	10,430									10,430
Capital Grants unapplied (new)	0					2,912	(1,547)	282	(8)	1,639
Capital receipts	18,118									18,118
Usable reserves	**31,331**	**0**	**0**	**0**	**0**	**2,912**	**(1,547)**	**282**	**203**	**33,181**
Capital adjustment account	58,498	(2,197)	1,522			4,926	408		(342)	62,814
Revaluation reserves	6,249									6,249
IP Revaluation reserves	(675)	2,197	(1,522)							0
Accurmulated Absences Account	0				(134)					(134)
Deferrred credit	18									18
Pension reserves	(32,375)									(32,375)
FIAA	(5,920)									(5,920)
Unequal Pay Back Reserve	28									28
Collection fund adjustment accour	(2)									(2)
Unusable Reserves	**25,821**	**0**	**0**	**0**	**(134)**	**4,926**	**408**	**0**	**(342)**	**30,679**
Total Reserves	**57,152**	**0**	**0**	**0**	**(134)**	**7,838**	**(1,139)**	**282**	**(140)**	**63,860**

RECONCILIATION TO TOTAL COMPREHENSIVE INCOME & EXPENDITURE UNDER IFRS FOR THE LATEST PERIOD IN THE MOST RECENT ANNUAL FINANCIAL STATEMENT (YEAR ENDED 31st MARCH 2010):

	Previous	Net Expenditure Effect of transition to IFRS								IFRS
	GAAP	Impair	IP transfers	Annual Leave	Highways	RR incr	Grants Received	Reverse Amortn	Others	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cultural, Environmental and Planning Services	7,251		(37)	28	(694)	1,321	114	270	163	8,417
Highways, Roads and Transport Services		1,027			694				(26)	1,694
Housing Services	1,344			8				27	1,025	2,404
Corporate and Democratic Core	2,503			10				21	(12)	2,523
Non Distributed Costs	81									81
Central Services to the Public	1,499			7				24	(11)	1,519
Other										-
Cost of Services - continuing operations	12,678	1,027	(37)	54	-	1,321	114	342	1,139	16,637
Other Operating Expenditure(a)[1]	2,075		(165)			361				2,271
										-
Financing and Investment Income and Expenditure (b)[1]	5,110	(1,371)	202			(1,522)				2,419
Surplus or Deficit of Discontinued Operations	1,337	(1,337)								(0)
Taxation and Non-Specific Grant Income[1]	(12,113)						(388)			(12,501)
										-
(Surplus) or Deficit on Provision of Services	9,087	(1,682)	-	54	-	160	(274)	342	1,139	8,826
										-
(Surplus) or deficit on revaluation of non current assets	(1,522)					1,522				-
(Surplus) or deficit on revaluation of available for sale financial assets	-									-
Actuarial (gains) / losses on pension assets and liabilities	8,328									8,328
Other (gains) and losses	(28)									(28)
										-
Other Comprehensive Income and Expenditure	6,778	-	-	-	-	1,522	-	-	-	8,300
										-
Total Comprehensive Income and Expenditure	**15,865**	**(1,682)**	**-**	**54**	**-**	**1,682**	**(274)**	**342**	**1,139**	**17,127**

THE COLLECTION FUND

Revenue Account

2009/10 £'000		2010/11 £'000s Business Rates	£'000s Council Tax	£'000s Total	Note
	Income				
(55,107)	Income from Council Tax		(57,302)	(57,302)	
	Transfers from General Fund			-	
(4,519)	- Council Tax Benefits		(4,820)	(4,820)	
(3)	- Transitional Relief		(1)	(1)	
(59,629)		-	(62,123)	(62,123)	
(29,087)	Income collectable - Business Ratepayers	(27,894)		(27,894)	
(88,716)		**(27,894)**	**(62,123)**	**(90,017)**	
	Expenditure				
59,377	Precepts & demands on the Collection Fund		60,933	60,933	3
-	National Non Domestic Rates			-	
28,931	- Payment to National Pool	27,605		27,605	
166	- Costs of Collection	164		164	
274	Change in provision bad/doubtful debts - Council Tax	257	88	345	4
(272)	Bad debts written off	(132)	(49)	(181)	4
88,477		**27,894**	**60,972**	**88,866**	
(239)	**(Surplus) / Deficit for the year**	-	**(1,151)**	**(1,151)**	

Appropriations Accounts

2009/10 Total £'000		2010/11 Business Rates £'000s	Council Tax £'000s	Total £'000s	Note
247	Balance brought forward available for distribution	-	16	16	
	add				
	Distribution of Council Tax				
	Collection Fund deficit				
7	- Oxfordshire County Council		(10)	(10)	
1	- Thames Valley Police Authority		(1)	(1)	
1	- West Oxfordshire District Council		(1)	(1)	
	add				
-	Transfer to General Fund			-	
(239)	(Surplus)/Deficit for the year		(1,151)	(1,151)	
16	**Balance carried forward**	-	**(1,147)**	**(1,147)**	5

NOTES TO THE COLLECTION FUND

Note C1 Business Rate (National Non-Domestic Rates)

Business Rates (Non-Domestic Rates) are based on the rateable value for each property multiplied by a nationally determined uniform rate (multiplier). The total amount collected by the Council (subject to certain adjustments) is paid into the National Pool managed by Central Government and redistributed to each local authority based on a standard amount per head of population.

From the 1st April 2005 a new rating list took effect. Two separate rate multipliers were set, the lower of which is a rate multiplier for those businesses qualifying for small business relief.

2009/2010		2010/2011
£69,503,454	Non-domestic rating value	£77,234,552
48.1p	Small business non-domestic rating multiplier	40.7p
48.5p	Non-domestic rating multiplier	41.4p

Note C2 Council Tax

Council Tax income is derived from charges according to the value of residential properties. Properties are classified into 9 valuation bands (A*-H). The Council as billing authority calculates its tax base in accordance with Government Regulations. The number of dwellings is modified to take account of various discounts and exemptions allowed and an index is then used to calculate the equivalent number of Band D dwellings. The tax base calculation for 2010/11 is shown below:

Valuation Band	Total Dwellings in Band	Total Discounts, Exemption & Second Homes	Total Chargeable Dwellings	Weight [in 9ths]	Equivalent No of Band D Dwellings
A*	2	(0.25)	1.75	5	0.97
A	1,324	(188.80)	1,135.20	6	756.80
B	4,237	(579.90)	3,657.10	7	2,844.41
C	14,970	(1,252.45)	13,717.55	8	12,193.38
D	9,622	(450)	9,172.00	9	9,172.00
E	6,601	(355.95)	6,245.05	11	7,632.84
F	3,553	(152.75)	3,400.25	13	4,911.47
G	2,338	(93.05)	2,244.95	15	3,741.58
H	310	(13.50)	296.50	18	593.00
Total	42,957	(3,086.65)	39,870.35		41,846.45
Collection rate %					98%
Plus Contribution in Lieu (MOD)					896.68
Tax base for 2010/11					**41,906.20**

The estimated collection rate for 2010/11 was 98%, giving a Council Tax Base of 41,906.20 (41,963.68 in 2009/10).

Note C3 Precepts and Demands Made on the Collection Fund

2009/2010 £'000s		2010/2011 £'000s
47,445	Oxfordshire County Council	48,683
6,348	Thames Valley Police Authority	6,466
	West Oxfordshire District Council:	
2,287	Parishes	2,363
3,297	District	3,421
59,377		60,933

Note C4 Provision for Doubtful and Bad Debts

31/03/2010 £'000s		31/03/2011 £'000s	2010/11 Change in year £'000s
562	Council Tax	602	(40)
128	National Non-Domestic Rates	253	(125)
690		855	(165)

Note C5 Surplus / Deficit on the Collection Fund

The estimated surplus or deficit in respect of Council Tax at the end of each year is required to be distributed to or financed by the District Council, Oxfordshire County Council and the Thames Valley Police Authority in the following financial year in accordance with the relative amounts of precepts and demands on the Collection Fund. Community charge surpluses or deficits are dealt with purely by the District Council. The distribution of the estimated deficit at 31 March 2011 is shown in the Collection Fund Appropriations Account.

Annual Governance Statement

Scope of Responsibility

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

In discharging this overall responsibility, West Oxfordshire District Council is also responsible for proper arrangements for the governance of its affairs, which facilitates the effective exercise of functions and which includes arrangements for the management of risk.

The Accounts and Audit Regulations 2011 Regulation 4 (3) formally requires local authorities to prepare an Annual Governance Statement.

The Purpose of the Governance Framework

The governance statement covers all significant corporate systems, processes and controls, spanning the range of an authority's activities, including in particular those to ensure that:

- The authority's policies are implemented;
- High-quality services are delivered efficiently and effectively;
- The authority's values and ethical standards are met;
- Laws and regulations are complied with;
- Required processes are adhered to;
- Financial statements and other published performance information are accurate and reliable; and
- Human, financial, environmental and other resources are managed efficiently and effectively.

The governance statement includes all components in the system of internal control. The system of internal control is designed to manage risk to a reasonable level rather than eliminate all risk of failure to achieve policies aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of West Oxfordshire District Council's policies aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The Corporate Management Team (including the S151 Officer), the Monitoring Officer and all operational Heads of Service have each signed an assurance statement that adequate controls are in place for 2010 – 11.

An adequate system of internal control has been in place at West Oxfordshire District Council for the year ending 31 March 2011 and up to the approval of the statement of accounts.

Governance and the Internal Control Environment

A requirement of the system of internal control is the need for sound systems of financial management, internal control and risk management. The Accounts and Audit Regulations confirm that the Council is responsible for putting these in place and making sure they are effective.

The Council's Local Code of Corporate Governance has been revised in accordance with the 2007 CIPFA/SOLACE Framework *Delivering Good Governance in Local Government* and embraces the definition of corporate governance. The local code details the six core principles of the Good Governance Standard for Public Services against which the authority will measure its performance. The Local Code of Corporate Governance was approved by Cabinet in May 2008 and has been revised in April 2011 and presented to the Audit and General Purposes Committee.

The Council maintains an adequate and effective Internal Audit service. The agreed audit plan for 2010 – 11 has been duly completed and the reports issued. The Internal Audit Annual Report which contains an overall assurance of the adequacy of internal control has been published. The Audit Commission were able to formally place reliance on the work of the Internal Auditors during 2010 – 11. During the year the Council entered a partnership arrangement with Cheltenham and Cotswold Councils to deliver Internal Audit services.

The Council is subject to external review; the external auditor is the Audit Commission who provided an annual audit and inspection letter presenting its findings.

There is an effective financial management system in place, the accounts are published annually, reviewed and signed off by the Audit Commission.

The Council maintains an ongoing active approach to risk management, maintaining a Risk Register and linking risks to actions in service plans and managing them effectively. Corporate risks are frequently reviewed by the Management Team and Cabinet and reported via the Audit & General Purposes Committee. The embedding of risk management throughout the organisation is a continuous improvement process. All Risk Registers are now available online on the Council's intranet to facilitate dynamic update by Services.

The Council has adopted the Leader and Cabinet model for decision making with a Leader, Executive Members and three Overview and Scrutiny Committees.

The Constitution sets out how the Council is to be managed. This includes a set of financial and contract regulations and a "Scheme of Delegation" which details decisions Officers can make without needing Council approval, as well as the areas of responsibility and procedures for Overview and Scrutiny and Non Executive Committees appointed by the Council.

There are two Statutory Officers who have specific responsibilities; the S151 Officer (Strategic Director (Resources)) oversees the financial arrangements of the Council, whilst the Monitoring Officer deals with legal issues and the proper conduct of business.

As required by the Local Government Act 2000 the Council has constituted a Standards Committee which fulfils its statutory duties in relation to the promotion of good conduct, assisting members to comply with the Council's Code of Conduct for Members and providing training. The Committee also monitors the outcome of complaints referred to the Local Government Ombudsman.

In compliance with guidance from CIPFA and the Audit Commission the Council has an independent audit committee (realigning the General Purposes Committee to be the Audit and General Purposes Committee), to provide independent assurance of the adequacy of the risk management framework and associated control environment, independent scrutiny of the authority's financial and non-financial performance and to oversee the financial reporting process.

The medium term financial strategy sets out the resources to deliver strategic aims, whilst a service delivery plan has been developed to contribute to strategic outcomes and the performance management framework measures delivery progress.

The Capital Programme outlines the key schemes of expenditure to help to deliver its priorities. The Capital Working Group monitors the progress under the direction of the Strategic Director (Resources), monitoring contractual status as well as expenditure.

The Council continues to contribute to the National Fraud Initiative (NFI) reviewing government systems data which is matched by the Audit Commission (now on a website access) and investigating anomalies to prevent or detect fraud.

The Strategic Director (Resources) has overall responsibility for ensuring the Council has a safe and proper system of financial administration. The financial procedures within the Constitution set how we will manage our financial resources and secure sound financial administration. These include how budgets are prepared and funds are controlled and released. All transactions are transparent and significant items drawn to the attention of the Finance and Management Overview and Scrutiny Committee which meets regularly.

The Council's Business Continuity Plan (BCP) and emergency management plan for the community, is in place as compliant with the Civil Contingencies Act 2004, covering all of its operations, and has been reviewed by Internal Audit and has been the subject of desktop training exercises in liaison with the County Council Emergency Planning Team. The BCP has been refreshed during 2009 – 10 to incorporate response to the flu pandemic, and revised in April 2011 to incorporate the current Network Recovery Strategy.

The Council's Vision and Priorities developed in 2007 have been incorporated into a Council Plan and have been subject to annual refresh processes. These top level objectives are set out in the delivery plan with key milestones and performance measures attached which are subsequently reported to the Executive and Scrutiny Committees quarterly.

'Shaping Futures' the Sustainable Community Strategy for the district sets out the delivery aspirations for local communities based upon a comprehensive evidence base and widespread consultation including with harder to reach groups, either directly e.g. young people, or through representative organisations e.g. Citizens Advice Bureau. The Delivery Plan for the Strategy is reviewed and updated annually. The Council Plan links into this strategy and its outcomes.

The Corporate Improvement Plan has been successfully implemented and the Council is participating in the Even Better Place To Work programme.

The Council continues to pursue value for money in its procurement of goods and services, working closely with the Oxfordshire Districts Procurement Hub to deliver benefits of efficiency and effectiveness. The Council has also taken advantage of national framework agreements. A major procurement programme for Waste Services was completed in October 2010 leading to a new contract with increased performance objectives and lower cost.

Shared service arrangements with Cotswold District Council have continued to be developed during 2010 – 11 both at Senior Management level and cascading down to operational Service levels with savings reaching the levels targeted in the original business case report.

Review of Effectiveness

Council's are expected to test their structures against the six core principles and supporting principles by reviewing their existing governance arrangements against the framework, having developed and maintained an up to date Local Code of Corporate Governance, including arrangements for ensuring its ongoing application and effectiveness.

West Oxfordshire District Council has reviewed and revised its Local Code of Corporate Governance to adopt the CIPFA/SOLACE Framework 2007 definitions. The six core principles and supporting principles are adopted as the ongoing measure of effectiveness and the Council recognises that effective local government relies on establishing and maintaining the public's confidence in both elected members and officers and the credibility of the services provided.

Key Principle 1: Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area.

The Council determined to keep its Vision and Priorities statement and Council Plan broadly in line with previous years pending potential changes as the new governments Localism and Big Society agenda unfolded.

The suite of performance indicators linked to the Council key priorities continues to be monitored by the Cabinet on a quarterly basis to ensure that outcomes required as set out in the Council Plan are being delivered or action being taken to ensure they will be delivered. These will be reviewed in 2011/12 as a response to Government's decision to drop a large number of national performance indicators in 2010/11.

Work on the second Local Area Agreement was terminated during the year in response to the Government's decision to scrap Local Area Agreements.

The Council continues to set its objective to maintain Council Tax at a low level (currently second-lowest in the country) with its focus on operational efficiencies.

Key Principle 2: Members and officers working together to achieve a common purpose with clearly defined functions and roles.

The Council's Constitution sets out how the Council operates and how decisions are made. The Articles of the Constitution set out the detail of how key parts of the Council operate, also the composition of the Council, and the rights of the public. It details the composition and Members of the Council and its Code of Conduct, composition of committees, Council meetings and how decisions are made.

There are clear definitions of executive and non-executive functions and there is a separate scrutiny function which monitors the decisions of the executive and supports the Council as a whole.

Officers implement the Members' decisions, provide advice and manage the day to day delivery of services. The rights of the public in their dealings with the Council are detailed in the Constitution; the public has additional rights where using council services.

Key Principle 3: Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.

The Council has a Standards Committee which oversees conduct and ethics and ensures high standards in the way that duties are performed.

There is a Local Code of Conduct as originally required by the Local Government Act 2000, and during 2007 a statutory instrument was issued for local authorities to adopt a revised Model Code. The Standards Committee duly recommended adoption of the Code for the Council and training/briefing sessions were held. The Code was also adopted by Town and Parish Councils in West Oxfordshire.

The Constitution sets out full detailed Codes of Conduct and information on Members' Roles, and also an Officers Code of Conduct and relationships. There is a Gifts and Hospitality Register to safeguard the perception of probity of the Council.

The Standards Committee met regularly during 2010 and received the annual letter from the Local Government Ombudsman and reports from the Monitoring Officer. The Standards Hearing Panel hears allegations of breach of conduct under the Local Government Act 2000 and the Standards Committee (England) Regulations 2008.

Key Principle 4: Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.

The Executive (Cabinet) is responsible for most day to day decisions which are in line with the Council's overall policies and budget; matters outside of this remit are referred to the whole Council.

There are three overview and scrutiny committees which monitor the decisions and support the Council as a whole. A review of Overview and Scrutiny arrangements completed during 2008 – 09 was duly implemented and all of these scrutiny committees have taken steps to increase the visibility and effectiveness of scrutiny outcomes.

In May 2010 the Council introduced a facility for public speaking at Committee meetings where planning applications are determined.

The Council has an active risk management policy and strategy. Risk Registers are completed for all Services and have been reviewed and updated during 2010/11. There is a Risk Register for corporate risks incorporating key partnership projects and all service risks.

Corporate risks are reviewed by the Management Team and Cabinet on a quarterly basis and reported to Audit & General Purposes Committee. There is an active Risk Management Group which meets regularly, reviewing corporate, project and service based risks and updating the Risk Registers. A composite Risk Register has been developed on the intranet for visibility and on-line update throughout the organisation, and is currently being populated with all risks.

Key Principle 5: Developing the capacity and capability of members and officers to be effective.

The Council operates a comprehensive internal training programme for officers and Members utilising both in-house and external resources.

The Council continues to develop and publish employment policies operating both effectively and legally.

There is a mentoring and succession planning programme in place, and regular recruitment initiatives at schools and careers fairs. The Council is trialling a programme to improve corporate capacity entitled ‘An Even Better Place to Work’.

Shared senior officer and service arrangements have continued to be developed with Cotswold District Council with activity cascading down to operational service levels.

Key Principle 6: Engaging with local people and other stakeholders to ensure robust accountability.

One of the key revised priorities of the Council is to ‘work in partnership to sustain vibrant, healthy and economically prosperous towns and villages with full employment’, and partnership activities detailed in the Council Plan work towards that goal, whilst engaging local people and local institutional stakeholders with accountability to the public.

The Council has approved a policy on partnership working and is committed to working in partnership to the benefit of the residents of the district and to provide high quality, value for money services. The Council has formed partnerships working at both strategic and operational level, to optimise opportunities to achieve its corporate priorities.

The West Oxfordshire Community Strategy sets out the community’s aspirations and the Council Plan links directly into this and shares many of the strategic outcomes. In developing the Community Strategy the Council has undertaken extensive market research, consultation and community engagement with local communities and stakeholders to ensure the priorities meet local needs and aspirations.

The Local Development Framework sets out the Planning strategy, policies and proposals for the District. Following public consultation in early 2009 on the emerging Core Strategy, responses were assessed and further work progressed to test main strategic options for future development. Additional technical studies were published including on transport, landscape, flood risk, renewable energy and affordable housing viability. At the beginning of 2010 the Council's Preferred Approach for the Core Strategy was published for debate. Planning documents and consultation responses can be viewed on the Council's website.

All of the project activities outlined in the Corporate Improvement Programme incorporated commitment and involvement from the staff of West Oxfordshire at all levels to jointly achieve the aims and objectives, and there have been regular communication and feedback sessions involving all staff to ensure open and comprehensive communications.

Signature ______________________ Date 29 September 2011

David Neudegg
Chief Executive

Signature ______________________ Date 29 September 2011

Barry Norton
Leader of the Council

Independent Auditor's Report

Opinion on the Authority accounting statements

I have audited the accounting statements of West Oxfordshire District Council for the year ended 31 March 2011 under the Audit Commission Act 1998. The accounting statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and Collection Fund and the related notes. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of West Oxfordshire District Council 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.

Respective responsibilities of the Strategic Director, Resources and auditor

As explained more fully in the Statement of Responsibilities, the Strategic Director, Resources is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. My responsibility is to audit the accounting statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practice's 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 accounting statements sufficient to give reasonable assurance that the accounting 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 Authority; and the overall presentation of the accounting statements. I read all the information in the explanatory foreword to identify material inconsistencies with the audited accounting statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on accounting statements

In my opinion the accounting statements:

- give a true and fair view of the state of West Oxfordshire District Council's affairs as at 31 March 2011 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

Opinion on other matters

In my opinion, the information given in the explanatory foreword for the financial year for which the accounting statements are prepared is consistent with the accounting statements.

Matters on which I report by exception

I have nothing to report in respect of the governance statement on which I report to you if, in my opinion the governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007.

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

Authority's responsibilities

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

Auditor's responsibilities

I am required under Section 5 of the Audit Commission Act 1998 to satisfy myself 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 me to report to you my conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

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

Basis of conclusion

I have undertaken my audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2010, 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 me to consider under the Code of Audit Practice in satisfying myself 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 2011.

I planned my work in accordance with the Code of Audit Practice. Based on my risk assessment, I undertook such work as I 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 my work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2010, I am satisfied that, in all significant respects, West Oxfordshire District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2011.

Certificate

I certify that I have completed the audit of the accounts of West Oxfordshire 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
District Auditor
Unit 5, Isis Business Centre,
Horspath Road
Cowley OX4 2RD

29 September 2011