VALE OF WHITE HORSE
DISTRICT COUNCIL

STATEMENT OF ACCOUNTS

2007/2008

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Foreword by the Strategic Director (Chief Finance Officer)

1.0 Introduction

1.1 The Original Budgeted Medium Term Plan to 2010/11 provided for gradually increasing costs of service provision, against stable, annual, Council Tax increases, and the use of funds and balances to help smooth out the cycle. By the end of the period a final year use of Balances was forecast. Overall these trends will strengthen the Council's financial base. They are principally dependent upon achievement of the Council's ambitious cost-cutting programme of Service Prioritisation Plans.

1.2 As a change from previous years there was no revision to the original budget for the year 2007/08 and managers were required to bring their expenditure and income for the year within budgeted tolerances.

1.3 The Statement of Accounts is a formal document, which sets out the Council's overall financial position, which as I have indicated above, is in a healthy state. Detailed below is a summary of each of the key elements, with references to the complete analysis within the accounts.

2.0 General Fund

2.1 The Original Estimate for 2007/08 for the Authority's expenditure after accounting for the use of balances and investment income was £11.630m. The Original Estimate was derived from a net cost of services, after adjusting for capital finance charges, of £15.630m and the use of £0.440m General Fund balances.

2.2 It is interesting to note that the District Council Tax raised £4.862 million which represents 31% of the adjusted net cost of services, with 44% being met by Central Government and of the remainder 22% comes from the Council's investments and 3% from funds and reserves.

3.0 Capital

3.1 Capital expenditure in the year amounted to £3.5 million and involved 27 projects. Details of the expenditure and its funding are shown in the notes to the Balance Sheet on page 22.
The main source of funding for the programme was capital receipts (£2.477 million), but a substantial proportion came from grants from Government departments and some contributions from developers.

3.2 The Authority has capital receipts unapplied at 31 March 2008 of £11.69 million after financing capital expenditure as set out above and taking into account receipts during the year. The analysis of movements in the year is set out on page 25.

4.0 Investments

4.1 The Authority has had no long-term debt for some time. Temporary Investments at the start of the year totalled £20.781 million, £16.38 million of this being placed with the Council's Fund Manager. At the year end, the Fund Manager's holding was shown in the Balance Sheet as £17.337 million. Temporary investments managed in-house amounted to £1.83 million at the year end.

4.2 Interest arising from these investments was slightly more than anticipated due to higher interest rates. The net interest from internally and externally managed investments credited to the Revenue Account totalled £1.556 million.

4.3 The Council has an investment policy which provides for a proportion of the reserves and balances to be invested in property. The Property Trading Statement, which is included on page 41, shows that net income of £1.906 million was credited to the Income and Expenditure Account in 2007/08.

5.0 Collection Fund

5.1 The Collection Fund brings together the income raised by the Council Tax and National Non Domestic Rates. Against this it records expenditure to be met from the Fund, i.e. the precept requirements of the District Council, the County Council, the Thames Valley Police Authority and Parishes, together with provision made for non-payment.

5.2 For 2007/08 the Council Tax for the average property in the Vale amounted to £1,336.15 Of this, 8% (£102.07) was for the benefit of the District Council and 3% (£45.79) for the average Town and Parish levy, with the majority, 79% (£1,049.10) being for the County Council and 10% (£139.19) for the Thames Valley Police Authority.

5.3 As at 31 March 2008 the Collection Fund remained in deficit, however the deficit has reduced from the brought forward position.

A prudent approach was applied when estimating the balance on the Collection Fund for 2007/08 budget setting purposes and this has seen a share of the deficit apportioned between the major precepting bodies. In addition, the large increase in the provision for bad debts applied in 2006/07 has meant a much smaller uplift in the provision was required for 2007/08.

6.0 Conclusion

6.1 The overall revenue outturn position for 2007/08 is a combination of maintenance of service provision within the original budget set, a good performance on property and other investment income, new capital grant funding and government grant income amounting to £637,000 and a drawing down of reserve funding for additional pensions funding as detailed in the 2008/09 budget. Whilst the overall value of the balance sheet has reduced, there has been a transfer of reserves to the general fund to support the Council's expenditure over the medium term. Given the Service Prioritisation Plans approved in February 2008 the Council will face 2008/09 and the medium term in a strong and sustainable position.

6.2 My personal thanks go to all those who have ensured the flow of information required to manage the Council's finances and especially to those involved in the production of these accounts.

STEVE BISHOP
STRATEGIC DIRECTOR (CHIEF FINANCE OFFICER)

Statement of responsibilities for the Statement of Accounts

1 The Authority's Responsibilities

The Authority is required:

(a) 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 arrangements;

(b) to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and,

(c) to approve the statement of accounts having received the external auditor's report and the Chief Finance Officer's commentary.

2 Responsibilities of the Chief Finance Officer

The Chief Finance Officer's responsibilities include the preparation of the Authority's statement of accounts, which, in terms of the Chartered Institute of Public Finance and Accountancy (CIPFA/LASAAC) Code of Practice on Local Authority Accounting in Great Britain ('the Code') is required to present fairly the financial position of the Authority at the accounting date and its income and expenditure for the year ended 31 March 2008.

In preparing this statement of accounts, the Chief Finance Officer has:

(a) selected suitable accounting policies and then applied them consistently;

(b) made judgements and estimates that were reasonable and prudent;

(c) complied with the Code of Practice and the Best Value Accounting Code of Practice.

The Chief Finance Officer has also:

(d) kept proper accounting records which were up to date;

(e) taken reasonable steps for the prevention and detection of fraud and other irregularities.

3. Approval for Audit stage

The Statement of Accounts must be prepared for Audit by 30th June. The prepared Statement has been approved for Audit by the Audit and Governance Committee on Monday, 30th June 2008.

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Chair of Audit and Governance Committee
30th June 2008

………………………………………………………
Steve Bishop CPFA
Strategic Director and Chief Finance Officer
30th June 2008

4. Statement by the Strategic Director and Chief Finance Officer

I certify that this Statement of Accounts presents fairly the financial position of the Authority at 31 March 2008 and its income and expenditure for the year ended 31 March 2008.

………………………………………………………………
Steve Bishop CPFA
Strategic Director and Chief Finance Officer
26 September 2008

5. Statement by the Chair of the Audit and Governance Committee

This Statement of Accounts for 2007-08 was considered and approved at the Audit and Governance Committee meeting on 24 September 2008

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Chair of Audit and Governance Committee
26 September 2008

ACCOUNTING STATEMENTS

The statements required under the 2007 Statement of Recommended Practice are:-

Explanatory Foreword

The foreword provides an easily understandable guide to the most significant matters reported in the accounts. It provides a brief explanation of the authority's financial position and assists the reader in the interpretation of the accounting statements.

Statement of Accounting Policies

These show the accounting policies adopted in compiling the accounting statements.

Income and Expenditure Account

This shows the expenditure and income of all the functions for which the authority is responsible. It then demonstrates how the net cost has been financed from general government grants and income from local taxpayers.

Statement of Movement of the General Fund Balance

The General Fund Balance compares the Council's spending against the Council Tax that is raised for the year, taking into account the use of reserves built upon the past and contributions to reserves earmarked for future expenditure.

Statement of Total Recognised Gains and Losses

This statement brings together all the gains and losses of the Council for the year and shows the aggregate increase in its net worth.

The Balance Sheet

The Balance Sheet shows the Council's assets and liabilities as at 31 March 2008.

Cash Flow Statement

This statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.

Notes to the Core Financial Statements

These notes provide additional information and explanation to the Core Financial Statement.

Collection Fund

This fund shows firstly the income and expenditure transactions relating to the collection of income and expenditure of Non Domestic Rates and Council Tax, and secondly the subsequent disbursement of the above to the Council's General Fund and the various precepting bodies.

STATEMENT OF ACCOUNTING POLICIES

1. General Principles and CIPFA Code of Practice on Local Authority Accounting

The form and general principles adopted in compiling the accounts are those recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) in its Code of Practice on Local Authority Accounting in Great Britain (ACOP) and the Statement of Recommended Practice (SORP). Except where departures are disclosed in the following paragraphs, the accounts comply with all relevant standards in the Code and the SORP.

2. Accruals of Income and Expenditure

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

- Fees, charges and rents due from customers are accounted for as income at the date the council provides the relevant goods or services.
- 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 stocks on the Balance Sheet.
- Works are charged as expenditure when they are completed, before which they are carried as works in progress on the Balance Sheet.
- Interest payable on borrowings and receivable on investments is accounted for 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 income 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 as at 31 March 2008. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected as detailed in note 36 to the core financial statements.

3. Provisions

Provisions are made where an event has taken place that gives the council an obligation that probably requires settlement by a transfer of economic benefits, but where the timing of the transfer is uncertain. Provisions are charged to the appropriate service revenue account in the year that the authority becomes aware of the obligation. When payments are eventually made, they are charged to the provision set up in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year and the level of provision is adjusted in line with the most up-to-date information regarding the final settlement.

4. Reserves

Cash-backed reserves are amounts set aside to meet future revenue and capital spending. The cash-backed revenue reserves of the Authority at 31 March 2008 are explained fully on page 27. Reserves are created by appropriating amounts in the Statement of Movement on the General Fund Balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year to score against the Net Cost of Services in the Income and Expenditure Account. The reserve is then appropriated back into the General Fund Balance statement so that there is no net charge against council tax for the expenditure. There is also a cash-backed capital reserve which holds capital receipts until they are used to finance capital expenditure.

There are two, non cash-backed, capital reserves – a Revaluation Reserve and a Capital Adjustment Account – which are new and replace the Fixed Asset Restatement Account and the Capital Financing Account. The Revaluation Reserve records unrealised net gains from revaluations of assets made after 1 April 2007. The Capital Adjustment Account reflects the timing differences between the cost of fixed assets consumed and the capital financing set aside to pay for them.

The Pension Reserve is an adjustment account that manages the effects of charges required to be made to the Income and Expenditure Account against the statutory requirements for meeting the cost of retirement benefits from local taxes, as well as absorbing the impact of actuarial gains and losses. It balances exactly the pensions liability carried in the top half of the Balance Sheet.

5. Government Grants and Contributions (Revenue)

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as income at the date that the authority satisfies the conditions of entitlement to the grant/contribution, there is reasonable assurance that the monies will be received and the expenditure for which the grant is given has been incurred. Revenue grants are matched in service revenue accounts with the service expenditure to which they relate. Grants to cover general expenditure (e.g. Revenue Support Grant) are credited to the foot of the Income and Expenditure Account after Net Operating Expenditure.

6. Retirement Benefits

The District Council participates in two different pension schemes that meet the needs of current and former employees. Contributions are made to the Oxfordshire County Council Superannuation Fund to cover both contributions to the funded scheme for current employees, and the cost of enhanced pensions payable to retired employees on an unfunded basis. The scheme provides members with defined benefits related to pay and service. Pension costs are assessed in accordance with the advice of a professionally qualified actuary. Accounts relating to the fund are produced by Oxfordshire County Council and can be seen on request.

Contributions are also made to the Royal County of Berkshire Pension Fund (now managed by the Royal Borough of Windsor and Maidenhead) to cover the cost of enhanced pensions paid to retired employees of the local authorities that were replaced by the Vale of White Horse DC in April 1974.

The Local Government Pension Scheme

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

- The liabilities of the Oxfordshire County Council pension scheme 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 projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 6.8% based on the annualised yield on the iBoxx over 15 year AA rated corporate bond index.
- The assets of the Oxfordshire County Council pension fund attributable to the council are included in the Balance Sheet at fair value (mid market value) appropriate to the mix of assets.
- 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 Income and Expenditure Account to the revenue accounts of 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 Net Cost of Services in the Income and Expenditure Account 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 Net Operating Expenditure in the Income and Expenditure Account
- Expected return on assets – the annual investment return on the fund assets attributable to the council, based on an average of the expected long-term return – credited to Net Operating Expenditure in the Income and Expenditure Account.
- Gains/losses on settlements and curtailments – the result of actions to relieve the council of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited to the Net Cost of Services in the Income and Expenditure Account as part of Non Distributed Costs.
- Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Statement of Total Recognised Gains and Losses
- Contributions paid to the Oxfordshire County Council pension fund – cash paid as employer's contributions to the pension fund.,

Statutory provisions limit the council to raising council tax to cover the actual amounts payable by the council to the pension fund in the year. In the Statement of Movement on the General Fund Balance this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and any amounts payable to the fund but unpaid at the year-end.

7. Value Added Tax (VAT)

VAT is normally fully reclaimed from HM Revenue and Customs, and items of income and expenditure are included in the accounts net of tax. If any transaction makes VAT irrecoverable, that sum has been included in income and expenditure accounts.

8. Overheads and Support Services

The costs of support services e.g. computer support, financial services etc. have been charged on an appropriate basis to the services provided by the Council, or as corporate costs in accordance with the CIPFA Best Value Accounting Code of Practice 2007. 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 any impairment losses chargeable on non-operational properties.

9. Intangible Fixed Assets

Expenditure on assets that do not have physical substance but are identifiable and controlled by the council (e.g. software licences) is capitalised when it will bring benefits to the council for more than one financial year. The balance is amortised to the relevant service revenue account over the economic life of the investment to reflect the pattern of consumption of benefits.

10. Tangible Fixed Assets

Recognition: From 1 April 1994, all expenditure on the acquisition, creation or enhancement of fixed assets is capitalised on an accruals basis, provided that the fixed asset yields benefits to the Authority and the services it provides are for a period of more than one year. This excludes expenditure on routine repairs and maintenance of fixed assets that is charged direct to service revenue accounts.

Measurement: The basis of the valuation of the fixed assets is described under note 17 to the core financial statements.

Assets included in the Balance Sheet at current value are re valued where there have been material changes in the value, but as a minimum every five years using in-house expertise in accordance with the Statement of Practice and Guidance Notes of the Royal Institution of Chartered Surveyors. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Income and Expenditure Account where they arise from the reversal of an impairment loss previously charged to a service revenue account.

The Revaluation Reserve is a new reserve which will contain 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. As at the 31st March 2008 there were no revaluation gains to be transferred to the Revaluation Reserve.

Impairment: the values of each category of assets and of material individual assets are reviewed at the end of each financial year for evidence of reductions in value. Impairment occurs when events or changes in circumstances indicate that the carrying value of the asset is too high. This may be because of physical damage or a complete change in use as a result of a reorganisation. Where impairment is identified as part of this review or as a result of a valuation exercise, this is accounted for by:

- Where attributable to the clear consumption of economic benefits – the loss is charged to the relevant service revenue account.
- Otherwise – written off against any revaluation gains attributable to the relevant asset in the Revaluation Reserve, with any excess charged to the relevant service revenue account.

Where an impairment loss is charged to the Income and Expenditure Account but there were accumulated revaluation gains in the Revaluation Reserve for that asset, an amount up to the value of the loss is transferred from the Revaluation Reserve to the Capital Adjustment Account.

Disposals: when an asset is disposed of or decommissioned, the value of the asset in the Balance Sheet is written off to the Income and Expenditure Account as part of the gain or loss on disposal. Receipts from disposal are credited to the Income and Expenditure Account 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 in the Revaluation reserve are transferred to the Capital Adjustment Account. Amounts in excess of £10,000 are categorised as capital receipts and credited to the Usable Capital Receipts Reserve and can then only be used for new capital investment. Receipts are appropriated to the Reserve from the Statement of Movement on the General Fund Balance. Interest on capital receipts unapplied is credited to the Income and Expenditure account.

Depreciation: depreciation has to be provided on all fixed assets with a finite useful life except freehold land and non-operational properties. On acquisition or at revaluation, the remaining life of relevant buildings is assessed and depreciation has been charged on a straight-line basis using these values (less estimated residual value). Vehicles, equipment and intangible assets are depreciated on a straight-line basis, generally over 5 years. This depreciation forms part of the capital charges in the net cost of services. However, in common with all capital charges, it is reversed out in the Statement of Movement on the General Fund Balance and has no impact on the Council Tax budget requirement. 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.

Grants and contributions: where grants and contributions are received that are identifiable to fixed assets with a finite useful life, the amounts are credited to the Capital Grants Deferred Account. The balance is then written down to revenue to offset depreciation charges made for the related assets in the relevant service revenue account, in line with the depreciation policy applied to them.

11. Charges to Revenue for Fixed Assets

Service revenue accounts, support services and trading accounts are debited with the following amounts to record the real cost of holding fixed assets during the year:

- Depreciation attributable to the assets used by the relevant service.
- Impairment losses attributable to the clear consumption of economic benefits on tangible fixed assets used by the service and other loses where there are no accumulated gains in the Revaluation Reserve against which they can be written off.
- Amortisation of intangible fixed assets attributable to the service.

The council is not required to raise council tax to cover depreciation, impairment losses or amortisations. Depreciation, impairment losses and amortisations are therefore replaced by revenue provision in the Statement of Movement on the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account for the difference between the two.

12. Deferred Charges

Deferred charges represent expenditure which has been properly capitalised but which does not result in, or remain matched with, assets controlled by the Authority. Since 2004/05 deferred charges are restricted to types of expenditure where the Authority does not control the economic benefits arising, such as Improvement Grants, and the whole cost is written-off to revenue in the year it is incurred. This category therefore no longer appears in the balance sheet. Expenditure where the Authority does control the benefits should be recognised as the category of asset that it actually is. For example, in the case of computer software, Intangible Asset would be appropriate.

13. Leases

Operating Leases: rentals payable under operating leases have been charged to the revenue accounts on a straight- line basis over the term of the lease.

Finance Leases: the council has no finance leases.

14. Financial Liabilities

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Income and Expenditure Account for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. This council is debt free and therefore has no charge required.

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

Where premiums and discounts have been charged to the Income and Expenditure Account, regulations allow the impact on the General Fund Balance to be spread over future years. The council has a policy of spreading the gain/loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Income and Expenditure Account to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Statement of Movement on the General Fund Balance.

15. Financial Assets

Financial assets are classified into two types:

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

Loans and Receivables: loans and receivables are initially measured at fair value and carried at their amortised cost. Annual credits to the Income and Expenditure Account 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 council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable and interest credited to the Income and Expenditure Account 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 charge made to the Income and Expenditure Account.

Available-for-sale Assets

Available-for-sale assets comprise instruments with quoted market prices, other instruments with fixed and determinable payments and equity shares. The Vale investments are held as bank deposits and have been identified in the balance sheet as loans and receivables.

16. Stocks and Work in Progress

Stocks are held at cost. This is a departure from the requirements of S.S.A.P. 9 which requires stocks to be shown at actual cost or net realisable value if lower. The effect of this treatment has been quantified and the view is taken that any difference would not be material. Work in progress is preliminary work on capital schemes where there is no asset yet nor a firm commitment to one.

17. Contingent Liabilities and events after the Balance Sheet date.

These are covered by notes 31 and 33 to the Core Financial Statements. Any disclosure covers events up to the date the Statement of Accounts is authorised by the Chief Finance Officer as shown on page 3.

Income and Expenditure Account

2006/07		Gross Expenditure	Gross Income	Net Expenditure
£'000		£'000	£'000	£'000
1,731	Central services to the public	8,024	(6,409)	1,615
10,286	Cultural, environmental and planning	15,100	(4,162)	10,938
1,010	Highways, roads and transport services	1,980	(880)	1,100
1,489	Housing services	19,678	(18,269)	1,409
1,854	Corporate and democratic core	2,030	(82)	1,948
76	Non distributed costs (1)	437	0	437
16,446	**Net Cost of Services**	47,249	(29,802)	**17,447**
(164)	(Surplus) / Loss on the disposal of fixed assets			(30)
15	Prior Year Adjustment			0
2,104	Parish Precepts			2,181
(1,853)	(Surpluses)/deficits on trading undertakings not included in Net Cost of Services - page 41			(1,906)
8	Contribution to housing pooled capital receipts			3
26	Provision for Bad Debts – Increase			36
(1,229)	Interest and investment income - note 36			(1,556)
240	Pensions interest costs and expected return on pensions assets - note 34			270
15,593	**Net Operating Expenditure**			16,445
(6,787)	Demand on the Collection Fund			(7,044)
(788)	Local Authority Business Growth Incentive grant			(237)
(1,081)	General government grants			(981)
(5,507)	Non-domestic rates redistribution			(5,844)
1,430	**Deficit for the Year**			2,339

(1) The increase in non-distributed costs for 2007/08 is predominantly an increase in past service pensions costs as a consequence of the 2008 pension scheme as described in note 34 page 30.

Statement of Movement on the General Fund Balance

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

- Capital investment is accounted for as it is financed, rather than when the fixed assets are consumed.
- Retirement benefits are charged as amounts become payable to pension funds and pensioners, rather than as future benefits are earned.

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

This reconciliation statement summaries the differences between the outturn on the Income and Expenditure Account and General Fund Balance.

2006/07 £'000		2007/08 £'000
1,430	Deficit for the year on the Income and Expenditure Account	2,339
(2,550)	Net additional amount required by statute and non-statutory proper practices to be debited and credited to the General Fund Balance for the year	(3,449)
(1,120)	Increase in General Fund Balance for the Year	(1,110)
(724)	General Fund Balance brought forward	(1,844)
(1,844)	**General Fund Balance carried forward**	**(2,954)**

Note of reconciling items for the Statement of Movement on the General Fund Balance

2006/07 £'000		2007/08 £'000
	Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the Movement on the General Fund Balance for the year	
(329)	Amortisation of intangible fixed assets (note 19)	(247)
(1,217)	Depreciation and impairment of fixed assets (note 19)	(1,291)
372	Capital Grants Deferred amortisation (note 27)	328
(910)	Write down of deferred charges to be financed from capital resources (note 26)	(1,590)
(164)	Net gain / (loss) on sale of assets	30
(1,560)	Net charges made for retirement benefits in accordance with FRS 17 (note 34)	(2,010)
(3,480)		**(4,780)**
	Amounts not included in the Income and Expenditure Account but required to be included by statute when determining the Movement on the General Fund Balance for the year	
250	Capital expenditure charged in-year to the General Fund Balance	0
(8)	Transfer from Usable Capital Receipts to meet payments to the Housing Capital Receipts Pool (note 25)	(3)
1,420	Employer's contributions payable to the Oxfordshire County Council Pension Fund and retirement benefits direct to pensioners (note 34)	1,577
1,662		**1,574**
	Transfers to or from the General Fund Balance that are required to be taken into account when determining the Movement on the General Fund Balance for the year	
(732)	Net transfer to or from earmarked reserves	(243)
(2,550)	**Net additional amount required to be credited to the General Fund balance for the year**	**(3,449)**

Statement of Total Recognised Gains and Losses

This statement brings together all the gains and losses of the council for the year and shows the aggregate increase in its net worth. In addition to the surplus generated on the Income and Expenditure Account, it includes gains and losses relating to the revaluation of fixed assets and re-measurement of the net liability to cover the cost of retirement benefits.

2006/07 £'000		2007/08 £'000
1,430	Deficit for the year on the Income and Expenditure Account	2,339
(8,492)	Surplus arising on revaluation of fixed assets & financial instruments	(66)
(110)	Actuarial (gains)/losses on pension fund assets and liabilities	810
111	Change to Collection Fund	(73)
(7,061)	**Total recognised (gains)/losses for the year**	**3,010**

BALANCE SHEET

2006/07 £'000			2007/08 £'000	£'000
610	Intangible Fixed Assets	- note 19		362
	Tangible Fixed Assets	- note 19		
	Operational Assets			
38,835	- Land and Buildings:		37,903	
67	- Infrastructure		108	
902	- Plant and Equipment		961	
1,235	- Community Assets		1,359	
	Non-Operational Assets:			
36,645	- Investment properties		37,798	
3,500	- Surplus assets held for disposal		3,560	81,689
81,794	**Total Fixed Assets**			**82,051**
	Long Term Debtors:	- note 20		
58	- Mortgages		40	
88	- Other Loans		122	162
81,940	**Total Long Term Assets**			**82,213**
	Current Assets:			
107	- Stocks and Work in Progress	- note 21	118	
6,351	- Debtors	- note 22	4,824	
20,781	- Temporary Investments	- note 23	19,168	
27,239				**24,110**
	Current Liabilities:			
(558)	- Cash and Bank		(20)	
(1,000)	- Short Term Borrowing		0	
(4,613)	- Receipts in Advance		(3,209)	
(4,347)	- Creditors	- note 24	(6,222)	
(10,518)				(9,451)
98,661	**Total Assets less Current Liabilities**			**96,872**
(17,875)	Liabilities Relating to Defined Pension Scheme		(19,119)	
(3,927)	Capital Grants Deferred	- note 27	(3,903)	(23,022)
76,859	**Total Assets less Liabilities**			**73,850**
	Financed by:			
(77,885)	Capital Adjustment Account	- note 26	(77,461)	
0	Revaluation Reserve	- note 26	0	
(13,971)	Capital Receipts Reserve	- note 25	(11,691)	
(58)	Deferred Capital Receipts		(40)	
17,875	Pension Reserve	- note 34	19,119	
(1,056)	Earmarked Reserves	- note 28	(830)	
(1,844)	General Fund Balance	- note 30	(2,954)	
80	Collection Fund Balances	- CF note 1	7	
(76,859)	**Total Equity**			**(73,850)**

CASHFLOW STATEMENT 2007/08

2006/07 £'000			£'000	£'000
	Revenue Activities			
	Cash Outflows			
9,721	Cash paid to and on behalf of employees		9,874	
15,558	Other operating cash payments		19,383	
15,083	Housing benefit paid out		16,387	
52,050	National non-domestic rate payments to national pool		45,891	
56,912	Precept paid		58,330	
9	Payments to Capital Receipts Pool		7	
149,333				149,872
	Cash Inflows			
(57,231)	Council Tax receipts		(60,716)	
(5,507)	Non-domestic rate receipts from national pool		(5,844)	
(56,216)	Non-domestic rate receipts		(53,560)	
(1,081)	Revenue Support Grant		(981)	
(14,190)	DSS grants for benefits		(16,148)	
(8,081)	Other government grants - note 40		(8,598)	
(6,547)	Cash received for goods and services		(8,095)	
(148,853)				(153,942)
480	**Net Cash (Inflow)/Outflow from Revenue Activities** – note 37			(4,070)
	Return on Investments and Servicing of Finance			
5	**Cash outflows**	Interest paid	1	
(1,140)	**Cash inflows**	Interest received	(1,473)	(1,472)
	Capital Activities			
	Cash Outflows			
1,430	Purchase of fixed assets		2,093	
1,105	Other capital grant payments		1,411	
5,535				3,504
	Cash Inflows			
(1,115)	Sale of fixed assets		(184)	
(723)	Capital grants received		(885)	
(1,838)				(1,069)
480	**Net cash (inflow)/outflow before financing**			(3,107)
	Management of liquid resources			
1,380	Increase/(decrease) in short term deposits		2,570	
0	(Increase)/reduction in cash floats		(1)	
1,380				2,569
	Financing			
(1,000)	Cash inflows	New loans raised		0
422	**(Increase)/Decrease in Cash** – note 38			(538)

NOTES TO THE CORE FINANCIAL STATEMENTS

1.1 Authorisation of the Accounts for Issue

Events may occur between the Balance Sheet date and the date the accounts are authorised for issue which might have a bearing upon the financial results of the past year. Local authority financial statements are required to be approved by the authority by 30th June. For the 2007/08 accounts the Audit and Governance Committee and the responsible financial officer will sign, date and certify the accounts for presentation to audit on Monday 30th June.

1.2 Restatement of Prior Period

There has been no restatement made to the prior period for the Statement of Accounts 2007/08.

2. Grants – Capital

The Code of Practice requires capital grants and contributions to be accounted for using a deferred credit method. The asset is capitalised at gross cost. Capital contributions are credited to a Capital Grants Deferred Account in the Balance Sheet and released to the service revenue accounts over the life of the asset to match any charges for depreciation; or in total if the asset is not subject to depreciation. In the financial year 2007/08, grants have been received from the Heritage Lottery Fund and from various government departments, and contributions have been received from local businesses developing property and from other local authorities.

3. Discretionary Expenditure

The Local Government Act 2000 granted powers to authorities in England and Wales to promote wellbeing in their area. A local authority may incur expenditure which in its opinion is in the interests of its area or part of its area, or all or some of its inhabitants and which is not otherwise authorised. Expenditure incurred under these provisions (e.g. donations to charities, not-for-profit bodies and mayoral appeals) amounted to £3,892. The largest of which was a payment of £600 to Dalton Barracks to support the ceremony to welcome home troops from Iraq.

4. Publicity

Section 5 of the Local Government Act 1986 as applied by Local Authorities (Publicity Account) Order 1987 requires local authorities to keep separate accounts for expenditure incurred on advertising and publicity. Costs incurred in 2007/08 are as follows: -

	2006/07 £	2007/08 £
Recruitment Advertising	24,780	23,708
General Publicity	70,718	87,896
	110,056	111,604

5. Agency Work

The Authority undertook work for Oxfordshire County Council on an agency basis in respect of maintenance of Highway Verges (Local Government Act 1972 s101). The value of work undertaken this year was £43,605 (£41,948 in 2006/067).

6. Pension Costs

In 2007/08 the District Council paid an employer's contribution of £1,295,097 into the Oxfordshire County Council Pension Fund, representing
18.3% of the total pensionable pay of £7,064,100 (£6,996,000 in 2006/07). It also paid £218,272 (3.09% of pensionable pay) into that fund in respect of enhanced pensions for former employees.

In addition to those contributions, the District Council will pay £63,000 to the Royal County of Berkshire Pension Fund, now administered by the Royal Borough of Windsor & Maidenhead, for enhanced pensions to former employees of the pre-1974 reorganisation authorities.

Additional information regarding the Oxfordshire County Council Pension Fund can be found in note 34 to the Balance Sheet, on pages 28 to 30.

7. Building Control Trading Account

The Building Control (Local Authority Charges) Regulations 1998 require the disclosure of information regarding the setting of charges for the administration of the building control function – "details of scheme for setting charges". However, certain activities performed by the Building Control Unit do not result in a charge, such as providing general advice and liaising with other statutory authorities. The statement below shows the total cost of operating the building control unit divided between the chargeable and non-chargeable activities.

Building Regulations - Charging Account 2007/08

	Chargeable 2007/08 £	Non Chargeable 2007/08 £	Total Building Control 2007/08 £
Expenditure			
Employee expenses	418,199	127,548	545,747
Premises expenses	810	242	1,052
Transport	22,079	6,595	28,675
Supplies and services	44,910	13,278	58,188
Third party payments	85	25	110
Central and support service charges	129,090	38,559	167,649
Capital financing charges	3,333	995	4,328
TOTAL EXPENDITURE	618,506	187,243	805,749
Income			
Building regulations charges	(615,661)	0	(615,661)
Miscellaneous income	(440)	(132)	(572)
TOTAL INCOME	(616,101)	(132)	(616,233)
Deficit/(Surplus) for Year	2,405	187,112	189,516

3 year summary	
2007/08 deficit/(surplus)	2,405
2006/07 deficit/(surplus)	(57,203)
2005/06 deficit/(surplus)	(25,858)
Total deficit/(surplus) over last 3 years	(80,656)

The deficit of £2,405 at 31 March 2008 has been transferred to an earmarked reserve. This reserve will be used specifically for the future maintenance and enhancement of the Building Control Service.

The cumulative surplus at 31 March 2008 stands at £150,187. The intention is to reduce this surplus over the next three years and thereafter break even on the service.

8. Contributions to/from Earmarked Reserves through the Revenue Account

		£'000	£'000
To			
	Community Grants Awards Fund	10	
	Election Equalisation Fund	33	
	Local Development Framework Fund	90	
	Self insurance fund	20	153
From			
	Building Regulations Trading Fund	3	
	Election Equalisation Fund	113	
	Local Development Framework Fund	50	
	Superannuation Revaluation Fund	205	
	Self insurance fund	8	379
	Net use of Reserves		226

9. Officers' Emoluments

The numbers of employees whose total remuneration exceeded £50,000 in the financial year are as detailed below:

Remuneration Band	2006/07	2007/08
£50,000 - £59,999	8	8
£60,000 - £69,999	0	2
£70,000 - £79,999	1	1
£80,000 - £89,999	1	1
£90,000 - £99,999	0	0
£100,000 - £109,999	1	1

10. Operating Leases

The Council uses operating leases on a fairly limited basis. The majority of the expenditure is on the Authority's Automatic Public Conveniences (£51,748), the remainder on office equipment. The amount paid under these arrangements in 2007/08 was £62,300 (2006/07 £53,463).

The Council is committed to making payments of £63,059 under these leases in 2008/2009. The leases will expire over the next five years, as follows:

	£
Leases expiring between 2008/09 and 2010/2011	10,552
Leases expiring after 2010/2011	52,507
	63,059

11. Related Party Transactions

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

Related parties include:

Central Government
Central Government has effective control over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides a large proportion of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. housing benefits). Details of transactions

with Government departments are set out in a note to the Cash Flow Statement.

Precepts
Precept transactions in relation to Oxfordshire County Council, Thames Valley Police Authority and the various Town and Parish Councils, are shown within a note to the Collection Fund.

Other local authorities

Payments to Oxfordshire County Council and the Royal Borough of Windsor and Maidenhead for pension costs are included in note 6 to the Income and Expenditure Account.

Members of the Council
Members have direct control over the Council's financial and operating policies. During the year no Members have undertaken any declarable, material transactions with the Council. Details of any transactions (if they exist) are recorded in the register of Members' Interests, open to public inspection at the Council's offices. This is in addition to a specific declaration obtained in respect of Related Party Transactions.

Members represent the Council on various organisations. Appointments are reviewed annually, unless a specific termination date for the term of office applies. None of these appointments places the Member in a position to exert undue influence or control.

Officers of the Council
Officers are only required to be disclosed as related parties when they have been involved in material transactions. During the year, no officers have declared any material transactions.

Other organisations

The Council awards grants to support a number of voluntary or charitable bodies and individuals. It does not attempt to exert control through this.

12. Trading Operations

The Council has adopted an Investment Policy for its funds that are surplus to operational needs. Some are held as cash and accessible at short notice whilst some have been invested in property for which rents are received. A property trading statement for the year is shown on page 41. The interest received and the surplus on property investments is carried to the Income and Expenditure Account below the net cost of services.

13. Local Authority (Goods & Services) Act 1970

The Council is empowered by this Act to provide goods and services to other public bodies. In 2007/08, goods and services falling within the scope of this Act consisted of:

DSO services to South Oxfordshire District Council and Vale Housing Association – emptying of septic tanks, blocked drains and other minor works: £184,000

CCTV services to South Oxfordshire District Council: £134,000

Grounds Maintenance work for Abingdon Town Council and Vale Housing Association: £163,000

Conveyancing services for Vale Housing Association: £11,500

The total value of work is deemed to be insignificant relative to the total budget of the Council. The Council does not make a profit in providing these services and all of the costs are recovered. The provision of these services to other public bodies helps to provide an economically viable service and promotes partnership workings with our nearest neighbours.

14. Local Area Agreements

The Council is a participant in a local area agreement (LAA) – a partnership with other public bodies involving the pooling of government grants to finance work towards jointly agreed objectives for local public services. In 2007/08, the LAA has completed the 2nd year of its three-year agreement. The council has received a share of the grant for Stronger, Safer Communities. This amounted to £120,450 out of a total grant to the LAA of £853,000 The goals of this grant is to reduce crime and disorder in the Vale area to support a community in which people feel safe regardless of age or ethnic background.

15. Audit Costs

During the year the Vale of White Horse District Council incurred the following fees relating to external audit and inspection:-

	2007/08
	£
Fees payable to the Audit Commission with regard to external audit services carried out by the Appointed Auditor	98,650
Fees payable to the Audit Commission for certification of grant claims	62,980
Total	161,630

These costs are accounted for within the Income and Expenditure Account.

16. Members' Allowances

During 2007/08 the total sum paid to members in respect of basic and special responsibility allowances was as follows:-

	2006/07	**2007/08**
Type of Allowance	**£**	**£**
Basic Allowance	182,735	187,877
Special Responsibility Allowance	124,616	127,611
Total	307,351	315,488

These costs are accounted for within the Income and Expenditure Account.

17. Fixed Assets

All of the Council's property assets are re-valued every 5 years in a rolling programme, using in-house qualified expertise in accordance with the Statements of Asset Valuation Practice and Guidance Notes of the Royal Institution of Chartered Surveyors (RICS). The basis used is Open Market Value, Existing Use Value (for properties used by the Council) or Depreciated Replacement Cost (for specialised buildings where there is no market) as appropriate. Community Assets (parks, open spaces etc) are included at historic cost, and vehicles, plant and equipment are included at purchase price less depreciation. For the 2007/08 accounts a de minimis level of £25,000 has been used for land and buildings, and £10,000 for new vehicles, plant and equipment.

	Number of properties at	
Fixed assets with a book value include:	**31/3/2007**	**31/3/2008**
Council Offices, Abingdon	1	1
Local Services Point, Wantage	1	1
Leisure Centres* & sports facilities, Abingdon, Faringdon & Wantage	5	5
Public Halls, Abingdon, Faringdon & Wantage	3	3
Temporary accommodation, Abingdon, Faringdon & Wantage	12	12
Community Centres, Abingdon, Botley	5	5
Off-street Car Parks, Abingdon, Faringdon & Wantage	10	10
Mobile Home Parks, Radley	2	2
Multi-storey Car Park, Abingdon	1	1
Public Conveniences, Abingdon, Botley, Faringdon & Wantage	4	4
Properties/sites held for investment see page 42	13	11
Properties/sites held for development, Abingdon	1	1
Surplus properties		1
Agricultural land, let	1	1
Recreation Grounds and open spaces, throughout the Vale	11	13

*The Leisure Centres at Wantage and Faringdon are attached to educational establishments run by Oxfordshire County Council and the District Council does not own the land. This line also includes Abingdon open-air pool.

During the year the long lease of a shop unit in Abingdon was sold and one was vacated and is being sold.

18. Capital Expenditure 2007/08 and how funded

	2006/07 £'000	**2007/08 £'000**
Expenditure		
Land & Buildings	484	69
Plant & Equipment	250	490
Community Assets	546	124
Infrastructure Assets	25	56
Non-Operational Assets	271	1,313
Intangible assets	63	4
Deferred Charges	1,330	1,429
	2,969	3,485
Financed from		
Capital Receipts	1,939	2,477
Revenue	250	
Government Grants	480	632
Heritage lottery fund	119	180
Other grants and contributions	181	196
	2,969	3,485

19. Movement of Fixed Assets 2007/08

Operational Assets	Land & Buildings £'000	Infra-structure £'000	Vehicles & Plant £'000	Community Assets £'000	Total £'000
Certified value at 31 March 2007	41,386				
Accumulated depreciation and impairment.	(2,551)				
Net book value at 31 March 2007	38,835	67	902	1,235	41,039
Additional Expenditure	69	56	490	124	739
Revaluations and Restatements	0		(156)	0	(156)
Depreciation in year	(1,001)	(15)	(275)		(1,291)
Value at 31 March 2008	37,903	108	961	1,359	40,331

Non-Operational Assets	Investment properties £'000	Surplus held for disposal £'000	Total £'000
Net book value at 31 March 2007	36,645	3,500	40,145
Additional Expenditure	1,313	0	1,313
Disposals	(170)	0	(170)
Revaluations and Restatements	10	60	70
Value at 31 March 2008	37,798	3,560	41,358

Intangible Assets	Software licences £'000	Flood prevention works £'000	Total £'000
Net book value at 31 March 2007	509	101	610
Additional Expenditure	4	18	22
Disposals	0	0	0
Revaluations and Restatements	0	0	0
Depreciation/written off in year	(247)	(23)	(270)
Value at 31 March 2008	266	96	362

20. Long Term Debtors

This represents outstanding loan advances granted by the Authority.

	Mortgage Advances		Other Advances		
	Private Sector	**Former Council Tenants**	**Other Loans**	**Car Loans**	**Total**
	£'000	£'000	£'000	£'000	£'000
Balance at 01/04/07	16	42	15	76	149
New Advances & Interest charged	0	0	0	70	70
Repayments	0	(18)	0	(39)	(57)
Balance at 31/03/08	16	24	15	107	162

21. Stocks and Work in Progress

	31/03/07 £'000	31/03/08 £'000
Stocks	19	23
Work in Progress	88	95
	107	118

Stock held on 31 March 2008 related to ICT consumable items, stationery, postage stamps, goods for resale and bar stocks held at the Guildhall and Civic Hall. Work in Progress is preliminary work on capital schemes where there is no asset yet nor firm commitment to one.

22. Debtors can be classified as follows:

	31/03.07 £'000	31/03/08 £'000
Council Tax payers	1,690	1,916
Business Rate payers	1,285	1,055
Investment Interest	97	12
Public Authorities	707	550
Government Depts	2,287	167
Other	1,591	2,803
Payments in Advance	68	84
Gross Debtors	7,725	6,587
Less provision for bad or doubtful debts:		
Council Tax Payers	(632)	(734)
Business Rate Payers	(390)	(516)
Sundry Debtors	(113)	(166)
Housing Benefits	(202)	(253)
Housing Rents	(37)	(94)
Net Debtors	6,351	4,824

A full explanation as to how the bad debt provision has been calculated is provided in note 36.

23. Temporary Investments

	With Fund Manager		
	Investec Asset Management £'000	Managed In-house £'000	Total £'000
Opening balance 1 April 2007	16,380	4,401	20,781
Valuation adjustment	(4)	0	(4)
Adjusted opening balance 1 Apr 07	16,376	4,401	20,777
Previous year interest	0	97	97
Additional funds invested	0	182,115	182,115
Funds repaid	0	(184,685)	(184,685)
Interest earned in year	949	577	1,526
Interest drawn down	(23)	(662)	(685)
Change in capital value	35	0	35
Accrued interest at year end [included in debtors]	0	(12)	(12)
Closing balance 31 March 2008	17,337	1,831	19,168

Investment income due to the Authority has been included in the Income and Expenditure Account on page 12 and in Note 22 - Debtors above.

Investments managed by the Fund Manager comprise cash deposits and gilts that can be recalled at short notice. There may also be unrealised changes in capital value at the year-end. The Fund Manager may have some long-term investments in their normal course of business.

Up to 31 March 2007 investments held by the Fund Manager were valued at 'Mid Price' but in accordance with the 2007 SORP the valuation basis has been changed to 'Bid Price'. Therefore the opening balance has been adjusted to reflect this change.

24. Creditors can be classified as follows:

	31/03/07 £'000	31/03/08 £'000
Public Authorities	13	396
Council Tax payers	136	334
Business Rate payers	1,351	1,140
Royal Berkshire Pension Fund	75	63
Other Creditors	2,760	4,289
Government departments	12	0
Income in Advance	4,613	3,209
	8,960	9,431

25. Capital Receipts Reserve

	2006/07 £'000	2007/08 £'000
Balance brought forward	14,784	13,971
Movements in the year		
Sale of assets	1,134	200
Financing capital expenditure	(1,939)	(2,477)
Pooling Adjustment	(8)	(3)
Net increase/(decrease)	(813)	(2,280)
Balance carried forward	13,971	11,691

26. Capital Adjustment Account

		Fixed Asset Restatement Account 2006/07 £'000	Capital Financing Account 2006/07 £'000	Capital Adjustment Account 2007/08 £'000
Balance brought forward		25,839	44,418	77,885
Adjustment to b/f balance (rounding)				(1)
plus	Upwards revaluations	11,230		70
less	Downwards revaluations	(2,738)		--
less	Disposals	(970)		(170)
plus	Capital Financing in year:			
	Capital receipts		1,939	2,477
	Revenue		250	--
plus	grants and contributions written down		372	328
less:				
	Write down of deferred charges		(910)	(1,590)
	Depreciation in year		(1,545)	(1,538)
Balance carried forward		33,361	44,524	77,461

The Balance Sheet figures for 31 March 2007 have been adjusted from those in the Statement of accounts for 2006-07 to accommodate the introduction of the Revaluation Reserve and the Capital Adjustment Account (see accounting policy 4 on page 6). The credit balances of £33.361 million on the Fixed Asset Restatement Account and £44.524 million on the Capital Financing Account at 31 March 2007 have been written off to the new Capital Adjustment Account with a credit balance of £77.885 million. To prevent rounding variances throughout the accounts this has been adjusted downwards by £1,000. A new Revaluation Reserve has been included in the Balance Sheet with a zero balance. The closing balance on the Revaluation Reserve at 31 March 2008 only shows unrealised revaluation gains since 1 April 2007.

27. Capital Grants Deferred Account

	2006/07 £'000	2007/08 £'000
Balance b/fwd	3,916	3,927
Transfer to I&E account		(128)
Received in year	383	432
	4,299	4,231
Written off to CAA in year through service revenue accounts	(372)	(328)
Balance c/fwd	3,927	3,903

Note: this account represents grants and contributions that have been received in respect of various completed capital projects. The assets are recorded at gross value in the Balance Sheet and the grant is written to the Capital Financing Account to reflect the contribution. Where the asset is depreciated the grant is written down to the relevant service revenue account in proportion to the depreciation, and then reversed through the Statement of Movement on the General Fund Balance so that it has no impact on the amount to be met from council tax. The transfer to the Income and Expenditure account relates to grant received in 2006/07 for which expenditure was incurred in 2006/07 and the grant was due to have been written off to the service account in that year.

28. Earmarked Reserves

	Balance 31/03/07 £'000	Contributions to Funds £'000	Use of Funds £'000	Balance 31/03/08 £'000
From Revenue Balances				
Building Regulations Trading	153	0	3	150
DSO Vehicle Replacement	50	0	0	50
Community Grants Awards Fund	149	10	0	159
Election Equalisation Fund	103	33	113	23
Local Development Framework Fund	145	90	50	185
Rent Deposit Guarantee Scheme	12	0	0	12
Rent Advance Scheme Fund	13	0	0	13
Reservoir Fund	150	0	0	150
Self-Insurance Fund	76	20	8	88
Superannuation (Revaluation)	205	0	205	0
Classified as assets - sub-total	1,056	153	379	830
From External Contributions				
Affordable housing, commuted sums	132	0	0	132
Developers' contributions	853	125	158	820
Government Grants	470	418	227	661
Classified as liabilities* - sub-total	1,455	543	385	1,613
Total Funds & Reserves	2,511	696	764	2,443

* To comply with the Statement of Recommended Practice, contributions from developers towards future services, such as grounds maintenance, or to capital works have been classified as liabilities in the balance sheet (creditors) until the work is carried out. The Council does not expect to have to repay any of these sums.

29. Self Insurance Fund

At the end of 1995/96 a sum of £100,000 was transferred from General Fund balances to establish a self-insurance reserve. Charges are made to cost centres in lieu of premiums and certain claims (mainly agreed excesses) are met from the Fund.

This reserve is to cover the following:

Risk	Limit – up to £:
Employer's Liability	5,000
Fire and Perils (property)	5,000
Vehicles - accidental damage	250
Theft (property	5,000
Public Liability	5,000
Officials Indemnity	5,000
Libel and Slander	5,000
Fidelity Guarantee	5,000
Land Charges	5,000
Personal Accident	5,000
Professional Negligence	2,500
Cash in Transit	No Limit
Misc. Equipment at request of Departments	No Limit

Claims above these limits are met by insurance companies.

Movement of the Insurance Fund during the year:

	£'000
Balance brought forward 1 April 2007	(76)
Claims met during the year	8
Internal premiums received	(20)
Balance carried forward 31 March 2008	(88)

30. Revenue Balances

The analysis of revenue balances at 31 March 2008 is as follows:

	31/03/07 £'000	31/03/08 £'000
Collection Fund	(80)	(7)
General Fund	1,844	2,954
	1,764	2,947

31. Contingent Liabilities

At the year end the Council was subject to a claim on behalf of an employee of a predecessor authority (Abingdon Borough Council) which claimed that he was exposed to asbestos in the course of his employment in 1962/63 and had contracted mesothelioma in 2006 and has since died. Insurance companies generally have been unable to agree whether liability in these cases should attach at the time of exposure or of manifestation of the illness or some point in between. This matter is currently (June 2008) the subject of a court case. It is possible that the Council could find itself liable for this claim and unable to recover from its insurers. No provision has been made because of this uncertainty and because the amount of any liability is still unknown.

32. Significant Commitments under Capital Contracts

At the year-end the Council was engaged in a small number of contracts relating to capital projects, none of them significant.

33. Events after the Balance Sheet Date

Events may occur between the Balance Sheet date and the date the accounts are authorised for issue which might have a bearing upon the financial results of the past year. There have been no such events requiring disclosure to the 2007/08 accounts.

34. Oxfordshire County Council Pension Fund FRS 17 disclosures

In accordance with Financial Reporting Standard 17 – Retirement Benefits (FRS 17), the Vale of White Horse District Council is required to disclose certain information concerning assets, liabilities, income and expenditure related to pension schemes for its employees.

Vale of White Horse District Council participates in the Local Government Pension Scheme which is a defined benefit scheme based on final pensionable salary.

The most recent valuation was carried out as at 31st March 2007 and has been updated by independent actuaries to the Oxfordshire County Council Pension Fund (the Fund) to take account of the requirements of FRS 17 in order to assess the liabilities of the Fund as at 31 March 2008.

Transactions Relating to Retirement Benefits

We recognise the cost of retirement benefits in the Net Cost of Services when they are earned by 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 retirement benefits is reversed out in the Statement of Movement in the General Fund

Balance. The following transactions have been made in the Income and Expenditure Account and Statement of Movement in the General Fund Balance during the year:

	Local Government Pension Scheme £m	
Income & Expenditure Account	**2006/07**	**2007/08**
Net Cost of Services:		
Current service cost	(1.32)	(1.30)
past service cost	(0.09)	(0.44)
losses on curtailments	0.09	0
Net Operating Expenditure:		
• interest cost	(2.69)	(2.99)
• expected return on assets in the scheme	2.45	2.72
Net Charge to the Income & Expenditure Account	(1.56)	(2.01)
Statement of movement in the General Fund Balance		
• reversal of net charges made for retirement benefits in accordance with FRS17	1.56	2.01
Actual amount charged against the General Fund Balance for pensions in the year:		
• employers' contributions payable to scheme	(1.42)	(1.58)

Assets and Liabilities in Relation to Retirement Benefits

The underlying assets and liabilities for retirement benefits attributable to the authority at 31 March are as follows:

	Local Government Pension Scheme £m	
	31 March 2007	**31 March 2008**
Estimated liabilities in scheme	(56.85)	(53.89)
Estimated assets in scheme	38.98	34.77
Net asset/(liability)	(17.87)	(19.12)

The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The total liability of £19.12m has a substantial impact on the net worth of the authority as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the authority remains good and the deficit will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

Basis for Estimating Assets and Liabilities

Liabilities are valued on an actuarial basis using the projected unit method which assesses the future liabilities discounted to their present value. The annual investment return used to roll forward the Employer's asset share has been estimated from quarterly returns provided by the Administering Authority from 1 April 2007 to 31 December 2007 and index returns appropriate to the mix of assets to get the total return for the year to 31 March 2008.

The main assumptions used in their calculations have been:

	Local Government Pension Scheme	
	2006/07	**2007/08**
Rate of inflation	3.2%	3.7%
Rate of long-term increase in salaries	4.7%	5.2%
Rate of increase to pensions in payment	3.2%	3.7%
Rate for discounting scheme liabilities	5.3%	6.8%

Actuarial Gains and Losses

The actuarial gains identified as movements on the Pensions Reserve in 2007/08 can be analysed into the following categories, measured as absolute amounts and as a percentage of assets or liabilities at 31 March 2007:

	2005/06		**2006/07**		**2007/08**	
	£m	**%**	**£m**	**%**	**£m**	**%**
Differences between the expected and actual return on assets	5.14	13.4	0.14	0.4	(6.31)	(18.2)
Differences between actuarial assumptions about liabilities and actual experience	0.02	0.0	(0.13)	(0.2)	(1.06)	(2.0)
Changes in the demographic and financial assumptions used to estimate liabilities	(3.72)	(6.6)	0.10	0.2	6.56	12.2
Net gains/(losses)	1.44		0.11		(0.81)	

The 2008 Scheme

A new benefit structure was introduced in the Local Government Pension Scheme (LGPS) from 1 April 2008. This change affects both the value of benefits earned up to 31 March 2008 and the cost going forward from that date.

The changes introduced in the 2008 scheme that affect the active members' benefits earned before 1 April 2008 are:

- An increase in the period of the pension guarantee following retirement from 5 to 10 years.
- The introduction of contingent dependants' benefits for co-habitees.
- An increase in the lump sum on death in deferment benefits following the member leaving service from three times to five times the deferred pension.
- A change to service enhancements for ill-health and death in service pensions.

This change has been accounted for as a past service cost – this impacts significantly on the charge to net services cost. The Pensions Administrator has calculated the appropriate past service cost by calculating the cost of these benefit improvements as a percentage of the value placed on the active member liabilities for the Fund as a whole. The percentage calculated was 1.6%. This percentage increase was applied in liabilities to the active liabilities of Vale of White Horse District Council.

35. Group Accounts

If the Council has access to benefits or is exposed to the risk of potential loss of another body; or controls the majority of equity capital, voting rights, rights to appoint the board, or exercises a dominant influence over an organisation, then there is a requirement to produce Group Accounts.

The Council has no material influence, benefit, exposure or rights over any other outside organisation and therefore no Group Accounts have been produced for 2007/08.

The Council makes substantial grants to various bodies but the grants do not provide the Council with any controlling influence over the body or expose the Council to potential loss.

The Council appoints Members to a variety of different outside organisations, but these appointees do not have a majority controlling influence within these organisations.

The Council has no wholly owned or partially owned subsidiaries or joint ventures.

In the past the Council has set up two companies to manage the common parts of properties where it has sold off long leases but retained the freeholds. These are:
Wootton Road Flat Management Co. Ltd. and
Reynolds Way Flat Management Co. Ltd.

The Council provides the company officers and the only shareholders are the respective tenants. The intention was that the companies (i.e. the tenants) would assume responsibility for managing the common parts and meet the costs. This has not happened and the Council currently manages the common parts and recharges the tenants through service charges in accordance with their leases.

These companies currently have no assets or liabilities and are “dormant”.

36. Financial Instruments

The Statement of Recommended Practice (SORP) 2007 requires local authorities to disclose new information regarding their financial instruments. A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term ‘financial instrument’ covers both financial assets and financial liabilities and includes both the most straightforward financial assets and liabilities such as:

- Liabilities
  Trade payables and other payables
  Borrowings
  Financial guarantees
- Assets
  Bank deposits
  Trade receivables
  Loans receivable
  Investments

The purpose of the new disclosures is to provide information that enables readers to evaluate:

- The significance of financial instruments for the authority’s financial position and performance;
- The nature and extent of risks arising from financial instruments to which the authority is exposed and how the authority manages those risks.

Categories of Financial Assets and Financial Liabilities
The borrowings and investments disclosed in the Balance Sheet are made up of the following categories of financial instruments:

	Long-Term		Current	
	31 March 07 £000s	31 March 08 £000s	31 March 07 £000s	31 March 08 £000s
Financial liabilities at amortised cost	0	0	1,000	0
Total borrowings	0	0	1,000	0
Loans & receivables at mid bid price			20,781	
Revaluation to bid price			(4)	
Loans and receivables (operational debtors & bank deposits)	0	0	20,777	19,168
Total investments	0	0	20,777	19,168

A current asset is one that satisfies any of the following criteria:

- It is expected to be realized, or is intended for sale or consumption, in the authority’s normal operating cycle.
- It is held primarily for the purpose of being traded.

- It is expected to be realized within 12 months after the Balance Sheet date.
- It is cash or a cash equivalent, unless it is restricted from being exchanged or used to settle a liability at least 12 months after the Balance Sheet date.

Note 23 details the movements on temporary investments.

Financial Instrument Gains/Losses
The gains and losses recognised in the Income and Expenditure Account and Statement of Total Recognised Gains & Losses in relation to financial instruments are made up as follows:

2006/07		2007/08		
		Financial Liabilities At amortised cost	Financial Assets Loans & receivables	Total
£000s		£000s	£000s	£000s
(5)	Interest expence	(1)	0	(1)
	Losses on derecognition	0	0	0
	Impairment losses	0	0	0
(5)	**Interest payable and similar charges**	**(1)**	0	**(1)**
1,234	Interest income	0	1,557	1,557
	Gains on derecognition	0	0	0
1,234	**Interest and investment income**	0	**1,557**	**1,557**
1,229	**Net gain/(loss) for the year**	**(1)**	**1,557**	**1,556**

Basis of Valuation
The valuation contains details of the investments that comprise the portfolio at the date of the valuation. It may include investments that are the subject of transactions that have been effected but remain unsettled at that date, and income that has been declared ex-dividend but not yet paid.

Investments have been valued using bid-market price information or supplemented by reputable sources when not available. Standard market conventions have been used to calculate accrued interest due on securities.

Nature and Extent of Risks arising from Financial Instruments and how the Authority manages them

The Council is required to disclose the risk to which it is exposed in its dealings with financial instruments and how they are managed. The main risks 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 its 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, foreign currency exchange rates, etc.

Credit risk
Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the authority's customers. The authority has adopted *CIPFA's Treasury Management in the Public Services: Code of Practice* and has set treasury management indicators to control key financial instrument risks in accordance with CIPFA's Prudential Code. The Treasury Management and Investment Strategy is agreed by the Council's Executive at the start of each financial year.

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

Maximum exposure to credit risk:

	Amount at 31 March 2008	Historical experience of default	Historical experience adjusted for market conditions at 31 March 2008	Estimated maximum exposure to default and uncollectability
	£000s	%	%	£000s
Deposits with banks and financial institutions	19,167	0	0	0
Bonds	0	0	0	0
Customers	6,587	18%	27%	1,763

The authority does not generally allow credit for customers and a provision is made for bad debt based on the debtors information as at year end.

Provision for Bad Debts

The Council recognises that, for a variety of reasons, it will be not be successful in collecting all of the debts that are owed to it and makes a provision in the accounts to reflect this. The provision is calculated by analysing, for each type of debt, the period they have been outstanding and applying a percentage based on experience as to the likely collection rate. As a consequence of the change of systems during 2007/08 the provision for bad debt has been completely reviewed and a provision of 27% of the total debtors amount has been provided (18% in 2006/07).

The amount of the provision is shown as a credit against the total debtors position in note 22. Please note that the total debtors position includes costs and reconciling items which are excluded for the purposes of calculating the provision. This note provides a detailed breakdown of how the figures has been arrived at as different criteria are applied to different types of debt. Provisions are round to the nearest £1,000.

Council Tax – provision of £734,000 on outstanding debt of £1,765,623

The total debt is analysed by the year it was raised and a percentage applied as follows:

Period outstanding	Debt outstanding	% applied	Amount of provision
Up to 1 year	978,058	30%	293,417
1 – 3 years	595,979	50%	297,990
3 – 4 years	94,488	60%	56,693
4 – 5 years	45,931	80%	36,745
5 – 6 years	21,915	90%	19,723
Over 6 years	29,252	100%	29,252
	1,765,623		733,820

Business Rates – provision of £516,000 on outstanding debt of £1,055,263

The total debt is analysed by the year it was raised and a percentage applied as follows:

Period outstanding	Debt outstanding	% applied	Amount of provision
Up to 1 year	362,211	15%	54,331
1 – 2 years	385,792	50%	192,896
2 – 3 years	153,001	80%	122,401
3 – 4 years	78,803	90%	70,923
Over 4 years	75,456	100%	75,456
	1,055,263		516,007

Housing Benefits – provision of £253,000 on outstanding debt of £826,868

This represents overpayment of Housing Benefit where a claimant has not told the Council about a change in circumstances that will affect their benefit entitlement. Where the claimant is still receiving benefit the overpayments are recovered by deduction from benefit. Where the claimant is no longer entitled to benefit the normal debt recovery process is used. The provision calculation recognises that there is a greater chance of recovery in the former case than in the latter.

Provision for debt subject to recovery from entitlement:

Period outstanding	Debt outstanding	% applied	Amount of provision
Up to 6 months	73,808	10.3%	7,602
6 m – 1 year	40,070	54.4%	21,798
1 – 2 years	22,292	70.0%	15,604
Over 2 years	6,641	48.5%	3221
	142,811		48,225

Provision for debt NOT subject to recovery from entitlement:

Period outstanding	Debt outstanding	% applied	Amount of provision
Up to 6 months	163,144	43.5%	70,968
6 m – 1 year	410,495	8.9%	36,534
1 – 2 years	76,038	82.8%	62,960
Over 2 years	34,379	99.7%	34,276
	684,057		204,738

Note: the percentages are based on recovery rates achieved by Capita in 2007/08

Sundry Debtors – provision of £149,000 on outstanding debt of £1,134,904

Period outstanding	Debt outstanding	% applied	Amount of provision
Up to 1 year	971,456	5%	48,573
1 – 3 years	103,262	50%	51,631
3 – 6 years	45,543	75%	34,157
Over 6 years	14,643	100%	14,643
	1,134,904		149,004

Temporary Accommodation – provision of £93,860 on outstanding debt of £115,877

This represents rents due on temporary accommodation provided by the Council to homeless persons. The rent accounting system, which is operated by the Housing Section, does not provide an aged debt analysis so the percentage applied is dependent on whether the debt relates to clients still in receipt of a service or not.

Period outstanding	Debt outstanding	% applied	Amount of provision
Current clients	44,134	50%	22,117
Former clients	71,743	100%	71,743
	115,877		93,860

Garden waste wheeled containers (Brown Bins) – provision of £17,000 on outstanding debt of £73,950

The Council makes a charge for the hire/emptying of brown bins. New customers pay for the first year before a bin is delivered by cash, cheque, credit card or direct debit. Those not paying by direct debit should then receive an invoice near to the anniversary date for collections to continue.

In early 2008 the decision was made to transfer all invoicing for brown bins to the Agresso debtors system. As a result a large number of invoices were raised in March and April 2008. Normally these would have been included as part of the sundry debtor provision but as many of these related to 2006/07 it was considered prudent to exclude them from the sundry debtor calculation and to make a separate provision. Recognising the potential difficulty in recovering these smaller amounts (£29) relating to 2006/07, a provision of 60% has been applied.

Period outstanding	Debt outstanding	% applied	Amount of provision
2007/08	54,375	10%	5,438
2006/07	19,575	60%	11,745
	73,950		17,183

Liquidity risk
The authority has no debt to finance and is currently able to meet all its ongoing commitments, all trade and other payables due to be paid in less than one year, from cash balances.

Market risk
The authority is exposed to some risk in terms of its exposure to interest rate movements on its investments. A rise or fall of 1% in interest rates on the total investments for the year would result in a rise or fall in income to the Council of approximately £300,000. For this reason the Council has a diversified investment holding in property and temporary investment and maintains a level of reserve at least equal to 5% of the annual budget requirement.

The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget quarterly during the year. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable.

Price risk
The authority does not invest in equity shares owns no shareholdings in joint ventures or local industry and consequently has no exposure to loss arising from movements in the prices of shares.

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

37. Reconciliation of Net Revenue Deficit to Cashflow from Revenue Activities

	£'000	£'000
Deficit on Income & Expenditure Account	2,339	
Collection Fund	(659)	1,680
Non Cash Transactions		
Contribution to Provision for Bad Debts	(198)	
Government Grants Deferred	328	
Gain on sale of assets	30	
Depreciation and Impairment of Fixed Assets	(1,538)	
Write down of Deferred Charges	(1,590)	
Net Charges for Retirement Benefits	(704)	
Pooling of Capital Receipts	3	
Other adjustments	(4)	
Transfer to Funds and Reserves	(243)	(3,916)
Items Classified elsewhere in the Cashflow Statement		
Add interest received		1,557
Items Accrued		
Increase/(decrease) of Stock and Work in Progress	11	
Increase/(decrease) in Debtors	(1,527)	
(Increase)/decrease in Creditors	(1,875)	(3,391)
Net cash flow from revenue activities		(4,070)

38. Movement in Cash

	Balance at 01/04/07 £'000	Balance at 31/03/08 £'000	Movements in year £'000
Cash in hand	558	(20)	(538)

39. Movement in Liquid Resources

	Balance at 01/04/07 £'000	Balance at 31/03/08 £'000	Movements in year £'000
Short Term Deposits	4,401	1,831	(2,570)

An explanation of what the authority includes in the liquid resources and any changes in its policy

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

40. Analysis of Government Grants (actual cash received)

	£'000
Community Strategy	120
Assisted Transport	156
Council Tax Benefit	5,027
NNDR Cost of Collection	196
Private Sector Grants	1,097
Recycling Grants	53
Planning Delivery Grant	418
Council Tax Admin Grant	885
Homelessness	76
Performance Reward Grant	35
Implementation of the Health Act 2006	47
Part 2A Contaminated Land	1
Flood Recovery Grant	250
Local Authority Business Growth Incentive	237
Total Revenue Grants received	8,598

COLLECTION FUND 2007/08

Income and Expenditure Account

2006/07 £'000	Income	£'000	£'000
(57,021)	Council Tax Payers		(59,636)
	Transfers from General Fund		
(3,800)	Council Tax Benefits		(4,248)
(50,824)	Income from Business Ratepayers		(46,079)
	Adjustments		
(4)	Council Tax Transitional Reduction Scheme grant		(7)
(111,649)	**Total Income**		**(109,970)**
	Expenditure		
	Precepts		
48,087	- Oxfordshire County Council	49,976	
6,320	- Thames Valley Police Authority	6,631	
6,738	- Vale of White Horse D C (inc. Parishes)	7,044	63,650
	Business Rates		
50,639	- Payment to National Pool	45,883	
185	- Cost of Collection	196	46,079
243	Provision for bad debts – Council Tax		95
	Contribution towards previous year's estimated Collection Fund surplus		
354	- Previous years estimated surplus\(deficit) on CT OCC	(404)	
46	- Previous years estimated surplus\(deficit) on CT TVPA	(53)	
49	- Previous years estimated surplus\(deficit) on CT VWHDC	(57)	(514)
112,661	**Total Expenditure**		**109,311**
1,012	(Surplus)/deficit for the year		(659)
(288)	Balance on the Collection Fund brought forward		724
724	Balance on the Collection Fund carried forward		**65**

NOTES TO THE NON-CORE FINANCIAL STATEMENTS

NOTES TO THE COLLECTION FUND

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

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

2006/07 £'000		**2007/08 £'000**
569	Oxfordshire County Council	51
75	Thames Valley Police Authority	7
644	**Debtors/Creditors**	**58**
80	The Balance appears in the Council's reserves	7
724		**65**

2. The total non-domestic rateable value at the 31st March 2008 was £131,727,367. The standard non domestic rate multiplier for 2007/08 was 44.4 pence in the pound. The small business non domestic rate multiplier was 44.1 pence in the pound.

3. The number of chargeable dwellings in each Council Tax Band after adjustment for exemption, discounts etc:

	No of Properties	**Weighting**	**Band D Equivalent**
Band A	1,522	6/9	1,015
Band B	4,657	7/9	3,622
Band C	14,473	8/9	12,865
Band D	11,384	1	11,384
Band E	8,596	11/9	10,506
Band F	4,712	13/9	6,806
Band G	3,676	15/9	6,127
Band H	377	2	754
	49,397		53,079
Discounts and exemptions			(6,002)
Class O exempt properties			1,041
Year end adjustment, appeals and losses on collection			(481)
Council Tax Base (properties)			47,637
i.e. a levy of £1 would raise			£47,637

4. Precepts payable to parishes in 2007/08 amounted to £2,181,141 (2006/07 £2,103,741). Parish precepts are minor precepts and are deemed to be part of the precept levied on the Collection Fund by the District Council.

5. The average band D Council Tax for the year was made up as follows:-

	2006/07 £	**2007/08 £**
Oxfordshire County Council	1,008.75	1,049.10
Vale of White Horse District Council	97.22	102.07
Thames Valley Police Authority	132.58	139.19
	1,238.55	1,290.36
Parish Council (Average)	44.13	45.79
	1,282.68	1,336.15

STATEMENT OF TOTAL MOVEMENT IN RESERVES

	Capital Adjustment Account	Deferred Capital Receipts	Capital Receipts Reserve	Earmarked Reserves	Pension Reserve	General Fund	Collection Fund	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1 April 2007	(77,885)		(13,971)	(1,056)	17,875	(1,844)	80	(76,801)
Adjustment to b/f balance (rounding)	1							1
Movement of DCR 1 April 2007		(58)						(58)
Repayments in year		18	3			(1,110)	(73)	(1,162)
Net (surplus)/deficit for year	2,800							2,800
Contributions				(153)	(1,580)			(1,733)
Disposals of fixed assets	100		(200)					(100)
Use of funds			2,477	379	2,824			5,680
Financing of fixed assets (see notes)	(2,477)							(2,477)
Balance as at 31 March 2008	(77,461)	(40)	(11,691)	(830)	19,119	(2,954)	7	(73,850)

TRADING STATEMENT FOR INVESTMENT PROPERTIES
2007/08

	2006/07 £'000 Total	2007/08 £'000
Income		
Rent due	(1,847)	(1,944)
Expenditure		
Non-recoverable expenses	27	89
Surplus in year	(1,820)	(1,855)
Surplus from developing plots at mobile home parks	(32)	(51)
Total surplus from trading shown on Income & Expenditure Account	(1,852)	(1,906)

List of investment properties

Bury Street precinct, Abingdon	site only, shops let by tenant
Charter Complex, Abingdon	offices and day centre
Emcor House, Hatfield	offices
Napier Court, Abingdon	offices
Old Abbey House, Abingdon	offices
Old Magistrates Court, Abingdon	offices
8 & 9 The Parade, Canterbury	3 shop units
1 & 2 Roysse Court, Abingdon	offices
Telfer House, Range Road, Witney	offices and warehouse
Upper Reaches Hotel site, Abingdon	hotel site
West Way, Botley	26 shop units, some with flats over

The following report is the previous year's updated. To be confirmed by the auditor.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VALE OF WHITE HORSE DISTRICT COUNCIL

OPINION ON THE FINANCIAL STATEMENTS

I have audited the financial statements of Vale of White Horse District Council for the year ended 31 March 2008 under the Audit Commission Act 1998, which comprise the Explanatory Foreword, Income and Expenditure Account, Statement of the Movement on the General Fund Balance, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cash Flow Statement, the Collection Fund and the related notes. These financial statements have been prepared under the accounting policies set out within them.

This report is made solely to Vale of White Horse District Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 36 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission.

RESPECTIVE RESPONSIBILITIES OF THE CHIEF FINANCE OFFICER AND AUDITORS

The Chief Finance Officer's responsibilities for preparing the financial statements in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007 are set out in the Statement of Responsibilities.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements present fairly the financial position of the Authority in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007.

I review whether the statement on internal control reflects compliance with CIPFA's guidance 'The statement on internal control in local government: meeting the requirements of the Accounts and Audit Regulations 2003' issued in April 2004. I report if it does not comply with proper practices specified by CIPFA or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the statement on internal control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Authority's corporate governance procedures or its risk and control procedures

I read other information published with the financial statements, and consider whether it is consistent with the audited financial statements. This other information comprises only the Explanatory Foreword. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

BASIS OF AUDIT OPINION

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In my opinion the financial statements present fairly, in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007, the financial position of the Authority as at 31 March 2008 and its income and expenditure for the year then ended.

Maria Grindley
District Auditor
Unit 5, Isis Business Centre,
Horspath Road
Cowley,
Oxford OX4 2RD

30 September 2008

The following report is the previous year's updated. To be confirmed by the auditor.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VALE OF WHITE HORSE DISTRICT COUNCIL

CONCLUSION ON 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 regularly review the adequacy and effectiveness of these arrangements.

Under the Local Government Act 1999, the authority is required to prepare and publish a best value performance plan summarising the authority's assessment of its performance and position in relation to its statutory duty to make arrangements to ensure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

AUDITOR'S RESPONSIBILITIES

I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the authority 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 in relation to proper arrangements, having regard to relevant criteria specified by the Audit Commission for principal local authorities. I report if significant matters have come to my attention which prevent me from concluding that the authority has made such proper arrangements. 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.

I am required by section 7 of the Local Government Act 1999 to carry out an audit of the authority's best value performance plan and issue a report:

- *certifying that I have done so;*
- *stating whether I believe that the plan has been prepared and published in accordance with statutory requirements set out in section 6 of the Local Government Act 1999 and statutory guidance; and*
- *where relevant, making any recommendations under section 7 of the Local Government Act 1999.*

CONCLUSION

I have undertaken my audit in accordance with the Code of Audit Practice and having regard to the criteria for principal local authorities specified by the Audit Commission and published in December 2006, I am satisfied that, in all significant respects, Vale of White Horse District Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2008 except for the arrangements to maintain a sound system of internal control.

BEST VALUE PERFORMANCE PLAN

I issued my statutory report on the audit of the authority's best value performance plan for the financial year 2007/08 in December 2006. I did not identify any matters to be reported to the authority and did not make any recommendations on procedures in relation to the plan.

CERTIFICATE

I certify that I have completed the audit of the accounts 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
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Oxford OX4 2RD

30 September 2008

EXPLANATION OF FINANCIAL TERMS

ACOP – Accounting Code of Practice

ACCRUAL - An amount included in the accounts to cover income or expenditure for goods and services received within the accounting period but for which payment has not been received/made.

ASSET - The creation or purchase of an item/building that has a monetary value. Those assets of the Council which are readily marketable are valued at market value. Those which have a specialised use, such as leisure centres, are valued at depreciated replacement cost, which assesses the cost of providing a similar facility as a replacement but also allows a discount for the age of the asset. Plant, equipment and community assets are valued at historic cost.

CAPITAL FINANCING - Assembling the money to pay for capital expenditure. The majority of the resources necessary to finance this Council's capital programme is capital receipts. Other significant sources are Government grants and contributions from developers. Also available are revenue monies and borrowing. The Authority does not currently borrow to finance capital expenditure.

CAPITAL RECEIPTS - Proceeds from the sale of an asset, e.g. land, buildings, equipment, vehicles.

CENTRAL SUPPORT SERVICES - The costs of providing those central functions which are concerned with the whole range of services and undertakings of the Council and are not in the main identifiable with any particular service, e.g. the cost of office accommodation.

CONTINGENT LIABILITY – A potential liability that has arisen from past events. It will be confirmed by the occurrence of an event in the future that is not wholly within the Council's control.

COUNCIL TAX - A charge levied by all councils on domestic property values to contribute to the cost of providing local services. Council tax for the County Council, the Police Authority and local parishes is collected by this Authority and paid over to them throughout the year.

CREDITOR - The amount owed by an Authority for work done, goods received or services rendered to the Authority within the accounting period but for which payment has not been made.

DEBTOR - An amount due to an Authority within the accounting period but not received by the end of the financial year.

DEBT REDEMPTION - The repayment of loans raised to finance capital expenditure.

DEFERRED CHARGES - A deferred charge arises where capital expenditure has been incurred but there is no tangible asset. A good example is house renovation grants. Since there are no long-term economic benefits in the control of the Council, these are written off to revenue in the year incurred and no longer feature as assets in the balance sheet. See Intangible Fixed Assets.

DIRECT REVENUE FINANCING - The financing of capital expenditure from the current year's revenue income.

DIRECT SERVICE ORGANISATION (DSO) - An internally organised structure that manages a particular service area for the Authority. With the extension of competitive tendering there is an increasing trend to manage whole areas of the Council's activities along these lines with a clearer definition of 'client' and 'customer' being established. At the time of writing the Council does not have any statutory DSOs as the Housing Maintenance DSO transferred to the Vale Housing Association upon LSVT and the Grounds Maintenance DSO was wound up at the end of its first, unprofitable, year. The Council operates a non statutory team of technical operatives which it calls its "DSO".

FINANCE LEASE – This is a lease, usually of land or buildings, which is treated as capital borrowing.

FRS 17 – Financial Reporting Standard 17 requires the Authority to account for assets and liabilities in the pension fund administered by Oxfordshire County Council, but relating to this authority, in the accounts of this authority.

GENERAL FUND - The main revenue account of the Authority incorporating all those services that make up the cost of the Council Tax.

HOUSING REVENUE ACCOUNT - The main revenue account dealing with an Authority's housing activities with its tenants. This Authority's HRA was closed on 31 March 1995 after its housing stock had been disposed of.

INTANGIBLE FIXED ASSETS – Some capital expenditure does not give rise to a physical asset but the benefits last a number of years. These can be carried in the balance sheet as assets and written off over their useful life. An example is computer software.

OPERATING LEASE – This is a lease where ownership of the fixed asset remains with the lessor.

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

SSAP – Statement of Standard Accounting Practice

SORP – Statement of Recommended Practice. Part of the accounting standards

TRADING ACCOUNT – A method of matching income and expenditure for a particular activity or group of activities. An example of this is Building Control.

EXPLANATION OF FUNDS AND RESERVES

The purpose of each of the Council's earmarked funds and reserves is explained below.

AFFORDABLE HOUSING, COMMUTED SUMS – Funds received from developers, who are unable to meet their obligations to provide affordable housing, which will be used to support local housing associations to provide instead.

COMMUNITY GRANTS AWARDS FUND – To meet the cost of grants awarded in the current year that will not be paid to the beneficiaries until later years

DSO REPLACEMENT VEHICLE RESERVE – This is to provide resources for the future purchases of vehicles and plant used by the Council's DSO.

ELECTION EQUALISATION FUND – To even out the expenditure peaks and troughs created by Council elections being held every 4 years.

LOCAL DEVELOPMENT FRAMEWORK FUND – To even out the expenditure peaks and troughs created by the work involved in producing the Local Plan which is the framework against which planning applications will be judged.

RENT ADVANCE SCHEME FUND – Resources to provide an advance for private tenants so that they are able to rent accommodation until they receive their housing benefit payments.

RENT DEPOSIT GUARANTEE FUND – Resources to provide a bond for private tenants on low income who otherwise could not raise a deposit to rent accommodation.

RESERVOIR FUND - To meet sudden and unexpected costs arising from Thames Water's plan to create a new reservoir in the Vale.

SELF INSURANCE FUND – Built up from recharges to service areas, this provides resources to meet small compensation claims not covered under the Council's insurance policies and to meet the voluntary excess on insurance cover.

SUPERANNUATION (REVALUATION) FUND – Resources to meet increases in the cost of employer pension contributions arising from the 3-yearly revaluation of the fund.