South Somerset District Council

Statement of Accounts 2007/2008

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Explanatory Foreword

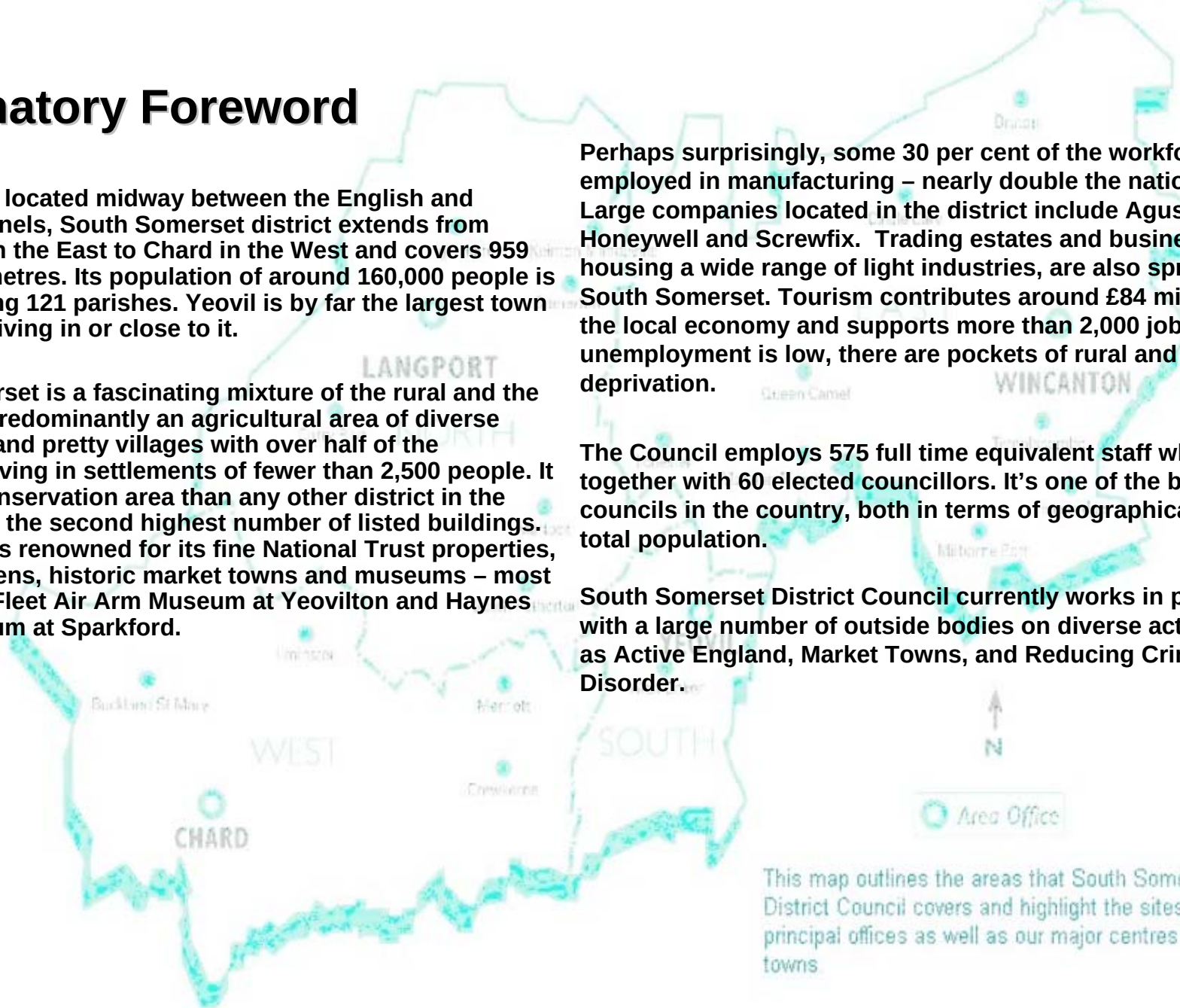
Strategically located midway between the English and Bristol Channels, South Somerset district extends from Wincanton in the East to Chard in the West and covers 959 square kilometres. Its population of around 160,000 people is spread among 121 parishes. Yeovil is by far the largest town with 45,000 living in or close to it.

South Somerset is a fascinating mixture of the rural and the urban. It is predominantly an agricultural area of diverse landscapes and pretty villages with over half of the population living in settlements of fewer than 2,500 people. It has more conservation area than any other district in the country, and the second highest number of listed buildings. The district is renowned for its fine National Trust properties, classic gardens, historic market towns and museums – most notably the Fleet Air Arm Museum at Yeovilton and Haynes Motor Museum at Sparkford.

Perhaps surprisingly, some 30 per cent of the workforce is employed in manufacturing – nearly double the national average. Large companies located in the district include Agusta Westland, Honeywell and Screwfix. Trading estates and business parks, housing a wide range of light industries, are also spread across South Somerset. Tourism contributes around £84 million a year to the local economy and supports more than 2,000 jobs. Although unemployment is low, there are pockets of rural and urban deprivation.

The Council employs 575 full time equivalent staff who work together with 60 elected councillors. It's one of the biggest district councils in the country, both in terms of geographical size and total population.

South Somerset District Council currently works in partnership with a large number of outside bodies on diverse activities such as Active England, Market Towns, and Reducing Crime and Disorder.



This map outlines the areas that South Somerset District Council covers and highlight the sites of our principal offices as well as our major centres and towns

The Key Accounting Standards and Statements

We have followed the Chartered Institute of Public Finance & Accountancy's Code of Practice on Local Authority Accounting in Great Britain in compiling our statement of accounts for 2007/08.

The accounts fairly reflect South Somerset District Council's financial position for the financial year ended 31 March 2008. Our accounting policies are outlined in this document and have been fairly and consistently applied. We keep proper and up-to-date accounting records and take all reasonable steps to prevent and detect fraud and other irregularities.

The Head of Finance is the statutory officer responsible for the proper administration of the Council's financial affairs. She is now required by law to confirm that the Council's system of internal controls can be relied on to produce an accurate statement of accounts. Her statement of assurance for 2007/08 appears on page 12 of this document.

The comparative figures for 2006/07 shown in the Core Financial Statements have been restated in order to comply with the new presentation required by the 2007 SORP. New accounting policies relating to the treatment of financial instruments have been introduced with effect from 1 April 2007 in order to comply with the SORP; the overall impact of these changes is not significant.

The main statements included in the accounts along with an explanation of their purpose are as follows:

Income and Expenditure Account (pg 20)

This account gives detailed information about total expenditure on the services that we provide. Income for each service is matched against the expenditure to show the net cost of services. The account also shows how much is received from council tax payers and in general government grants to help meet the cost of services.

Statement of Movement on the General Fund Balance (pg 21)

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

Statement of Total Recognised Gains and Losses (pg 22)

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

Balance Sheet (pg 23)

The balance sheet provides a snapshot of our financial position as at 31 March and includes both the Income and Expenditure Account and the Collection Fund. It sets out what we own and what we owe at that point in time.

Cashflow Statement (pg 24)

This statement summarises the total cash movements during the year for both capital and revenue purposes.

Collection Fund (pg 48-49)

We are legally obliged to maintain this fund separately from all our other funds and accounts. It shows the transactions that have arisen because we are a billing authority, collecting non-domestic rates and council tax on behalf of the precepting authorities - the police, fire service, county council, town and parish councils - as well as for ourselves. The collection fund records the income we receive from local tax payers and the money that is distributed as a precept.

Revenue Account Summary

Our revenue account - known as the General Fund - bears the net costs of providing day-to-day services. This section of the foreword will:

- Compare actual spending to budget;
- Explain where the money came from;
- Explain where the money went; and
- Review our treasury management performance;

Comparing actual spending to budget

The budget for the year was supported by an increase in Council Tax of just 3%. This gave a Band D Council tax of £135.85.

Our total net expenditure budget for the year was set at £18.8m. This represents the net cost of services taking into account:

- £30.3m of specific government grants;
- £12.8m income from fees and charges for services provided; and
- £2.6m of income from our investments.

It also included the following:

- Efficiency savings of £719k;
- A collection fund surplus of £77k.

The total net expenditure budget for the year was financed by:

- £10.6m of business rates and general government grants (Formula Grant); and
- £8.2m of council tax income.

Our final revenue account for the year showed an overspend compared to the original budget for the year. This is because members agreed an additional £990k of further expenditure to be funded from specific reserves, including the £82k of planned use of balances in the medium term financial plan. The budget was therefore increased to reflect these use of balances, and at the year end, SSDC actually underspent on its revised budget by £448k.

A full list of the differences between actual and planned spend for the year, by service, is provided in the next section of this foreword.

Explaining the big differences

The top four variances between actual net spending and the revised budget that contributed to the underspend were:

- Additional cost of concessionary travel contributed to a £378k overspend on the Economic Development, Planning & Transport budget;
- The increased bad debt provision for homelessness debts had a material affect on the Housing & Welfare budget being £125k overspent;
- Financial Services were underspent by £171k primarily as a result of the interest earned from our investments exceeding the budget and the return of specific reserves to balances;
- Revenues & Benefits were £120k underspent due to savings being made on staff vacancies and additional housing subsidy income;

The budget carry forward of £410k approved by Councillors for 2008-09 is less than the £426k carried forward from the previous financial year. Details of the larger amounts carried forward are shown below:-

- £155k of funds unspent but committed to projects by the Local Strategic Partnership (LSP);
- £156k of grant funding which was committed but unspent.
- £51k of funds committed to training and business process re-engineering.

Reporting against budget

The following table provides a high level summary of our net expenditure on services. The analysis reflects the responsibilities of our Executive Board Members.

All budgets are split between 'above' and 'below' the line with managers only being responsible for 'above' the line items. Above the line budgets include all of the items considered to be under the managers control and include such things as employee costs, supplies and services, income etc. Below the line budgets will include support services, capital charges and deferred charges. As every item of expenditure and income is above the line somewhere in the Council's accounts, only above the line items are reported to committee for budget monitoring purposes. The total cost of the service is established by adding the above and below the line items together.

The table below sets out the overall picture of the 'above the line' revenue budgets that will form part of the annual Statement of Accounts. It compares the position to the previous financial year and the original and revised budget for 2007/08 (figures in brackets are underspends):

Previous Year Spend 2006/07 £'000	Services	Original Budget 2007/08 £'000	Outturn Budget 2007/08 £'000	Actual Spend 2007/08 £'000	Variation £'000	
682	Strategic Management	1,022	963	894	(69)	F
(966)	Financial Services	(914)	(541)	(712)	(171)	F
783	Legal Services	931	926	882	(44)	F
3,387	Organisational Dev.	3,736	3,750	3,518	(232)	F
838	Dev. & Building Control	761	727	779	52	A
2,021	Econ Dev. Plan & Trans	1,588	1,948	2,326	378	A
247	Revenues & Benefits	413	406	286	(120)	F
736	Countryside & Tourism	732	739	733	(6)	F
1,077	Env Health & Comm Prot	1,194	1,214	1,173	(41)	F
1,307	Housing & Welfare	1,064	1,102	1,227	125	A
1,274	Sport, Art & Leisure	1,242	1,262	1,283	21	A
442	Engineering & Property	102	66	25	(41)	F
1,550	Streetscene	1,631	1,629	1,623	(6)	F
3,355	Waste & Recycling	3,231	3,216	3,235	19	A
681	Area East	654	739	657	(82)	F
308	Area North	358	366	331	(35)	F
372	Area South	482	482	450	(32)	F
375	Area West	484	537	529	(8)	F
55	Local Strategic Part'ship	43	212	56	(156)	F
18,524	Total Spend	**18,754**	**19,743**	**19,295**	**(448)**	F

Reconciliation to the Income and Expenditure Account

The Income and Expenditure Account gives detailed information about the total expenditure on the services we provide. It also shows the council tax and government grants received to help pay for those services. The net operating expenditure figure is reconciled to the outturn spend position detailed in the previous table as follows:

2006/07 £'000		2007/08 £'000
18,524	Net expenditure per outturn report	19,295
1,846	Items subsequently reversed in the Statement of Movement on the General Fund Balance	4,634
250	LABGI Grant (included in General Government Grants)	357
2,841	Parish Precepts	3,031
23,461	Net Operating Expenditure per the Income and Expenditure Account	27,317

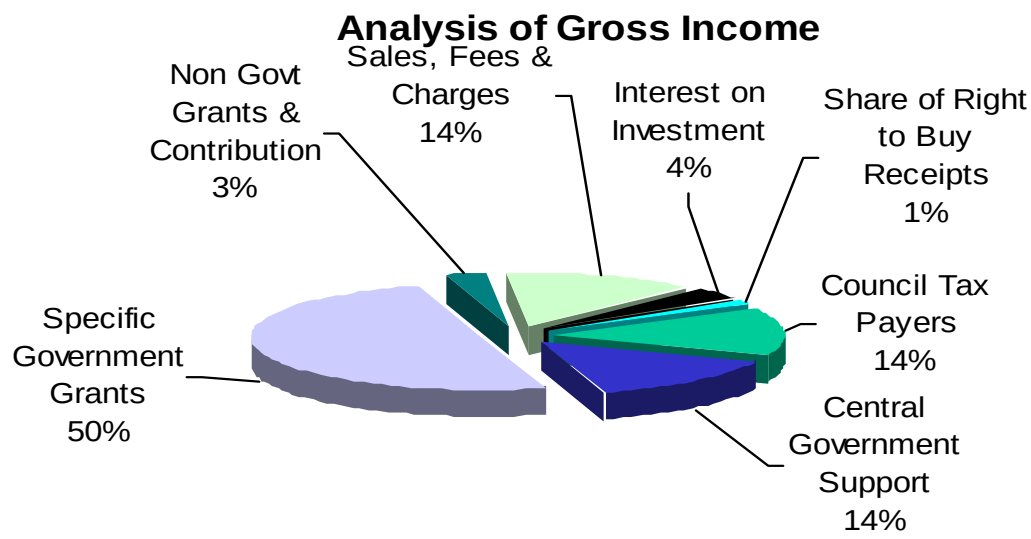
The following two tables and charts provide an analysis of our gross income and expenditure. The figures used are reconciled to the Income and Expenditure Account as follows:

2006/07 £'000		2007/08 £'000
(74,088)	Gross Income – "Where the money came from"	(76,603)
76,573	Gross Expenditure – "Where the money went"	81,860
2,485	Deficit for the year per the Income and Expenditure Account	5,257

Where the money came from

The following table and chart provides an analysis of our main sources of income and compares the position to the previous financial year.

2006/07 £'000	Sources of Income	2007/08 £'000
10,523	Council Tax Payers	11,088
10,453	Central Government Support	10,972
35,939	Specific Government Contribution	38,272
2,391	Non Government Grants & Contributions	2,169
11,419	Sales, Fees & Charges	10,392
2,580	Interest on Investment	2,884
783	Share of Right to Buy Receipts from former Council Dwellings	826
74,088		76,603



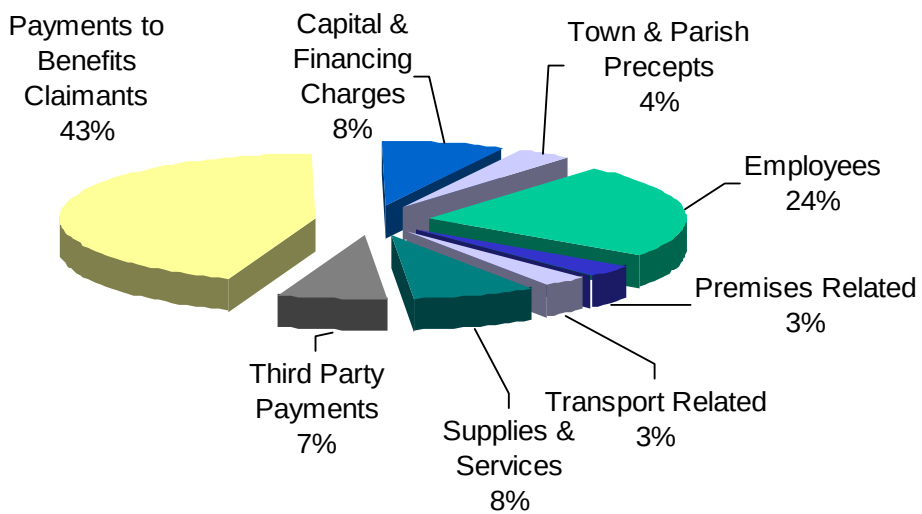
The Government provides our main source of income in the form of general and specific grants.

Where the money went

The following table and chart provides an analysis of the main types of expenditure we incur and compares the position to the previous financial year.

2006/07 £'000	Categories of Expenditure	2007/08 £'000
18,989	Employees	19,375
2,972	Premises Related	2,782
2,286	Transport Related	2,139
8,216	Supplies and Services	6,373
4,583	Third Party Payments	5,704
33,581	Payments to Benefits Claimants	36,131
3,105	Capital & Financing Charges	6,326
2,841	Town & Parish Precepts	3,030
76,573	Total	81,860

Analysis of gross expenditure



The above summaries do not show how we used the money to deliver our five corporate priorities by spending on day-to-day core services. The way the money is spent in terms of the services you see for Council Tax is explained on page 8.

Our treasury management performance

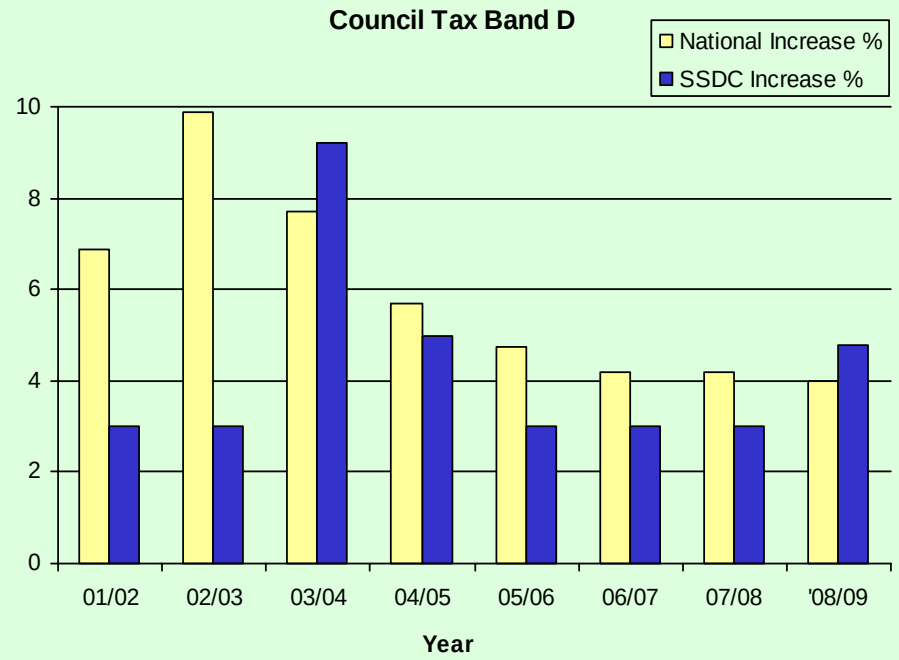
Our performance in treasury management once again exceeded the budget for the year.

In March 2007 our specialist fund managers, AllianceBernstein Ltd., gave notice that they were withdrawing from the local authority cash management market. Since then SSDC has worked with its appointed treasury advisors to manage our investments effectively.

Net interest receivable amounted to £2.77 million compared to the budget of £2.58 million. The improvement of £0.19 million is substantially due to higher interest rates, although their impact has been reduced as a result of a fall in the amount of cash available for investment.

Our portfolio of investments as at the 31st March 2008 is detailed in note 22 to the core financial statements.

The following chart shows the Council Tax Band D increase (excluding Parish Precepts) for the last eight years:-



The Council's five Corporate Aims from the Corporate Plan and the net spend on some of their relevant projects are as follows:

Corporate Aim 1 – Deliver well managed, cost effective service valued by our customers

•£1.271m on collecting Council Tax and Business Rates

•£1.264m on basic running costs associated with being a Council

Corporate Aim 2 – Increase economic vitality and prosperity

•£1.864m on concessionary fares & transport projects

•£0.305m on promoting tourism

•£0.271m on promoting economic development

•£0.096m on town centre management & initiatives

Corporate Aim 3 – Improve the health and well-being of our citizens

•£2.979m on housing strategy and advice

•£1.861m on promoting leisure activities

•£1.591m on environmental health

•£1.023m on homelessness

Corporate Aim 4 – Ensure safe, sustainable and cohesive communities

•£1.193m on area development activities and social inclusion

•£1.190m on street cleansing

•£1.032m on horticulture, grounds maintenance and environmental enforcement

•£0.710m on grants, including Community Voluntary Service and Citizens Advice Bureau grants and projects

Corporate Aim 5 – Promote a balanced natural and built environment

▪£2.250m on building control, development control and strategic planning

•£1.849m on waste management

•£1.081m on recycling

•£0.733m on countryside management

Capital Account Summary

Our Capital account shows the income and expenditure transactions we make when we:

- buy or sell land or property;
- build new property;
- carry out major repairs or improvements to our properties
- provide grants for the above type of activity.

This section of the foreword will:

- compare actual spending to budget;
- explain the big differences;
- explain where the money went;
- and explain where the money came from.

Comparing actual spending to budget

Our original budget plan for the year was to spend £7.01m on capital projects (this figure is net of external funding). We revised our capital budget for the year to take account of the position at the end of the 2006/07 financial year and progress on the ground with our capital projects. The revised budget total was £6.38m. Our net capital spend for the year was £4.46m.

Explaining the big differences

The amount spent was £1.92m less than the revised budget for the following reasons:

- £381k under spent on the Yeovil Innovation Centre , the contractors are on site but there are have been peaks and troughs in the spend so far;
- £298k under spent by the area committees, this was mainly attributable to delays in match funding;
- Setbacks in the Seatons and Birchfield affordable housing projects caused an under spend of £185k;
- The Reckleford Gyratory incurred an underspend of £149k following delays in the land acquisition resulting from ongoing negotiations to assemble the whole site;
- The overall variance on environmental improvement projects was an under spend of £115k, this relates to the Birchfield Sewer Pollution Works project requiring specialist designs for the mechanical and electrical work. A tender has now been negotiated and work is expected to start in June.

Where the money went:

	Budgeted Expenditure 2007/08 £'000	Actual Expenditure 2007/08 £'000
Affordable Housing	2,464	2,279
Other Housing Grants	923	874
Economic Development and Regeneration schemes	2,815	2,171
Leisure & Culture	259	179
Environmental Improvements	417	302
E Government & other IT related projects	287	188
Area based projects	724	481
Other projects	1,562	1,413
Total Spent	**9,451**	**7,887**

Where the money came from:

Financing of Capital Expenditure	2007/08 £'000
Capital receipts	4,463
Capital grants from non-government funding partners	2,260
Capital grants from central government	1,164
Gross capital spend	**7,887**

As the table shows, we continued with our good record of levering in other people's money to help pay for our capital projects this year. We only contributed £4.5m towards the £7.9m we spent last year, this means, for every £1 of our capital resources we spent, we received 43p from external organisations.

Our capital receipts are very important to us. Income from our investments is needed to support the revenue account each year. We began 2007/08 with £38.93m of capital receipts that could be used to fund capital expenditure and ended it with £41.95m.

The Table below shows the capital receipts we received in the year and the amount that was used to fund capital expenditure.

2006/07 Total £'000	Movement in Year	2007/08 Total £'000
43,148	Balance at beginning of year	38,932
	Add Proceeds from	
500	- Sale of corporate bonds	4,197
768	- Right to buy receipts (from South Somerset Homes)	788
231	- Other assets	2,386
91	- Mortgages (After pooling)	111
	Less capital receipts applied:	
(5,806)	- To finance capital expenditure	(4,463)
38,932	Balance at end of year	**41,951**

(Brackets represent a reduction in the reserve)

During the year our one remaining fund manager withdrew from the local authority market, resulting in the sale of our holding of corporate bonds for £4.197m. Proceeds from the sale of other assets of £2.386m consists of four transactions, one of which is for £2.301m for a development in Crewkerne. The other significant receipt is £788k for our share of the proceeds from the sale of former council houses through South Somerset Homes.

Where the money went

As with our revenue spending, our capital spending is targeted to our corporate plan after the mandatory schemes that we are required to provide such as disabled access improvements. To help bring the figures to life, a summary of our bigger projects by corporate priority follows:

Corporate Aim 1 – Deliver well managed, cost effective services valued by our customers

- £617k on asset improvements
- £188k on improved information systems.

Corporate Aim 2 – Increase economic vitality and prosperity

- £1,826k acquiring Boden Mill site;
- £177k on developing the Yeovil Innovation Centre;

Corporate Aim 3 – Improve the health and well-being of our citizens

- £2,279k on Affordable housing and homelessness projects;
- £670k on Disabled Facility Grants;
- £134k in Play area grants ;
- £102k in grants to renovate empty properties and improve houses in multiple occupancy;
- £102k in Home Repair Grants.
- £91k on Frontline Councillors Community Scheme;

Corporate Aim 4 – Ensure safe, sustainable and cohesive communities

- £215k on Birchfield Sewer Pollution Control Works
- £78k in grants to improve Village Halls;

Corporate Aim 5 – Promote a balanced natural and built environment

- £130k on purchase of new pavement sweepers and vans;
- £87k on the Sort-it! service;
- £81k on the Snowdon Park Recreation project.

Reserves and Balances Summary

Sound financial management and a strong track record of striking the right balance between spending and the need to maintain a core level of resources to support the revenue account means that our finances are in a healthy state. The state of our financial well being is reflected in the level of reserves and working balances we hold.

In addition to the funds available for the Revenue Budget, the Council has certain balances and reserves, and a Contingency Fund to meet exceptional or unforeseen events. An exercise is undertaken to establish the areas of significant risk within the revenue budget and the likelihood of the risk occurring; this assessment allows us to calculate how much money the Council should hold in reserve. For 2007/08 the figure is £1.491m; the actual value of unallocated balances we held at the 31st March 2008 was £1.687m.

The General Fund Balance represents the accumulated revenue surpluses and should provide a financial cushion should anything unexpected happen that leads to unplanned expenditure. Within the overall total of balances are amounts that have been earmarked by the District Executive for specific purposes such as economic development and area committees.

In addition we maintain a number of earmarked reserves. These are special reserves we keep for specific types of expenditure in the future. Examples include election costs, leisure centre repairs, grant and leisure development. We added £1.84m to these reserves during the course of the year, but also spent £754k on specific projects during the year. As at 31 March 2008 we have £3.93m of these earmarked reserves.

Somerset Waste Partnership

In October 2007 the Authority, together with all the other Somerset District Councils, joined the Somerset Waste Partnership; this partnership, which is not a separate legal entity and is administered by Somerset County Council, now operates the waste and recycling service throughout the county. All SSDC staff directly employed in the waste service were transferred at that time, either to the County Council (as the administering authority) or to the contractor.

As part of the agreement setting up the Somerset Waste Partnership the authority transferred all its fixed assets relating to the waste service to Somerset County Council for nil consideration. This gave rise to a loss on disposal equivalent to the net book value of £1.896m.

Balance Sheet Summary

At 31 March 2008 the authority's net assets amounted to £55.18 million. These are significantly reduced by the inclusion of the pension scheme liability of £25.40 million.

In practice the amount of net worth that can be used is £48.61 million (Usable Capital Receipts £41.95, Earmarked Reserves £3.93 and Balances £2.73). The remaining £6.57 million is held in technical reserves which are not available for use.

The authority's borrowing remains unchanged at £2 million which is well within its borrowing limits.

Progress in the year

This foreword attempts to bring the figures in our statement of accounts alive by cutting through the accounting jargon to show how we converted the cash into services. The following describes some of the achievements for the year in more detail.

Highlights included:

- The South Somerset and Mendip Community Safety Partnership is on target to achieve a 15% reduction in the 'basket of crimes' over the last 3 years
- In 2004 you recycled 15% of your rubbish, now with kerbside recycling collections you recycle 55% of your rubbish. This means that South Somerset has the lowest level of residual household waste in the whole of England
- South Somerset District Council cleans 10 town centres and nearly 12,000 miles of other streets. In 2005 cleanliness inspections showed that only 57% of areas were 'acceptable' currently 88% of areas are 'acceptable'.
- Last year 227 affordable homes were built in South Somerset, that's more than in the other 4 districts of Somerset put together
- South Somerset District Council owns and operates the Octagon Theatre, which put on 239 performances attended by over 82,000 people last year.
- South Somerset District Council built the first bricks in over £6million worth of community projects by contributing over £700,000 in community grants last year – that means we helped to lever in over £5million of funding from other organisations.
- South Somerset District Council worked with South Somerset together and Yeovil Community Church to set up a young peoples café in Westfield that is used by over 25 young people a night, keeping them off the streets.

Statement Of Responsibilities For The Statement Of Accounts

The Authority's Responsibilities

The Council is required to:-

- make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this authority, that responsibility rests with the Head of Finance;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the Statement of Accounts.

The Head of Finance's Responsibilities

The Head of Finance is responsible for the preparation of the authority's statement of accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code of Practice').

In preparing this statement of accounts, the Head of Service, Finance has:

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

The Head of Finance has also:

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

I confirm that this Statement of Accounts presents fairly the financial position of South Somerset District Council at the 31 March 2008 and its income and expenditure for the year ended 31 March 2008.

Signed: 

Donna Parham, Head of Finance

Date: 26 June 2008

Statement of Accounting Policies

1. General Principles

The statement of accounts summarises the Council's transactions for the 2007/08 financial year and its position at the year-end of 31 March 2008. It has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2007 – A Statement of Recommended Practice (the SORP). The accounting convention adopted is historical cost, modified by the revaluation of certain categories of tangible fixed assets.

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 has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet. The largest estimate of this nature is the amount accrued in respect of housing benefit subsidy. This calculation is based upon the pre audited return. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge is made to revenue for the income that might not be collected.
- Income and expenditure are credited and debited to the relevant revenue account, unless they properly represent capital receipts or capital expenditure.

3. Receipts and Payments in Advance

Receipts in advance represent income received in the current year in respect of fees and charges (including Council Tax and NNDR) for the forthcoming years. They are included within Creditors on the Balance Sheet.

Payments in Advance represent amounts paid in the current year in respect of goods and services for the forthcoming years. They are included within Debtors on the Balance Sheet.

4. Provisions

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

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

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

5. Reserves

The Council sets aside specific amounts as reserves to meet future expenditure that may arise or as a means of saving amounts over several years to pay for large items of expenditure, that fall outside the definition of provisions. Expenditure is not charged directly to any reserve.

Revenue reserves include earmarked reserves set aside for specific policy purposes such as general contingencies and cash flow management.

Balances and reserves may be allocated during the year for specific projects. Although the use of reserves affects the under/overspend position in the Income and Expenditure Account this is negated by a corresponding entry, transferring the monies in from the reserve, in the Statement of Movement in the General Fund Balance. However use of balances are the planned use of the overall general fund balance and so will show as an overspend within the Income and Expenditure Account.

Capital Reserves are not available for revenue purposes and some of them can only be used for specific statutory purposes. These reserves are explained in the relevant policies below and include the Revaluation Reserve and the Capital Adjustment Account.

6. Useable Capital Receipts

These represent receipts from the sale of assets. These receipts are used to finance capital expenditure. However the useable element of the housing stock transfer receipt will be used, over several years, to assist Registered Social Landlords to provide new units of social housing.

7. 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 the entitlement to the grant/contribution and there is reasonable assurance that the monies will be received and the expenditure for which the grant is given has been occurred. Revenue grants are matched in 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.

8. Retirement Benefits

Employees of the Council are entitled to be members of The Local Government Pension Scheme, administered by Somerset County Council.

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

- The liabilities of the Somerset 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 the retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.

- Liabilities are discounted to their value at current prices, using a discount rate based on the annualised yield on the iBoxx over 15 year AA rated corporate bond index at the relevant date.

- The assets of the Somerset County Council pension fund attributable to the Council are included in the balance sheet at their fair value:

  - quoted securities – mid market value
  - unquoted securities – professional estimate
  - unitised securities – average of the bid and offer rates
  - property – market value.

- The change in net pension liability is analysed into seven components:

  - **Current service cost** – the increase in liabilities as a result of years service earned this year is allocated to the revenue accounts of services for whom the employees worked.
  - **Past service costs** – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years is debited to the Net Costs of Services 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 is debited to Net Operating Expenditure.
  - **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 is credited to Net Operating Expenditure.
  - **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 is debited to the Net Cost of Services as part of Non-Distributed Costs.
  - **Actuarial gains and losses** – changes in the net pension liability that arise because events have not coincided with assumptions made in the last actuarial valuation or because the actuaries have updated their assumptions are debited or credited to the Statement of Total Recognised Gains and Losses.
  - **Contributions paid to the Somerset 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 amounts payable by the Council to the pension fund in the year. This is effected by entries in the Statement of Movement in the General Fund Balance which remove notional debits and credits for retirement benefits and replace them with debits for cash paid to the pension fund and any amounts payable to the fund but unpaid at the year-end by way of an appropriation to the Pension Reserve.

Discretionary Benefits

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

9. VAT

The Council does not include VAT as part of income or expenditure, whether of a capital or revenue nature except where it is not able to recover VAT, in common with the requirements of SSAP 5.

10. Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principle of the CIPFA Best Value Accounting Code of Practice 2007. The total absorption costing principal is used where 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 depreciation and impairment losses chargeable on non-operational properties.

These two cost categories are accounted for as separate headings in the Income and Expenditure Account as part of Net Cost of Services.

11. Intangible Fixed Assets

Expenditure on assets that do not have physical substance but are identifiable and controlled by the Council (e.g. software licences) are capitalised at cost when they 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. For revaluation, impairment and disposals see accounting policies shown under tangible fixed assets.

12. Tangible Fixed Assets

Tangible Fixed Assets have a physical substance and are held for use in the provision of services or for administrative purposes on a continuing basis.

Recognition: expenditure on the acquisition, creation or enhancement of tangible fixed assets is capitalised on an accruals basis, provided that it yields benefits to the Council and the services that it provides for more than one financial year. Expenditure that secures but does not extend the previously assessed standards of performance of asset (e.g repairs and maintenance) is charged to revenue as it is incurred. There are two exceptions to this:

- The expenditure incurred is below £10,000, except Capital Grants where the limit is £1,000. In such cases expenditure is charged direct to the revenue accounts.
- The asset is acquired through an operating lease when rental payments are charged to the revenue account. This type of finance is only used for the acquiring of vehicles.

Measurement: Assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use. Assets are then carried in the balance sheet using the following measurement basis:

- operational land and properties and other operational assets - lower of net current replacement cost or net realisable value in existing use
- infrastructure assets and community assets –historical cost, net of depreciation where relevant
- non operational land and properties - lower of net current replacement cost or net realisable value in existing use

Net current replacement cost is assessed as:

- non-specialised operational properties – their current value
- specialised operational properties – depreciated replacement cost
- investment properties and surplus assets – market value.

Assets included in the balance sheet at current value are re-valued on a five year rolling programme. 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 contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account, having been previously credited to the Fixed Asset Restatement Account.

Capital expenditure incurred in enhancing assets or to increase their useful life is classed as enhancing expenditure. This expenditure was previously charged to the Fixed Asset Restatement Account at the year-end. Following the removal of this account from 2007/08 this is no longer an option and under the principles of FRS11 and FRS15 capital expenditure on enhancements has been recognised as an increase in the asset value. Assets which have been significantly enhanced are brought forward in the five-year rolling programme to ensure that the independent valuer can correctly assess their new carrying value, this ensures that any potential overstatement only reflects a short timing difference between the enhancement taking place and the valuer assessing its impact on the asset's carrying value.

Impairment: the values of each category of assets and material individual assets that are not being depreciated are reviewed at the end of each financial year for evidence of reductions in value. Where impairment is identified as part of this review or as a result of a valuation exercise, this is accounted for in the following ways:

- 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 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. Before 1 April 2007 gains were written off against the Fixed Asset Restatement Account.

Disposals: when an asset is disposed 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 disposals 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 received from disposals are categorised as capital receipts and credited to the Usable Capital Receipts reserve, which can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the Statement of Movement on the General Fund Balance. If the proceeds are £10,000 or less, they are not treated as capital receipts but are instead credited to revenue.

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

A proportion of receipts relating to housing disposals is payable to the Government. In practice this relates only to mortgage repayments, 75% of which must be paid over to the Government.

Depreciation: depreciation is provided for on all assets with a determinable finite life (except for investment properties), by allocating the value of the assets in the balance sheet over the periods expected to benefit from their use.

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight line allocation over the life of the property as estimated by the valuer.
- vehicles, plant and equipment - straight line allocation over the life of the asset.
- infrastructure – straight line allocation over the life of the asset.

The following standard estimated lives are used for newly acquired assets:

	Years
Sports and Leisure Centres	40
Public Conveniences	50
Vehicles	10
Cremators	10
Office Buildings	60

Where an asset has major components with different estimated useful lives, these are depreciated separately.

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

Assets that are sold during the year are treated as if sold on 31 March and the service accounts receive a full year's charge for depreciation as appropriate. Assets acquired during the year attract no charge.

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 Government 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.

13. 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 losses 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. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement (equal to at least 4% of the underlying amount measured by the adjusted Capital Financing Requirement). No provision has actually been made as the adjusted Capital Financing Requirement is zero.

This is effected by entries in the Statement of Movement in the General Fund Balance which remove depreciation, impairment losses and amortisation charges and replace them with the statutory provision for repayment of debt by way of an adjusting transaction with the Capital Adjustment Account for the difference between the two.

14. Deferred Charges

Deferred charges represent expenditure that may be capitalised but does not result in the creation of tangible fixed assets. Deferred charges incurred during the year have been written off as expenditure to the relevant service revenue account in the year. Where the Council has determined to meet the cost of the deferred charge from existing capital resources, a transfer to the Capital Adjustment Account then reverses out the amounts charged in the Statement of Movement in the General Fund Balance so there is no impact on the level of council tax.

15. Leases

Finance Leases

The Council accounts for leases as finance leases when substantially all the risks and rewards relating to the leased property transfer to the Council. Rentals payable are apportioned between:

- a charge for the acquisition of the interest in the property (recognised as a liability in the balance sheet at the start if the lease, matched with a tangible fixed asset – the liability is written down as the rent becomes payable) and
- a finance charge (debited to the Income and Expenditure Account as the rent becomes payable).

Fixed assets recognised under finance leases are accounted for using the policies applied generally to Tangible Fixed Assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life.

Operating Leases

Leases that do not meet the definition of finance leases are accounted for as operating leases. Rentals payable are charged to the relevant service revenue account on a straight-line basis over the term of the lease, generally, meaning that the rentals are charged when they become payable. The Council is a lessor leases in respect of a number of commercial premises and business units.

16. 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 of the instrument. This means that the amount presented in the Balance Sheet is the outstanding principal repayable and interest charged to the Income and Expenditure Account is the amount payable for the year in the loan agreement.

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.

17. 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. 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.

However, the Council has made a number of car loans to members of staff at less than market rates (soft loans). When soft loans are made, a loss is recorded in the Income and Expenditure Account for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited at a marginally higher effective rate of interest than the rate receivable from the members of staff, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year - the reconciliation of amounts debited and credited to the Income and Expenditure Account to the net gain 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.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Income and Expenditure Account.

Any gains and losses that arise on the derecognition of the asset are credited/debited to the Income and Expenditure Account.

Available-for-sale Assets

Available-for-sale assets are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Income and Expenditure Account for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income is credited to the Income and Expenditure Account when it becomes receivable by the Council.

Assets are maintained in the Balance Sheet at fair value. All assets currently held by the Council are instruments with quoted market prices and the value is based on market price.

Changes in fair value are balanced by an entry in the Available-for-sale Financial Instruments Reserve and the gain/loss is recognised in the Statement of Total Recognised Gains and Losses (STRGL). The exception is where impairment losses have been incurred - these are debited to the Income and Expenditure Account, along with any net gain/loss for the asset accumulated in the Reserve.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Income and Expenditure Account.

Any gains and losses that arise on the derecognition of the asset are credited/debited to the Income and Expenditure Account, along with any accumulated gains/losses previously recognised in the STRGL.

18. Stocks and Work in Progress

Stocks are included in the balance sheet at the total of the lower of cost and net realisable value of the separate items of stock or of groups of similar items.

19. Contingent Liabilities

Contingent Liabilities are either possible obligations arising from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the Council's control; or present obligation that arises from past events but is not recognised because:

- it is not probable that a transfer of economic benefits will be required to settle the obligation, or
- the amount of the obligation cannot be recognised with sufficient reliability.

Material contingent liabilities have not been included in the expenditure of the accounts. They are instead shown as a note, unless the possibility of the transfer of economic benefits in settlement is considered to be remote.

Under FRS 12 the contingent liabilities are continually reassessed to determine whether a transfer of economic benefits is more or less likely. If it becomes probable that a transfer of economic benefits will be required for an item previously disclosed as a contingent liability, then it is no longer recognised as a contingent liability but as a provision instead.

20. Interests in Companies and Other Entities

The Council has material interests in an entity that has the nature of a joint venture. The Council is required to prepare group accounts.

21. Related Party Transactions

These are where there is some element of control or influence by one party over another, or by a third party over the two parties. Financial Reporting Standard (FRS) 8 sets out the transaction types that need to be considered for disclosure and these areas have been reviewed in turn.

The materiality of the transaction has been considered before justifying inclusion in the statements. Transactions disclosed elsewhere in the statement of accounts are not cross referred in the note. Disclosure is only required where the Council has gone beyond providing financial assistance to having a relationship with the assisted organisation that allows it to exert control over the organisation's financial and operational policies.

22. Prior Period Adjustments

Prior Period Adjustments are material adjustments applicable to accounting years arising from changes in accounting policies or from the correction of fundamental errors. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years. The statements will also include the effect of a prior period adjustment on the results of the previous period. Where this is not practicable, this will be disclosed and the reasons why. The effect on cumulative reserves for any prior period adjustments will also be disclosed at the foot of the Statement of Total Movements in Reserves.

23. Post Balance Sheet Events

Post Balance Sheet Events occur between the balance sheet date and the date the accounts are signed by the responsible financial officer and might have a bearing on the financial results for the past year.

Events that occur after the year-end are reflected in the accounts if they provide additional evidence of conditions existing at the balance sheet date and materially affect the amounts to be included.

Events, which occur after the year-end but concern conditions that did not exist at the time are detailed in the notes to the balance sheet if they are of such materiality that their disclosure is required.

Income & Expenditure Account

(Brackets represent income)

Previous Year 2006/07 £'000	Service	Note	Expenditure 2007/08 £'000	Income 2007/08 £'000	Net Cost of Services 2007/08 £'000
803	Central Services		11,519	(9,628)	1,891
17,042	Cultural, Environmental and Planning Services		23,663	(8,194)	15,469
409	Highways and Transport		3,026	(2,460)	566
3,433	Housing Services		34,400	(29,585)	4,815
1,816	Corporate and Democratic Core		2,482	(237)	2,245
315	Non Distributed Costs		238	0	238
23,818	**Net Cost of Services**		**75,328**	**(50,104)**	**25,224**
0	Loss on Disposal of Fixed Assets	2			2,026
2,841	Precepts and Levies				3,031
(181)	Trading Surpluses and Deficits Account	3			(121)
64	Interest Payable & Similar Charges	43			117
23	Contribution of Housing Capital Receipts to Government Pool				27
(2,580)	Interest & Investment Income	43			(2,884)
(783)	Share of Right to Buy Receipts from former Council Dwellings				(826)
259	Pensions Interest Costs and Expected Return on Pensions Assets	44			723
23,461	**Net Operating Expenditure**				**27,317**
	Income from Taxation and General Government Grants				
(10,523)	Demand on Collection Fund				(11,088)
(1,935)	General Government Grants				(1,884)
(8,518)	Non-domestic Rate Redistribution				(9,088)
2,485	**Deficit for the year**				**5,257**

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 it raised for the year, taking into account the use of reserves built up in the past and contributions to reserves earmarked for future expenditure.

Previous Year 2006/07 £'000		Note	Current Year 2007/08 £'000
2,485	Deficit for the year on the Income and Expenditure Account		5,257
(1,846)	Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year.	12	(4,634)
639	Decrease in General Fund Balance for the year		**623**
(3,992)	General Fund Balance at start of year		(3,353)
(3,353)	General Fund Balance at end of year		**(2,730)**

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 deficit on the Income and Expenditure Account, it includes gains and losses relating to the revaluation of fixed assets and available-for-sale financial assets and re-measurement of the net liability to cover the cost of retirement benefits.

Previous Year 2006/07 £'000		Current Year 2007/08 £'000
2,485	Deficit for the year on the Income and Expenditure Account	5,257
(404)	(Surplus)/Deficit for the year on the Collection Fund	256
(7,303)	Surplus arising on revaluation of fixed assets	(3,720)
0	Surplus arising on revaluation of available-for-sale financial assets	(177)
0	Deficit arising on writing down of soft loans to fair value at 1 April 2007	19
(7,145)	Actuarial (gains)/losses on pension assets and liabilities	2,218
(12,367)	**Total recognised (gains)/losses for the year**	**3,853**

(Figures in brackets represent a gain)

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Balance Sheet

(Brackets represent liabilities)

As at 31 March 2007 £'000	As at 31 March 2007 £'000		Note	As at 31 March 2008 £'000	As at 31 March 2008 £'000
		FIXED ASSETS			
	99	**Intangible Fixed Assets**	13		115
		Tangible Fixed Assets			
		Operational Assets			
	33,569	Land & Buildings	14		34,196
	4,113	Vehicles Plant & Equipment	14		1,973
	37	Infrastructure Assets Excluding Land	14		36
	672	Community Assets	14		887
		Non-Operational Assets			
	3,262	Investment Properties	15		5,120
	2,595	Assets under Construction	15		2,731
	20	Surplus Assets held for Disposal	15		785
	44,367	**TOTAL FIXED ASSETS**			**45,843**
	17,002	Long Term Investments	22		17,223
	978	Long Term Debtors	23		814
	45	Deferred Premiums			0
	62,392	**TOTAL LONG TERM ASSETS**			**63,880**
		CURRENT ASSETS			
127		Stocks & Work-in-Progress		124	
5,780		Debtors	24	7,672	
28,807		Investments	22	24,513	
256		Cash and bank		13	
	34,970	TOTAL CURRENT ASSETS			**32,322**
	97,362	**TOTAL ASSETS**			**96,202**
		LESS: CURRENT LIABILITIES			
(8,421)		Creditors	25	(6,177)	
0		Bank Overdraft		(499)	
	(8,421)				**(6,676)**
	88,941	**TOTAL ASSETS LESS CURRENT LIABILITIES** (c/f)			**89,526**

As at 31 March 2007 £'000		Note	As at 31 March 2008 £'000
88,941	**TOTAL ASSETS LESS CURRENT LIABILITIES** (b/f)		**89,526**
(2,000)	Long Term Borrowing	26	(2,000)
(450)	Provisions	27	(496)
(5,337)	Government Grants-Deferred	28	(6,446)
(22,122)	Liability related to defined benefit pension scheme	44	(25,405)
59,032	**TOTAL NET ASSETS**		**55,179**
	Financed by:		
0	Revaluation Reserve	29	2,608
0	Available-for-Sale Financial Instruments Reserve	30	177
34,779	Capital Adjustment Account	31	28,286
0	Financial Instruments Adjustment Account	32	(16)
332	Deferred Credits	33	256
38,932	Useable Capital Receipts	34	41,951
(22,122)	Pensions Reserve	35	(25,405)
2,841	Earmarked Reserves	36	3,931
3,353	General Fund Balances		2,730
917	Collection Fund		661
59,032	**TOTAL NET WORTH**		**55,179**

I confirm these accounts were approved by the Audit Committee at the meeting held on 26 June 2008.

Signed:.....

Councillor Yeomans, Chair of Audit Committee

Cash Flow Statement

(Brackets on this page represent income)

2006/07 £'000	2006/07 £'000		2007/08 £'000	2007/08 £'000
		REVENUE ACTIVITIES		
		Cash outflows		
18,276		Cash paid to and on behalf of employees	18,435	
17,361		Other operating cash payments	18,219	
25,678		Housing Benefit paid out	27,936	
32,079		National Non Domestic Rate payments to national pool	34,167	
68,288		Precepts paid	72,657	
23	161,705	Payments to the Capital Receipts Pool	27	171,441
		Cash inflows		
(493)		Rents (after rebates)	(586)	
(68,575)		Council Tax receipts	(72,571)	
(33,531)		National Non Domestic Rate receipts	(30,174)	
(8,518)		National Non Domestic Rate Receipts from national pool	(9,088)	
(1,685)		Revenue Support Grant	(1,525)	
(34,458)		DWP grants for benefits	(36,822)	
(1,072)		Other government grants (Note 49)	(858)	
(10,070)		Cash received for goods and services	(10,631)	
(2,393)	(160,795)	Other operating cash receipts	(2,591)	(164,846)
	910	**Net cash outflow from Revenue Activities** (Note 45)		6,595
		RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
		Cash outflows		
48		Interest Paid	117	
		Cash inflows		
(4,583)		Interest Received	(2,691)	
	(4,535)	**Net Cash inflow from servicing of finance**		(2,574)
	(3,625)	Sub Total carried forward		4,021

2006/07 £'000	2006/07 £'000		2007/08 £'000	2007/08 £'000
	(3,625)	Sub Total brought forward		4,021
		CAPITAL ACTIVITIES		
		Cash outflows		
1,093		Purchase of fixed assets	1,756	
4,650		Purchase of long term investments	3,880	
4,295		Other capital cash payments	4,373	
10,038			10,009	
		Cash inflows		
(1,736)		Sale of fixed assets	(2,298)	
(2,369)		Capital Grants received	(1,731)	
0		Sale of long term investments	(1,968)	
(156)		Other capital cash receipts	(997)	
(4,261)			(6,994)	
	5,777	**Net cash outflow from capital activities**		3,015
	2,152	**NET CASH OUTFLOW BEFORE FINANCING**		7,036
		MANAGEMENT OF LIQUID RESOURCES		
	(798)	Net decrease in short term investments (Note 48)		(6,294)
		FINANCING		
		Cash inflows		
	(2,000)	New loans raised (Note 47)		0
	(646)	**NET (INCREASE) / DECREASE IN CASH**		**742**

Notes to the Core Financial Statements

(Brackets on the following notes represent income)

1. RESTATEMENT OF 2006/07 FINANCIAL STATEMENTS

The comparative figures for 2006/07 shown in the Core Financial Statements have been restated in order to comply with the new presentation required by the 2007 SORP.

2. LOSS ON DISPOSAL OF FIXED ASSETS

In October 2007 the Authority, together with all the other Somerset District Councils, joined the Somerset Waste Partnership; this partnership, which is not a separate legal entity and is administered by Somerset County Council, now operates the waste and recycling service throughout the county. All SSDC staff directly employed in the waste service were transferred to the County Council at that time.

As part of the agreement setting up the Somerset Waste Partnership the authority transferred all its fixed assets relating to the waste service to Somerset County Council for nil consideration. This gave rise to a loss on disposal equivalent to the net book value of £1,896,000.

In addition to this a plot of land with a book value of £130,000 was transferred to a Registered Social Landlord for nil consideration as part of the authority's programme on affordable housing.

3. TRADING ACCOUNTS

The Council operates a number of trading activities. The surplus for 2007/08 shown below includes depreciation charges of £55,000 . The financial results of these activities are as follows:

Previous Year		Current Year		
2006/07 (Surplus) /deficit £'000		**2007/08 Expenditure £'000**	**2007/08 Income £'000**	**2007/08 (Surplus) /deficit £'000**
71	Commercial properties	22	0	22
(225)	Properties held for rent	161	(311)	(150)
(1)	Markets	63	(62)	1
55	Catering	158	(85)	73
(81)	Careline	204	(271)	(67)
(181)	**Total Trading Accounts**	**608**	**(729)**	**(121)**

4. BUILDING CONTROL TRADING ACCOUNT

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

2006/07 £'000		2007/08 £'000	2007/08 £'000	2007/08 £'000
	Expenditure	**Chargeable**	**Non-Chargeable**	**TOTAL**
653	Employees	634	0	634
3	Premises	2	4	6
46	Transport	45	0	45
37	Supplies and Services	42	2	44
346	Central and Support Charges	285	205	490
6	Capital Charges	6	0	6
1,091	**Total Expenditure**	1,014	211	1,225
	Income			
(651)	Building Control Fees	(678)	0	(678)
(183)	Other Income	(217)	(1)	(218)
(834)	**Total Income**	(895)	(1)	(896)
257	**Net (Surplus)/ Deficit**	119	210	329

The Building Control service is also required to break even over a rolling 3-year period on the chargeable work it carries out. The net (Surplus)/Deficit on the chargeable work is held as an earmarked balance and consists of the next three years projected balance on chargeable work, a £30,250 surplus.

Notes to the Core Financial Statements continued

5. SECTION 137 EXPENDITURE

Section 137 of the Local Government Act 1972 was repealed except for section 5(3) which relates to contributing charities, not for profit bodies and mayoral appeals. Payments to such organisations have been reviewed and they were all made under other powers.

6. PUBLICITY EXPENDITURE

Section 5(1) of the Local Government Act 1986 requires local authorities to identify the cost of publicity during the year. Publicity is defined as "any communications, in whatever form, addressed to the public at large or to a section of the public".

Previous Year 2006/07 £'000		Current Year 2007/08 £'000
94	Recruitment Advertising	62
135	Advertising	111
7	Publicity	10
236	**Total Publicity Expenditure**	**183**

7. AGENCY SERVICES

Expenditure incurred in respect of the Rights of Way Agency agreement is as follows:

Previous Year		Current Year		
2006/07 (Surplus)/ Deficit £'000	**Somerset County Council Rights of Way**	**2007/08 Expenditure £'000**	**2007/08 Income £'000**	**2007/08 (Surplus) / Deficit £'000**
15	Routine maintenance	172	(175)	(3)

8. LOCAL AUTHORITY (GOODS AND SERVICES) ACT 1970

The Council is empowered by this Act to provide goods and services to other public bodies. Total income and expenditure were as follows:

Previous Year			Current Year	
2006/07 Income £'000	**2006/07 Related Expenditure £'000**		**2007/08 Income £'000**	**2007/08 Related Expenditure £'000**
198	191	Parish Councils	209	202
75	72	Somerset County Council	62	60
22	22	Sedgemoor District Council	20	20
295	**285**	**Total**	**291**	**282**

East Lambrook Bee *Photo by Marianne Williams*

9. EXECUTIVE REMUNERATION

Members Allowances – the total amount of Members Allowances paid in this financial year was £410,502 (2006/07 £393,331). Further information on Members Allowances may be obtained from the Human Resources service.

Officers Remuneration – during the 2007/08 financial year the number of officers who received remuneration (which includes salary, leased car and termination payments) in excess of £50,000 were as follows:

Number of Employees 2006/07		Remuneration Band	Number of Employees 2007/08	
Total	Left during Year		Total	Left during Year
4	0	£50,000 - £59,999	8	0
1	0	£60,000 - £69,999	2	2
3	0	£70,000 - £79,999	0	0
0	0	£80,000 - £89,999	4	0
0	0	£90,000 - £99,999	1	0
1	0	£100,000 - £109,999	0	0
0	0	£130,000 - £139,999	1	0

10. AUDIT COSTS

In 2007/08 South Somerset District Council incurred the following fees relating to external audit and inspection:

Previous Year 2006/07 £'000		Current Year 2007/08 £'000
92	Fees payable to the Audit Commission with regard to external audit services carried out by the appointed auditor	104
12	Fees payable to the Audit Commission in respect of statutory inspection	15
23	Fees payable to the Audit Commission for the certification of grant claims and returns	19
0	Fees payable in respect of other services provided by the appointed auditor	1
127	**Total Audit Costs**	139

Sidney Garden Yeovil - a planting scheme

11. LOCAL AREA AGREEMENT

The local area agreement (LAA) is a three-year agreement that sets out the priorities that reflect the aspirations of the Somerset Strategic Partnership (SSP) and Local Strategic Partnerships (LSPs) and respond to the very particular characteristics of Somerset itself.

LAAs are delivered through blocks - Children and Young People; Healthier Communities and Older People; Safer and Stronger Communities and Economic Development and Enterprise.

The LAA partners consist of Central Government (represented by the Government Office for the South West), the local area (the geographical area of the current area of Somerset) and the Somerset Strategic Partnership (Somerset's Local Strategic Partnership with representation from each district LSPs and other key stakeholders including District Councils). A full list of partners is set out opposite

Under the LAA, many of the central government grants received by local authorities are 'pooled' in order to give greater flexibility in the use of funding. Somerset County Council (under current legislation) acts as the accountable body for the LAA.

In 2007/08, the total grant amount received by the accountable body under the LAA was £9.520 million. The total amount of LAA Grant received by South Somerset District Council was £133,000.

LOCAL AREA AGREEMENT PARTNERS

County Wide Bodies
- Somerset County Council
- Somerset Association of Local Councils
- Somerset Primary Care Trust
- Somerset Public Health Network
- Somerset Racial Equality Council

Sub-Regional Bodies
- Avon and Somerset Police Authority
- Avon and Somerset Constabulary
- Dorset and Somerset Learning and Skills Council
- Peninsula Enterprise – Cornwall and Isles of Scilly, Devon and Somerset

Regional Bodies
- Government Office for the South West
- South West of England Regional Development Agency
- South West Regional Assembly

Local Strategic Partnerships
- Mendip Strategic Partnership
- Sedgemoor in Somerset
- South Somerset Together
- Taunton Deane Strategic Partnership
- West Somerset Strategic Partnership

District Councils
- Mendip District Council
- Sedgemoor District Council
- South Somerset District Council
- Taunton Deane Borough Council
- West Somerset District Council

SSP Sub-Groups
- Crime and Disorder Reduction Partnership/Drug and Alcohol Action Team
- Community Cohesion Forum
- Cultural Forum/Cultural Forum Executive
- Economic Leaders Group
- Environment Leaders Group
- Somerset Children and Young People's Partnership
- Somerset Strategic Planning Conference

12. NOTE OF RECONCILING ITEMS FOR THE STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE

Previous Year 2006/07			Current Year 2007/08	
£'000	£'000		£'000	£'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		
(1,068)		Depreciation, amortisation and impairment of fixed assets	(1,384)	
258		Government Grants Deferred amortisation matching depreciation and impairments	1,080	
0		Loss on Disposal of Fixed Assets	(2,026)	
783		Share of Right to Buy Receipts from former Council Dwellings	826	
(1,948)		Write downs of Deferred Charges to be financed from capital resources	(3,130)	
0		Differences between amounts credited to the Income & Expenditure Account and amounts receivable under statutory provisions relating to soft loans	3	
(2,831)		Net charges made for retirement benefits in accordance with FRS 17	(3,103)	
	(4,806)			(7,734)
		Amounts not included in the Income & Expenditure Account but required to be included by statute when determining the Movement on the General Fund Balance for the year		
2		Capital Expenditure financed from the General Fund	0	
1,854		Employer's contributions payable to the Somerset County Council Pension Fund and retirement benefits payable direct to pensioners	2,038	
	1,856			2,038
		Transfers to or from the General Fund that are required to be taken into account when determining the Movement on the General Fund Balance for the year		
	1,104	Net transfers to earmarked reserves		1,062
	(1,846)	**Amount by which the surplus on the General Fund for the year was greater than the Income and Expenditure Account result for the Year**		**(4,634)**

13. MOVEMENT OF INTANGIBLE FIXED ASSETS

	Software £'000
Gross book value as at 1 April 2007	108
Additions	53
Re-Classified	0
Gross book value as at 31 March 2008	**161**
Less:	
Accumulated Amortisation as at 1 April 2007	(9)
Amortisation for year	(37)
Accumulated Amortisation as at 31 March 2008	**(46)**
Net book value as at 31 March 2008	**115**
Net book value as at 1 April 2007	**99**

(Brackets represent reductions in value)

Assets are amortised on a straight line basis and are assigned useful lives of between 3 and 5 years for the purposes of determining amortisation.

14. MOVEMENT OF TANGIBLE FIXED ASSETS – OPERATIONAL

	Land & Buildings £'000	Vehicles Plant & Equipment £'000	Infrastructure Assets excl. Land £'000	Community Assets £'000	Total £'000
Gross book value as at 1 April 2007	34,793	5,045	40	672	40,550
Additions	766	403	0	215	1,384
Disposals	(2,301)	(2,792)	0	0	(5,093)
Re-Classified	(91)	0	0	0	(91)
Revaluations	2,753	(31)	0	0	2,722
Impairments	(68)	(80)	0	0	(148)
Gross book value as at 31 March 2008	**35,852**	**2,545**	**40**	**887**	**39,324**
Less:					
Accumulated Depreciation as at 1 April 2007	(1,224)	(932)	(3)	0	(2,159)
Depreciation for year	(541)	(631)	(1)	0	(1,173)
Depreciation on disposals	0	848	0	0	848
Depreciation written out on revaluations	109	143	0	0	252
Accumulated Depreciation as at 31 March 2008	**(1,656)**	**(572)**	**(4)**	**0**	**(2,232)**
Net book value as at 31 March 2008	**34,196**	**1,973**	**36**	**887**	**37,092**
Net book value as at 1 April 2007	**33,569**	**4,113**	**37**	**672**	**38,391**

15. MOVEMENT OF TANGIBLE FIXED ASSETS – NON OPERATIONAL

	Investment Properties £'000	Assets under Construction £'000	Surplus Assets held for Disposal £'000	Total £'000
Gross book value as at 1 April 2007	3,262	2,595	20	5,877
Additions	1,881	197	0	2,078
Disposals	(130)	0	0	(130)
Re-Classified	(209)	(61)	361	91
Revaluations	316	0	429	745
Impairments	0	0	(25)	(25)
Gross book value as at 31 March 2008	**5,120**	**2,731**	**785**	**8,636**
Less:				
Accumulated Depreciation as at 1 April 2007	0	0	0	0
Depreciation on disposals	0	0	0	0
Depreciation written out on revaluations	0	0	0	0
Accumulated Depreciation as at 31 March 2008	**0**	**0**	**0**	**0**
Net book value as at 31 March 2008	**5,120**	**2,731**	**785**	**8,636**
Net book value as at 1 April 2007	**3,262**	**2,595**	**20**	**5,877**

(Brackets represent reductions in value)

16. TANGIBLE FIXED ASSETS - MISCELLANEOUS

Assets are depreciated on a straight line basis and are assigned the following useful lives for the purposes of determining depreciation except where the District Valuer has advised differently:

Asset class	Years
Office Buildings	60
Public Conveniences	50
Sports and Leisure Centres	40
Vehicles	10
Cremators	10

Included in the above net book values are the following assets that relate to the Yeovil Crematorium and Cemetery Joint Committee.
The Crematorium is 89% owned by the Council and will remain within the Councils asset register.

	£'000
Specialised Land and Buildings	1,300
Vehicles and Equipment	113
Community Assets	46

Notes to the Core Financial Statements continued

17. FIXED ASSET VALUATION

All fixed assets owned by South Somerset District Council have been valued on a five year rolling programme by an external independent valuer – Charles Cox, FRICS, District Valuer – on the under mentioned bases in accordance with the Statements of Asset Valuation Practice and Guidance Notes of The Royal Institute of Chartered Surveyors. Not all assets are inspected each year, as this is neither practicable nor considered by the valuer to be necessary for the purposes of the valuation. The basis of valuation is as set out in the Statement of Accounting Policies.

The following table shows the progress of the rolling programme.

	Land & Buildings £'000	Vehicles Plant & Equipment £'000	Investment Properties £'000	Surplus Assets £'000	Total £'000
Valued at historical cost	0	1,400	0	0	1,400
Valued at current value at:					
1 April 2003	2,674	243	14	0	2,931
1 April 2004	9,745	306	0	0	10,051
1 April 2005	9,373	41	0	0	9,414
1 April 2006	11,180	319	0	0	11,499
1 April 2007	2,880	236	5,106	785	9,007
Total	35,852	2,545	5,120	785	44,302

18. INFORMATION ON ASSETS HELD

Fixed assets owned by the Council are listed in the following table.

Previous Year 2006/07 No. Owned		Current Year 2007/08 No. Owned
	Operational Buildings	
12	Council Offices	12
8	Depots/ Stores	6
1	Swimming Pools	1
1	Theatres	1
1	Museums	1
21	Other Buildings	19
57	Car Parks	57
22	Public Conveniences	19
2	Gypsy Sites	2
1	Crematorium	1
	Operational Equipment	
28	Vehicles	13
60	Other items	43
	Infrastructure Assets	
5	Flood Prevention Works	5
35	Other items	37
	Community Assets	
113 Hectares	Parks and Open Space	113 Hectares
271 Hectares	Nature Reserves	271 Hectares
1	Historic Buildings	1
	Non-operational Property	
32	Commercial and other property lettings	37
6	Surplus property	9

Notes to the Core Financial Statements continued

19. CAPITAL COMMITMENTS

The following table discloses the significant capital contracts that SSDC has entered into as at the 31 March 2008:

Contract	Period Covered	Value outstanding £'000
Yeovil Innovation Centre	April 2008 to September 2008	1,600
Birchfield Pollution Control	December 2007 to May 2008	147
Cedar Financial System	March 2008 to March 2009	126
Brympton Way Alterations	May 2008 to June 2008	115
		1,988

20. DEFERRED CHARGES

Previous Year 2006/07 £'000		Current Year 2007/08 £'000
3,195	Deferred Charges charged to Service Revenue Accounts	4,364
(1,247)	Less external contributions received	(1,234)
(1,948)	Net amount charged to Capital Adjustment Account	(3,130)
0	**Balance as at 31 March**	**0**

21. CAPITAL EXPENDITURE AND FINANCING

Previous Year 2006/07 £'000			Current Year 2007/08 £'000	
	9,113	**Opening Capital Financing Requirement**		9,113
		Capital Expenditure		
72		Intangible Fixed Assets	53	
946		Operational Fixed Assets	1,384	
2,504		Non-Operational Fixed Assets	2,078	
861		Non-Enhancing Expenditure on Fixed Assets	0	
3,195		Deferred Charges	4,364	
238		Loans Provided	8	
100		Corporate Bonds Acquired	0	
	7,916			7,887
		Sources of Finance		
(4,068)		Use of Capital Receipts	(4,463)	
(3,846)		Government Grants & Other Contributions	(3,424)	
(2)		Capital Reserves	0	
	(7,916)			(7,887)
	9,113	**Closing Capital Financing Requirement**		**9,113**

22. LONG AND SHORT TERM INVESTMENTS

The investments as at 31 March 2008 consist of:

Previous Year 2006/07 £'000		Current Year 2007/08 £'000
	Long Term Investments	
5,000	Euro Sterling and World Bonds > 1 year to maturity	7,220
10,000	Callable Deposits	10,000
2,000	Term Deposits > I year to maturity	0
2	Government Stocks	3
17,002		**17,223**
	Short Term Investments	
11,000	External Fund Managers	0
3,176	Business Reserve Accounts	3,313
9,000	Term Deposits - Banking Sector	21,200
5,281	External Liquidity Pooled Fund	0
350	Euro Sterling and World Bonds < 1 year to maturity	0
28,807		**24,513**
45,809	**Total Investments**	**41,736**

Where appropriate a provision for doubtful debts (shown above in brackets) is made to cover the credit risk associated with debtors. An explanation of credit risk is contained within Note 43 on Financial Instruments.

23. LONG TERM DEBTORS

Debtors which fall due after a period of at least one year, consist of:

Previous Year 2006/07 £'000		Current Year 2007/08 £'000
571	Loans agreed under SSDC loans policy	518
239	Mortgages (net of Bad Debt Provision)	168
156	Car Loans	128
12	Economic Development Loans	0
978	**Total Long Term Debtors**	**814**

Further information relating to long term debtors is contained within Note 43 on Financial Instruments.

24. ANALYSIS OF DEBTORS

Previous Year 2006/07 £'000		Current Year 2007/08 £'000
3,063	Sundry Debtors	3,069
3,251	Amounts due on the Collection Fund	2,804
790	South Somerset Homes	796
699	Government Departments	2,656
201	Loans due within 1 year	181
222	Payments in advance	185
8,226		9,691
(2,446)	Less Provision for Bad Debts	(2,019)
5,780	**Total Debtors**	**7,672**

Where appropriate a provision for doubtful debts (shown above in brackets) is made to cover the credit risk associated with debtors. An explanation of credit risk is contained within Note 43 on Financial Instruments.

25. ANALYSIS OF CREDITORS

Previous Year 2006/07 £'000		Current Year 2007/08 £'000
1,933	Sundry Creditors	2,367
1,541	Government Departments	394
567	Collection Fund Creditors	558
2,794	Collection Fund receipts in advance	734
1,586	Other receipts in advance	2,124
8,421	**Total Creditors**	6,177

26. ANALYSIS OF BORROWING

Previous Year 2006/07 £'000		Current Year 2007/08 £'000
	Analysis of loans by type	
2,000	Public Works Loan Board	**2,000**
	Analysis of loans by maturity	
2,000	Over 15 years	2,000

Further information relating to borrowing is contained within Note 43 on Financial Instruments.

27. ANALYSIS OF PROVISIONS

These monies have been set aside to cover the following potential liabilities as at 31 March 2008:

Previous Year 2006/07 £'000		Current Year 2007/08 £'000
15	Invoice in dispute	15
435	Deposits by developers	481
450	**Total Provisions**	**496**

Negotiations are continuing with the land owner over the invoice in dispute. Deposits received from developers will be spent over the next few years as the individual schemes progress.

28. GOVERNMENT GRANTS DEFERRED

Previous Year 2006/07 £'000		Current Year 2007/08 £'000
2,996	Balance as at 1 April 2007	5,337
2,599	External contributions received towards fixed assets	2,189
(258)	Amortisation released to the Income and Expenditure Account	(1,080)
5,337	**Total Government Grants Deferred**	**6,446**

(Brackets represent the gradual release of income to the Income and Expenditure Account)

29. REVALUATION RESERVE

The Balance Sheet figures for 31 March 2007 have been adjusted from those included in the Statement of the Accounts for 2006/07 to accommodate the implementation of the Revaluation Reserve (see accounting policy 12). The Revaluation Reserve and Capital Adjustment Account replace the Fixed Asset Restatement Account (FARA) and Capital Financing Account (CFA). The debit balance of £33,835,000 and the credit balance of £68,614,000 on the FARA and CFA respectively at 31 March 2007 have been transferred to the Capital Adjustment Account with a resulting credit balance of £34,779,000. The Revaluation Reserve has been included in the Balance Sheet at 31 March 2007 with a zero balance. The closing balance on the Revaluation Reserve at 31 March 2008 only shows revaluation gains accumulated since 1 April 2007.

Previous Year 2006/07 £'000		Current Year 2007/08 £'000
0	Revaluation gains on fixed assets	3,719
0	Disposals of fixed assets	(1,111)
0	**Total Revaluation Reserve**	**2,608**

(Brackets represent disposals of assets)

Notes to the Core Financial Statements continued

(Brackets on this page represent a reduction in the balances held)

30. AVAILABLE-FOR-SALE FINANCIAL INSTRUMENTS RESERVE

The Available-for-Sale Financial Instruments Reserve holds the gains and losses arising from the policy of carrying Available-for-Sale Financial Instruments at fair value.

Previous Year 2006/07 £'000		Current Year 2007/08 £'000
0	Revaluation of Assets at 1 April 2007	(81)
0	Loss on derecognition	29
0	Revaluation of Assets at 31 March 2008	229
0	**Total Available-for-Sale Financial Instruments Reserve**	**177**

31. CAPITAL ADJUSTMENT ACCOUNT

The Balance Sheet figures for 31 March 2007 have been adjusted from those included in the Statement of the Accounts for 2006/07 to accommodate the implementation of the Revaluation Reserve (see accounting policy 12). The Revaluation Reserve and Capital Adjustment Account replace the Fixed Asset Restatement Account (FARA) and Capital Financing Account (CFA). The debit balance of £33,835,000 and the credit balance of £68,614,000 on the FARA and CFA respectively at 31 March 2007 have been transferred to the Capital Adjustment Account with a resulting opening credit balance of £34,779,000.

The Capital Adjustment Account will record the resources set aside to finance capital expenditure less the charges for the consumption of historic cost over the life of the asset and deferred charges over the period that the authority benefits from the expenditure.

Previous Year 2006/07 £'000			Current Year 2007/08 £'000	
	66,099	Balance at 1 April 2007		34,779
5,806		Usable capital receipts applied	4,463	
2		Capital reserves applied	0	
258		Release of government grants deferred	1,080	
	6,066			5,543
		Less:		
(500)		Disposal of corporate bonds	(4,197)	
(1,948)		Write down of deferred charges	(3,130)	
0		Carrying amount of assets disposed	(3,263)	
(1,037)		Depreciation	(1,211)	
(31)		Impairment	(173)	
(35)		Repayment of capital loans	(62)	
	(3,551)			(12,036)
	68,614			**28,286**
	(33,835)	Transfer from Fixed Asset Restatement Account		**0**
	34,779	**Total Capital Adjustment Account**		**28,286**

Notes to the Core Financial Statements continued

(Brackets on this page represent a reduction in the balances held)

32. FINANCIAL INSTRUMENTS ADJUSTMENT ACCOUNT

The Financial Instruments Adjustment Account holds the accumulated difference between the financing costs included in the Income and Expenditure Account and the accumulated financing costs required in accordance with regulations to be charged to the General Fund Balance

Previous Year 2006/07 £'000		Current Year 2007/08 £'000
0	Revaluation of Soft Loans at 1 April 2007	(19)
0	Soft Loans advanced revalued to Net Present Value	(11)
0	Interest on Soft Loans credited to Income & Expenditure Account	14
0	**Total Financial Instruments Adjustment Account**	**(16)**

33. DEFERRED CREDITS

Previous Year 2006/07 £'000		Current Year 2007/08 £'000
411	Balance at 1 April 2007	332
(79)	Repaid in Year	(76)
332	**Total Deferred Credits**	**256**

34. USEABLE CAPITAL RECEIPTS

Previous Year 2006/07 £'000		Current Year 2007/08 Housing Transfer £'000	Current Year 2007/08 Other £'000	Current Year 2007/08 Total £'000
43,148	Balance of Useable Receipts at 1 April 2007	13,057	25,875	38,932
1,613	Receipts from Sale of Assets	0	7,509	7,509
(5,806)	Receipts applied to finance Capital Expenditure	0	(4,463)	(4,463)
(23)	Amount payable to the housing capital receipt pool	0	(27)	(27)
38,932	**Total Useable Capital Receipts**	**13,057**	**28,894**	**41,951**

35. PENSIONS RESERVE

Previous Year 2006/07 £'000		Current Year 2007/08 £'000
(28,290)	Deficit brought forward at 1 April 2007	(22,122)
(977)	Contribution from General Fund	(1,065)
7,145	Actuarial Gain/(Loss)	(2,218)
(22,122)	**Total Pensions Reserve Deficit**	**(25,405)**

Notes to the Core Financial Statements continued

(Brackets on this page represent a reduction in the balances held)

36. EARMARKED RESERVES

	Balance as at 1 April 2007 £'000	Receipts in 2007/08 £'000	Payments in 2007/08 £'000	Balance as at 31 March 2008 £'000
Capital Fund	965	175	0	1,140
Crematorium Reserve	533	239	0	772
Elections Reserve	155	53	(191)	17
Community Projects Reserve	41	1	0	42
Historic Buildings Grants Fund	77	15	(5)	87
Recreational Development Fund	20	0	(11)	9
Risk Management Reserve	15	0	(1)	14
Athletics Track Sinking Fund	74	17	(5)	86
CCTV Renewal Reserve	13	0	(3)	10
Local Plan Inquiry Reserve	65	0	(9)	56
CFIRS Reserve	6	0	0	6
Town Centre Management	35	0	0	35
Planning Delivery Reserve	59	122	(48)	133
Save to Earn Reserve	19	31	(3)	47
Bristol to Weymouth Rail Reserve	57	0	(21)	36
LABGI Reserve	417	190	(238)	369
Car Park Income VAT Reserve	170	310	0	480
Yeovil Vision Reserve	120	145	(117)	148
Voluntary Redundancy/Retirement Fund	0	500	(101)	399
Insurance Fund	0	46	(1)	45
Total Reserves	**2,841**	**1,844**	**(754)**	**3,931**

37. SELF-INSURANCE

As at 31 March 2008, the Council has set aside an earmarked reserve for self insurance of £45,000 in respect of theft and all risk policies. In addition to this there is a "stop loss" policy to cover the Council for uninsured claims of a higher level. This earmarked reserve was previously classed as an earmarked balance. (2006/07 £40,330).

38. CONTINGENT LIABILITIES

There is a potential environmental issue in the Birchfield Park area, however, a specific working group manages this risk within existing revenue and capital budgets.

The Council had claims to the value of £167,323 insured by Municipal Mutual Insurance Limited. The company went into liquidation on 30th September 1992. The Council have had all of their foregoing claims paid since then. However, should the run-off of the company's business ultimately lead to liabilities exceeding the available assets, the Council could be liable to repay up to £117,323 in respect of a clawback agreement under the Scheme of Arrangement. According to the latest audited accounts at 30th June 2007 the company had total assets of £169 million and net liabilities of £7 million. The Directors of the company remain of the opinion that a solvent run-off will be achieved and therefore that no clawback will be required.

The Council has incurred additional costs in replacing tiling on a pool floor at a leisure centre. Remedial works have been carried out by the contractor at no extra cost to the Council. However investigations are still being undertaken into liabilities and the likelihood of any of these costs being reimbursed by other parties as there continues to be issues with the pool tiling.

There are a number of planning compensation claims against the Council which are in the legal process, with financial provision being made where appropriate.

39. POST BALANCE SHEET EVENTS

Subsequent to the Balance Sheet date an agreement was made to provide an easement over a site in Yeovil to a developer in exchange for the sum of £7 million; £0.5 million is due to be received in August 2008 with the balance in January 2009.

These financial statements were authorised for issue by the Audit Committee on 26th June 2008.

40. DORCAS HOUSE TRUST

Dorcas House Trust (otherwise known as Portreeves or Corporation Almshouses) is a registered Charity, No 235337, whose trusteeship is vested in South Somerset District Council. The Charity is restricted to being permitted to assist 'poor women residents in the Borough of Yeovil'.

A summary of the financial activities for Dorcas House Trust is shown in the table below:

Previous Year 2006/07 £'000		Current Year 2007/08 £'000
(18)	Total Income for the Year	(20)
34	Total Expenditure for the Year	18
16	**(Surplus)/ Deficit for the Year**	**(2)**

(Brackets represent income)

Dorcas House Trust holds the following reserves:

Previous Year 2006/07 £'000		Current Year 2007/08 £'000
2	Endowment Fund	2
43	Cyclical Repairs Fund	45
9	Extraordinary Repairs Fund	9
54	**Total Reserves**	**56**

The Statement of Accounts for Dorcas House Trust may be obtained by contacting the Head of Finance, The Council Offices, Brympton Way, Yeovil, Somerset, BA20 2HT.

41. LEASE AND HIRE PURCHASE CONTRACTS

Finance Leases

During 2007/08 no finance lease rentals were paid. No new finance leases were entered into during the year. There were no assets held under finance leases as at 31 March 2008.

Operating Leases

Rentals of £513,000 were paid on all leases (2006/07 £612,000).

2006/07 £'000	Asset type	2007/08 £'000
514	Vehicles, Plant & Equipment	424
98	Other Land & Buildings	89
612	Total	513

As at 31 March 2008 the Council has a commitment to make payments totalling £502,000 under operating leases in 2008/09, comprising the following elements:

Leases expiring in	Vehicles, Plant & Equipment £'000	Other Land & Buildings £'000	Total Operating Lease Commitment £'000
2008/09	246	9	255
2009/10 to 2012/13	170	1	171
2013/14 onwards	20	56	76

Authority as Lessor

The Council has granted leases in respect of a number of properties (principally commercial premises and business units) which are treated as operating leases. Rental income in respect of these properties for 2007/08 totalled £229,000.

The gross value of assets held for use in operating leases was £4,045,000 (subject to £36,000 depreciation to 31 March 2008).

42. RELATED PARTY TRANSACTIONS

The Council is required to disclose any significant transactions with related parties.

Precepts from Other Local Authorities are detailed on page 50 in Note 1 to the Collection Fund and receipts from Central Government are detailed on page 48 in Note 49 to the Core Financial Statements.

Transactions to and from the Pension Fund are detailed on pages 44 to 46 in Note 44 to the Core Financial Statements.

The Council is part of a Joint Venture called Lufton 2000, with Abbey Manor Developments Ltd, to purchase and develop 30 acres of industrial land at Lufton; in 2007/08 nothing was paid out towards the development of land for phase III of the project (2006/07 £30,000). The draft unaudited accounts of the joint venture for the year ended 31 March 2008 disclose net assets of £559,000 and a net profit of £203,000. The shares are jointly held. A copy of these accounts may be obtained from the Council by telephoning 01935 462462.

The Council nominates four members to the Main Board of South Somerset Homes. The members nominated were Councillor R Mills, Councillor K Turner and Councillor A Groskrop. One position is vacant. The amount receivable by the Council from South Somerset Homes can be found on page 34 in the debtors note 24 to the Core Financial Statements.

The Council also makes significant contributions to the following organisations and nominates councillors to represent SSDC on their management boards.

Organisation	SSDC Contribution in 2007/08	SSDC Representative
Wincanton Community Sports Centre	£48,833 grant £10,567 Business Rate Relief	Cllr T Carroll
Wincanton Sports Ground	£15,000 Revenue Grant	Cllr T Carroll
Crewkerne Leisure Management	£600,000 Loan advanced in previous years Outstanding Balance at 31st March 2008 £510,000	Cllr M Best Cllr G Clarke Cllr A Singleton
Yeovil and District CVS	£97,660 Grant	Cllr H Hobhouse Cllr M Lewis
Chard Museum	£1,000 Grant	Cllr J Smith
Ile Youth Centre	£4,169 Grant Running Costs £4,500 Grant Youth Café	Cllr K Turner
Meeting House	£4,730 Grant	Cllr K Turner
Somerset Food Links	£12,000 SSDC Funding for 2007/08	Cllr P Palmer

The Council also makes significant contributions to the following organisations in which individual members have a significant involvement.

Organisation	SSDC Contribution in 2007/08	Councillor
Take Art	£11,000 Funding Contribution	Cllr H Lefeuvre (Project Co-ordinator)
Chard Light Operatic Society	£900 Community Grant	Cllr R Roderigo (Trustee)

Notes to the Core Financial Statements continued

43. FINANCIAL INSTRUMENTS

In accordance with the 2007 SORP the authority has changed its accounting policies relating to financial instruments with effect from 1 April 2007 in order to comply with FRS 25, FRS 26 and FRS 29.

Transitional Adjustments

The change in policy has given rise to adjustments between the closing Balance Sheet for 2006/07 and the restated opening Balance Sheet on 1 April 2007. In accordance with the SORP comparative figures have not been restated. The restatements to the Balance Sheet at 1 April 2007 are summarised as follows:

	Balance Sheet 31 March 2007 £'000	Adjustments £'000	Balance Sheet 1 April 2007 £'000
Net Assets			
Long Term Investments	17,002	53	17,055
Long Term Debtors	978	(13)	965
Deferred Premiums	45	(45)	0
Current Assets – Debtors	5,780	(275)	5,505
Current Assets - Investments	28,807	181	28,988
Other Net Assets (Unchanged)	6,420	0	6,420
Total	**59,032**	**(99)**	**58,933**
Net Worth			
Available- for-sale Financial Instruments Reserve	0	(81)	(81)
Financial Instruments Adjustment Account	0	(19)	(19)
General Fund Balances	3,353	1	3,354
Other Reserves & Balances (Unchanged)	55,679	0	55,679
Total	**59,032**	**(99)**	**58,933**

Financial Instruments Balances

The investments and borrowings disclosed in the Balance Sheet are made up of the following categories of financial instruments

Previous Year 2006/07			Current Year 2007/08	
Long Term £'000	Current £'000		Long Term £'000	Current £'000
		Investments		
12,978	12,377	Loans & Receivables	10,814	24,694
5,047	16,631	Available-for-sale financial assets	7,223	0
18,025	**29,008**	**Total Investments**	**18,037**	**24,694**
		Included as:		
17,002	0	Long Term Investments	17,223	0
978	0	Long Term Debtors	814	0
45	0	Deferred Premiums	0	0
0	201	Current Assets – Debtors	0	181
0	28,807	Current Assets - Investments	0	24,513
18,025	**29,008**	**Total Investments**	**18,037**	**24,694**
2,000	**0**	**Borrowings** Financial liabilities at amortised cost	**2,000**	**0**
		Included as:		
2,000	**0**	Long Term Borrowings	**2,000**	**0**

Notes to the Core Financial Statements continued

Financial Instruments Gains/Losses

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

Current Year 2007/08	Financial Liabilities	Financial Assets		Total
	Liabilities measured at amortised cost £'000	Loans and receivables £'000	Available-for-sale assets £'000	£'000
Interest expense	88	0	0	
Losses on derecognition	0	0	29	
Interest payable and similar charges	**88**	**0**	**29**	**117**
Interest income	0	(2,289)	(393)	
Gains on derecognition	0	0	(202)	
Interest and investment income	**0**	**(2,289)**	**(595)**	**(2,884)**
Gains on revaluation			(177)	
Losses on revaluation			0	
Surplus arising on revaluation of financial assets			**(177)**	
Net gain/(loss) for the year	**88**	**(2,289)**	**(743)**	

Comparative figures for 2006/07 have not been disclosed as the 2007 SORP did not apply to that year.

Fair Value of Assets and Liabilities carried at amortised cost

Financial assets and liabilities represented by loans and receivables are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments. For instruments maturing within twelve months or with variable interest rates the carrying amount is assumed to approximate to fair value. The fair values calculated are as follows:

Current Year 2007/08	Carrying Amount £'000	Fair Value £'000
Loans and receivables	35,508	35,508
Financial Liabilities	2,000	2,059

Comparative figures for 2006/07 have not been disclosed as the 2007 SORP did not apply to that year.

Nature and Extent of Risks arising from Financial Instruments

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

Credit risk - the possibility that other parties might fail to pay amounts due to the authority

Liquidity risk - the possibility that the authority might not have funds available to meet its commitments to make payments

Market risk - the possibility that financial loss might arise for the authority as a result of changes in such measures as interest rates and stock market movements

The authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by the Council in the annual treasury management strategy. 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 Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the authority's customers. Deposits are not made with banks and financial institutions unless they are rated independently with a minimum score of AA- (with the exception of deposits for less than 3 months which can be placed with institutions rated as A). The authority has a policy of not lending more than £6 million to one institution (reduced to £3 million for institutions rated below AA-).

The following analysis summarises the authority's potential exposure to credit risk. There has been no experience of default or uncollectability over the last five financial years.

	Credit Rating Score	Amount at 31 March 2008 £000
Deposits with banks and financial institutions -		
Eurobonds & Money Market Funds	AAA	10,531
United Kingdom Banks	AA+	6,005
Australian Banks	AA	6,000
United Kingdom Banks	AA-	2,000
Irish Banks	AA-	16,200
United Kingdom Banks	A+	1,000
Total		41,736
Other customers (net of bad debt provisions) –		
Mortgages (secured)		193
Car loans (staff)		217
Miscellaneous		585
Total		**42,731**

No counterparty limits were exceeded during the reporting period and the authority does not expect any losses from non-performance by any of its counterparties in relation to deposits and bonds.

Where the authority considers there is a significant risk of default in mortgages, car loans or miscellaneous loans then an appropriate provision for bad debts is calculated.

The credit risk in respect of trade customers is dealt with in Note 24 on Debtors.

Liquidity Risk

As the authority has ready access to borrowings from the Public Works Loans Board, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead the risk is that the authority will be bound to incur additional borrowings at a time of unfavourable interest rates.

Market risk – Interest rate risk

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

Borrowings at variable rates - the interest expense charged to the Income and Expenditure Account will rise

Borrowings at fixed rates - the fair value of the liabilities borrowings will fall

Investments at variable rates - the interest income credited to the Income and Expenditure Account will rise

Investments at fixed rates - the fair value of the assets will fall

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Income and Expenditure Account or Statement of Total Recognised Gains and Losses (STRGL). However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Income and Expenditure Account and affect the General Fund Balance pound for pound. Movements in the fair value of fixed rate available-for-sale investments will be reflected in the STRGL.

The authority has a number of strategies for managing interest rate risk. Policy is to maintain a minimum of 30% of investments in variable rate instruments. All borrowings are currently at fixed rates.

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

According to this assessment strategy, at 31 March 2008, if interest rates had been 1% higher with all other variables held constant, there would have been an increase in interest receivable on variable rate investments of approximately £350,000. The impact of a 1% fall in rates would be to reduce interest receivable on variable rate investments by approximately £350,000.

Market risk – Price risk

The authority does not generally invest in equity shares so is not exposed to gains or losses arising from movements in the price of shares

Market risk – Foreign exchange risk

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

44. RETIREMENT BENEFITS

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers and other employees, the authority offers retirement benefits. Although these benefits will not actually be payable until employees retire, the authority has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

South Somerset District Council participates in the Local Government Pension Scheme for civilian employees, administered by Somerset County Council – this is a funded defined benefit scheme, meaning that the authority and employees pay contributions into a fund, calculated as a level intended to balance the pensions liabilities with investment assets.

Our Licensing Team giving out a breathalyser to an Avon & Somerset Policeman

Notes to the Core Financial Statements continued

(Brackets represent liabilities on this page)

Transactions Relating to Retirement Benefits

SSDC recognise the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are actually paid as pensions. However, the charge SSDC is 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:

Previous Year 2006/07			Current Year 2007/08	
£'000	£'000		£'000	£'000
		Income and Expenditure Account		
		Net Cost of Services:		
2,557		• Current service costs	2,367	
15		• Past service and curtailment costs	13	
	2,572			2,380
		Net Operating Expenditure:		
4,356		• Interest Cost	5,146	
(4,097)		• Expected return on assets in the scheme	(4,423)	
	259			723
	2,831	**Net Charge to the Income and Expenditure Account**		**3,103**
		Statement of Movement in the General Fund Balance		
	(2,831)	*Reversal of net charges made for retirement benefits in accordance with FRS 17*		(3,103)
		Actual amount charged against the General Fund Balance for pensions in the year:		
1,623		• Employers' contributions payable to scheme	1,815	
231		• Retirement benefits payable to pensioners	223	
	1,854			2,038

Assets and Liabilities in Relation to Retirement Benefits

The underlying assets and liabilities for retirement benefits attributable to the authority at 31 March 2008 are as follows:

31 March 2007 £'000		31 March 2008 £'000
67,848	Share of assets	60,872
(86,680)	Estimated funded liabilities	(83,580)
(3,290)	Estimated unfunded liabilities	(2,697)
(22,122)	**Net liability**	(25,405)

The liabilities show the underlying commitments that the authority has in the long-run to pay retirement benefits. The total liability of £25,405,000 has a substantial impact on the net worth of the authority as recorded in the balance sheet, resulting in an overall balance of £55,179,000. However, statutory arrangements for funding the deficit mean that the financial position of the authority remains healthy. The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

Basis for Estimating Assets and Liabilities

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

The main assumptions used in their calculations have been

31 March 2007		31 March 2008
3.3%	Rate of inflation	3.7%
4.8%	Rate of general long-term increase in salaries	5.2%
3.3%	Rate of increase to pensions in payment	3.7%
3.3%	Rate of increase to deferred pensions	3.7%
5.4%	Discount rate	6.6%

Assets in the County Council Pension Fund are valued at fair value, principally market value for investments, and consist of the following categories:

Long-term Return as at 31 March 2007	31 March 2007 £'000		Long-term Return as at 31 March 2008	31 March 2008 £'000
7.2%	48,750	Equity investments	6.9%	41,930
4.6%	6,066	Government Bonds	4.3%	5,509
5.4%	4,440	Corporate Bonds	6.6%	5,654
6.2%	6,221	Property	5.9%	4,981
5.0%	2,371	Other	5.0%	2,798
	67,848			60,872

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 2008:

	2003/04		2004/05		2005/06		2006/07		2007/08	
	£'000	%	£'000	%	£'000	%	£'000	%	£'000	%
Differences between the expected and actual return on assets	6,370	14.0	1,480	3.0	8,430	14.0	3,643	5.4	(9,422)	(15.5)
Differences between actuarial assumptions about liabilities and actual experience	(80)	(0.1)	(1,570)	(2.0)	40	0.0	0	0.0	(6,815)	(8.0)
Changes in the demographic and financial assumptions used to estimate liabilities	150	0.3	(13,310)	(17.1)	(6,100)	(6.9)	3,502	3.9	14,019	16.2
Total Movements on the Pensions Reserve	6,440		(13,400)		2,370		7,145		(2,218)	

(Brackets represent an increase in liabilities)

Notes to the Core Financial Statements continued

(brackets on this page represent income or liabilities)

45. RECONCILIATION OF NET DEFICIT TO NET CASH OUTFLOW ON REVENUE ACTIVITIES

Previous Year 2006/07			Current Year 2007/08	
£'000	£'000		£'000	£'000
		Surplus/(Deficit) for the year		
(2,485)		Deficit on Income & Expenditure Account	(5,257)	
404		Surplus on Collection Fund	256	
	(2,081)			(5,001)
		Non Cash Transactions		
1,068		Depreciation and Impairment	1,384	
(258)		Amortisation of Government Grants	(1,080)	
1,948		Deferred Charges Written Off	3,130	
(783)		Share of Right to Buy Receipts from former Council Dwellings	(826)	
0		Loss on Disposal of Fixed Assets	2,026	
977		FRS 17 Pension Transactions	1,065	
(52)		Other Non Cash Transactions	(514)	
	2,900			5,185
		Items on an Accruals Basis		
7		Decrease in Stocks & Work-in-Progress	3	
2,655		(Increase)/Decrease in Debtors	(1,892)	
1,833		Increase/(Decrease) in Creditors	(2,244)	
(1,689)		Less: Capital Items included in Debtors & Creditors	15	
	2,806			(4,118)
		Items classified elsewhere in Cash Flow Statement		
	(4,535)	Servicing of Finance – Net Interest Received		(2,661)
	(910)	**Net Cash Outflow from Revenue Activities**		**(6,595)**

Notes to the Core Financial Statements continued

(brackets on this page represent income or liabilities)

46. MOVEMENT IN CASH RECONCILED TO THE MOVEMENT IN NET DEBT

Previous Year 2006/07 £'000		Current Year 2007/08 £'000
	NET INVESTMENT	
256	Cash in Hand	13
0	Bank Overdraft	(499)
256	**Net Cash Balance**	**(486)**
28,807	Short Term Investments	24,513
17,002	Long Term Investments	17,223
(2,000)	Long Term Borrowing	(2,000)
44,065	**Net Investment at 31 March**	39,250
41,567	Net Investment at 1 April	44,065
2,498	**Increase/(Decrease) in Net Investment**	**(4,815)**
	COMPRISING	
256	Net Cash Balance at 31 March	(486)
(390)	Net Cash Balance at 1 April	256
646	**Net Increase/(Decrease) in Cash**	**(742)**
(2,000)	Net Inflow from Financing (Note 47)	0
(798)	Net Inflow from Liquid Resources (Note 48)	(6,294)
4,650	Purchase of Long Term Investments	3,880
0	Sale of Long Term Investments	(1,968)
0	Change in Valuation of Long Term Investments (Non Cash Transactions)	309
2,498	**Movement in Net Investment**	**(4,815)**

47. RECONCILIATION OF FINANCING ITEMS

The movement in Long Term Borrowing is summarised as follows.

Previous Year 2006/07 £'000		Current Year 2007/08 £'000
0	Balance at 1 April	2,000
2,000	Balance at 31 March	2,000
2,000	**Net Increase in Long Term Borrowing**	**0**

48. RECONCILIATION OF LIQUID RESOURCES

The Council includes Short Term Investments (which can be redeemed within the following financial year) within its Liquid Resources.

Previous Year 2006/07 £'000		Current Year 2007/08 £'000
29,605	Balance at 1 April	28,807
0	Reclassified from Long Term Investments	2,000
28,807	Balance at 31 March	24,513
(798)	**Net Decrease in Short Term Investments**	**(6,294)**

49. ANALYSIS OF GOVERNMENT GRANTS

Previous Year 2006/07 £'000		Current Year 2007/08 £'000
1,685	Revenue Support Grant	1,525
249	Local Authority Business Growth Initiative Grant	169
34,458	Housing Benefits	36,822
823	Miscellaneous Grants	689
37,215	**Government Grants**	**39,205**

Collection Fund Account

INCOME AND EXPENDITURE ACCOUNT for year ended 31 March 2008

This account reflects the statutory requirement contained in section 89 of the Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992) for billing authorities to establish and maintain a separate fund for the collection and distribution of amounts due in respect of Council Tax and National Non-Domestic Rates (NNDR).

Previous Year 2006/2007 £'000		Note	Current Year 2007/2008 £'000
	INCOME		
(68,662)	**Income from Council Tax**	1	(72,377)
	Transfers from General Fund		
(7,905)	- Council Tax Benefits		(8,190)
(32,030)	**Income Collectable from Business Ratepayers**	2	(32,286)
(108,597)	**TOTAL INCOME**		(112,853)
	EXPENDITURE		
	Precepts and Demands	1	
57,109	- Somerset County Council		56,596
7,984	- Avon & Somerset Police Authority		8,646
0	- Devon & Somerset Fire & Rescue Authority		3,727
10,481	- South Somerset District Council (including Parishes)		11,011
	Contribution towards previous year's Collection Fund surplus	3	
310	- Somerset County Council		577
43	- Avon & Somerset Policy Authority		81
42	- South Somerset District Council		77
	Business Rates		
31,802	- Payment to National Pool		32,058
228	- Costs of Collection		228
	Council Tax		
(147)	- Provision for Council Tax Non-Collection		(176)
341	- Bad debts written off		284
108,193	**TOTAL EXPENDITURE**		113,109
(404)	**(SURPLUS)/DEFICIT FOR YEAR** to be deducted from balances		256
(513)	**Balances at Start of Year**		(917)
(917)	**Balances at End of Year**		(661)

Notes to The Collection Fund

(Brackets represent income or liabilities)

INTRODUCTION

The Collection Fund is a statutory fund set up to deal with the collection and distribution of amounts due in respect of Council Tax and Business Rates. The collection fund is managed and administered by South Somerset District Council as the Billing Authority on behalf of the council tax-payers and business rate-payers within its area. All sums raised from council tax and business rates are paid into the Fund together with relevant government grants. Payments out of the fund include contributions to the national Non-Domestic Rate pool and precept payments to Somerset County Council, Avon & Somerset Police Authority, Devon & Somerset Fire & Rescue Authority, South Somerset District Council and Town/Parish Councils to fund their net service requirements.

1. INCOME FROM COUNCIL TAX

Council Tax income is calculated by estimating the amount of income or precept required from the Collection Fund for Somerset County Council, Avon & Somerset Police Authority, Devon & Somerset Fire & Rescue Authority and South Somerset District Council.

The estimate is made by calculating a tax base and dividing the precepts by the tax base to establish the tax payable for a Band D property (properties in other bands pay a proportion of the Band D charge).

The first step in calculating the tax base is to adjust the total number of properties in each band to the effective number of properties by reducing the number to allow for the number of discounts and exemptions. The effective number of dwellings is then converted to the number of Band D equivalents by applying the weighting for each band. The following table illustrates how the tax base has increased from 2006/07.

Notes to The Collection Fund Continued

Tax Base						
Previous Year 2006/07					**Current Year 2007/08**	
Effective No of dwellings	Band D Equivalent	Weighting	Tax Band	Property Value (at April 1991)	Effective No of dwellings	Band D Equivalent
28	16	5/9ths	A-	disabled band	28	16
7,675	5,117	6/9ths	A	up to £40,000	7,728	5,152
18,075	14,058	7/9ths	B	between £40,001 & £52,000	18,240	14,187
12,922	11,486	8/9ths	C	between £52,001 & £68,000	13,142	11,682
9,975	9,975	1	D	between £68,001 & £88,000	10,115	10,115
7,780	9,509	11/9ths	E	between £88,001 & £120,000	7,932	9,694
4,006	5,786	13/9ths	F	between £120,001 & £160,000	4,082	5,896
1,476	2,459	15/9ths	G	between £160,001 & £320,000	1,500	2,500
122	244	18/9ths	H	Over £320,000	123	247
62,059	58,650				62,890	59,489
	(730)			Less adjustment for non-collection and banding reductions		(742)
	57,920			***Council Tax Base***		58,747

Details of the precepts are shown below

Previous Year 2006/07	Precepting Authorities	Current Year 2007/08
£57,109,216	Somerset County Council	£56,595,867
£7,983,693	Avon & Somerset Police Authority	£8,645,750
£0	Devon & Somerset Fire & Rescue Authority	£3,727,416
£7,639,100	District Council's own requirement	£7,980,500
£2,841,449	Total of Parish Precepts & Levies	£3,030,529

The council tax for Band D, calculated by dividing the precepts by the tax base, is shown below.

Previous Year 2006/07 £	Council Tax levy at Band D	Current Year 2007/08 £
986.00	Somerset County Council	963.39
137.84	Avon & Somerset Police Authority	147.17
0.00	Devon & Somerset Fire & Rescue	63.45
131.89	South Somerset District Council	135.85
1,255.73		1,309.86
49.01	Add Town & Parish Councils (average)	51.40
1,304.74	*Average Council Tax Levy at Band D*	1,361.26

2. INCOME COLLECTABLE FROM BUSINESS RATE PAYERS

The Council collects the Business Rates on behalf of the Government. HM Revenue & Customs assesses the Rateable Values and the Government sets the rate in the £ (or multiplier). Comparative details are shown below:

Previous Year 2006/07		Current Year 2007/08
	National Non-Domestic Rates (NNDR)	
£86,165,276	Rateable value at 31st March	£86,551,742
	NNDR rate poundage	
43.3p	• National Multiplier	44.4p
42.6p	• Small Business multiplier	44.1p

3. CONTRIBUTION TOWARDS PREVIOUS YEAR'S SURPLUS

An estimate is made each January of the surplus or deficit on the collection fund in order that the County, Police Authority, Fire & Rescue Authority and District Council take it into account when setting their precept in the following year.

Group Accounts

Group accounts are where the Council consolidates into its results the activities of outside organisations it has or can exert significant influence over and these consolidated results are shown separately within the Statements on the Group accounts pages 51 to 58. The purpose of consolidation is to allow the reader of the accounts to see a complete picture of the Council's control over any other entities it may have.

For 2007/08 the joint venture Lufton 2000 has been identified as an outside organisation that should be consolidated into the Council's accounts.

The joint venture was set up between SSDC and Abbey Manor Developments Limited in 1999 with the purpose of purchasing and developing land at Lufton, Yeovil. For the 2007/08 Statement of Accounts the joint venture has been accounted for using the gross equity method. SSDC and Abbey Manor Developments Limited each hold a 50% interest in Lufton 2000 and equally share profits or losses.

The Group accounts incorporate the following items into the accounts of the single entity:

- The Group Income and Expenditure Account includes the Council's share of the operating result and interest and investment income of the joint venture.
- The Group Balance Sheet includes the Council's share of the assets, liabilities and reserves of the joint venture.

The figures that have been incorporated are from the draft accounts as at 31 March 2008 and these figures are still subject to audit. A full copy of the accounts of Lufton 2000 may be obtained from Abbey Manor Developments Limited.

Where, as a result of the consolidation, the supporting notes have changed, details are shown. However where there have been no changes to the notes from the single entity accounts they have not been repeated again below.

Empty Property Grant Scheme - Silver Street, Chard

Before:

After:

Group Income and Expenditure Account (brackets represent income)

Previous Year 2006/07 £'000	Service	Note	Expenditure 2007/08 £'000	Income 2007/08 £'000	Net Cost of Services 2007/08 £'000
803	Central Services		11,519	(9,628)	1,891
17,042	Cultural Environmental and Planning Services		23,663	(8,194)	15,469
409	Highways and Transport		3,026	(2,460)	566
3,433	Housing Services		34,400	(29,585)	4,815
1,816	Corporate and Democratic Core		2,482	(237)	2,245
315	Non Distributed Costs		238	0	238
23,818	**Net Cost of General Fund Services**		75,328	(50,104)	25,224
(1)	Share of the Operating Result of Joint Venture		60	(156)	(96)
23,817	**Net Cost of Services**		75,388	(50,260)	25,128
0	Loss on Disposal of Fixed Assets				2,026
2,841	Precepts and Levies				3,031
(181)	Trading Surpluses and Deficits account				(121)
64	Interest Payable and Similar Charges				117
23	Contribution of Housing Capital Receipts to Government Pool				27
(2,580)	Interest & Investment Income				(2,884)
(1)	Share of Interest & Investment Income of Joint Venture				(6)
(783)	Share of Right to Buy Receipts from former Council Dwellings				(826)
259	Pensions interest costs and expected return on pensions assets				723
23,459	**Net Operating Expenditure**				27,215
	Income from Taxation and General Government Grants				
(1,935)	Central Government Grants				(1,884)
(8,518)	Non-domestic rate redistribution				(9,088)
(10,523)	Council Tax Income				(11,088)
2,483	**Deficit for the year**				**5,155**

Reconciliation of the Single Entity Income and Expenditure Account Deficit to the Group Income and Expenditure Account Deficit

Previous Year 2006/07 £'000		Current Year 2007/08 £'000
2,485	Deficit for the year on the Authority Income and Expenditure Account for the year	5,257
	Surplus in the Group Income and Expenditure Account attributable to group entities:	
(2)	Joint Ventures	(102)
2,483	Deficit for the year on the Group Income and Expenditure Account	5,155

Yeovil Innovation Centre building work about to start

Group Statement of Total Recognised Gains and Losses

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

Previous Year 2006/07 £'000		Current Year 2007/08 £'000
2,483	Deficit for the year on the Income and Expenditure Account	5,155
(404)	(Surplus)/Deficit for the year on the Collection Fund	256
(7,303)	Surplus arising on revaluation of fixed assets	(3,720)
0	Surplus arising on revaluation of available-for-sale financial assets	(177)
0	Deficit arising on writing down of soft loans to fair value at 1 April 2007	19
(7,145)	Actuarial (gains)/losses on pension assets and liabilities	2,218
(12,369)	Total recognised (gains)/losses for the year	**3,751**

River Yeo in Ilchester

Group Balance Sheet

(Brackets represent liabilities)

As at 31 March 2007 £'000	As at 31 March 2007 £'000		Note	As at 31 March 2008 £'000	As at 31 March 2008 £'000
		FIXED ASSETS			
	99	**Intangible Fixed Assets**			115
		Tangible Fixed Assets			
		Operational Assets			
	33,569	Land & Buildings			34,196
	4,113	Vehicles Plant & Equipment			1,973
	37	Infrastructure Assets Excluding Land			36
	672	Community Assets			887
		Non-Operational Assets			
	3,262	Investment Properties			5,120
	2,595	Assets under Construction			2,731
	20	Surplus Assets held for Disposal			785
	44,367	**TOTAL FIXED ASSETS**			45,843
	179	Share in Gross Assets of Joint Venture	1		281
	(1)	Share in Gross Liabilities of Joint Venture	2		(1)
	17,002	Long Term Investments			17,223
	978	Long Term Debtors			814
	45	Deferred Premiums			0
	62,570	**TOTAL LONG TERM ASSETS**			**64,160**
		CURRENT ASSETS			
127		Stocks & Work-in-Progress		124	
5,780		Debtors		7,672	
28,807		Investments		24,513	
256		Cash and bank		13	
	34,970				32,322
	97,540	**TOTAL ASSETS**			**96,482**
		LESS: CURRENT LIABILITIES			
(8,421)		Creditors		(6,177)	
0		Bank Overdraft		(499)	
	(8,421)				**(6,676)**
	89,119	**TOTAL ASSETS LESS CURRENT LIABILITIES**			**89,806**

As at 31 March 2007 £'000		Note	As at 31 March 2008 £'000
89,119	**TOTAL ASSETS LESS CURRENT LIABILITIES** (b/f)		89,806
(2,000)	Long Term Borrowing		(2,000)
(450)	Provisions		(496)
(5,337)	Government Grants-Deferred		(6,446)
(22,122)	Liability related to defined benefit pension scheme		(25,405)
59,210	**TOTAL NET ASSETS**		**55,459**
	Financed by:		
0	Revaluation Reserve		2,608
0	Available-for-Sale Financial Instruments Reserve		177
34,779	Capital Adjustment Account		28,286
0	Financial Instruments Adjustment Account		(16)
332	Deferred Credits		256
38,932	Useable Capital Receipts		41,951
(22,122)	Pensions Reserve		(25,405)
2,841	Earmarked Reserves		3,931
178	Joint Venture Reserve	3	280
3,353	General Fund Balances		2,730
917	Collection Fund		661
59,210	**TOTAL NET WORTH**		**55,459**

Group Cash Flow Statement

(Brackets on this page represent income)

2006/07 £'000	2006/07 £'000		2007/08 £'000	2007/08 £'000
		REVENUE ACTIVITIES		
		Cash outflows		
18,276		Cash paid to and on behalf of employees	18,435	
17,361		Other operating cash payments	18,219	
25,678		Housing Benefit paid out	27,936	
32,079		National Non Domestic Rate payments to National Pool	34,167	
68,288		Precepts paid	72,657	
23	161,705	Payments to the Capital Receipts Pool	27	171,441
		Cash inflows		
(493)		Rents (after rebates)	(586)	
(68,575)		Council Tax receipts	(72,571)	
(33,531)		National Non Domestic Rate receipts	(30,174)	
(8,518)		National Non Domestic Rate Receipts from national pool	(9,088)	
(1,685)		Revenue Support Grant	(1,525)	
(34,458)		DWP grants for benefits	(36,822)	
(1,072)		Other government grants	(858)	
(10,070)		Cash received for goods & services	(10,631)	
(2,393)	(160,795)	Other operating cash receipts	(2,591)	(164,846)
	910	**Net cash outflow from Revenue Activities** (Note 6)		6,595
		RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
		Cash outflows		
48		Interest Paid	117	
		Cash inflows		
(4,583)		Interest Received	(2,691)	
	(4,535)	**Net cash inflow from servicing of finance**		(2,574)
	(3,625)	Sub Total carried forward		4,021

2006/07 £'000	2006/07 £'000		2007/08 £'000	2007/08 £'000
	(3,625)	Sub Total brought forward		4,021
		CAPITAL ACTIVITIES		
		Cash outflows		
1,093		Purchase of fixed assets	1,756	
4,650		Purchase of long term investments	3,880	
4,265		Other capital cash payments	4,373	
10,008			10,009	
		Cash inflows		
(1,736)		Sale of fixed assets	(2,298)	
(2,369)		Capital Grants received	(1,731)	
0		Sale of long term investments	(1,968)	
(156)		Other capital cash receipts	(997)	
(4,261)			(6,994)	
	5,747	**Net cash outflow from capital activities**		3,015
		PAYMENTS TO JOINT VENTURE		
		Cash outflows		
	30	Capital cash payment		0
	2,152	**NET CASH OUTFLOW BEFORE FINANCING**		7,036
		MANAGEMENT OF LIQUID RESOURCES		
	(798)	Net increase/ (decrease) in short term investments		(6,294)
		FINANCING		
		Cash inflows		
	(2,000)	New loans raised		0
	(646)	**NET (INCREASE)/DECREASE IN CASH**		**742**

Notes to the Group Accounts

1. ANALYSIS OF SHARE OF GROSS ASSETS OF JOINT VENTURE

Previous Year 2006/07 £'000		Current Year 2007/08 £'000
161	Stocks & Work in Progress	128
0	Sundry Debtors	2
18	Cash & Bank	151
179	**Total Share of Gross Assets in Joint Venture**	**281**

2. ANALYSIS OF SHARE OF GROSS LIABILITIES OF JOINT VENTURE

Previous Year 2006/07 £'000		Current Year 2007/08 £'000
1	Sundry Creditors	1
1	**Total Share of Gross Liabilities in Joint Venture**	**1**

3. ANALYSIS OF JOINT VENTURE RESERVE

Previous Year 2006/07 £'000		Current Year 2007/08 £'000
178	**SSDC Capital Account**	**280**

4. PAYMENTS TO JOINT VENTURE

In 2007/2008 no capital payments were made to the joint venture for phase III of the development (2006/07 £30,000). There were no receipts from the joint venture in 2007/08 (2006/07 nil).

5. RECONCILIATION OF GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Previous Year 2006/07 £'000		Current Year 2007/08 £'000
12,369	Total Recognised Gains/(Losses) for the Year	(3,751)
30	Additional Capital advanced to Joint Venture	0
12,399	Increase/(Decrease) in Net Assets	(3,751)
46,811	Net Assets at 1 April	59,210
59,210	**Net Assets at 31 March**	**55,459**

Streetscene Staff cleaning up Graffiti

Notes to the Group Accounts continued

(brackets on this page represent income or liabilities)

6. RECONCILIATION OF NET DEFICIT TO NET CASH OUTFLOW ON REVENUE ACTIVITIES

Previous Year 2006/07			Current Year 2007/08	
£'000	£'000		£'000	£'000
		Surplus/(Deficit) for the year		
(2,483)		Deficit on Income & Expenditure Account	(5,155)	
404		Surplus/(Deficit) on Collection Fund	256	
	(2,079)			(4,899)
		Non Cash Transactions		
1,068		Depreciation and Impairment	1,384	
(258)		Amortisation of Government Grants	(1,080)	
1,948		Deferred Charges Written Off	3,130	
(783)		Share of Right to Buy Receipts from former Council Dwellings	(826)	
0		Loss on Disposal of Fixed Assets	2,026	
977		FRS 17 Pension Transactions	1,065	
(2)		Share of Surplus of Joint Venture	(102)	
(52)		Other Non Cash Transactions	(514)	
	2,898			5,083
		Items on an Accruals Basis		
7		Decrease in Stocks & Work-in-Progress	3	
2,655		(Increase)/Decrease in Debtors	(1,892)	
1,833		Increase/(Decrease) in Creditors	(2,244)	
(1,689)		Less: Capital Items included in Debtors & Creditors	15	
	2,806			(4,118)
		Items classified elsewhere in Cash Flow Statement		
	(4,535)	Servicing of Finance – Net Interest Received		(2,661)
	(910)	**Net Cash Outflow from Revenue Activities**		**(6,595)**

INDEPENDENT AUDITOR'S REPORT TO SOUTH SOMERSET DISTRICT COUNCIL

Opinion on the financial statements

I have audited the Authority and Group accounting statements and related notes of South Somerset District Council for the year ended 31 March 2008 under the Audit Commission Act 1998. The Authority and Group accounting statements comprise the Authority and Group Income and Expenditure Account, the Authority Statement of the Movement on the General Fund Balance, the Authority and Group Balance Sheet, the Authority and Group Statement of Total Recognised Gains and Losses, the Authority and Group Cash Flow Statement, the Collection Fund and the related notes. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of South Somerset 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 Head of Finance and auditor

The Head of Finance's responsibilities for preparing the financial statements in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007 are set out in the Statement of Responsibilities for the Statement of Accounts.

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 Authority and Group accounting statements present fairly, in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007:

- the financial position of the Authority and its income and expenditure for the year; and
- the financial position of the Group and its income and expenditure for the year.

I review whether the governance statement reflects compliance with 'Delivering Good Governance in Local Government: A Framework' published by CIPFA/SOLACE in June 2007. I report if it does not comply with proper practices specified by CIPFA/SOLACE 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 governance statement covers all risks and controls. Neither am I 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 Authority and Group accounting statements, and consider whether it is consistent with the audited Authority and Group accounting statements. This other information comprises the Explanatory Foreword. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the Authority and Group accounting 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 Authority and Group accounting statements and related notes. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the Authority and Group accounting statements and related notes, and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

INDEPENDENT AUDITOR'S REPORT TO SOUTH SOMERSET DISTRICT COUNCIL (CONTINUED)

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 Authority and Group accounting statements and related notes 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 Authority and Group accounting statements and related notes.

Opinion

In my opinion:

- The Authority financial statements present fairly, in accordance with relevant legal and regulatory requirements 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; and

- The Group financial statements present fairly, in accordance with relevant legal and regulatory requirements 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.

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 regularly to review the adequacy and effectiveness of these arrangements.

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.

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, South Somerset District Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2008.

Best Value Performance Plan

I have issued our statutory report on the audit of the authority's best value performance plan for the financial year 2007/08 on 3 December 2007. 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.

Brian Bethell
District Auditor
Date: 25th September 2008

The Audit Commission
Westward House
Lime Kiln Close
Stoke Gifford
Bristol
BS34 8SR

Annual Governance Statement

PART 1 – SCOPE OF RESPONSIBILITY

SSDC is responsible for ensuring that:

- its business is conducted in accordance with the law and proper standards;
- public money is safeguarded and properly accounted for;
- public money is used economically, efficiently and effectively.

SSDC also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

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

SSDC has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework "*Delivering Good Governance in Local Government".* A copy of the code can be obtained on request. This statement explains how SSDC has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of a statement on internal control.

PART 2 – THE PURPOSE OF THE GOVERNANCE FRAMEWORK

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

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process that is designed to:

- identify the risks and prioritise the actions to achieving policies, aims and objectives;
- evaluate the likelihood of those risks occurring;
- assessing the impact should those risks occur;
- managing the risks efficiently, effectively and economically.

The governance framework has been in place at SSDC for the year ended 31 March 2008 and up to the date of approval of the annual report and statement of accounts.

PART 3 – THE GOVERNANCE ENVIRONMENT

The key elements of SSDC's governance arrangements are outlined in the Local Code of Corporate Governance. The main areas and the key areas of evidence of delivery are as follows :

Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area

- The Corporate Plan sets out the priority areas for South Somerset District Council
- The Community Strategy document is being produced in consultation with our partners and sets out the long-term goals for the community and the key issues that need to be addressed in the future.
- Service Plans are updated annually. These identify the performance measures and targets that will be used to ensure the services achieve the agreed objectives. Service Plans are linked to corporate objectives and priorities.

Members and officers working together to achieve a common purpose with clearly defined functions and roles

- The three statutory officers (Head of Paid Service, Monitoring Officer and s151 Officer) regularly meet as a Corporate Governance Group.
- Regular informal weekly meetings between the leader and chief executive in order to maintain a shared understanding of roles and objectives.
- Protocols developed and enforced to ensure effective communication between members and officers in their respective roles.

Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour

- The financial management of the Council is conducted in accordance with the rules set out in Part 4 of the Constitution.
- The Council maintains an Internal Audit Section through the South West Audit Partnership (SWAP) that operates to standards specified by the Institute of Internal Auditors.
- Arrangements are in place to train and monitor conformity with ethical standards.
- Communication through Sounding Board lunches, Insite, and Team Brief.

Taking informed and transparent decisions which are subject to effective scrutiny and managing risk

- The Council has adopted a Constitution that sets out how it operates, how decisions are taken and the procedures followed.
- The District Executive is the main decision-making body and its Sub Committees, 4 Area Committees and meetings are open to the public except where personal or confidential matters are disclosed.
- Portfolio holders can make decisions under delegated authority and these are fully publicised. Senior officers can also take decisions under delegated authority.
- Regulation Committee determines planning applications that are referred from Area Committees.
- The Council publishes a Forward Plan that provides details of key decisions to be made by the Council and its committees.
- Area Committees also hold regular workshops where local issues are identified and discussed; Area Action Plans are then established to target specific needs.
- The Council has approved a Risk Management Policy that identifies how risks are managed.
- Responsible officers are required to maintain their part of the Risk Register.
- All heads of Services have the following included within their job descriptions, "Lead the service(s) in a full and comprehensive understanding of risk, risk assessment and risk management as it relates to the operational areas relevant to the service(s)."

Developing the capacity and capability of members and officers to be effective

- The Council looks to develop skills on a continuing basis to improve performance both of officers and members through the Staff Development and Review process and the use of training and development plans.
- Succession planning encourages participation and development for members and officers.
- Comprehensive member training and development programme recognised through attainment of the "Charter for Member Development."
- An induction programme is in place for all new staff.
- Clear job descriptions and personal specifications are in place for all roles.

Engaging the local people and other stakeholders to ensure robust public accountability

- Area Committees ensure further local accountability and local access.
- Budget consultation has been carried out with the public and key stakeholders.
- Stakeholder input into the Sustainable Community Strategy.
- An annual report is compiled each year combining performance and financial information.
- Area forums and finance set up to allocate financing for local needs.
- Area action plans are in place to deliver local priorities.
- A summarised Statement of Accounts is sent to every household explaining the key financial areas to the public.

PART 4 – REVIEW OF EFFECTIVENESS

SSDC has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of SWAP, the Corporate Governance Group, Management Board and the Senior Managers Forum, who have responsibility for the development and maintenance of the governance environment.

The process that has been applied to maintaining and reviewing the effectiveness of the governance framework includes:

- The monitoring officer has a duty to monitor and review the operation of the Constitution to ensure its aims and principles are adequate. The Council reviews the constitution annually through its Standards Committee.
- The Council has an Overview and Scrutiny Committee that can call in any decision made by an Executive Committee before implementation. This enables them to consider whether or not the decision is appropriate. Pre-decision scrutiny has evolved to aid in the decision making process.
- The Audit Committee reviews the Annual Statement of Accounts and the Annual Governance Statement. It monitors the performance of internal audit and agrees the Internal and External Audit Plans. It also reviews specific parts of the Constitution and makes recommendations on any amendments to full Council.
- Internal Audit through SWAP is responsible for monitoring the quality and effectiveness of systems of internal control. The Audit Service has a Charter approved by the Council and there are no restrictions on the scope of their work. A risk model is used to formulate the plan and approved by the Audit Committee. The reporting process for Internal Audit requires a report of each audit to be submitted to the Heads of Service with copies to the relevant Director, Head of Finance and Chief Executive. All audit reports include an 'opinion' that provides management with an independent judgement on the adequacy and effectiveness of internal controls. Reports include recommendations for improvement that are detailed in an action plan that is agreed with the service manager.

- Internal Audit (SWAP) is subject to regular inspection by the Council's external auditors who place reliance on the work carried out by Internal Audit.

- For performance management, a 'traffic light' monitoring and reporting system is in place reporting quarterly to the Executive Committee.
.
- The Council's Financial Procedure Rules are kept under continuous review and revised periodically – the last review was approved in December 2007.

- In January 2008 the Council participated in a voluntary reassessment of the Comprehensive Performance Assessment and the result will be known in May.

- Each Head of Service and Director is required to review their adherence to the governance framework and demonstrate compliance through reviewing and signing a Statement of Internal Operational Control. Each return is assessed by the Group Auditor and s151 Officer for compliance and any apparent organisational improvements are included in the Governance Action Plan.

- Audit Committee has been advised on the implications of the result of the review of the effectiveness of the governance framework and a plan to address weaknesses and ensure continuous improvement of the system is in place.

PART 5 - SIGNIFICANT GOVERNANCE ISSUES

SSDC has reassessed its systems and procedures and has identified that in the vast majority of cases, robust arrangements are in place.

A number of actions are planned to strengthen the control framework and will be monitored by the Audit Committee during 2008/09:

- The Council's **Standing Orders relating to Contracts** are being fully reviewed and the associated financial procedure rules included into a revised document **Contract Procedure Rules.**

- Improved checking of controls and procedures for **major income streams** through **annual audit reviews.**

- Review of the **policy framework and procedures** within housing to bring the policies up to date and clear to all staff.

- Closer monitoring of **improvements to internal controls** for services receiving only **"Partial Assurance".**

- **Key Strategies** will be aligned to ensure linkages are **clear and explicit.**

- Improved **Performance Management** through MB agreeing **key SMART targets** and **action plans** monitored by Directors**.**

We are satisfied that these steps will address the need for improvements.

Signed on behalf of SSDC:

22 May 2008

Donna Parham
Head of Finance

Phil Dolan
Chief Executive

Cllr Tim Carroll
Leader

Glossary of Terms

Local Government, in common with many specialised activities, has developed over the years its own unique set of terms and phrases.

This glossary helps to identify some of those terms and phrases (more often than not abbreviated in common usage to initial letters only) which will be found in this statement.

Accruals

are one of the main accounting concepts and ensures that income and expenditure are shown in the accounting period that they are earned or incurred, not as money is received or paid.

Agency Work

is the provision of services by an authority on behalf of, and reimbursed by, the responsible authority/body.

Amortised Cost

is a mechanism that sees through the contractual terms of a financial instrument to measure the real cost or return to the authority by using the effective interest rate method which incorporates the impact of premiums or discounts.

Apportionments

are a mechanism for allocating the cost of support services to front line and other services using appropriate bases (e.g. floor space for accommodation related support services) to spread the cost fairly.

Appropriation

is the transfer of an asset (e.g. land, buildings) from one service to another.

Asset

is something that South Somerset owns that has a monetary value. Assets are either 'current' or fixed'.

- Current assets are assets that will be used or cease to have material value by the end of the next financial year (e.g. stock and debtors)
- Fixed assets provide South Somerset benefits for a period of more than one year.

Audit of Accounts

is an examination by an independent expert of an organisation's financial affairs to check that the relevant legal obligations and the codes of practice have been followed.

Available-for-Sale Assets

are financial assets which are not classed as loans and receivables. These include gilt-edged stocks and bonds which are quoted in an active market. They are carried in the balance sheet at fair value.

Available-for-Sale Financial Instruments Reserve

is a revaluation reserve introduced to manage the fair value process for Available-for-Sale Financial Assets. It is permitted to have a negative value provided that the losses posted to it are not impairment losses.

Balances

are the accumulated surplus of revenue income over expenditure.

Balance Sheet

is a financial statement summarising the Council's assets, liabilities and other balances at the end of each accounting period.

Best Value

is the Government's legislative framework for ensuring that local authorities have set up arrangements to secure sustained improvement in quality and cost of local service provision. It imposes two new duties: the Duty of Best Value and the Duty to Consult. The onus is on the local authorities to demonstrate they are achieving Best Value rather than on Central Government to prescribe it. It replaced Compulsory Competitive Tendering legislation on 1 April 2000.

Budget

is a financial statement that expresses an organisation's service, delivery plans and capital programmes in monetary terms

Capital Adjustment Account

is a new reserve created from the balances on the Capital Financing Account and Fixed Asset Restatement Account as at 31 March 2007. This account will continue to record the consumption of historic cost over the life of the asset and deferred charges over the period that the authority benefits from from the expenditure. The account will also record the resources set aside to finance capital expenditure.

Capital Charges

represent the cost to services for the use of fixed assets in the provision of their services; the charges reflect depreciation and impairment.

Capital Contributions/Grants

are monies received from external bodies towards the financing of capital expenditure on a particular service or scheme

Capital Expenditure (Outlay)

is on the acquisition of a fixed asset that will be used to provide services beyond the current accounting period or expenditure that adds value to an existing fixed asset.

Capital Discharged

is the extent to which capital expenditure has been met over a period by charging instalments to the revenue account, including the direct financing of expenditure in the year of acquisition.

Capital Financing Account

This provides a balancing mechanism between the different rates at which assets are depreciated under the SORP and how they are financed through the capital controls system. With effect from 1st April 2007 it has been replaced by the Capital Adjustment Account.

Capital Financing Charges

represent, in the main, the cost to the Capital Financing Reserve of repaying loans, excluding interest, or the direct cost of acquiring assets, etc, in the year.

Capital Programme

is a financial summary of the capital schemes that South Somerset intends to carry out over a specified time period.

Capital Receipts

are the proceeds from the sale of capital assets; they are available to repay debt on existing assets and/or to finance new capital expenditure within rules set by the Government.

Carry Forwards

are unspent revenue budget approvals which the district executive committee is able to transfer into the following financial year.

Cash Flow Statement

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

Cash Limited Budgets

are fixed sums of money, including allowances for pay and price increases, allocated to services, and within which all spending should be met; this also involves flexibility in the carrying forward of under and over-spendings.

Central Government Grants

comprise three types:

- Revenue Support Grant – a grant paid by central government to aid local authority services in general, as opposed to specific grants, which may only be used for a specific purpose. The grant makes up the difference between expenditure at the formula spending share and the amount which would be collected in council tax for that level of expenditure and the amount of non –domestic rate redistributed.
- Specific service grants – percentage grants in aid of services in which central government have a more direct involvement.
- Supplementary grants – grants in aid of both capital and revenue.

CIPFA

is the Chartered Institute of Public Finance and Accountancy.

Collection Funds

are separate funds recording the expenditure and income relating to council tax, non-domestic rates and residual community charge.

Community Assets

are those assets held in perpetuity and which have no determinable useful life and there are often restrictions regarding their sale. Examples of South Somerset's community assets are Ninesprings and land at Ham Hill .

Consistency

is one of the fundamental accounting concepts. It requires accountants to treat similar items of income and expenditure the same way - both within an accounting period and from one accounting period to the next

Corporate and Democratic Core

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

Creditors

are amounts of money SSDC owes to others for goods and services that they have supplied in the accounting period but not paid for.

Debtors

are amounts of money others owe to SSDC for goods and services that they have received but have not paid for by the end of the accounting period.

Deferred Charges

are capital grants made by SSDC to another organisation or person. This counts as capital expenditure but it does not create an asset that belongs to SSDC. The expenditure is charged to the balance sheet, but it is then reversed out through the Capital Adjustment Account to the revenue account.

Depreciation

is a charge made to the revenue account each year that reflects the reduction in the value of land, property, plant, ICT equipment and machinery used to deliver services.

Derecognition

is the term used for the removal of a financial instrument from the balance sheet. This will normally occur when the contractual rights to the cash flows arising from the instrument expire or are transferred.

Earmarked Revenue Reserves

are amounts set aside from revenue to meet particular spending needs, including funding capital projects.

Effective Interest Rate

is the rate of interest that will discount all the cash flows that will take place throughout the expected life of a financial instrument down to the fair value of the instrument calculated at initial measurement.

Emoluments

are the cash payments or payments in kind an employee is entitled to. Pension contributions are not an emolument.

Employment Costs

are the salaries and wages etc, of staff including expenditure on training and the costs of redundancy.

Fair Value (Financial Instruments)

is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's-length transaction. If available, this will be a published price quotation in an active market; otherwise, alternative valuation techniques will be employed.

Fair Value (Tangible Assets)

is the price at which an asset could be exchanged in an arm's-length transaction less, where applicable, any grants receivable towards the purchase of use of that asset.

Family Group

is a selection of similar districts which the Council has been externally compared with.

Fees and Charges

are the income raised by charging for the use of facilities or services.

Finance Leases

are those leases which transfer substantially the benefits and risks of ownership of the asset that is being leased to the party who is leasing the asset.

Financial Instruments

are any contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another. In practice these include bank deposits, loans, investments, borrowings and other receivables or payables.

Financial Instruments Adjustment Account

is the account which holds the differences between the amounts credited to the Income and Expenditure Account in accordance with the SORP and the interest income required to be credited to the General Fund in accordance with statutory regulations relating to soft loans.

Financing Transactions

relate, in the main, to interest payments and receipts associated with the management during the year of the Council's cash flow and reserves

Fixed Asset

is an item of worth which is measurable in monetary terms and provides benefit for more than the period of account – see also Capital Expenditure.

Fixed Asset Restatement Account

recorded the difference between the historical cost of acquiring assets and their assessed value. With effect from 1st April 2007 it has been incorporated into the Capital Adjustment Account.

FRS

is a Financial Reporting Standard advising the accounting treatment and disclosure requirements of transactions so that an authority's accounts 'present fairly' the financial position of the authority.

General Fund Balance

compares the Council's spending against the Council Tax that it raised for the year, taking into account the use of reserves built up in the past and contributions to reserves earmarked for future expenditure.

Government Grants

are made by the Government towards either revenue or capital expenditure to help with the cost of providing services and capital projects. Some government grants have restrictions on how they may be used whilst others are general.

Government Grants Deferred Account

identifies the outstanding value of capital grants and contributions received towards the financing of capital expenditure but which have not yet been written off to the Income and Expenditure Account.

Housing Benefits

is the national system for giving financial assistance to individuals towards certain housing costs. SSDC administers the scheme for South Somerset residents. The Government subsidises the cost of the service.

Impairment

is the reduction in the value of a fixed asset as shown in the balance sheet to reflect its true value

Infrastructure

are those assets which do not have a realisable value and include roads and footpaths.

Income

is the amount which the Council receives, or expects to receive, from any source; service committee revenue income includes grants, sales, rents and fees and charges.

Income and Expenditure Account

is the organisation's main revenue account. It records the income received from Council tax and business rate payments, grants and other fees and charges. It also records the expenditure made as services are provided

Liability

must be included in the financial statements when SSDC owes money to others. There are different types of liability: -

- A current liability is a sum of money that will or might be payable during the next accounting period. e.g. creditors or cash overdrawn.
- A deferred liability is a sum of money that will not be payable until some point after the next accounting period or is paid off over a number of accounting periods.

Loans and Receivables

are financial instruments that have fixed or determinable payments and are not quoted in an active market.

Local Authority Business Growth Initiative (LABGI) Scheme Grant

is a new grant awarded to the Council by the Government this year. The purpose of this grant was to provide support towards expenditure lawfully incurred or to be incurred by the Council. There is therefore no restriction on its use.

Long-term Investments

are those which are intended to be held on a continuous basis for the activities of the authority.

Materiality

is one of the main accounting concepts. It ensures that the statement of accounts includes all the transactions that, if omitted, would lead to a significant distortion of the financial position at the end of the accounting period.

Minimum Revenue Provision

is the sum required to be met from revenue under current capital controls to provide for the repayment of outstanding borrowings; additional sums may be voluntarily set aside.

National Non-Domestic Rate (NNDR) Income (also known as Business Rates)

Business rates are collected locally, pooled nationally and then redistributed to all local authorities on a population basis.

NILO

stands for National Investment and Loans Office. It is a Central Government department and includes the PWLB.(Public Works Loans Board)

Net Book Value

is the Balance Sheet amount of fixed assets and represents their historical cost or current replacement value less cumulative depreciation provisions.

Net Current Replacement Cost

is the cost of replacing an asset in its existing condition and use.

Net Realisable Value

is the open market value of an asset in its existing use net of the potential expenses of sale.

Non-operational Assets

are those assets which are not directly used in the provision of services and mainly comprise those assets which are surplus to requirements and held pending disposal.

Operational Assets

are those assets e.g. land and buildings, used in the direct provision of services.

Operating Leases

are all leases which are not finance leases.

Other Operating Costs

includes expenditure on buildings, fuel, light, rent, rates, and purchase of furniture and equipment.

Precept

is the means by which Somerset County Council, the police and fire authorities and the parishes obtain their revenue income from the District Councils' Collection Funds.

Provisions

are amounts set aside to meet costs which are likely or certain to be incurred, but are uncertain in value or timing.

PWLB

is the Public Works Loan Board, a Government agency which lends money to the public sector.

Prudence

is on of the main accounting concepts. It ensures SSDC only includes income in it's accounts if it is sure it will receive the money.

Rateable Value

is the annual assumed rental value of a property that is used for business purposes

Related Parties

are when at any time during the financial period:-

- One party has direct or indirect control of the other party
- The parties are subject to common control from the same source
- One party has influence over the financial and operational policies of the other party to an extent that the other party might be inhibited from pursuing its own interests
- The parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own interests.

Related Party Transaction

is the transfer of assets or liabilities, or the performance of services by, to or for a related party irrespective of whether or not a charge is made.

Remuneration

includes taxable salary payments to employees, together with non-taxable payments on termination of employment (including redundancy, pension enhancement payments, and pay in lieu of notice), taxable expense allowances and any other taxable benefits.

Reserves

result from the accumulation of surpluses, deficits and appropriations over past years. Reserves of a revenue nature are available and can be spent or earmarked at SSDC's discretion.

Residual Value

is the value of an asset at the end of its useful life.

Revaluation Reserve

is a new reserve which records the unrealised revaluation gains arising since the 1 April 2007 from holding fixed assets. Previously such gains were credited to the Fixed Asset Restatement Account.

Revenue Expenditure

is the day to day spending on salaries, maintenance of assets, purchase of stationery etc after deducting income such as fees and charges.

Revenue Support Grant

is a general grant paid by the Government to local authorities as a contribution towards the cost of their services.

Slippage

is the term used mainly to describe capital payments occurring in later financial years than originally planned.

Soft Loans

are loans made by the authority at less than market interest rates for policy reasons rather than for treasury management purposes. At SSDC these comprise car loans which are made on an interest-free basis to certain employees. These are held at fair value, which is calculated as the present value of all future cash receipts discounted using the prevailing market rate of interest.

SORP

is a Statement of Recommended Practice that is generally based upon those accounting principles that are incorporated within approved accounting standards, modified to reflect the statutory framework in which local authorities operate. The SORP states which accounts should be published as part of the Statement of Accounts, and the information to be included in each account.

SSAP

is a Statement of Standard Accounting Practice issued by the Accounting Standards Committee (ASC) and adopted by its replacement body, the Accounting Standards Board (ASB) of the Consultative Committee of Accountancy Bodies (CCAB). The council's accounts conform to SSAPs where they are applicable to local authorities.

Statement of Movement on General Fund Balance (SMGFB)

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

Statement of Total Recognised Gains and Losses (STRGL)

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

Stocks

are items of raw material and stores that SSDC has bought to use on a continuing basis but has not yet used. Examples are consumable stores, raw materials and components purchased for incorporation into products for sale.

Tangible Fixed Assets

comprise operational assets, non-operational assets and assets in the course of construction.

Trust Funds

are funds administered by the Council for such purposes as charities, prizes and specific projects.

Unallocated Reserves

are those remaining revenue balances, after deducting the earmarked revenue reserves, which have not been set aside to meet particular spending needs.

Unapportionable Central Overheads

are those overheads for which no service department benefits and are not therefore apportioned.

Work in Progress

is the value of works that have been completed or is partially complete at the end of the accounting period that should be included in the financial statements.

One of the Council's Pavement Sweepers

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Este documento encontra – se dispanien portugis, a pedido.
Dokument tem jest na zyczenie udoste pniany w jezyka polskim.