

STATEMENT OF ACCOUNTS 2008/09

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FOREWORD BY THE HEAD OF FINANCE

The Council's accounts for the year ended 31st March 2009 are set out on the following pages. The accounts comprise the following key statements:

- **The Statement of Responsibilities** declares the respective responsibilities of the Council and the Head of Finance for the production of the statement of accounts.
- **The Statement of Accounting Policies** discloses the accounting principles and concepts that have been used in the preparation of the accounts.
- **The Income and Expenditure Account** is the principal revenue account, covering the income and expenditure of all the services for which the Council is responsible. It brings together expenditure and income relating to all the Council's functions in three distinct sections:
 - The first section provides accounting information on the cost of the different services, net of specific grants and income from fees and charges to give the net cost of services.
 - The second section comprises items of income and expenditure relating to the authority as a whole which, when added to the net cost of services, gives the authority's net operating expenditure.
 - The last section shows the principal sources of financing the Council's activities in the period and gives the net deficit or surplus to be carried forward in General Fund balances.
- **The Statement of Movement on the General Fund Balance** is a reconciliation between the Income and Expenditure Account and the General Fund Balance. It provides a useful link between the Council's actual financial performance for the year, and its spending against the council tax that has been raised in the year, taking into account statutory adjustments, use of reserves and contributions to reserves earmarked for future use.
- **The Balance Sheet** shows the financial position of the Council as at 31st March 2009. It discloses the assets and liabilities for all Council Services.
- **The Statement of Total Recognised Gains and Losses** summarises all the recognised gains and losses of the Council for the year and shows the aggregate change in its net worth.

- **The Cash Flow Statement** summarises the Council's cash transactions for the year.
- **The Collection Fund** records all income from council tax and business rates. Expenditure includes the precepts to Hampshire County Council, Hampshire Fire and Rescue Authority, Hampshire Police Authority, local parish/town councils and Test Valley Borough Council's own demand on the Collection Fund. The Collection Fund is not incorporated within the Income & Expenditure Account as it reflects the statutory requirement for billing authorities to maintain a separate Collection Fund.
- **The Annual Governance Statement** explains how the Council ensures that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

Prior Period Adjustment

It has been necessary to restate the Council's Balance Sheet and Statement of Total Recognised Gains & Losses as at 31 March 2008. This is due to an omission of the re-valuation of a material asset that was carried out during 2007/08. Part of that asset has subsequently been sold during this current year.

It has also been necessary to restate the opening liability on the pension fund reserve due to a change in the actuary's method of valuing fund liabilities.

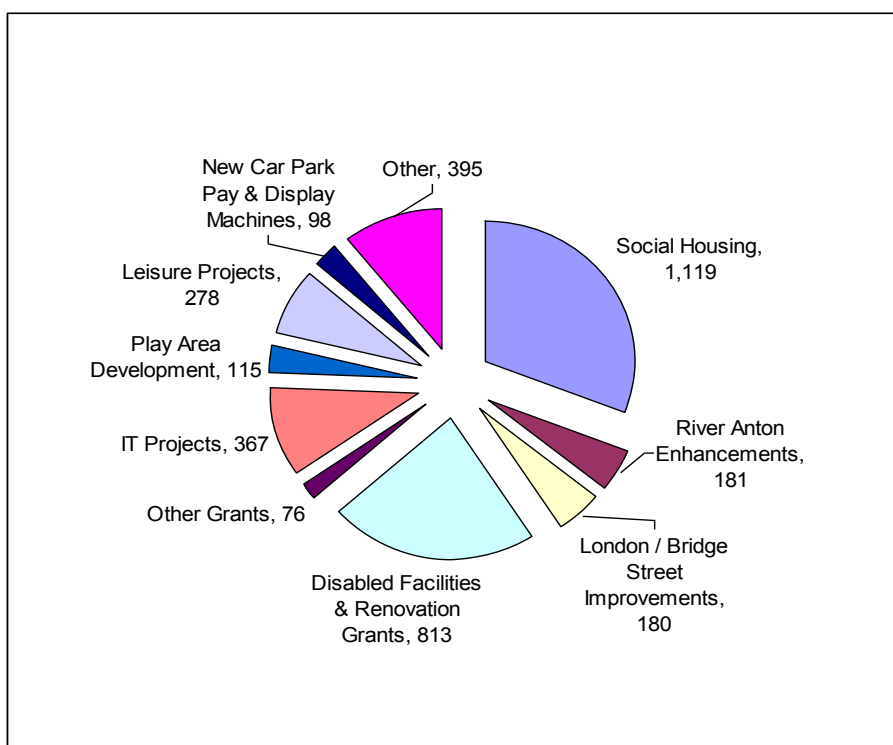
These are explained fully in note 1 to the Core Financial Statements on page 24.

Financial Performance

The Council monitors its budgets under two major headings: Capital and Revenue. Capital spending creates assets with a life of longer than one year and is financed from loans, usable receipts, government grants, contributions and revenue. Revenue spending relates to items consumed in the year and is financed from Council Tax, Fees and Charges, government grants and other income.

Capital Activities

Capital spending for the year totalled £3.622M, as summarised below: Figures in £'000.



This capital spending was £863,000 less than the revised estimate. At its meeting on 10th June 2009, the Council's Cabinet recommended that unspent estimates should be carried forward, so that projects started in 2008/09 could be completed in 2009/10.

Major capital investment is planned over the next two financial years as shown below:

	2009/10 £'000	2010/11 £'000
Social Housing Programme	2,655	1,785
Replacement Financial Management System	311	-
IT infrastructure development projects	656	42
Disabled Facilities & Renovation Grants	975	850
Other capital schemes	1,675	371
Total:	6,272	3,048

The Council finances its capital expenditure from a mixture of usable capital receipts, capital grants and contributions. In 2008/09, the majority of funding (67%) came from usable capital receipts (£2.418M) with the remainder (£1.204M) coming from capital grants and contributions. This balance of financing is expected to continue during 2009-11. The Council is debt free and has no long term borrowing.

General Fund Revenue Activities

The initial forecast of General Fund revenue requirements began soon after the budget for 2007/08 was approved. A significant range of essential savings / improved income opportunities was identified and included in the budget, most notably an increase in the expected costs of providing Concessionary Travel following changes in legislation to allow free national bus travel for qualifying residents.

The detailed budget was approved by Council on 27th February 2008. The net expenditure forecast for 2008/09 agreed at this stage totalled £12.324M. No drawdown from general reserves was planned for the year.

The revised budget for 2008/09 was approved by Council on 23rd February 2009. The net expenditure was maintained at £12.324M, with no expectation to draw from general reserves.

The actual outturn for 2008/09 was better than expected, enabling an additional £1.146M to be transferred to earmarked reserves and £329,000 to be added to general reserves.

	Revised Budget 2008/09 £'000	Actual 2008/09 £'000	Variance 2008/09 £'000
Service Expenditure	17,166	14,912	(2,254)
<i>Corporate Items:</i>			
Deficit on Trading Accounts	-	237	237
Reversal of Capital Charges and Depreciation	(2,347)	(2,212)	135
Investment Income & Borrowing	(3,279)	(3,295)	(16)
Transfers to Earmarked Reserves	697	1,843	1,146
Transfer to / (from) Pension Reserve	(34)	510	544
Transfer to General Reserves	-	329	329
Other	121	-	(121)
GENERAL FUND REQUIREMENTS	12,324	12,324	-
<i>Met by:</i>			
Government Grants	6,745	6,745	-
Council Tax	5,437	5,437	-
Other Collection Fund	142	142	-
TOTAL REVENUE RESOURCES	12,324	12,324	12,324

Impairment to Fixed Asset values

Although not reflected in the table above, there has been a material temporary impairment to some of the Council's assets in the year.

The value of this impairment was £23.966M and has been treated as an exceptional item in the Income and Expenditure Account.

The impairments relate to the temporary diminution in value of some of the Council's property portfolio – most notably the three industrial estates – as a result of the current position of the property market. Historically these reductions in value would have been dealt with in the capital accounts but accounting regulations now require these to be reflected in the Income and Expenditure Account.

In all cases the impairment is as a result of falling property values; there is no material impairment to assets on the grounds of consumption of economic benefit. All impairments are expected to reverse as market conditions return to more stable levels.

Financial Position at the Year End

General fund reserves stood at £2.272M at 1st April 2008. As a result of the positive variance on the revenue account it has been possible to increase this balance by £329,000 to £2.601M at 31st March 2009.

At 31st March 2009, in addition to the General Fund balances mentioned above, the Council held earmarked reserves of £5.137M available for specific revenue purposes and capital reserves of £40.765M available to spend on capital schemes.

Accounting for Defined Benefit Pension Schemes

The Council has fully adopted the requirements of Financial Reporting Standard 17 (FRS17) "Retirement Benefits", as applicable to defined benefit pension schemes.

The main features of this standard are:

- A recognition in the balance sheet of the Council's share of the pension fund's net liability,
- Entries in the Income and Expenditure Account for movements in the liability year on year, and
- Entries in the Statement of Total Recognised Gains and Losses to ensure that there is no impact on the Income and Expenditure Account or the General Fund Balance.

Full details of these adjustments can be found in note 36 to the core financial statements.

FRS17 is a complex accounting standard, but is based on a simple principle – that an organisation should account for retirement benefits when it is committed to give them, even if the actual giving will be many years into the future.

This Council's liability at 31st March 2009 was significant at £39.36M, but statutory arrangements for funding this liability are in place and the financial position of the Council remains healthy.

Conclusion

For the year under review, the net financial result is pleasing. Due to a continuing drive for efficiency, the Council has been able to perform its services to a high level, and at the same time maintain its reserves at an adequate level to meet all known liabilities. In these circumstances the Council's finances continue to be in a stable and healthy condition, although there will be significant financial challenges in the years to come.

I would like to extend my appreciation to all those that have contributed to the timely production of this year's Statement of Accounts.

W. Fullbrook CPFA

Head of Finance

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS 2008/09

The Authority's Responsibilities

The Authority is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the 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 Finance has:

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

The Head of Finance has also:

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

Certification of the Head Of Finance

I hereby certify that the Statement of Accounts presents fairly the financial position of the authority at the accounting date and its income and expenditure for the year ended 31st March, 2009.

Signed

W. Fullbrook, CPFA

Date.....

Certificate of approval by the General Purposes Committee

I confirm that these accounts were approved by the General Purposes Committee of Test Valley Borough Council on 24th June, 2009.

Signed

Chair General Purposes Committee

Date.....

STATEMENT OF ACCOUNTING POLICIES

This statement sets out the accounting policies followed in compiling the Authority's accounts. The aim of the statement is to explain the basis of the figures in the accounts and to disclose policies that are significant and relevant to the Authority.

1. **General Principles**

The Statement of Accounts summarises the Council's transactions for the 2008/09 financial year and its position at the year-end of 31 March 2009. It has been prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom 2008* (the Code of Practice) - *A Statement of Recommended Practice* (the SORP) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). Any significant non-compliance is disclosed below. The accounting convention is historical cost, modified by the revaluation of certain categories of tangible fixed assets.

2. **Change in Accounting Policy**

The Council has adopted the new requirements of FRS17, Retirement Benefits. As a result, quoted securities held as assets in the defined benefit pension scheme are now valued at bid price rather than mid-market value. The effect of this change is explained more fully in note 36 to the Core Financial Statements on page 40.

Full details of the accounting policies relating to pensions are shown below in section 8.

3. **Prior Period Adjustment**

Changes in accounting policies or the correction of fundamental errors are accounted for by restating the comparative figures for the preceding period in the Statement of Accounts and notes and by adjusting the opening balance of reserves for the cumulative effect.

It has been necessary to restate the Balance Sheet for the year ended 31st March 2008 and Statement of Total Recognised Gains & Losses for the period 2007/08. The nature of this re-statement is explained fully in note 1 to the Core Financial Statements on page 24.

As a result of the change in accounting policy above, it has been necessary to re-state the opening balance of the Council's share of the assets held in the pension fund. This change is relatively minor in value and only affects the Balance Sheet and notes to the Core Financial Statements.

4. **Accruals of Income & 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. Small amounts outstanding at the year end are treated on a payments basis. In total, these do not have a material effect on the year's accounts. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected. One exception to this is in respect of payments to Southern Water in respect of a drainage scheme which is accounted for one year in arrears.
- Income and expenditure are credited and debited to the relevant service revenue account, unless they properly represent capital receipts or capital expenditure.

5. **Provisions**

No provisions are included in the Balance Sheet under the requirements of FRS12.

However, a provision for bad debts is included for liabilities which may arise or will be incurred, but where there is uncertainty as to the amounts concerned or the dates on which these liabilities will arise. Although this provision does not strictly comply with the requirements of FRS12, it does correctly identify a proportion of the Council's debtors that should have their carrying value adjusted to the probable recovery amount of zero.

6. **Reserves**

The Council sets aside specific and general amounts as reserves for future purposes or to cover contingencies. Reserves are created by appropriating amounts in the Statement of Movement on the General Fund Balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year to be included in the Net Cost of Services in the Income and Expenditure Account. The reserve is then appropriated back in to the General Fund Balance statement so that there is no net charge against Council Tax for the expenditure.

Certain reserves are kept to manage the accounting processes for tangible fixed assets and retirement benefits and do not represent usable resources to the Council. These reserves are explained in the relevant policies below.

7. Government Grants and Contributions

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

8. Retirement Benefits

The Council's employees are entitled to join the Local Government Pensions Scheme administered by Hampshire County Council. This scheme provides defined benefits to members (retirement lump sums and pensions) earned as employees work for the Council.

The liabilities of the pension fund attributable to the Council are included in the balance sheet based on an actuarial valuation.

Full details of the valuation method are shown in note 36 to the core financial statements.

The Council has limited powers to award discretionary benefits in the event of early retirements. Any liabilities estimated to arise as a result of any such decision are accrued in the year the decision was made and are accounted for using the same policies as are applied to the rest of the pension scheme.

9. VAT

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

10. Overheads and Support Services

The cost of overheads and support services are shared between users in proportion to the benefits received (in accordance with the costing principles of CIPFA's Best Value Accounting Code of Practice) 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 on non-operational properties.

11. Intangible Fixed Assets

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

Intangible assets are re-valued at least once every five years.

12. Tangible Fixed Assets

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

Recognition of Fixed Assets

Land, buildings and other tangible assets have been treated as capital in accordance with the statutory definition of capital expenditure. Expenditure on fixed assets is capitalised within the final accounts on an accruals basis and is recognised within fixed assets in the Balance Sheet.

Expenditure that secures but does not extend the previously assessed standards of performance of an asset (e.g. repairs and maintenance) is charged to revenue as it is incurred.

A de minimus level of £10,000 is applied to capital expenditure. Any expenditure on land, equipment or other chattels below this amount is not recorded as an asset.

Measurement of Fixed Assets

Fixed Assets have been valued in accordance with Financial Reporting Standards FRS10 (Goodwill & Intangible Assets), FRS11 (Impairment of Fixed Assets) and FRS15 (Tangible Fixed Assets).

Land & Buildings asset values within the Balance Sheet are based upon a valuation certificate issued by the Council's Valuer on the 31st March 2009 in accordance with guidance notes provided by the Royal Institution of Chartered Surveyors (RICS).

Non-operational assets are included within the Balance Sheet at open-market value.

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

Revaluation and Impairment

The Best Value Accounting Code of Practice requires that assets held at current value undergo a revaluation within a maximum five year rolling programme. Fixed asset revaluations and impairments are carried out according to FRS 11 (Impairment of Fixed Assets) as recommended by the CIPFA Statement of Recommended Practice.

Annual revaluations are carried out on the Council's principal assets; the Council's industrial estates and the Chantry Centre of which the Council is the freehold owner.

When assets are revalued, the figure for fixed assets within the Balance Sheet is adjusted accordingly and the corresponding accounting entry is made to the Revaluation Reserve or Income and Expenditure Account as appropriate.

Disposal

Income from the disposal of fixed assets is accounted for on an accruals basis. Receipts from the disposal of assets in excess of £10,000 are treated as capital receipts and can be used to fund future capital expenditure.

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.

Depreciation

Depreciation (required under FRS15 Tangible Fixed Assets) is provided for on all assets with a determinable finite life (except for investment properties), by allocating the value of the asset in the balance sheet over the periods expected to benefit from their use. A straight line basis (equal amounts each year over the assets useful life) has been used, with the following periods for operational assets;

Buildings & car parks	60 years
Vehicles	5 or 7 years
Refuse Collection Bins	15 years
IT equipment	3 or 5 years

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.

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

14. Revenue Expenditure Funded From Capital Under Statute

Revenue expenditure funded from capital under statute represents expenditure that may be capitalised under statutory provisions but does not result in the creation of tangible assets. The charges incurred during the year have been charged as expenditure to the relevant service revenue account. Where the council has determined to meet the cost of these charges from existing capital resources, a transfer to the Capital Adjustment Account then reverses out the amounts charged in the Statement of Movement on the General Fund balance so there is no impact on the level of Council Tax.

15. Leases

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 rentals are charged when they become payable.

16. Financial Assets & Liabilities

Financial Liabilities

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Income & Expenditure account for interest payable are based on the carrying amount of a liability, multiplied by the effective interest rate for the instrument.

In most cases the amount presented in the Balance Sheet is the outstanding principal repayable and interest charged to the Income & Expenditure Account is the amount payable for the year.

Financial Assets

Financial Assets are divided into two categories; Loans & Receivables and Available for Sale assets. The Council has no Available for Sale Financial Assets.

Loans and receivables

Loans and receivables (e.g. cash investments) are initially measured at their 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 interest rate for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable and interest credit to the Income and Expenditure Account is the amount receivable for the year in the loan agreement.

17. Stocks and Work in Progress

Stocks and work in progress are included in the balance sheet at the lower of cost or net realisable value.

INCOME AND EXPENDITURE ACCOUNT YEAR ENDED 31 MARCH 2009

The Income and Expenditure Account brings together the income and expenditure relating to all of the Authority's functions in one consolidated statement.

It includes all day-to-day expenses and related income as well as transactions measuring the value of fixed assets actually consumed and the real projected value of retirement benefits earned by employees in the year.

	Net Exp.	2008/09		Net Exp.	Note
	2007/08	Exp.	Inc.	2008/09	
Services	£'000	£'000	£'000	£'000	
Central Services to the Public	1,413	7,433	5,501	1,932	
Cultural, Environmental, Regulatory and Planning Services	9,016	28,370	20,625	7,745	
Highways and Transport Services	409	2,585	2,308	277	
Housing Services	2,357	23,003	21,479	1,524	
Corporate & Democratic Core	3,023	4,678	1,562	3,116	
Non - Distributed Costs	703	332	14	318	
Net Cost of Services	16,921	66,401	51,489	14,912	
Exceptional Items	-	23,966	-	23,966	2
Deficit on Trading Services	60	7,151	6,914	237	4
Contribution to the Housing Pool	7	5	-	5	
Investment Income	(3,134)	-	3,301	(3,301)	15
Investment (Gains) / Losses	15	-	-	-	
Interest Payable	15	6	-	6	
Parish Precepts	-	856	856	-	
Pension Fund Interest Costs	4,620	5,190	-	5,190	36
Pension Fund Return on Assets	(3,720)	-	3,680	(3,680)	36
Profit on disposal of assets	(658)	-	432	(432)	20
Net Operating Expenditure	14,126			36,903	
Demand on the Collection Fund	(5,321)		5,579	(5,579)	
Central Government Grants	(938)		824	(824)	
Non Domestic Rate Re-Distribution	(5,593)		5,921	(5,921)	
Deficit for the year	2,274			24,579	

STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE YEAR ENDED 31 MARCH 2009

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

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

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

	Net Exp.	2008/09		Net Exp.	Note
	2007/08	Exp.	Inc.	2008/09	
Services	£'000	£'000	£'000	£'000	
Deficit for the year on the Income and Expenditure Account	2,274			24,579	
Net additional amount required by statute and non-statutory proper practices to be credited to the General Fund balance for the year.	(2,274)	5,096	30,004	(24,908)	
Increase in General Fund balance for the year	-			(329)	16
General Fund Balance b/f	(2,272)			(2,272)	
General Fund Balance c/f	(2,272)			(2,601)	

Note of Reconciling items for the Statement of Movement on the General Fund Balance.

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.

	Net Exp.	2008/09		Net Exp.	Note
	2007/08	Exp.	Inc.	2008/09	
	£'000	£'000	£'000	£'000	
Depreciation of fixed assets	(893)	-	658	(658)	
Impairment of intangible fixed assets	-	-	136	(136)	
Impairment of tangible fixed assets	-	-	23,830	(23,830)	
Amortisation of Government Grants Deferred	52	556	-	556	
Revenue expenditure funded from capital under statute	(2,213)	-	2,110	(2,110)	21
Net profit on sale of fixed assets	658	432	-	432	20
Net charges made for retirement benefits in accordance with FRS 17	(3,490)	-	3,050	(3,050)	36
	(5,886)	988	29,784	(28,796)	

Amounts not included in the Income and Expenditure Account but required to be included by statute when determining the movement on the General Fund balance for the year.

Transfer from useable capital receipts to meet payments to the Housing Capital Receipts pool	(7)	-	5	(5)	
Employer's contributions payable to the Hampshire County Council Pension Fund and retirement benefits payable directly to pensioners.	1,970	2,050	-	2,050	36
	1,963	2,050	5	2,045	

Transfers to / from the General Fund balance that are required to be taken into account when determining the movement on the General Fund balance for the year.

Net transfer to / from earmarked reserves	1,649	1,619	215	1,404	16
Voluntary revenue provision for capital financing	-	439	-	439	
	1,649	2,058	215	1,843	
Net additional amount required to be credited to the General Fund Balance for the year	(2,274)	5,096	30,004	(24,908)	

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES YEAR ENDED 31 MARCH 2009

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 re-measurement of the net liability to cover the cost of retirement benefits.

	2007/08 As re-stated £'000	2008/09 £'000	Note
Deficit for the year on the Income & Expenditure Account	(2,274)	(24,579)	
Surplus arising on the revaluation of fixed assets	7,549	187	18
Actuarial gains / (losses) on pension fund assets / liabilities	10,320	(14,580)	36
Movement on Collection Fund	(113)	(98)	16
Total recognised gains / (losses) for the year	15,482	(39,070)	
Total Reserves at start of year	161,744	177,226	
Total Reserves at end of year	177,226	138,156	
Total Movement in Reserves	15,482	(39,070)	

Total Reserves at 31st March 2008 as reported in the 2007/08 accounts were £173.114M. The restatement of the 2007/08 figures has increased this figure to £177.226M – an increase of £4.112M.

The difference is comprised of the following adjustments which are fully explained in note 1 to the financial statements on page 24.

An extra £4.192M was added to reserves in respect of a fixed asset omitted from the Balance Sheet in 2007/08.

A change in the valuation technique of pension fund assets reduced the level of reserves at 31st March 2008 by £80,000.

BALANCE SHEET AS AT 31 MARCH 2009

The Balance Sheet summarises the financial position at the 31 March 2009. It shows the assets and liabilities of the Authority for all accounts and funds.

	2007/08		2008/09		Note
	As restated				
	£'000	£'000	£'000	£'000	
Long Term Assets:					
Intangible Fixed Assets	550		414		19
Land & Buildings	114,673		93,932		18
Vehicles & Plant	2,290		2,233		18
Community Assets	3,691		4,049		18
Infrastructure Assets	-		398		18
Non-Operational Assets	37,860		28,532		18
Investments	-		5,260		15
Long Term Debtors	89		29		25
Total – Long Term Assets		159,153		134,847	
Current Assets:					
Cash and Bank	260		949		
Investments	48,212		47,864		15
Stocks & Work in Progress	137		140		
Debtors	8,888		10,396		26
Less: Bad Debt Provision	(2,090)		(2,408)		26
		55,407		56,941	
LESS: Current Liabilities					
Creditors		(12,469)		(13,068)	27
Total Assets less Current Liabilities		202,091		178,720	
Government and other Grants Deferred	1,085		1,204		30
Liability to Pension Fund	23,780		39,360		36
		(24,865)		(40,564)	
Total Assets Less Liabilities		177,226		138,156	
Revaluation Reserve	7,217		3,968		16
Capital Adjustment Account	151,440		125,026		16
Capital Receipts Reserve	36,130		40,765		16
Deferred Credits	26		19		16
Revenue and Earmarked Reserves	3,921		5,137		16
Pension Fund Reserve	(23,780)		(39,360)		16, 36
General Fund Balance	2,272		2,601		16
Total Equity		177,226		138,156	

CASH FLOW STATEMENT YEAR ENDED 31 MARCH 2009

This statement summarises the movements in the Council's cash transactions. It shows the volume of financial activity that takes place between the Council and its stakeholders.

	2007/08		2008/09		Note
	£'000	£'000	£'000	£'000	
Revenue Activities					
Income & Expenditure Account Deficit		2,274			
Collection Fund Deficit		113			
Investment Income	3,818				
Non-Cash Transactions	(5,568)				
Decrease / (Increase) in Debtors	2,058				
Decrease / (Increase) in WIP & Stocks	27				
Increase in Creditors	(1,655)				
		(1,320)		0	
Net Cash (Inflow)/Outflow from Revenue Activities		1,067		0	
Servicing of Finance					
Interest & Loan Redemption Premium Paid	14				
Interest Received	(2,452)				
Returns on Investment and servicing of finance		(2,438)		0	
Capital Activities					
Purchase of Fixed Assets	3,317				
Sale of Fixed Assets	(928)				
Other Capital Cash Received	(2,010)				
Net Capital Activity Cashflow		379		0	
Net Cash (Inflow) / Outflow before Financing		(992)		0	
Management of Liquid Resources					
Net Increase/(Decrease) in temporary		679			
Financing					
Net Repayments of Amounts Borrowed	75				
Return of Long Term Investments	0				
Net Short Term loans borrowed	0				
Financing Net Cash Flow		75		0	4 4
Net Increase in Cash		(238)		0	4 5

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NOTES TO THE CORE FINANCIAL STATEMENTS

1. Re-Statement of 2007/08 Figures

Fixed Asset Values

In preparing the 2008/09 Statement of Accounts it has been necessary to re-state the Balance Sheet and Statement of Total Recognised Gains & Losses figures for the year ended 31 March 2008. The re-statement is required following the identification of a material omission from the 2007/08 accounts.

During 2007/08, the Council identified some land suitable for disposal. This land had previously been valued as arable land and consequently fell below the de minimus level for inclusion in the asset register. Following the re-classification of the land to suitable for residential use it was re-valued. The residential value for this site is estimated to be £4.192M. Part of this site was subsequently sold during 2008/09.

Due to the material nature of the omission and in order to properly reflect the transactions relating to this land in the year, the 2007/08 accounts have been restated to show the full valuation as being in place at 31 March 2008.

The change on the Balance Sheet shows an increase of £4.192M in the value of Non-Operational Assets and the Revaluation Reserve respectively.

The change on the Statement of Total recognised Gains & Losses is an increase the 'Surplus arising on the revaluation of fixed assets' of £4.192M.

Pension Fund Assets

FRS17, retirement benefits, has been amended in the year with a requirement that pension fund assets are valued at bid price rather than mid-market value. The effect of this change is that the opening liability to the pension fund has increased by £80,000 from £23.70M to £23.78M. This is reflected in the re-stated Balance Sheet and notes below.

2. Exceptional Items

Due to the recent drops in commercial property prices the Council has reviewed the market value of all of its land and property assets with a carrying value of £500,000 or more at 31 March 2008.

This exercise identified that the current market conditions require a reduction to the total value of the Council's property portfolio of £23.966M. Due to the significance of this adjustment it has been shown separately on the face of the Income & Expenditure Account rather than in the Net Cost of Services.

It is expected that once property prices recover, the full carrying value of the assets will be returned to at least the 31st March 2008 level.

3. General Fund Internal Trading Services

The Council has established three internal trading units where the service manager is required to operate in a commercial environment and balance their budget by generating income from other parts of the authority or other organisations.

		2007/08 £'000	2008/09 £'000
Town Centre Shops			
Council owned properties within Union Street and a 40% share of income from the Chantry Centre.	Turnover	(1,350)	(1,371)
	Expenditure	17	23
	Surplus	(1,333)	(1,348)
Industrial Estates			
400 acres of land within the Walworth and Portway industrial estates and the Walworth Enterprise Centre consisting of 37 small business units.	Turnover	(4,804)	(4,854)
	Expenditure	409	393
	Surplus	(4,395)	(4,461)
Andover Market			
The market is run in Andover High Street twice per week.	Turnover	(80)	(80)
	Expenditure	14	16
	Surplus	(66)	(64)
Net surplus on trading units		(5,794)	(5,873)

The above trading services are included in the Cultural, Environmental, Regulatory and Planning section of the Income and Expenditure Account.

4. General Fund External Trading Services

	2007/08 Deficit £'000	2008/09 Exp. £'000	2008/09 Income £'000	2008/09 Deficit £'000
Commercial Services				
Grounds Maintenance	28	1,883	1,823	60
Waste Collection	(11)	2,247	2,223	24
Street Cleansing	(3)	1,060	1,067	(7)
Vehicle Workshop	14	1,045	1,023	22
Building Maintenance	24	649	580	69
Building and Public	8	227	198	29
Convenience Cleaning				
Portway Depot	0	40	0	40
Net Deficit on Trading Services	60	7,151	6,914	237

5. Section 137(3) Expenditure

Section 137(3) of the Local Government Act 1972 (as amended) empowers local authorities to make contributions to charitable funds and not for profit bodies providing a public service. Actual expenditure was as follows.

	2007/08 £'000	2008/09 £'000
Grants to Local Community Service Organisations	147	143
Contributions to Rents	7	8
Other Miscellaneous expenditure	6	8
	160	159

6. Publicity Expenditure

Section 5(1) of the Local Government Act 1986 requires the Council to disclose its spending on publicity:

	2007/08 £'000	2008/09 £'000
Recruitment advertising	96	63
Other advertising	97	92
Other publicity	85	90
	278	245

7. Agency Services

The council operates the Highways Agency on behalf of Hampshire County Council. Incurred expenditure of £332,000 was repaid to this council.

	2007/08 £'000	2008/09 £'000
Highways Agency		
Road Maintenance	133	135
Management and Support	192	197
Total Agency Reimbursement	325	332

8. Building Control Trading Account

The Building (Local Authority Charges) Regulations 1998 require the disclosure of information regarding the setting of charges for the administration of the building control function. However, certain activities performed by Building Control can not be charged for, such as providing general advice and liaising with other statutory authorities. The statement

below shows the total cost of operating Building Control, divided between chargeable and non-chargeable activities.

Building Regulations Charging Account 2008/09

	Chargeable £'000	Non- Chargeable £'000	Total Building Control £'000
Employee Expenses	246	103	349
Transport	27	2	29
Supplies and Services	31	2	33
Central and Support Service Charges	91	59	150
Total Expenditure	395	166	561
Building Regulation Charges	(449)	0	(449)
Miscellaneous Income	(2)	0	(2)
Total Income	(451)	0	(451)
(Surplus)/Deficit for year	(56)	166	110
Comparatives for 2007/08			
Expenditure	471	150	621
Income	(457)	(2)	(459)
(Surplus)/Deficit for year	14	148	162

The Authority is required to produce a break-even position on its chargeable activities over a period of 3 years. The last three year period is shown below.

	(Surplus) / Deficit £'000
2006/07	17
2007/08	14
2008/09	(56)
Net three year surplus	(25)

9. Health Act 1999 Pooled Funds

Under section 31 of the Health Act 1999, the Council has entered into an arrangement between Hampshire County Council and Mid Hampshire Primary Care Trust. The partnership supports local organisations and agencies tackling key priorities for Health Improvement and Social Inclusion (HISI) across the Test Valley and Mid Hampshire PCT areas.

In 2008/09 the gross income of the partnership amounted to £0 (2007/08 £4,502). Expenditure totalled £744 (2007/08 £29,066). The closing balance on the account at 31 March 2009 was £9,310 (2007/08 10,054).

10. Operating Leases

Operating leases are used to obtain cars, wheeled bins, and equipment.

	2007/08 £'000	2008/09 £'000
Rentals Paid to Lessors Operating Leases	415	435
Rentals Charged to Service Accounts / Invoiced external parties Operating Leases	503	419

The difference between the amount paid and the amount charged reflects the matching of rentals to the period of use. The outstanding operating lease rental obligations as at 31st March 2009 were £979,800 (2007/08 £1.152M).

The profile of the outstanding lease commitments is as follows.

Duration	2007/08 £'000	2008/09 £'000
Leases expiring within one year	341	356
Leases expiring within two to five years	785	624
Leases expiring after 5 years	26	0
	1,152	980

11. Members' Allowances

In 2008/09 this amounted to £406,544 (£409,570 in 2007/08).

12. Officers' Emoluments

The number of employees whose remuneration, excluding pension contributions was £50,000 or more in bands of £10,000 in 2008/09 was:-

Remuneration Band	2007/08 Number of Employees	2008/09 Number of Employees	2008/09 Left During Year
£50,000 - £59,999	4	9	
£60,000 - £69,999	10	7	2
£70,000 - £79,999	1	0	
£80,000 - £89,999	0	1	
£90,000 - £99,999	1	1	
£100,000 - £109,999	0	0	
£110,000 - £119,999	1	1	

13. Related Party Transactions

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

Central Government has effective control over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides the majority of funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties.

Members of the Council have direct control over the Council's financial and operating policies. All 48 Councillors, standards committee, non-Council members and Heads of Service have confirmed that they have not had material transactions with the Council during the financial year.

During 2008/09 £361,000 (2007/08 £377,000) in grants was paid to voluntary organisations in which 11 Councillors had an interest. The grants were made with proper consideration of declarations of interest. The relevant Members did not take part in any discussion or decision relating to the grants. The most significant of these grants are reported annually to Cabinet prior to the start of the financial year.

14. Audit Costs

In 2008/09 Test Valley Borough Council incurred the following fees in relation to external audit and inspection:-

Class of Work	2007/08 £'000	2008/09 £'000
External Audit Fees	93	112
Certification of Grants Claims and Returns	31	21
	124	133

15. Financial Instrument Balances & Investment Income

During the year all investment funds were managed internally.

Income earned on the Council's investments is credited to the Income & Expenditure Account. This totalled £3.281M (2007/08 £3.134M). The difference between the figure above and the income shown on the Income & Expenditure Account relates to other non-investment based income received in the year of £20,000.

The investment structure is based entirely on cash deposits over varying terms of maturity. At the Balance Sheet date the council had investments of £53.124M, including accrued interest of £1.323M (2007/08 £48.212M).

Financial Instrument Balances

Accounting regulations require the financial instruments (investment, lending and borrowing of the Council) shown on the balance sheet to be further analysed into various categories.

	31 March 2008		31 March 2009	
	Long-Term £'000	Current £'000	Long-Term £'000	Current £'000
Assets				
Loans and Receivables	0	48,212	5,260	47,864
Total	0	48,212	5,260	47,864

During the year, the Council earned interest on Loans and Receivables of £3.281M (2007/08 - £3.134M). All interest earned in 2008/09 was from fixed rate investments.

16. Transfer to / from Reserves

The Council maintains capital and revenue reserves for use in future years. Movements on these reserves during the year are summarised in the table below.

	2007/08	2008/09			
	£'000	To/(From) Revenue Accounts £'000	Capital Items £'000	31 March 2009 £'000	
Capital Reserves					
Revaluation Reserve	7,217		(3,249)	3,968	i
Capital Adjustment Account	151,440		(26,414)	125,026	ii
Deferred Credits	26		(7)	19	
Usable Capital Receipts and Contributions	36,130	437	4,198	40,765	iii
Revenue Reserves					
Revenue and Earmarked Reserves	3,921	1,216		5,137	iv
Pension Fund Reserve	(23,780)	(15,580)		(39,360)	36
General Fund Balance	2,272	329		2,601	
Total Equity	177,226	(13,598)	(25,472)	138,156	

Analysis of Movement on Reserves

i) Revaluation Reserve

Note 1 on page 24 identifies that a material asset was omitted from the Council's asset register at 31 March 2008 and that certain accounts within the 2007/08 accounts have been re-stated.

The table below shows the effect of the re-statement on this Reserve and also shows the movement in the Reserve's balance relating to transactions in the year.

	2007/08		2008/09	
	£'000	£'000	£'000	£'000
Balance b/f		0		7,217
Upward Revaluations in Year	3,025		585	
Downward Revaluations in Year	0		(398)	
Depreciation on Revalued Amounts	0		(4)	
Disposal of Revalued Assets	0	3,025	(3,432)	(3,249)
Restatement of 2007/08 accounts		4,192		0
Balance c/f (as re-stated)		7,217		3,968

ii) Capital Adjustment Account

The balance on this reserve is not available for use on future capital expenditure. It reflects the Council's past capital expenditure and movements on existing asset balances.

The transactions in the year are summarised in the table below.

	2007/08		2008/09	
	£'000	£'000	£'000	£'000
Balance b/f		152,042		151,440
Write-off of Government Grants Deferred	732		556	
Assets purchased in year	52		2,746	
		784		3,302
Disposal of Assets	431		4,385	
Depreciation	893		658	
Depreciation on Revalued Assets	0		(4)	
Impairments	0		23,965	
Capital Contributions	62		712	
		(1,386)		(29,716)
Balance c/f		151,440		125,026

Valuations of certain properties in the year have resulted in their value being reduced due to current market conditions. It is a requirement that where no revaluation gains exist in respect of these assets that the reduction in value is recorded in the Income & Expenditure Account. It is expected that all impairments shown in these accounts are temporary and will reverse in future years.

iii) Usable Capital Receipts and Contributions

The movement of the balance of usable capital receipts and contributions reflects the transactions in the year in selling existing assets and incurring capital expenditure. These transactions are summarised in the table below.

	2007/08		2008/09	
	£'000	£'000	£'000	£'000
Balance b/f		37,590		36,130
Sale of Assets	695		7,835	
Right to Buy receipts	726		414	
Grants and Contributions	436		1,132	
Transfer from Revenue Reserves	0		109	
Transfer from Deferred Credits	9		7	
		1,866		9,497
Purchase of Assets	731		2,747	
Revenue Expenditure funded from Capital	2,588		2,110	
Payments to Housing Pool	7		5	
		(3,326)		(4,862)
Balance c/f		36,130		40,765

iv) Movements in Earmarked Revenue Funds

Earmarked reserves are held for specific purposes for which costs will be encountered in future years. The most significant of these reserves are held for the future delivery of asset maintenance (£1.213M); to offset future reductions in investment income (£900,000) and in respect of grants received against which expenditure has not yet been committed.

Insurance Reserve

In the case of car loans, the risk of default or death of the borrower is on a self-insured basis. A fund was set up to collect premiums from borrowers.

The property insurance policy has an excess of £5,000 per claim. The Authority self-insures 'All Risks' items for which an earmarked reserve of £148,000 (2007/08 £136,000) is set aside.

A breakdown of the movement in Earmarked Reserves is shown in the table below.

Reserve	2007/08	To/(From) Revenue Accounts	2008/09
	£'000	£'000	£'000
Collection Fund	(24)	(98)	(122)
General Direct Revenue Financing	179	0	179
Asset Management Plan	1,018	195	1,213
ABC Vehicle Replacement Reserve	200	200	400
Investment Equalisation Reserve	600	300	900
Pension Equalisation Reserve	0	200	200
2010/11 Borough Election Reserve	0	200	200
Local Authority Business Growth Initiative	440	294	734
Trading Services' Reserves	192	(36)	156
VAT on Car Parking	156	(85)	71
Planning Delivery Grant Reserve	435	0	435
Waste Performance & Efficiency Grant	144	48	192
All risks self-insurance reserve	136	13	149
Other Reserves	445	(15)	430
Total Earmarked Revenue Reserves	3,921	1,216	5,137

The most significant amounts included within Other Reserves, are earmarked reserves in respect of a desktop replacement programme for PCs and Printers (£60,000) and for costs in respect of the Local Development Framework (£183,000).

The figure on the reconciling items to the Income and Expenditure account (page 19) for transfers to earmarked reserves is £1.404M. The difference between the figure shown in the Income & Expenditure Account and the table above relates to the movement on the Collection Fund (£98,000) and transfers to capital reserves (£90,000) in respect of projects carried out in the year.

17. Special Expenses

The special Council Tax Levy which applies in the Andover area raised £321,500 in 2008/09 (£307,400 – 2007/08)

This contributed to expenditure incurred in providing the following facilities; London Road Sports Centre, Vigo Road Park, Andover Playgrounds, Andover and Charlton Cemeteries and Andover Allotments.

18. Tangible Fixed Assets

Fixed assets of the Authority are shown at either cost less depreciation or market value.

Valuations were carried out in the year on all assets worth more than £500,000 and any assets that had not been valued since 31 March 2004. The Council is not aware of a material change in the value of any asset that has not been formally revalued in the year. All valuations to land and buildings have been carried out by the Council's own qualified Valuers.

Operational Assets	Land & Buildings £'000	Vehicle & Plant etc. £'000	Infra-structure	Communi-ty £'000	TOTAL £'000
Cost or Valuation					
Depreciated historic cost b/f	114,581	2,692	0	3,711	120,984
Revalued amounts b/f	563	0	0	0	563
Additions	493	478	412	218	1,601
Revaluations	(40)	0	0	175	135
Reclassifications	200	0	0	0	200
Reverse depreciation on revalued assets	(402)	0	0	(8)	(410)
Cost/Valuation at 31 March 2009	115,395	3,170	412	4,096	123,073
Depreciation and Impairments					
Historic Cost depreciation b/f	(471)	(402)	0	(20)	(893)
Depreciation – Historic Cost	(69)	(535)	(14)	(35)	(653)
Depreciation – Revaluations	(5)	0	0	0	(5)
Reverse depreciation on revalued assets	402			8	410
Impairments in year	(21,320)	0	0	0	(21,320)
Depreciation and Impairments at 31 March 2009	(21,463)	(937)	(14)	(47)	(22,461)
Net Book Value as at 31st March 2009	93,932	2,233	398	4,049	100,612
Net Book Value as at 31st March 2008	114,673	2,290	0	3,691	120,654

Non - Operational Assets	Non-Operational Property £'000	Assets Under Construction £'000	TOTAL £'000
Cost or Valuation			
Depreciated historic cost b/f	31,206	0	31,206
Revalued amounts b/f	6,654	0	6,654
Additions	1,063	82	1,145
Disposals – Historic Cost Amounts	(4,385)	0	(4,385)
Disposals – Revalued Amounts	(3,430)	0	(3,430)
Revaluations	52	0	52
Reclassifications	(200)	0	(200)
Cost/Valuation at 31 March 2009	30,960	82	31,042
Depreciation and Impairments			
Impairments in year	(2,510)	0	(2,510)
Depreciation and Impairments at 31 March 2009	(2,510)	0	(2,510)
Net Book Value as at 31st March 2009	28,450	82	28,532
Net Book Value as at 31st March 2008	37,860	0	37,860

Depreciation has been applied to vehicles, plant & equipment and all fixed assets where appropriate. All assets included in the above tables are wholly owned by the Council.

19. Intangible Fixed Assets

Intangible Fixed Assets represent the value of the Council's right to hold markets in Andover Town Centre. This was last re-valued in 2008/09 following a change to the area available for use by market traders.

This revaluation led to an impairment being recorded against the asset of £136,000. The value of the market rights at 31st March 2009 was £414,000 (2008 - £550,000).

20. Profit on Disposal of Assets

During the year, the Council made a net profit on the disposal of fixed assets of £432,000 (2007/08 £658,000). An analysis of this profit is shown in the table below.

	2007/08 £'000	2008/09 £'000
Right to buy contributions from Testway Housing	726	414
Profit / (Loss) on disposal of land & property	(68)	18
Total Profit on Disposal of Assets	658	432

21. Revenue Expenditure Funded From Capital Under Statute

	2007/08 £'000	Expend. £'000	Written off £'000	2008/09 £'000
Improvement Grants	0	420	(420)	0
Other Grants	0	1,690	(1,690)	0
Total	0	2,110	(2,110)	0

In 2008/09 improvement grants, social housing and other capital grants were fully funded.

22. Capital Expenditure and Financing

Total Capital Expenditure for 2008/09 amounted to £4.856M of which £2.110M was in respect of revenue expenditure funded from capital.

	2007/08 £'000	2008/09 £'000
Opening Capital Financing Requirement	(580)	(589)
Capital Expenditure		
Fixed Assets	731	2,746
Movement on Revenue Expenditure funded from Capital	2,588	2,110
Source of Finance		
Usable Capital Receipts	(2,875)	(3,615)
Government Grants and Other Contributions		
Contributions from Revenue	(444)	(1,132)
Movement on Long Term Debtors	0	(109)
	(9)	(60)
Closing Capital Financing Requirement	(589)	(649)

Expenditure on Fixed Assets (£2.746M) and the movement in revenue expenditure funded from capital (£2.110M) totalling £4.856M has been analysed on a service basis below:

	2008/09 Fixed Assets £'000	2008/09 Revenue Expenditure Charged to Capital	2008/09 Total £'000
Expenditure:			
Environmental	131	-	131
Estates	1,211	-	1,211
Housing, Health & Communities	-	2,009	2,009
IT	367	-	367
Leisure & Wellbeing	310	84	394
Planning Policy & Transport	727	17	744
Total Expenditure	2,746	2,110	4,856

23. Statement of Physical Assets

The major fixed assets held by the Council are:

	No.	Assets held by TVBC include:
Homeless Accommodation	6	Junction Rd, Portersbridge St
Depots/Stores	1	Portway
Theatres	1	The Lights
Council Offices	2	Beech Hurst, Duttons Road
Public Halls/Community Centres	8	St. Ann's Hall, Crosfield Hall, Burghclere Down, Rendezvous
Cemeteries	4	Charlton, Woodley
Leisure Centres & Pools	9	Romsey Rapids, Andover Leisure Centre, Charlton Lakes
Shopping Centres	2	Chantry Centre, Union Street
Business Parks	3	Walworth, East and West Portway
Parks & Open Spaces	19	War Memorial Park, Rooksbury Mill
Public Conveniences	3	Borden Gates, George Yard, Stockbridge
Car Parks	23	Chantry Centre, Newton Lane
Historic Building	1	Guildhall
Refuse Vehicle Fleet	15	Refuse collection vehicles
Household Refuse Bins	1	Grouped asset for refuse bins

24. Capital Contract and Revenue Commitments

At the 31st March 2009 contractual commitments on existing capital schemes totalled £174,200 (2007/08 £92,400). The largest single commitment was for £131,800 for the construction of a cycle route.

The Council is committed to a drainage scheme expiring in 2009/10. Total obligations remaining under this agreement are £414,700 all of which is payable within one year.

25. Analysis of Long Term Debtors

	2007/08 £'000	Repayments £'000	2008/09 £'000
Housing Association Loans	11	(1)	10
Mortgages	28	(9)	19
Long Term Loans	50	(50)	0
TOTAL	89	(60)	29

26. Analysis of Debtors

	2007/08	2008/09		
	Net £'000	Debtors £'000	Bad Debt Provision £'000	Net £'000
Car Leasing & Car Loans	138	109	-	109
Housing	135	125	(56)	69
Sundry Debtors	4,020	4,350	(858)	3,492
Collection Fund	2,171	3,867	(1,494)	2,373
Collection Fund – Other	204	1,043	-	1,043
Preceptors				
Central Government	130	902	-	902
TOTAL	6,798	10,396	(2,408)	7,988

27. Analysis of Creditors

	2007/08 £'000	2008/09 £'000
Sundry Creditors	3,943	3,487
Collection Fund - General	2,547	4,329
Central Government	457	357
Section 106 balances	5,522	4,895
TOTAL	12,469	13,068

Section 106 balances relate to contributions made by developers as part of certain planning agreements. They relate to expenditure that the Council will spend on one-off items and maintenance costs over the next twenty years.

28. Long Term Borrowing

Test Valley Borough Council achieved debt free status during 2003/04 and held no long term borrowing at 31 March 2009.

29. Government Grants

The Council received revenue grants from various Government departments in the year. These include Housing & Planning Delivery Grant (£20,700 – awarded by DCLG) the Local Authority Business Growth Initiative Grant (£425,600 - DCLG), Climate change grant (£22,500 - DCLG) Disabled Facilities Grant (£420,000 - DCLG).

30. Government & Other Grants Deferred

The Council has received grants from Government and other bodies for use on capital expenditure. Accounting requirements stipulate that these grants must be written off over the same period as the asset that was purchased from the grant.

The movement in the year on this account is summarised below.

	31 March 2008	Grants in Year	Amortised in Year	31 March 2009
Government Grants Deferred	527	80	(44)	563
Other Grants Deferred	558	595	(512)	641
TOTAL	1,085	675	(556)	1,204

The most significant grant in the year (£485,000) represents the transfer of section 106 receipts from developers which have been used to purchase affordable housing through arrangements with Registered Social Landlords. As the associated expenditure did not generate new assets for the Council, the full amount has been amortised in the year.

31. Deferred Credits

These credits are the principal outstanding on mortgages for sold council houses of £19,000 (2007/08 £26,000).

32. Net Assets Employed

The net assets (total assets less liabilities) of the Authority in total are £138.156M (2007/08 £177.226M). This represents the total equity of the Authority.

The net assets figure of £138.156M is net of the deficit on the pension fund of £39.360M (see note 36 below). Without this provision the Council's net assets would be £177.516M (2007/08 £201.006M).

The effect of the pensions reserve is to reduce the Council's net worth by 22.17% (2007/08 11.83%)

33. Trust Funds

The authority operates a number of trusts for civic purposes. The balances at the end of the year were £11,000 (2007/08 £11,000).

34. Contingent Assets & Liabilities

Contingent Assets

As part of the Large Scale Voluntary Transfer Agreement (LSVT), the Council is entitled to receive income generated from Right to Buy sales of former Council properties. In 2007/08 the income generated from this source was £414,000 (2007/08 £726,000). The generation of this income is outside of the Council's control and is not quantifiable for future years.

The Council filed a claim with Her Majesty's Revenue and Customs in respect of overpaid VAT on car parking receipts and leisure facilities before the end of the year. No decision has been made on the claim at this stage, but if successful the Council could recover approximately £200,000 in overpaid VAT plus interest.

The Council has an agreed claim for £353,561 outstanding with Municipal Mutual, an insurance company which is in liquidation. The minutes of the company's creditors' meeting held on 9th December 2008 state that the company expects to be able to achieve a solvent run-off for all agreed claims. However, it is not felt that this is a certain enough guarantee of payment and this sum is not reflected in the financial statements.

Contingent Liabilities

As part of the LSVT the Council was required to provide Environmental warranties to both Testway Housing and their lenders for a period of 36 years. There was no local knowledge of serious problems in this regard, and considering the likely costs involved in obtaining insurance cover, it is currently not considered to be cost effective to purchase insurance against this risk.

35. Post Balance Sheet Events

There have been no material events since the Balance Sheet date.

36. Pension Assets & Liabilities

The Council participates in the Local Government Pension Scheme, administered by Hampshire County Council – this is a funded scheme, meaning that the Council and its employees pay contributions into a fund, calculated at a level estimated to balance the pension's liabilities with investment assets.

In accordance with FRS17 - Retirement Benefits, the Authority is required to disclose information on the assets and liabilities related to pension schemes for its employees. The scheme is a defined benefit scheme based on final pensionable pay.

The Authority contributes to the Pension Fund at a common rate applicable to a group of employees which is set having regard to the assets and liabilities of the group as a whole.

The accounts recognise the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge made against the Council Tax is based on cash payable in the year, so the real cost of retirement benefits is reversed out in the Statement of Movement on General Fund Balance.

The following transactions have been included in the Main Statement pages during the year:

Income & Expenditure Account	2007/08	2008/09
<u>Net Cost of Services</u>	£M	£M
Current Service Cost	2.17	1.44
Past Service Cost	0.42	0.10
<u>Net Operating Expenditure</u>		
Interest Cost	4.62	5.19
Expected Return on Assets	(3.72)	(3.68)
Net charge to the Income & Expenditure Account	3.49	3.05
Statement of Movement on General Fund Balance		
Reversal of net charges made for retirement benefits in accordance with FRS17.	(3.49)	(3.05)
Employer's contributions payable to the scheme	1.97	2.05

It is forecast that pension contributions payable by the employer in 2009/10 will amount to £2.13M.

In addition to the gains and losses shown above, actuarial gains and losses have been shown in the Statement of Total Recognised Gains and Losses (STRGL) as shown in the table below.

	2007/08	2008/09
	£M	£M
Total actuarial gains / (losses)	10.32	(14.45)
Total gain / loss in the STRGL	10.32	(14.45)
Cumulative losses recognised in the STRGL	(1.24)	(15.69)

Assets & Liabilities in relation to retirement benefits

The tables below show the movement in the Council's liabilities to the Pension Fund and its share of the Fund's assets over the year.

Liabilities	2007/08	2008/09
	£M	£M
Opening present value of liabilities	87.15	79.84
Current service cost	2.17	1.44
Interest cost	4.62	5.39
Contributions by participants	0.66	0.75
Actuarial (gains) / losses on liabilities	(12.57)	(0.53)
Net benefits paid out	(2.80)	(3.43)
Past service cost	0.61	0.10
Closing present value of liabilities	79.84	83.56

Liabilities at 31 March 2009 included funded liabilities of £80.36M and unfunded liabilities of £3.20M (2007/08 - £76.77M funded and £3.07M unfunded).

Share of Fund's Assets	2007/08 £M	2008/09 £M
Opening present value of assets	54.49	56.06
Expected return on assets	3.71	3.68
Actuarial (gains) / losses on assets	(2.16)	(15.11)
Contributions by the employer	1.97	2.05
Contributions by participants	0.66	0.75
Net benefits paid out	(2.61)	(3.23)
Closing present value of assets	56.06	44.20

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The actual return on assets in the year is shown in the following table.

	2007/08 £M	2008/09 £M
Expected return on assets	3.71	3.68
Actuarial gain / (loss) on assets	(2.16)	(15.11)
Actual return / (loss) on assets	1.55	(11.43)

Scheme History

The underlying assets and liabilities for retirement benefits attributable to the Authority at 31 March 2009 and the preceding four years are as follows.

	2004/05	2005/06	2006/07 as restated	2007/08 as restated	2008/09
	£M	£M	£M	£M	£M
Value of Funded Liabilities	71.19	80.19	83.85	76.77	80.36
Value of Unfunded Liabilities	2.88	3.15	3.30	3.07	3.20
Value of Assets	(42.70)	(52.01)	(54.49)	(56.06)	(44.20)
Net deficit	31.37	31.33	32.66	23.78	39.36

The Council has elected not to restate the value of scheme assets for 2004/05 and 2005/06 as permitted by the revised FRS17.

The liabilities show the underlying commitments that the Council has to pay in the long term toward retirement benefits. This will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

In 2008/09 the fund recognised Experience Losses (i.e. the difference between actual returns and those forecast at the start of the year) on scheme liabilities of £110,000 (2007/08 - £40,000).

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 Fund's liabilities have been assessed by an independent firm of actuaries, based on the latest full valuation of the scheme carried out as at 31 March 2007.

The main assumptions used by the actuary were as follows:

	2007/08	2008/09
Discount rate for scheme liabilities	6.8%	6.7%
Discount rate for pension cost over the year	6.8%	6.7%
Rate of increase in salaries	5.2%	4.9%
Rate of increase in pensions in payment	3.7%	3.4%
Rate of increase of pension in deferment	3.7%	3.4%
Rate of inflation	3.7%	3.4%
Long-term expected rates of return on:		
Equities	7.6%	7.0%
Bonds	4.6%	4.0%
Property	6.6%	6.0%
Other assets	6.0%	1.6%
Average long term expected rate of return	6.7%	6.7%
<u>Mortality Assumptions:</u>		
Longevity at 65 for current pensioners (years)		
Men	21.3	22.2
Women	23.4	24.2
Longevity at 65 for future pensioners (years)		
Men	23.2	24.5
Women	24.6	26.4
Take-up of option to convert annual pension into retirement grant		
Pre 31 March 2008 service	50.0%	25.0%
Post 31 March 2008 service	50.0%	75.0%

The proportions of total assets held in each asset type, shown below, reflect the proportions held by the Fund as a whole at the 31st March 2009.

	2007/08 %	2008/09 %
Equities	55.2	61.9
Bonds	31.3	26.6
Property	7.3	5.8
Other	6.2	5.7
Total	100.0	100.0

37. Group Accounts

For 2008/09 it is not considered that there are any bodies that meet the requirements for Group Accounting and as such these accounts solely represent Test Valley Borough Council's transactions and balances in the year.

38. Liquidity Risk

The Council is debt free and has ready access to borrowing from the Public Works Loans Board. There is a minimal risk that the Council will not be able to meet its commitments under financial instruments.

39. Credit Risk

Credit risk arises from the short-term lending of surplus funds to banks and building societies as well as credit exposures to the Council's customers. It is the policy of the Council to place deposits only with a limited number of institutions that meet strict criteria as defined in the Council's Treasury Management Strategy. The Council also has a policy of limiting deposits with institutions to a maximum of £10M.

The following table summarises the Council's potential maximum exposure to credit risk, based on past experience and current market conditions.

	Amount at 31 March 2009	Historical Experience of Default	Historical Experience Adjusted for Market Conditions	Estimated Maximum Exposure to Default
	£'000	%	%	£'000
Deposits with Banks and Building Societies	53,124	0.0	0.0	0
Debtors				
Council Tax / Business Ratepayers Collection Fund	3,867	38.6	38.6	1,494
Preceptors	1,043	0.0	0.0	0
Sundry Debtors	4,350	19.7	19.7	858
Housing	125	44.8	44.8	56
Other	1,011	0.0	0.0	0
Total	63,520			2,408

The historical experience of default represents the Council's estimation of debts that will not be paid. This amount is fully written down in the bad debt provision. The Council is not aware of any wider market conditions that will alter the provision already made.

The Authority does not allow credit for customers. The following table provides a breakdown of amounts past due included in Sundry Debtors.

	31 March 2008 £'000	31 March 2009 £'000
Less than three months	260	71
Three months to one year	87	220
More than one year	121	301
Total	468	592

40. Fair Value of Assets Carried at Amortised Cost

The fair value of each class of financial asset that is carried in the Balance Sheet at amortised cost is disclosed below. The fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the investments.

Asset	31 March 2008 Carrying Amount £'000	31 March 2008 Fair Value £'000	31 March 2009 Carrying Amount £'000	31 March 2009 Fair Value £'000
Cash	8	8	9	9
Liquidity bank account balances	252	252	940	940
Deposits with banks and building societies	48,212	48,205	53,124	54,040
Total	48,472	48,465	54,073	54,989

The fair value is higher than the carrying amount because the Council's portfolio of investments includes a number of fixed rate loans where the interest rate receivable is higher than the rates available for similar loans at the Balance Sheet date. This guarantee to receive above market rates increases the amount the Authority would receive if it agreed to early repayment of loans.

41. Interest Rate and Market Price Risk

The Council did not have any assets or liabilities held at variable interest rates at the balance sheet date. There is therefore no risk of gains or losses arising in the event of interest rate changes.

The fair value of fixed rate financial assets will fall if interest rates rise. This will not impact on the Balance Sheet for the majority of assets held at amortised cost, but will impact on the disclosure note for fair value.

The Council does not have any available for sale assets (e.g. equity shares) and is therefore not prone to any gains or losses arising from movements in market prices.

42. Foreign Exchange Risk

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

43. Soft Loans

The Council has made an interest-free loan of £17,000 to Romsey Town Council. The interest foregone by entering into this agreement was less than £1,000.

The Council offers an employee car-loan scheme with interest charged at 1% above base rate. £53,000 (2007/08 - £58,000) was outstanding at the balance sheet date. The interest foregone by the Council by offering this scheme as opposed to investing the funds was negligible.

44. Reconciliation of Movement in Liquid Resources

	£'000	Balance 2008/09 £'000	Cash Flow Movement
Opening Position			
Long Term Investments	0		
Temporary Investments	48,212		
Balance at 1/4/2008		48,212	
Movements in Year			
<u>Long Term Investments</u>			
Investment made in year	5,000		CFS
Accrued interest at 31 March 2009	260		
		5,260	
<u>Temporary Investments</u>			
Investments Returned in year	(207,926)		CFS
Investments Purchased in year	207,894		CFS
Accrued interest at 31 March 2008	(1,379)		
Accrued interest at 31 March 2009	1,063		
		(348)	
Closing Position			
Long Term Investments	5,260		
Temporary Investments	47,864		
Balance at 31/3/2009		53,124	

Included within Liquid resources are the Council's investment portfolio, managed by in-house staff, temporary loans required to manage day to day cash flow and cash balances held at bank and in hand.

Items marked "CFS" represent cash in and outflows which are contained within the Financing and Management of Liquid resources section of the Cashflow statement.

45. Reconciliation of movements in Cash to the Balance Sheet

	Balance 1.4.2008 £'000	Balance 31.3.2009 £'000	Movement In Year £'000
Net Increase/(Decrease) in Cash Unpresented Cheques	396 (136)	1,286 (337)	890 (201)
Cash balances per Balance Sheet	260	949	689

THE COLLECTION FUND

This account reflects the statutory requirement for billing authorities to maintain a separate Collection Fund which shows the transactions of the billing authority in relation to non-domestic rates and the council tax. It illustrates the way in which these have been distributed to preceptors and the General Fund.

INCOME AND EXPENDITURE ACCOUNT				
	2007/08		2008/09	
	£'000	£'000	£'000	£'000
INCOME				
Council Tax	53,287		56,076	
Transfer from General Fund: Benefits – Council Tax	4,355		4,658	
Business Ratepayers	35,354		39,008	
		92,996		99,742
EXPENDITURE				
Precepts:				
Hampshire County Council	43,021		45,103	
Hampshire Fire	2,524		2,629	
Police Authority	5,644		6,119	
Test Valley Borough Council	5,190		5,437	
Parishes	816		856	
	57,195		60,144	
Council Tax Bad and Doubtful Debts				
- Write offs	127		98	
- Provisions	143		74	
	270		172	
NNDR – (Net) Payment to National Pool	35,179		38,832	
NNDR Cost of Collection	175		176	
	35,354		39,008	
Contribution to precepting authorities from previous year's surplus	1,244		1,355	
		94,063		100,679
Deficit for the year		1,067		937
Balance Brought Forward at 1st April		(839)		228
Fund Deficit at 31st March		228		1,165

NOTES TO THE COLLECTION FUND

The starting point for the income from Ratepayers is the Rateable Value of each hereditament multiplied by the Non Domestic Rating Multiplier for the year of 46.2p.

Net income is derived following adjustments in respect of:

- Transitional Relief
- Mandatory and Discretionary Relief in respect of Charities and kindred organisations
- Small Business Relief
- Hardship Relief
- Empty Property Relief and
- Bad Debts

The total non-domestic rateable value at the 31st March 2009 was £95,449,450.

The income from Council Tax is directly linked to the banding of properties based on their valuations. The number of chargeable dwellings in each valuation band is converted to an equivalent number of Band D dwellings, which was used to calculate the council tax base of 45,148 for 2008/09.

The Collection Fund balance on the 31st March 2009 was a deficit of £1,164,759 which is included within the Balance Sheet. Amounts in respect of Test Valley Borough Council are contained within the reserves section of the Balance Sheet; amounts due from other preceptors are shown within debtors.

The deficit will be shared amongst major preceptors (Test Valley's share is 10.5%) and will be included in the Council Tax calculations for 2010/11.

COUNCIL TAX BASE - ANALYSIS OF PROPERTIES

BAND	A*	A	B	C	D	E	F	G	H	TOTAL
Full Charge	1	941	4,072	8,150	6,352	6,028	3,683	2,758	352	32,337
10% Discount	0	12	25	37	31	31	28	56	17	237
25% Discount	0	1,282	3,507	3,874	2,130	1,350	595	378	29	13,146
50% Discount	0	70	73	72	55	49	32	39	9	399
100% Exempt	0	154	165	584	250	131	60	65	7	1,416
Net Adj. for Properties Charged at Lower Band	-2	-24	-53	30	-4	26	-10	25	12	0
Total No. of Properties	-1	2,435	7,789	12,747	8,814	7,615	4,388	3,321	426	47,535
Chargeable Number of Properties	1.75	1,950.25	6,772.25	11,155.00	8,021.00	7,103.75	4,175.00	3,098.00	387.50	42,665
Ratio to Band D	5/9	6/9	7/9	8/9	1	11/9	13/9	15/9	2	
Band D Equivalents	1.0	1,300.2	5,267.3	9,915.6	8,021.0	8,682.4	6,030.6	5,163.3	775.0	45,156.4
Provision for Bad Debts	0	-16.4	-66.4	-125.0	-101.9	-109.5	-76.0	-65.0	-9.8	-569.2
Crown Contributions										560.80
Total Band D Equivalents										45,148

GLOSSARY OF TERMS

Accounting Period	The period of time covered by the accounts, normally a period of twelve months, commencing on 1 April for local authority accounts.
Accruals Basis	This is the accounting basis that is required to conform to generally accepted accounting principles (GAAP) in preparing a statement of accounts for external users. It means that income is recorded when it is earned, rather than when it is paid to you, and expenses are recorded when you commit to an obligation, rather than when you pay it.
Actuarial Gains & Losses	Actuaries assess financial and non-financial information provided by the Council to project levels of future pension fund requirements. Changes in actuarial deficits or surpluses can arise leading to a loss or gain because: - events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses) - the actuarial assumptions have changed.
Agency Services	Services which are performed by or for another authority or public body, where the authority responsible for the service reimburses the authority carrying out the work for the costs of the work.
Assets	Items of worth which are measurable in terms of value.
Current assets	Assets which may change in value on a day to day basis e.g. stocks.
Fixed assets	Tangible assets which yield benefit to the Authority for a period of more than one year. They can be further classified into:
Operational assets	Assets held and occupied, used or consumed by the Authority in the direct delivery of services for which it has either statutory or discretionary responsibility e.g. Beech Hurst.
Community assets	Assets that the Authority intends to hold in perpetuity, which have no determinate finite useful life and may have restrictions on their disposal e.g. parks, works of art.
Infrastructure assets	These are inalienable assets the benefit of which is received only by their continued use e.g. highways, footpaths.
Non-operational assets	Assets held by the Authority but not directly occupied, used or consumed in the delivery of services e.g. surplus buildings held pending sale or redevelopment.
Balances	The reserves of the authority, both revenue and capital, which represent the accumulated surplus of income over expenditure on any of the Funds.
Capital Expenditure	Expenditure on the acquisition or improvement of tangible assets which yields benefit to the Authority for more than one year.
Capital Receipts	Monies received from the sale of fixed assets, which may be used to finance new capital expenditure.
Collection Fund	This is a statutory fund separate from the main accounts of the council. It records all income due from Council Tax and National Non Domestic Rates. It shows the precept payments due to Test Valley Borough Council, Hampshire County

	Council, Hampshire Police Authority and Hampshire Fire Authority.
Contingent Liabilities	Amounts due to individuals or organisations which may arise in the future but which at this time cannot be determined accurately.
Creditors	Amounts owed by the authority for work done, goods received or services rendered within the accounting period, but for which payment was not made at the balance sheet date.
Current Service Cost	The increase in the present value of the pension scheme liabilities expected to arise from employee service in the current period.
Curtailment	Curtailments will show the cost of the early payment of pension benefits if any employee has been made redundant in the previous financial year.
Debtors	Amounts owed for work or services rendered by the Authority within the financial year and which have not been paid.
Deferred Liabilities	These are liabilities which are payable beyond the next year at some point in the future or paid off by an annual sum over a period of time e.g. deferred purchase arrangements.
Depreciation	The measure of the wearing out, consumption, or other reduction in the useful economic life of a fixed asset.
Expected Rate of Return on Assets	The average rate of return expected over the remaining life of the related obligation on the actual assets held by the pension scheme.
Expenditure	Amounts paid by the authority for goods received or services rendered of either a capital or revenue nature. This does not necessarily involve a cash payment since expenditure is deemed to have been incurred once the goods or services have been received even if they have not been paid for.
Financial Instruments	These represent any item that will cause the Council to receive or pay money. This ranges from sundry debtors and creditors to cash investments. The only items that are excluded from this are Council Tax and Business Rates.
General Fund	The main revenue fund of the Authority includes the net cost of all services financed by local taxpayers and government grants.
Government Grant Deferred	When the Council receives a grant for capital expenditure (e.g. towards the construction costs of The Depot) the Council is required to write the grant off over the life of the asset purchased. This account shows the amount of grant left to allocate to those assets at the end of the year.
Income	Amounts due to the Authority for goods supplied or services rendered of either a capital or revenue nature. This does not necessarily involve cash being received since income is deemed to have been earned once the goods or services have been supplied even if cash has not been received.
Interest on Pension Scheme Liabilities	The expected increase during the period in the present value of the scheme liabilities because the benefits are one year closer to settlement.

Leasing	Where a rental is paid for the use of an asset for a specified period of time. Two forms of lease exist. Under a Finance Lease the asset becomes the property of the Authority. Under an Operating Lease the asset remains the property of the lessor and the lease costs are a revenue expense of the Authority.
Liabilities	Amounts due to individuals or organisations which will have to be paid at some time in the future. Current liabilities are usually payable within one year of the balance sheet date.
National Non Domestic Rates (NNDR)	Businesses pay Non-Domestic rates instead of Council Tax. Each year, the Government sets the charge based on a fixed percentage of the business's rateable value, and the charge is collected by the billing authority. Business rates are pooled nationally and a share is given back to local authorities based on the number of people living in the area.
Past Service Cost	Discretionary benefits awarded on early retirement are treated as past service costs.
Precepts	The method by which a non-charging authority obtains the income it requires by making a levy on the appropriate charging authorities. Charging authorities, which include this Authority, will themselves precept on the Collection Fund to obtain their own income.
Reserves	These are amounts set aside for specific purposes where there is no certainty about the level and timing of expenditure.
Revenue Contributions	The method of financing capital expenditure directly from revenue.
Revenue Expenditure	Expenditure incurred on the day to day running of the Council. This mainly includes employee costs, general running expenses and capital financing costs.
Revenue Support Grant	This is a Central Government Grant paid each year as a contribution towards the cost of the Authority's services in general.