

Explanatory Foreword

1 Statutory Duty

The Council has a statutory duty to approve and publish a statement of accounts. The accounts cover a 12 month reporting position. These Accounts relate to the period 1 April 2011 to 31 March 2012.

The Statement of Accounts is by necessity presented in the very formal manner required by regulation, but in this foreword we can introduce the Council's finances in plainer terms.

2 Compliance with regulation

This document has been compiled by officers of the Council using information recorded on its systems, most notably its financial ledger, in line with recommended practice from the Chartered Institute of Public Finance and Accountancy (CIPFA). The format is largely prescribed. A glossary of the various terminology is set out in pages 85 to 88.

3 Contents

The Accounting Statements comprises four Core Financial Statements. These are:

The Comprehensive Income and Expenditure Account summarises the Council's day to day spend and money received for all services during the financial year. This sets out what the Council has spent.

The Balance Sheet is a snap shot in time showing the Council's assets, liabilities, balances and reserves at 31 March 2012.

Movement in Reserves Statement is a summary of the changes that have taken place in the bottom half of the Balance Sheet over the financial year.

The Cash Flow Statement summarises the inflows and outflows of cash arising from transactions with third parties.

Notes to the Core Financial Statements follow these statements.

Additionally, the following supplementary financial statements are produced.

- The **Housing Revenue Account (HRA)**. This covers the Council's expenditure on Council housing. The Government requires that this be shown separately;
- The **Collection Fund**. This shows the rates and taxes that the Council has to collect, not only for itself, but also for the Government, Wiltshire Police Authority, Wiltshire & Swindon Fire Authority and Parish Councils.

The Annual Governance statement sets out how the Authority conducts its business, including an update on action taken and plans to improve its arrangements in the last and 12 months and the future.

Auditor's opinion

Wiltshire Councils appointed external auditors are KPMG LLP. KPMG LLP have carried out their statutory audit. They have issued an unqualified opinion.

Accounting Policies

The Statement of Accounting Policies explains the basis for how we have recognised, measured and disclosed the financial transactions that relate to 2011/12. Details of the accounting policies used are found in note 1 to the accounts.

Vision of the Council - How much does it cost to run (general fund)

In February 2011 Wiltshire Council approved four year Business and Financial Plans. The Council is obliged by legislation to set a balanced budget with a resultant Council Tax and related fees and charges.

As part of regular review process, Members and officers reviewed the plans and an updated Financial Plan was approved in February 2012 in order to set in the 2012/13 budget and Council Tax.

The Council continue to face a continued increase in demand for services to the most vulnerable, as well as inflationary pressures and changes in Government policy and funding. The Council has worked hard to deliver performance savings and investment proposals of its plans.

In February 2012, Wiltshire Council published an updated four year financial plan.

The business plan sets out how the Council intends to meet future challenges whilst delivering the Council's vision to create stronger, more resilient communities.

The Council's goals are:

- to provide high quality, low cost customer focused services
- to prioritise local issues
- to be open and honest in all our decision making
- to work with our partners to support Wiltshire's communities.

The plan is ambitious and sets visionary, realistic strategies - for the next 10 to 20 years.

The Council plans to realign our resources to:

- protect our most vulnerable citizens by investing in their services
- invest in the future of Wiltshire by enhancing key service areas
- keep the council tax low and
- to make savings to cover the cut in government funding and projected investments.

Revenue outturn

In respect of net revenue outturn, the Council's 2011/2012 General Fund revised budget and actual spending figures were as below:

| | Original Budget £m | Revised Budget £m | Actual £m | Difference £m |
|--|--------------------------|-------------------------|------------------|------------------|
| Total General Fund (a) | 329.847 | 329.847 | 329.631 | (0.216) |
| Funded by: | | | | |
| Formula Grant including Council Tax Freeze | (109.668) | (109.668) | (109.671) | (0.003) |
| Collection Fund Transfer | (219.179) | (219.179) | (219.179) | 0.000 |
| Collection Fund (Surplus)/Deficit | (1.000) | (1.000) | (1.000) | 0.000 |
| Total Funding (b) | (329.847) | (329.847) | (329.850) | (0.003) |
| Movement on General Fund (a)-(b) | 0.000 | 0.000 | (0.219) | (0.219) |

The overall underspend against the revised 2011/2012 budget was £0.216 million. More details about the Council's revenue spending on services are given, with notes, in the Comprehensive Income & Expenditure Account and in note 10. The overall movement on the General Fund is a £219,000 return to reserves.

Major variances

The major variations of actual to budget were:

- An additional £1.155 million expenditure on Adult Care Operations. This resulted from increased demand and costs for Adult Care services, particularly in the areas of:
 - Older People through increased demand and costs for residential placements and domiciliary care services;
 - Support for Adult Care Services provided through the Supporting People budget; and
 - Increased demand for new high cost, complex care packages for people with a Physical Impairment.
- An underspend of £1.044 million on Adult Care Commissioning, being additional resources allocated to Adult Care Services, as a whole, to manage additional budget pressures. Adult Care Services, as a whole, reported a combined over spend of £0.111 million.
- An additional £1.208 million expenditure on Highways and Street Scene. This largely due to cost pressures, arising from assumptions on contracts particularly in respect of grounds maintenance as well as shortfalls on income targets.
- An additional £1.215 million overspend on Car Parking. This is predominantly due to a shortfall in car parking income from pay & display. This reflects the local and national trend for car parking.
- A saving of £1.429 million on Children's Services. This is largely due to underspends within Schools & Learning, including Early Years and SEN transport, and savings made against vacant posts in advance of 2012-13 savings targets. These underspends are partly offset by overspends within the Social Care placement budgets due to increased numbers of Looked After Children.

Details of all variances, including more detailed explanations of the variances disclosed above, are included in the cabinet report that was taken to Cabinet on Tuesday 19 June 2012. A full copy of the report is available on the Wiltshire Council webpage under "Council and Democracy".

Pension Fund

The Council's employees are able to join the Local Government Pension Scheme. This is also administered by the Council. There are a range of factors that can affect the financial position of the Fund, most notably the level of income expected to be earned from investing funds.

The Scheme's actuary revalues the Fund every three years and we set out new contribution rates to ensure that we extinguish the liability to meet with the Authority's commitment to maintaining a balanced fund over the long term.

The pension reserve is equivalent to the Council's share of the local government pension scheme. It is negative, meaning at the moment the fund is in deficit. It is not unusual for the pension reserve to have a shortfall. The future employee and employer contributions into the fund will, along with a hoped for better return on investment, ultimately meet this shortfall.

Further information on the Council's Pension Fund is set out in Note 61.

Where does the money come from

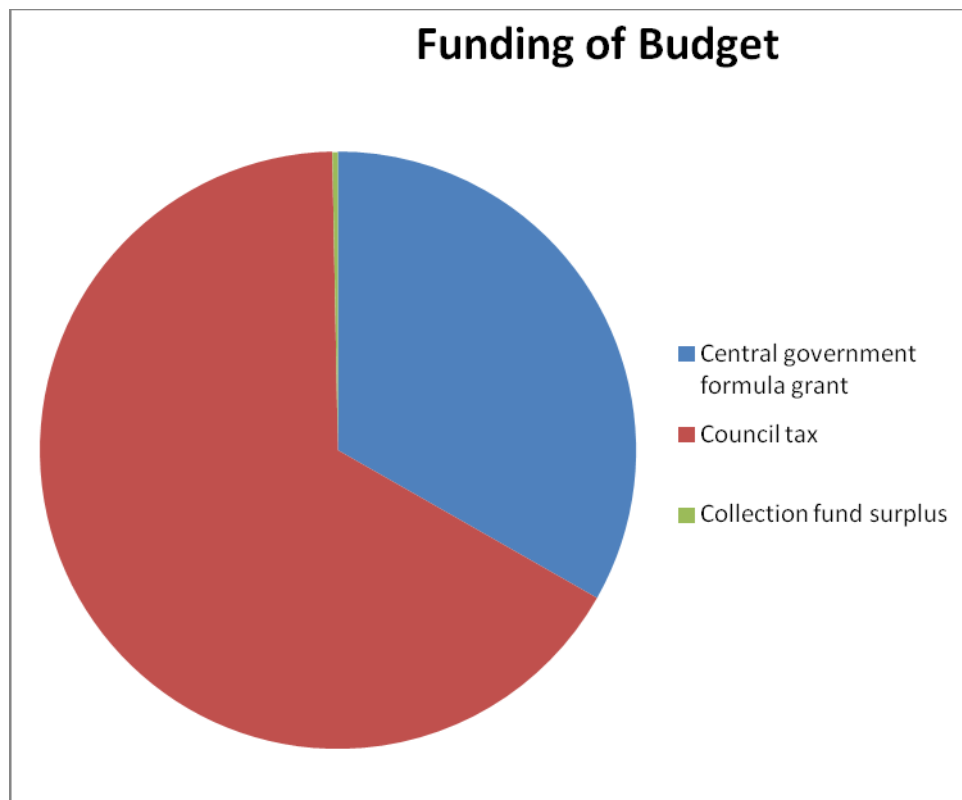
The budget requirement is the money we need to pay for services once we have taken into account money coming in from fees and charges and specific and general government grants.

In 2011/2012 the Council approved a need for a gross and net budget as follows:

| | £m |
|--|-----------------------|
| Expenditure: | |
| Gross budgeted expenditure | 868.159 |
| Income: | |
| Ringfenced specific government grants (schools) | (296.524) |
| Ringfenced specific government grants (benefits) | (132.000) |
| Fees and charges | (53.910) |
| Unringfenced general government grants | (36.278) |
| Other income | (19.600) |
| Budget Requirement | <u>329.847</u> |

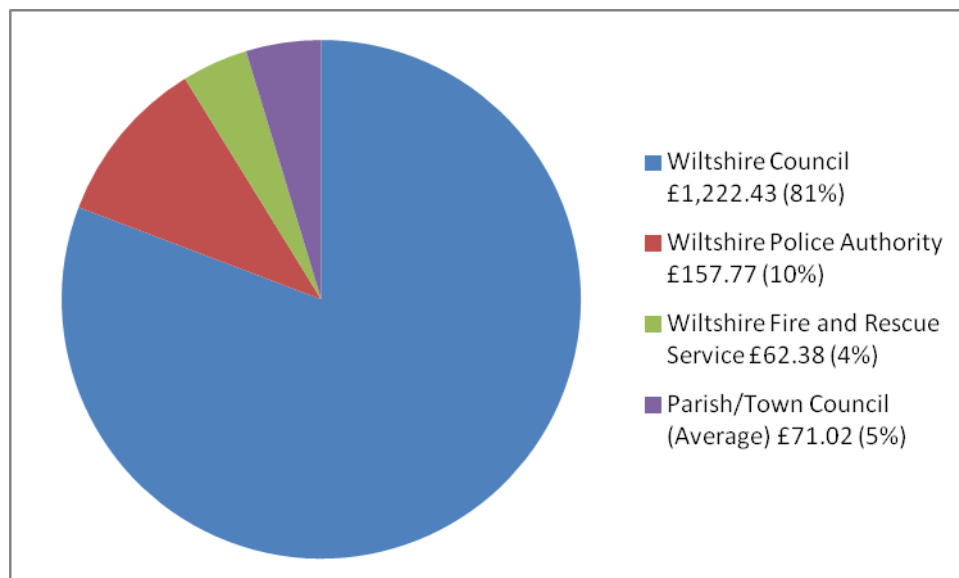
The net budget was funded from three main sources:

| | £m |
|----------------------------------|-------------------------|
| Central government formula grant | (109.668) |
| Council tax | (219.179) |
| Collection fund surplus | (1.000) |
| Total funding | <u>(329.847)</u> |



Council tax income collected from Wiltshire residents is the main source of funding for Wiltshire Council Services. Your council tax also contributes to the funding of your town, parish or city council, Wiltshire Police Authority and Wiltshire Fire and Rescue Service.

Your council tax is collected by Wiltshire Council but it consists of components (precepts) charged by and redistributed to other authorities. The chart below shows how much of your council tax goes to each authority. Figures shown are based on an average Band D charge per year for 2011/2012.



Total average council tax £1,513.60.

Council's Reserves

The Council has set up a number of reserves for specific purposes - 'earmarked reserves' for events we know are going to happen. We also have the General Fund which we keep to manage potential risks that we continually assess. If the General Fund reserve is not needed to cover these risks then it is possible to use these as a one off to support spending. Details of the council's useable reserves are the Movement in reserves statement and further details in note 47.

The Council is also required to keep a number of unusable reserves, which whilst being large in value are not related to actual cash sums but are technical accounting requirements, such as the Capital Adjustment Reserve, the Revaluation Reserve, and the Pension Reserve. Details of these unusable reserves are found in note 51.

Balance Sheet

The Balance Sheet shows what Wiltshire Council owns and is owed (its assets), what it owes (its liabilities), and its total equity/worth (equal to the sum of its assets and liabilities as at a particular point in time).

Here is a summarised version of Wiltshire Council's Balance Sheet as at 31 March 2012 compared to 31 March 2011 (the full Balance Sheet is disclosed on page 18). The overall reduction in net assets is largely due to an increase in the pension liability, capital reductions in the form of asset disposals (particularly schools transferring to academy status) and a one off HRA self financing loan.

| | 31 March 2012 | | 31 March 2011 | |
|---|---------------|-------------------------|---------------|-------------------------|
| | £000 | £000 | £000 | £000 |
| Assets | | | | |
| Council dwellings & garages | 203,954 | | 158,906 | |
| Other land and buildings | 399,305 | | 427,105 | |
| Infrastructure | 239,298 | | 223,022 | |
| Other Long Term Assets | 162,599 | | 231,023 | |
| Money owed to the Council due over the next 12 months | 134,951 | | 163,844 | |
| | | <u>1,140,107</u> | | <u>1,203,900</u> |
| Liabilities | | | | |
| Money owed by the Council due over the next 12 months | (128,464) | | (118,018) | |
| Long Term Borrowing | (363,861) | | (245,005) | |
| Pension Fund Liability | (377,859) | | (311,423) | |
| Other Long Term Liabilities | (64,513) | | (62,416) | |
| | | <u>(934,697)</u> | | <u>(736,862)</u> |
| Net Assets | | <u>205,410</u> | | <u>467,038</u> |
| Financed by: | | | | |
| Useable Reserves | (75,099) | | (88,756) | |
| Unuseable Reserves | (130,311) | | (378,282) | |
| Total Equity | | <u>(205,410)</u> | | <u>(467,038)</u> |

Capital

Capital expenditure is the expenditure on items that are expected to last for more than 1 year, as opposed to revenue expenditure which is on the day to day running costs of the council

Capital expenditure in Wiltshire Council typically includes the expenditure on acquiring or enhancing its assets such as land, buildings, equipment, vehicles and ICT software.

The Council owns various items of land and buildings in the County that it uses for its own purposes, such as County Hall at Trowbridge, Browfort in Devizes, Monkton Park in Chippenham and Bourne Hill in Salisbury. The authority also owns Community Schools, Council Housing in Salisbury, various highways depots, as well as fleets of refuse and highways vehicles. Due to a number of schools transferring to academy status, the net book value of school's land and buildings has decreased. The council also has infrastructure assets such as the road network, street lighting and land drainage. There is also a large investment portfolio used to generate income, such as industrial estates, farms and shops. In total the value of all the council's fixed assets is around £1 billion. This is covered in more detail in the Council's balance sheet and associated notes.

The Council makes depreciation charges for the assets it owns. The charges for 2011/2012 have increased due to the introduction of component accounting. These are technical accounting adjustments which have no effect on council tax payers.

Expenditure

During 2011/2012 the authority spent a total of £95m on its capital programme resulting in £72m being added to its asset base and £23m in the form of grants given to 3rd parties or work on assets the authority does not own. The table below breaks down the expenditure into the different areas of the council

| Capital Schemes by area | Amount spent £m |
|--------------------------------|----------------------------|
| Education | 28.558 |
| Highways | 19.659 |
| Campus | 21.571 |
| Other Property | 1.853 |
| Housing | 9.820 |
| Waste | 9.200 |
| Other | 5.163 |
| Total | 95.824 |

Further details on how the Council spent its money on Capital can be found in the 2011/2012 Capital Outturn report. This was taken to Cabinet Capital Assets Committee on 24 July 2012 and a full copy of the report is available on the Wiltshire Council webpage under "Council and Democracy."

Examples of capital spend undertaken in 2011/2012 includes

| Scheme area | Outputs |
|--------------------|--|
| Education | Wellington Academy opened Extensions to school buildings New boilers, roofs and rewiring schools |
| Highways | M4 junction scheme Resurfacing roads Local road safety schemes Replacement and refurbishment of bridges Drainage works |
| Campus | County Hall refurbishment is now close to completion New libraries scanning machines Enhanced ICT network |
| Housing | Grants given to disabled householders to improve homes 5 new housing sites completed and tenants moved in New kitchens and bathrooms in Council houses |

Capital Funding

The authority funded its capital programme by a mixture of Grants and other contributions, Capital receipts and borrowing. Further information on how the authority financed its capital expenditure, the amount of debt paid off in the year and the underlying amount of additional borrowing it undertook is found in note 29. Breakdown of the amounts are below

| Funding source | Amount £m | Percentage of funding |
|--------------------------------|----------------------|----------------------------------|
| Capital Grants & contributions | 56.227 | 59% |
| Capital Receipts | 5.596 | 6% |
| Borrowing | 34.001 | 35% |
| Total | 95.824 | 100% |

Capital receipts are generated from the authority disposing of its assets. During 2011/2012 a total of £7.2 million was generated from the sale of assets, including large receipts for Wootton Bassett Stoneover lane and Fisherton Manor school site. The proceeds of this as laid down in statute have to be used to fund capital expenditure or repay debt. Of this £7.2 million, £5.596 million as above was used to fund capital expenditure with the remainder being held over to finance on capital expenditure in 2012/2013.

Borrowing for the capital programme is allowed under the Prudential code for capital. If borrowing is undertaken this has a direct link to revenue costs. If the authority borrows an additional £1 million this equates to an increase in the borrowing costs of the council by approximately £0.100 million. Therefore the authority only borrows when all other sources of funding have been exhausted and uses the optimum mix of funding sources to minimise the additional revenue costs of borrowing.

Housing Revenue Account (HRA)

The HRA is a statutory account which keeps all the transactions relating to the councils housing stock separate from the main functions of the council. This is a ring fenced account to ensure all the HRA income from rents are used on the HRA and are not used to subsidise the general fund or vice versa.

There are over 5,400 individual houses and flats within the HRA and the income generated and costs incurred in the account are summarised below. Further details are found in the full HRA note within the statement of accounts.

| | |
|---|-----------------|
| Income & expenditure account 2011/2012 | £000 |
| Rents | (22,108) |
| Charges for Services and facilities | (812) |
| Total Income | (22,920) |
| Repairs and Maintenance of properties | 5596 |
| Supervision and management costs | 4039 |
| Subsidy paid to central government (see below) | 8392 |
| Capital Contributions | 4910 |
| Accounting Adjustments | 707 |
| Total Expenditure | 23644 |
| Deficit/(surplus) for the year | 724 |

HRA self financing settlement March 2012

Included in the figures above for the year 2011/2012 is a charge of £8.392 million which represents a charge that the council had to pay over to central government. This amount was then redistributed across other local authorities where more support was assessed to be necessary.

Under the Localism bill this system of annual subsidies controlled by Central government for the HRA was replaced by a Self financing regime running from April 2012. This meant a payment of £118.810 million was made during March 2012 as a one off settlement amount to replace the previous annual subsidy payments.

As this payment is unique and is not part of the day to day running of the Council this has been separately disclosed on the face of the Comprehensive Income and Expenditure Statement and has been disclosed separately throughout the statement and notes to the accounts as an exceptional item.

From April 2012 moving forwards, the HRA has more control of its spending and can use the full amount of rents collected from tenants within the HRA. The payment of £118.810 million was financed by borrowing the sum from the Public Works Loans Board (PWLB) at preferential rates to the HRA. This debt has to be serviced from the rents collected but is much lower than the subsidy it would have had to pay out under the old regime.

How we manage our finances

Financial management and reporting is facilitated by:

- Regular reports to Cabinet on the Council's Revenue Budget and Capital Programme;
- Regular review by the Corporate Leadership Team;
- Bi-monthly consideration of these reports by the Budget and Performance Task Group;
- Budget monitoring by Service Managers;
- Compliance with the Council's Budgetary and Policy Framework, Financial Regulations and Financial Procedure Rules;
- Compliance with external requirements, standards and guidance;
- Publication of Statement of Accounts;
- Overseeing role of the Audit Committee.

The Council's financial management arrangements are consistent with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government, issued in 2010.

Managing our investments and borrowings

The Council from its activities generates significant amounts that it can invest to deliver a return to help reduce the costs of running the Council. This is because the council often collects money in advance of when the payments need to go out, and holds significant levels of reserves. Rather than just leaving these amounts in its bank accounts where interest would be minimal, the council is able to invest these in longer term products with banks and other institutions.

The Council follows strict national guidelines when deciding where and how much to invest. This process is set out in our Annual Treasury Management Strategy which is approved annually by the Council. At its meeting on 22 February 2011 a revised Treasury Management Strategy 2011/2012, incorporating the necessary increases in borrowing limits etc to facilitate the additional borrowing required for the HRA Self Financing Settlement, was approved by the Council on 28 February 2012 and is also available on the Council website.

This strategy restricts the level of individual investment, to spread the risk of who we invest with, and restricts us to only use institutions based in the UK.

Over the past 40 years the Council (Wiltshire County Council and the 4 districts before it became one Council in 2009) incurred considerable costs in building and supporting the development of infrastructure and buildings in Wiltshire. That spending was partly funded from borrowing. During 2011/2012 the Council had to take out an additional £118.810 million under the HRA self financing payment. At 31 March 2012, the Council's total debt, including housing, was £366 million. The Council paid £10.5 million of interest on debt

during 2011/2012, plus made Minimum Revenue Provision for the principal of the debt of £12.2 million. The Council is continually monitoring its borrowing to ensure it manages all risks. The Council's Treasury Management Strategy sets this out in detail.

Further information on the way the Council's invests and borrows its monies, and manages the risks arising, are set out in Notes 62 - 64 as well as the Treasury Management Strategy.

Financial challenges for 2012/13 and onwards – financial plan

The Council has a Business Plan and a Financial Plan that look at Wiltshire's financial position over the next four years.

Budget for 2012/2013 including Capital programme

The 2012/2013 revenue budget was set by Wiltshire Council on 28 February 2012. The net budget is £326.655 million and this has been allocated across services as follows:

| | 2012/2013 £m | 2011/2012 £m |
|---|------------------|------------------|
| Adult Care Operations | 114.750 | 116.595 |
| Adult Care Commissioning | 2.807 | 3.073 |
| Communities, Libraries, Heritage & Arts | 7.843 | 7.764 |
| Strategic Housing | 5.456 | 2.949 |
| Neighbourhood Services | 16.485 | 10.834 |
| Children & Families | 34.335 | 29.382 |
| Schools & Learning | 21.197 | 27.731 |
| Children's Services Commissioning & Performance | 2.916 | 2.135 |
| Policy, Performance & Partnership | 0.516 | 0.343 |
| Finance, Procurement & Internal Audit | 8.599 | 17.574 |
| Legal & Democratic | 7.488 | 4.228 |
| Communications & Branding | 2.238 | 2.215 |
| Human Resources & Organisational Development | 2.689 | 3.247 |
| Business Services | 23.059 | 35.462 |
| Transformation Programme | 15.492 | 0.193 |
| Economy & Enterprise | 3.862 | 4.129 |
| Development Services | 1.186 | 2.038 |
| Strategic Services, Highways and Transport | 26.582 | 29.346 |
| Waste | 30.597 | 29.060 |
| Public Health & Protection | 4.055 | 4.519 |
| Digital Inclusion | 0.091 | 0.000 |
| Corporate Directors | 0.970 | 1.852 |
| Corporate | (6.558) | (4.822) |
| Budget Requirement | 326.655 | 329.847 |
| Funded By: | | |
| Central Government Formula Grant | (103.690) | (109.668) |
| Council tax | (221.270) | (219.179) |
| Collection fund surplus | (1.695) | (1.000) |
| Total Funding | (326.655) | (329.847) |

The Council's approved capital budget for the years 2012/13 to 2015/16 including the funding sources is shown below.

Updated Capital Programme 2012/2013 - 2015/2016 including indicative mix of funding available

| Capital schemes | Indicative mix of funding available | | | | | |
|-----------------|-------------------------------------|-----------------------------|---------------|------------------|----------------|----------------|
| | Total Budget 2012/13 - 2015/16 | Grants and Contributions | HRA funding | Capital Receipts | Borrowing | Total Funding |
| | £M | £M | £M | £M | £M | £M |
| Education | 91.889 | 73.401 | 0.000 | 5.422 | 13.066 | 91.889 |
| Highways | 75.129 | 64.197 | 0.000 | 0.000 | 10.932 | 75.129 |
| Campus schemes | 78.041 | 1.600 | 0.000 | 30.788 | 45.653 | 78.041 |
| Other Property | 11.146 | 0.000 | 0.000 | 0.400 | 10.746 | 11.146 |
| Housing | 54.778 | 7.640 | 42.612 | 4.526 | 0.000 | 54.778 |
| Waste | 1.944 | 0.000 | 0.000 | 0.000 | 1.944 | 1.944 |
| Other Schemes | 36.411 | 5.354 | 0.000 | 2.947 | 28.110 | 36.411 |
| Total | 349.338 | 152.192 | 42.612 | 44.083 | 110.451 | 349.338 |

Feedback & further information on the content of these accounts

The Statement of Accounts is intended to give the people, businesses, partners, employees and members of Wiltshire clear information about the Council's finances. Whilst accounts have to include large elements of technical data to comply with Accounting Standards, we believe that it is vital that we make it as easy as possible for people to read regardless of their background. We appreciate any comments you may have on the content and quality of these Accounts and your suggestions to improve them in future years.

Further information about the accounts may be made to

Chief Accountant
Finance
Wiltshire Council
County Hall
Trowbridge
Wiltshire
BA14 8JN
or

centralfinanceyearend@wiltshire.gov.uk

The full Statement of Accounts will be made available on the Council website. A Summary of the Accounts will also be published online. Interested members of the public have a statutory right to inspect the accounts before the audit is completed.

12 Concluding remarks

I would like to take the opportunity to thank all the staff who contributed to the early completion of the Statement of Accounts. Given the continual development of accounting standards and their complex nature, producing the accounts ready for approval by the Chief Finance Officer by the end of June, is a considerable achievement.



Michael Hudson, LLB (Hons), LLM, CPFA
Director of Finance (Section 151 Officer)
Wiltshire Council
7 September 2012

The Statement of Responsibilities for the Statement of Accounts

The Authority's Responsibilities

The Authority is required to:

- Arrange for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the management of those affairs. In this Authority, that officer is the Chief Finance Officer;
- Secure economic, efficient and effective use of its resources and to safeguard its assets;
- Approve the Statement of Accounts.

The Chief Finance Officer's Responsibilities

The Chief Finance Officer is responsible for the preparation of the Authority's Statement of Accounts. This has, under the CIPFA Code of Practice on Local Authority Accounting in Great Britain (the Code of Practice), to present a true and fair view of the financial position of the authority at the accounting date and its income and expenditure for the year to 31 March 2012.

In preparing this Statement of Accounts, the Chief Finance Officer has:

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

The Chief Financial Officer has also:

- kept proper, up to date accounting records;
- taken reasonable steps to prevent and detect fraud and other irregularities.

The Statement of the Chief Finance Officer

The required financial statements have been prepared in accordance with the accounting policies.

I certify that the Statement of Accounts presents a true and fair view of the financial position of Wiltshire Council at 31 March 2012 and the income and expenditure for the year ended 31 March 2012.



Michael Hudson
Director of Finance
Wiltshire Council
21 June 2012

To be signed post audit committee

CLr Roy While
Chairman, Audit Committee
7 September 2012

ANNUAL GOVERNANCE STATEMENT

This is elsewhere on the agenda and will be inserted once approved by the audit committee.

Independent Auditors' Report to the Members of Wiltshire Council

We have audited the financial statements of Wiltshire Council for the year ended 31 March 2012 on pages 16 to 88. The financial statements have been prepared under applicable law and the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of the Authority, as a body, in accordance with Part II of the Audit Commission Act 1998. Our audit work has been undertaken so that we might state to the members of the Authority, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Authority, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Chief Finance Officer and auditor

As explained more fully in the Statement of the Chief Finance Officer's Responsibilities, set out on page 12, the Chief Finance Officer is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practice's Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Finance Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Explanatory Foreword to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2012 and of the Authority's expenditure and income for the year then ended;
- give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2012 and the amount and disposition of the fund's assets and liabilities as at 31 March 2012, other than liabilities to pay pensions and other benefits after the end of the scheme year; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2011/2012.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Code of Audit Practice 2010 for Local Government Bodies requires us to report to you if:

- the annual governance statement set out on pages 13 to xx does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007; or
- any matters have been reported in the public interest under section 8 of Audit Commission Act 1998 in the course of, or at the conclusion of, the audit; or
- any recommendations have been made under section 11 of the Audit Commission Act 1998; or
- any other special powers of the auditor have been exercised under the Audit Commission Act 1998.

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

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

Auditor's responsibilities

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission. We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Basis of conclusion

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2011, as to whether the Authority has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2012. We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2011, we are satisfied that, in all significant respects, Wiltshire Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2012.

Certificate

We certify that we have completed the audit of the financial statements of Wiltshire Council in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice 2010 for Local Government Bodies issued by the Audit Commission.

Chris Wilson
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
100 Temple Street
Bristol
BS1 6AG

7 September 2012

Movement in Reserves Statement

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

| | General Fund Balance £000 | Earmarked GF Reserves £000 Note 48 | Housing Revenue Account £000 | Capital Receipts Reserve £000 Note 50 | Major Repairs Reserve £000 Note 49 | Capital Grants Unapplied £000 | Total Usable Reserves £000 | Unusable Reserves £000 Note 51 | Total Authority Reserves £000 |
|---|---------------------------------|---|------------------------------------|--|---|-------------------------------------|----------------------------------|---|-------------------------------------|
| Balance at 1 April 2011 | (13,926) | (34,559) | (13,336) | 0 | (1,143) | (25,792) | (88,756) | (378,282) | (467,038) |
| Movement in reserves during 2011/12 | | | | | | | | | |
| (Surplus) or deficit on provision of services | 83,680 | 0 | 132,572 | 0 | 0 | 0 | 216,262 | 0 | 216,262 |
| Other Comprehensive Expenditure and Income | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 45,366 | 45,366 |
| Total Comprehensive Expenditure and Income | 83,680 | 0 | 132,572 | 0 | 0 | 0 | 216,262 | 45,366 | 261,628 |
| Adjustments between accounting basis & funding basis under regulations | (76,913) | 0 | (131,834) | (1,390) | 352 | 7,180 | (202,605) | 202,605 | 0 |
| Net (Increase)/Decrease before Transfers to Earmarked Reserves | 6,777 | 0 | 738 | (1,390) | 352 | 7,180 | 13,657 | 247,971 | 261,628 |
| Transfers (to)/from Earmarked Reserves | (6,996) | 7,010 | (14) | 0 | 0 | 0 | 0 | 0 | 0 |
| (Increase)/Decrease in Year | (219) | 7,010 | 724 | (1,390) | 352 | 7,180 | 13,657 | 247,971 | 261,628 |
| Balance at 31 March 2012 carried forward | (14,145) | (27,549) | (12,612) | (1,390) | (791) | (18,612) | (75,099) | (130,311) | (205,410) |

Further details of the movement of the General Fund are included in the Statement of Movement of General Fund Balances. Further details of the movement on the Housing Revenue Account are included in the HRA statement.

Comprehensive Income and Expenditure Statement

This account shows expenditure on and income from the Council's day to day activities. Expenditure includes salaries, wages, service and depreciation charges. It gives the cost of the main services provided by the Authority. This statement is shown in a statutory format. Full details about how this ties back to the Council's regular budget monitoring reporting is shown in note 10.

| | 2011/2012 | | | 2010/2011 | | |
|---|---------------------|----------------|----------------------------|---------------------|----------------|----------------------------|
| | Expenditure £000 | Income £000 | Net Expenditure £000 | Expenditure £000 | Income £000 | Net Expenditure £000 |
| General Fund Services | | | | | | |
| Central Services to the Public | 34,056 | (30,120) | 3,936 | 33,900 | (29,543) | 4,357 |
| Culture & Related Services | 36,351 | (6,829) | 29,522 | 54,586 | (7,506) | 47,080 |
| Environmental & Regulation | 57,221 | (7,125) | 50,096 | 58,864 | (4,081) | 54,783 |
| Planning Services | 24,112 | (11,752) | 12,360 | 45,291 | (20,175) | 25,116 |
| Children's and Education Services | 412,516 | (293,917) | 118,599 | 578,032 | (400,211) | 177,821 |
| Highways, Roads & Transport Services | 47,918 | (17,840) | 30,078 | 54,956 | (16,581) | 38,375 |
| Housing Services General Fund | 133,035 | (111,116) | 21,919 | 129,901 | (107,255) | 22,646 |
| Housing Services HRA | 36,906 | (22,999) | 13,907 | 36,716 | (22,062) | 14,654 |
| Exceptional Costs - HRA Self financing settlement | 118,810 | 0 | 118,810 | 0 | 0 | 0 |
| Adult Social Care | 145,574 | (19,600) | 125,974 | 156,769 | (29,521) | 127,248 |
| Corporate & Democratic Core | 15,471 | (1,430) | 14,041 | 5,089 | (1,435) | 3,654 |
| Non-distributed Costs | 12,960 | (6,986) | 5,974 | (93,303) | (8,532) | (101,835) |
| Exceptional Costs - Termination benefits | 0 | 0 | 0 | 8,309 | 0 | 8,309 |
| Net Cost of Service (See note 10) | 1,074,930 | (529,714) | 545,216 | 1,069,110 | (646,902) | 422,208 |
| Other operating Expenditure | | Note 13 | 73,473 | | | 66,484 |
| Financing and Investment Income and Expenditure | | Note 14 | 18,187 | | | 24,843 |
| Taxation and non-specific grant income | | Note 15 | (420,614) | | | (431,556) |
| (Surplus)/ Deficit on Provision of Services | | | 216,262 | | | 81,979 |
| (Surplus) or deficit on revaluation of Property, Plant and Equipment Assets | | | (23,754) | | | (46,762) |
| Actuarial (gains)/losses on pension assets/liabilities | | | 69,120 | | | (168,077) |
| Other Comprehensive Income and Expenditure | | | 45,366 | | | (214,839) |
| Total Comprehensive Income and Expenditure | | | 261,628 | | | (132,860) |

Balance Sheet

This statement summarises the Council's assets and liabilities at 31 March for the years 2012, 2011 and 2010.

| | NOTES | 31 March 2012 Wiltshire Council | | 31 March 2011 Wiltshire Council |
|--|-------|------------------------------------|------------------|---------------------------------------|
| | | £000 | £000 | £000 |
| Property, Plant and Equipment | | | | |
| - Council dwellings & garages | | 203,954 | | 158,906 |
| - Other land and buildings | | 399,305 | | 427,105 |
| - Vehicles, plant, furniture and equipment | | 82,467 | | 118,038 |
| - Infrastructure | | 239,298 | | 223,022 |
| - Community assets | | 6,356 | | 6,346 |
| - Assets under construction | | 26,653 | | 56,024 |
| - Surplus assets not held for sale | | 3,908 | | 3,908 |
| | 27 | | 961,941 | 993,349 |
| Investment properties | 37 | 29,690 | | 32,692 |
| Intangible Assets | 38 | 6,729 | | 8,593 |
| Assets held for sale | 39 | 2,480 | | 0 |
| Long Term Investments | 63 | 2,110 | | 3,043 |
| Long term debtors | 40 | 2,206 | | 2,379 |
| | | | 43,215 | |
| Long Term Assets | | | 1,005,156 | 1,040,056 |
| Current Assets | | | | |
| Short term investments | 63 | 47,677 | | 78,755 |
| Inventories | | 1,061 | | 881 |
| Short Term Debtors | 41 | 60,558 | | 56,465 |
| Cash and Cash Equivalents | 42 | 25,655 | | 27,743 |
| Assets Held for Sale | 39 | 0 | | 0 |
| Current Assets | | | 134,951 | 163,844 |
| Current Liabilities | | | | |
| Short Term Creditors | 43 | (114,771) | | (104,129) |
| Capital Grants and Contributions RIA | | 0 | | (61) |
| Bank Overdraft | 44 | (4,863) | | (6,116) |
| Short Term Borrowing | 46 | (2,246) | | (2,192) |
| Provisions | 45 | (6,584) | | (5,520) |
| Current Liabilities | | | (128,464) | (118,018) |
| Long Term Liabilities | | | | |
| Long Term creditors (Inc PFI) | 36 | (40,497) | | (41,429) |
| Provisions | 45 | 0 | | 0 |
| Long Term Borrowing | 46 | (363,861) | | (245,005) |
| Other long term Liabilities | | (50) | | (65) |
| Pension Fund Liability | 54 | (377,859) | | (311,423) |
| Planning Deposits | | (23,012) | | (19,729) |
| Deferred Liability | | (954) | | (1,193) |
| Long Term Liabilities | | | (806,233) | (618,844) |
| Net Assets | | | 205,410 | 467,038 |
| Financed by | | | | |
| Useable Reserves | 47 | | (75,099) | (88,756) |
| Unuseable Reserves | 51 | | (130,311) | (378,282) |
| Total Reserves | | | (205,410) | (467,038) |



Michael Hudson

Director of Finance 21 June 2012

Cashflow Statement

This consolidated statement summarises the movement of cash between the Authority and third parties for both capital and revenue purposes.

| | NOTES | 2010/2011 £000 | 2011/2012 £000 |
|---|-------|-------------------|-------------------|
| Net (surplus) or deficit on the provision of services | | 216,262 | 81,979 |
| Adjustments to net surplus or deficit on the provision of services for non-cash movements | | (70,502) | (78,696) |
| Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities | 55 | (9,215) | (6,944) |
| Net cash flows from Operating Activities | | 136,545 | (3,661) |
| Investing Activities | 56 | (16,800) | 36,710 |
| Financing Activities | 57 | (118,910) | (40,287) |
| Net decrease or (increase) in cash and cash equivalents | | 835 | (7,238) |
| Cash and cash equivalents at the beginning of the reporting period | | 21,627 | 14,389 |
| Cash and cash equivalents at the end of the reporting period | | 20,792 | 21,627 |

Notes to the Core Financial Statements

For ease of reference, this year the notes to the core financial statement are grouped in functional areas.

NOTES RELATING TO ACCOUNTING POLICIES

Note 1 Accounting Policies

i. General Principles

The Statement of Accounts summarises the Authority's transactions for the 2011/2012 financial year and its position at the year-end of 31 March 2012. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2011 in accordance with proper accounting practices.

These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2011/2012 and the Service Reporting Code of Practice 2011/2012, supported by International Financial Reporting Standards (IFRS).

ii. 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:

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

iii. Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the 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 as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

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

Provision for Back Pay Arising from Unequal Pay Claims

The Council has made a provision for the costs of settling claims for back pay arising from discriminatory payments incurred before the Council implemented its equal pay strategy.

However, statutory arrangements allow settlements to be financed from the General Fund in the year that payments actually take place, not when the provision is established. The provision is therefore balanced by an Equal Pay Back Pay Account created from amounts credited to the General Fund balance in the year the provision was made or modified. The balance on the Equal Pay Back Pay Account will be debited back to the General Fund balance in the Movement in Reserves Statement in future financial years as payments are made.

Landfill Allowance Schemes

Landfill allowances, whether allocated by DEFRA or purchased from another Waste Disposal Council (WDA) are recognised as current assets and are initially measured at fair value.

Landfill allowances allocated by DEFRA are accounted for as a government grant. After initial recognition, allowances are measured at the lower of cost and net realisable value. As landfill is used, a liability and an expense are recognised. The liability is discharged either by surrendering allowances or by payment of a cash penalty to DEFRA (or by a combination).

The liability is measured at the best estimate of the expenditure required to meet the obligation, normally the market price of the number of allowances required to meet the liability at the reporting date. However, where some of the obligation will be met by paying a cash penalty to DEFRA, that part of its liability is measured at the cost of the penalty.

Contingent Liabilities

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

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

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

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

iv. Reserves

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

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Authority – these reserves are explained in the relevant policies below.

v. Government Grants and Contributions

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

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

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

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

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement.

Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

vi. Employee Benefits**Benefits Payable During Employment**

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Authority.

An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement when the Authority is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post Employment Benefits

Employees of the Council are members of two separate pension schemes:

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE)
- The Local Government Pensions Scheme, administered by Wiltshire Council.

Both schemes provided defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

However, the arrangements for the teachers' scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Authority. The scheme is therefore accounted for as if it were a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Children's and Education Services line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pensions in the year.

The Local Government Pension Scheme

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

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

Liabilities are discounted to their value at current prices, using a discount rate of 5.5% (based on the gross redemption yield on the Iboxx Sterling Corporates Index, AA over 15 years, at the IAS19 (valuation date, subject to the removal of recently re-rated bonds from the index).

The assets of Wiltshire pension fund attributable to the Council are included in the Balance Sheet at their fair value:

- quoted securities – current bid price
- unquoted securities – professional estimate
- unitised securities – current bid price
- property – market value.

The change in the net pensions liability is analysed into seven components:

- current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
- past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
- interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- expected return on assets – the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return – credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- gains or losses on settlements and curtailments – the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited or credited to

the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs

- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Pensions Reserve
- contributions paid to the Wiltshire pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Authority 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 (including teachers) 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.

vii. VAT

All transactions are recorded excluding VAT, except where it is irrecoverable.

viii. Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting *Code of Practice 2011/12*. The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of Corporate and Democratic Core (costs relating to the Authority's status as a multifunctional, democratic organisation) and Non Distributed Costs (the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale). These two cost categories are defined in the Code of Practice and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

ix. Intangible Fixed Assets

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

Amortisation, impairment losses and disposal gains and losses can be charged to the consolidated income and expenditure account. However, they are not permitted to have an impact on the General Fund Balance, so the gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement.

x. Property, Plant and Equipment

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

Recognition: Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably.

Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Measurement: Assets are initially measured at cost, comprising the purchase price and any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Assets are carried in the Balance Sheet using the following measurement bases:

- Infrastructure, community assets and assets under construction – depreciated historical cost
- Dwellings – fair value, determined using the basis of existing use value for social housing (EUV-SH)
- All other assets – fair value, determined as the amount that would be paid for the asset in its existing use value (EUV).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

Where decreases in value are identified, they are accounted for as follows:

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

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

Impairment: Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired.

Where impairment losses are identified, they are accounted for as follows:

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

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

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the remaining useful life of the property as estimated by the valuer
- vehicles, plant, furniture and equipment – Straight line allocation over a useful life of 5 years or in the case of services within buildings remaining useful life of the services as estimated by the valuer
- Infrastructure – straight-line allocation over 60 years.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components 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.

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Any receipts from disposals are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal. Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals (75% for dwellings, 50% for land and other assets) are payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Authority's underlying need to borrow (the capital financing requirement).

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.

xi. Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale. Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Properties are not depreciated. Gains and losses on revaluation are posted to the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal. Rentals received in relation to investment properties result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance.

xii. Charges to Revenue for Non-Current Assets

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

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

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund Balance of a Minimum Revenue Provision (MRP).

Housing Revenue Account capital charges are calculated in accordance with the prescribed statutory determination.

xiii. Revenue Expenditure Funded From Capital Under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

xiv. Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Authority as Lessee

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment.

The Authority as Lessor

Finance Leases

Where the Authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet is written off to the Comprehensive Income and Expenditure Statement as a gain or loss on disposal.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received)
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement)

Operating Leases

Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

xv. Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement 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 Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

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

Loans and receivables

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 recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) 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 to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, 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 Comprehensive Income and Expenditure Statement 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 Movement in Reserves Statement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

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

Available-for-Sale Assets

Available-for-sale assets are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis
- equity shares with no quoted market prices – independent appraisal of company
- valuations.

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain/loss is recognised in the Surplus or Deficit on Revaluation of Available-for-Sale Financial Assets. The exception is where impairment losses have been incurred – these are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any net gain or loss for the asset accumulated in the Available-for-Sale 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 (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the

Comprehensive Income and Expenditure Statement. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any accumulated gains or losses previously recognised in the Available-for-Sale Reserve.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

xvi. Inventories and Long Term Contracts

Inventories are included in the Balance Sheet at the lower of cost or net realisable value. Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

xvii. Interest in companies and other entities

The council has no material interest in any companies or other entities.

xviii. Private Finance Initiative (PFI)

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the Authority is deemed to control the services that are provided under its PFI schemes, and as ownership of the property, plant and equipment will pass to the Authority at the end of the contracts for no additional charge, the Authority carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment. The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

Non current assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Authority.

The amounts payable to the PFI operators each year are analysed into five elements:

- i. Fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement
- ii. Finance cost – an interest charge made on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- iii. Contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- iv. Payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease)
- v. Lifecycle replacement costs – proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out.

xix. Exceptional Items

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

xx. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

xxi. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

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

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

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

xxii. Events after the Balance Sheet Date

Events after the Balance Sheet date are those events that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue.

Two types of events can be identified:

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

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

xxiii. Non-Compliance with Code of Practice

For operational reasons, the accounts do not fully comply with the Code of Practice on minor points. The main non-compliance is in relation to debtors and creditors. Whilst the accounts are maintained on an accruals basis i.e. all sums due to or from the Council are included whether or not the cash has actually been received or paid in the year, exceptions are made for quarterly utilities payments based on meter reading dates. Since these policies are applied consistently year on year, they have no material effect on any one year's accounts.

xxiv. Foreign Currency

Where the Authority has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date of the transaction. Where amounts in foreign currency are outstanding at the year-end, they are reconverted at the spot exchange rate at 31 March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

xxv. Heritage Assets

The Authority's Heritage Assets are assets that are kept to increase the knowledge, understanding and appreciation of the Authority's history and local area. Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Authority's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below. The accounting policies in relation to heritage assets that are deemed to include

elements of intangible heritage assets are also presented below. The Authority's collections of heritage assets are accounted for as disclosed in note 34.

If items are of a material nature a separate external revaluation exercise would be commissioned and the assets carried at market value in the balance sheet, alternatively insurance valuations would be used to establish value. If this was the case these assets would be reviewed for impairment on a regular basis and the figures in the balance sheet updated accordingly. Any disposals would be treated in the same way as other assets. If the values of the assets are of limited or no value then they will be disclosed in a note to the accounts only and not brought into the balance sheet with a value. This decision is made based on whether the cost of obtaining a valuation exceeds the benefits to the users of the accounts.

For Wiltshire Council, which does not hold museum or art collections, the costs of commissioning external valuations exceeds the benefit to the users of the accounts therefore the assets are disclosed in a note to the accounts only. The assets disclosed in note 34 include a property (the East Grafton Windmill), the White Horse in Westbury, and a small collection of art held across the county. Further details are found in note 34.

xxvi. Carbon Reduction Commitment scheme

The Authority is required to participate in the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme. This scheme is currently in its introductory phase which will last until 31 March 2014. The Authority is required to purchase and surrender allowances, currently retrospectively, on the basis of emissions i.e. carbon dioxide produced as energy is used. As carbon dioxide is emitted (i.e. as energy is used), a liability and an expense are recognised. The liability will be discharged by surrendering allowances. The liability is measured at the best estimate of the expenditure required to meet the obligation, normally at the current market price of the number of allowances required to meet the liability at the reporting date. The cost to the authority is recognised and reported in the costs of the authority's services and is apportioned to services on the basis of energy consumption.

Note 2 Accounting Standards that have been issued but have not yet been adopted

For 2011/2012, the only accounting policy change that needs to be reported is the adoption of amendments to IFRS 7 *Financial Instruments: Disclosures*.

It is considered that this standard will not have a material impact on the financial statements of local authorities, so no further disclosure is required in these accounts in this year.

Note 3 Critical Judgements in applying accounting policies

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

- There is a high degree of uncertainty about future levels of funding for local government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.
- An Authority invested a total of £12m in Heritable and Landsbanki banks before they both collapsed in 2008. Further details of the impacts of this are in note 64.

Note 4 Assumptions made about the future and other major sources of estimation uncertainty

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

The items in the Authority's Balance Sheet at 31 March 2012 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

| Item | Uncertainties | Effect if Actual Results Differ from Assumptions |
|--------------------------------------|---|--|
| Property, Plant and Equipment | Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets. | If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. The total depreciation charge made in 2011/2012 on PPE assets was £44 million so if the assumptions were to change this could have an effect on the amount of depreciation charged in future years. |
| Provisions | The Authority has made a number of provisions in the accounts, totalling £6.584 million. These are based on current information and current likely settlement value. Provisions will need to be reviewed on a regular basis to ensure they are kept up to date. Further information is found in note 45. | An increase over the forthcoming year in either the total number of claims or the estimated average settlement would each have the effect of adding to the provision needed |
| Pensions Liability | Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied. | The effects on the net pensions liability of changes in individual assumptions can be measured and further details of the assumptions are in note 61. |
| Arrears | At 31 March 2012, the Authority had a balance of debtors of £94 million. A bad debt provision of £8 million or 9% of the debt has been made. In the current economic climate it is not certain that the provision will be sufficient. | If collection rates were to deteriorate, an additional bad debt provision would have to be made. See note 41 for further details. |

This list does not include assets and liabilities that have are carried at fair value based on a recently observed market price.

Note 5 Authorisation of Accounts for Issue

These accounts were considered and authorised by the Chief Financial Officer of Wiltshire Council on the 21 June 2012. The final, audited version of these accounts were considered and approved by the Audit Committee at its meeting on 7 September 2012.

Note 6 Events after the Balance Sheet Date

The Statement of Accounts was authorised by the Chief Financial Officer and the Audit Committee on 7 September 2012. Events taking place after this date are not reflected in the financial statements or notes.

Where events taking place before this date provided information about conditions existing at 31 March 2012, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Note 7 Summary of Prior Year adjustments

No prior year adjustments have been made during 2011/2012. There have not been as many accounting changes made during 2011/2012 as there were during 2010/2011. The one major change to the 2011/2012 accounts which may have required prior year adjustments to be made was regarding Heritage Assets. As per note 34 the council has reviewed all its heritage assets and there are no prior year adjustments required following the introduction of Heritage Assets.

NOTES TO MOVEMENT TO RESERVE STATEMENT

Note 8 Adjustments between accounting basis and funding basis under regulations

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

| Reserve 2010/2011 | General Fund Balance £000 | Housing Revenue Account £000 | Capital Receipts Reserve £000 | Major Repairs Reserve £000 | Capital Grants Unapplied £000 | Total Usable Reserves £000 | Unusable Reserves £000 | Total Authority Reserves £000 |
|---|---------------------------|------------------------------|-------------------------------|----------------------------|-------------------------------|----------------------------|------------------------|-------------------------------|
| Adjustments primarily involving the Capital Adjustment Account | | | | | | | | |
| Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement | | | | | | | | |
| Charges for depreciation of non-current assets | (15,398) | (8,444) | | | | (23,842) | 23,842 | 0 |
| Charges for impairment of plant, property and equipment | (136,692) | (13,002) | | | | (149,694) | 149,694 | 0 |
| Charges for impairment of investment properties | (18,138) | | | | | (18,138) | 18,138 | 0 |
| Revaluation losses on Property Plant and Equipment | 8,536 | | | | | 8,536 | (8,536) | 0 |
| Movements in the market value of Investment Properties | 0 | | | | | | | |
| Amortisation of intangible assets | (2,505) | | | | | (2,505) | 2,505 | 0 |
| Revenue expenditure funded from capital under statute | (20,806) | | | | | (20,806) | 20,806 | 0 |
| Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement | (54,033) | 684 | (5,957) | | | (59,306) | 59,306 | 0 |
| Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement: | | | | | | | | |
| Statutory provision for the financing of capital investment | 11,645 | | | | | 11,645 | (11,645) | 0 |
| Capital expenditure charged against the General Fund and HRA balances | 1,046 | 1,469 | | | | 2,515 | (2,515) | 0 |
| Adjustments primarily involving the Capital Grants Unapplied Account: | | | | | | | | |
| Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement | 72,868 | | | | (72,868) | 0 | | 0 |
| Application of grants to capital financing transferred to the Capital Adjustment Account | | | | | 49,628 | 49,628 | (49,628) | 0 |
| Adjustments primarily involving the Capital Receipts Reserve: | | | | | | | | |
| Use of the Capital Receipts Reserve to finance new capital expenditure | | | 8,494 | | | 8,494 | (8,494) | 0 |
| Reserve to finance the payments to the Government capital receipts pool | (774) | | 774 | | | | | |
| Adjustments primarily involving the Deferred Capital Receipts Reserve | | | | | | | | |
| Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement | 170 | | (295) | | | (125) | 125 | 0 |
| Adjustment primarily involving the Major Repairs Reserve | | | | | | | | |
| Reversal of Major Repairs Allowance credited to the HRA | | 3,505 | | 4,939 | | 8,444 | (8,444) | 0 |
| Use of the Major Repairs Reserve to finance new capital expenditure | | | | (5,450) | | (5,450) | 5,450 | 0 |
| Adjustment primarily involving the Financial Instruments Adjustments Account: | | | | | | | | |
| Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements | 2,329 | | | | | 2,329 | (2,329) | 0 |
| Adjustments primarily involving the Pensions Reserve | | | | | | | | |
| Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 47) | 53,747 | | | | | 53,747 | (53,747) | 0 |
| Employer's pensions contributions and direct payments to pensioners payable in the year | 30,485 | 1,208 | | | | 31,693 | (31,693) | 0 |
| Adjustments primarily involving the Collection Fund Adjustment Account: | | | | | | | | |
| Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements | 583 | | | | | 583 | (583) | 0 |
| Adjustment primarily involving the Accumulated Absences Account | | | | | | | | |
| Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements | 5,673 | 2 | | | | 5,675 | (5,675) | 0 |
| Total Adjustments | (61,264) | (14,578) | 3,016 | (511) | (23,240) | (96,577) | 96,577 | 0 |

| Reserve 2011/2012 | General Fund Balance £000 | Housing Revenue Account £000 | Capital Receipts Reserve £000 | Major Repairs Reserve £000 | Capital Grants Unapplied £000 | Total Usable Reserves £000 | Unusable Reserves £000 | Total Authority Reserves £000 |
|---|------------------------------|---------------------------------|----------------------------------|-------------------------------|----------------------------------|-------------------------------|---------------------------|----------------------------------|
| Adjustments primarily involving the Capital Adjustment Account | | | | | | | | |
| Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement | | | | | | | | |
| Charges for depreciation of non-current assets | (25,890) | (18,327) | | | | (44,217) | 44,217 | 0 |
| Charges for impairment of plant, property and equipment | (13,774) | | | | | (13,774) | 13,774 | 0 |
| Charges for impairment of investment properties | (2,996) | | | | | (2,996) | 2,996 | 0 |
| Revaluation losses on Property Plant and Equipment | 0 | | | | | 0 | 0 | 0 |
| Movements in the market value of Investment Properties | 1,362 | | | | | 1,362 | (1,362) | 0 |
| Amortisation of intangible assets | (2,794) | | | | | (2,794) | 2,794 | 0 |
| HRA Self financing settlement | | (118,810) | | | | (118,810) | 118,810 | 0 |
| Revenue expenditure funded from capital under statute | (23,449) | | | | | (23,449) | 23,449 | 0 |
| Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement | (60,484) | 234 | (7,257) | | | (67,507) | 67,507 | 0 |
| Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement: | | | | | | | | |
| Statutory provision for the financing of capital investment | 12,225 | | | | | 12,225 | (12,225) | 0 |
| Capital expenditure charged against the General Fund and HRA balances | 1,884 | 1,265 | | | | 3,149 | (3,149) | 0 |
| Adjustments primarily involving the Capital Grants Unapplied Account: | | | | | | | | |
| Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement | 41,843 | | | | (41,843) | 0 | | 0 |
| Application of grants to capital financing transferred to the Capital Adjustment Account | 61 | | | | 49,023 | 49,084 | (49,084) | 0 |
| Adjustments primarily involving the Capital Receipts Reserve | | | | | | | | |
| Use of the Capital Receipts Reserve to finance new capital expenditure | | | 5,597 | | | 5,597 | (5,597) | 0 |
| Reserve to finance the payments to the Government capital receipts pool | (489) | | 489 | | | | | 0 |
| Adjustments primarily involving the Deferred Capital Receipts Reserve | | | | | | | | |
| Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement | 50 | | (219) | | | (169) | 169 | 0 |
| Adjustment primarily involving the Major Repairs Reserve | | | | | | | | |
| Reversal of Major Repairs Allowance credited to the HRA | | 3,646 | | 14,681 | | 18,327 | (18,327) | 0 |
| Use of the Major Repairs Reserve to finance new capital expenditure | | | | (14,329) | | (14,329) | 14,329 | 0 |
| Adjustment primarily involving the Financial Instruments | | | | | | | | |
| Adjustments Account: | | | | | | | | |
| Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements | (53) | | | | | (53) | 53 | 0 |
| Adjustments primarily involving the Pensions Reserve | | | | | | | | |
| Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 61) | (27,346) | | | | | (27,346) | 27,346 | 0 |
| Employer's pensions contributions and direct payments to pensioners payable in the year | 29,885 | 145 | | | | 30,030 | (30,030) | 0 |
| Adjustments primarily involving the Collection Fund Adjustment Account: | | | | | | | | |
| Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements | 929 | | | | | 929 | (929) | 0 |
| Adjustment primarily involving the Accumulated Absences Account | | | | | | | | |
| Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements | (7,877) | 13 | | | | (7,864) | 7,864 | 0 |
| Total Adjustments | (76,913) | (131,834) | (1,380) | 352 | 7,180 | (202,605) | 202,605 | 0 |

NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE ACCOUNT

Note 9 Revenue outturn

In respect of net revenue outturn, the Council's 2011/2012 General Fund revised budget and actual spending figures were as below:

| | Original Budget £m | Revised Budget £m | Actual £m | Difference £m |
|--|--------------------------|-------------------------|------------------|------------------|
| Total General Fund (a) | 329.847 | 329.847 | 329.631 | (0.216) |
| Funded by: | | | | |
| Formula Grant including Council Tax Freeze | (109.668) | (109.668) | (109.671) | (0.003) |
| Collection Fund Transfer | (219.179) | (219.179) | (219.179) | 0.000 |
| Collection Fund (Surplus)/Deficit | (1.000) | (1.000) | (1.000) | 0.000 |
| Total Funding (b) | (329.847) | (329.847) | (329.850) | (0.003) |
| Movement on General Fund (a)-(b) | 0.000 | 0.000 | (0.219) | (0.219) |

Note 10 Amounts reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Best Value Accounting Code of Practice.

However, decisions about resource allocation are taken by the Council's Cabinet on the basis of budget reports analysed across services. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

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

The income and expenditure of the Council's service blocks recorded in the budget monitoring reports for the year is as follows.

| 2011/2012 | Employee | Other service | Total Expenditure | Fees, charges | Government | Total | Net |
|---|----------------|----------------|-------------------|------------------|------------------|------------------|----------------|
| | expenses | expenses | | & other service | Grants | Income | |
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Adult Care Operations | 19,363 | 118,404 | 137,767 | (19,029) | (915) | (19,944) | 117,823 |
| Adult Care Commissioning | 2,048 | 1,872 | 3,920 | (129) | (2) | (131) | 3,789 |
| Communities, Libraries, Heritage & Arts | 5,730 | 4,148 | 9,878 | (864) | (286) | (1,150) | 8,728 |
| Strategic Housing | 2,160 | 1,195 | 3,355 | (892) | (134) | (1,026) | 2,329 |
| Neighbourhood Services | 13,399 | 21,288 | 34,687 | (14,562) | (4,239) | (18,801) | 15,886 |
| Children & Families | 16,574 | 20,552 | 37,126 | (775) | (1,836) | (2,611) | 34,515 |
| Schools & Learning | 17,470 | 44,105 | 61,575 | (7,350) | (31,934) | (39,284) | 22,291 |
| Children's Services Commissioning & Performance | 191,302 | 59,698 | 251,000 | (18,807) | (226,917) | (245,724) | 5,276 |
| Policy, Performance & Partnership | 439 | 18 | 457 | (4) | 0 | (4) | 453 |
| Finance | 9,094 | 146,013 | 155,107 | (141,492) | (4,054) | (145,546) | 9,561 |
| Legal & Democratic | 5,896 | 2,181 | 8,077 | (1,380) | 0 | (1,380) | 6,697 |
| Communications | 1,214 | 981 | 2,195 | (53) | 0 | (53) | 2,142 |
| HR & Organisational Development | 2,852 | 537 | 3,389 | (352) | (24) | (376) | 3,013 |
| Business Services | 14,596 | 13,718 | 28,314 | (4,390) | (1) | (4,391) | 23,923 |
| Transformation Programme | 1,611 | 16,324 | 17,935 | (3,059) | 0 | (3,059) | 14,876 |
| Economy and Enterprise | 3,144 | 4,963 | 8,107 | (2,205) | (1,633) | (3,838) | 4,269 |
| Development Services | 5,189 | 1,295 | 6,484 | (5,094) | 0 | (5,094) | 1,390 |
| Strategic Services, Highways and Transport | 4,191 | 29,784 | 33,975 | (4,065) | (2,972) | (7,037) | 26,938 |
| Waste | 6,038 | 23,630 | 29,668 | (3,498) | (25) | (3,523) | 26,145 |
| Public Health & Protection | 4,593 | 1,806 | 6,399 | (1,432) | (687) | (2,119) | 4,280 |
| Digital Inclusion | 77 | 98 | 175 | 0 | (6) | (6) | 169 |
| Corporate Directors | 1,241 | 434 | 1,675 | (42) | 0 | (42) | 1,633 |
| Corporate | 9,298 | 22,037 | 31,335 | (11,429) | (26,401) | (37,830) | (6,495) |
| Total General Fund Budget | 337,519 | 535,081 | 872,600 | (240,903) | (302,066) | (542,969) | 0 |
| HRA Budget | 2,455 | 17,092 | 19,547 | (19,547) | 0 | (19,547) | 0 |
| TOTAL EXPENDITURE | 339,974 | 552,173 | 892,147 | (260,450) | (302,066) | (562,516) | 329,631 |

| 2010/2011 | Employee | Other service | Total Expenditure | Fees, charges | Government | Total | Net |
|---|----------------|----------------|-------------------|------------------|------------------|------------------|----------------|
| | expenses | expenses | | & other service | grants | Income | |
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Adult Care Operations | 20,963 | 116,063 | 137,026 | (27,521) | (2,639) | (30,160) | 106,866 |
| Adult Care Commissioning | 2,658 | 2,002 | 4,660 | (95) | (63) | (158) | 4,502 |
| Communities, Libraries, Heritage & Arts | 6,782 | 4,475 | 11,257 | (1,055) | (491) | (1,546) | 9,711 |
| Strategic Housing | 2,286 | 1,321 | 3,607 | (775) | (302) | (1,077) | 2,530 |
| Neighbourhood Services | 13,207 | 20,561 | 33,768 | (15,112) | (2,231) | (17,343) | 16,425 |
| Children & Families | 17,595 | 21,473 | 39,068 | (857) | (3,240) | (4,097) | 34,971 |
| Schools & Learning | 21,751 | 70,623 | 92,374 | (5,943) | (75,549) | (81,492) | 10,882 |
| Children's Services Commissioning & Performance | 238,394 | 67,810 | 306,204 | (42,206) | (262,234) | (304,440) | 1,764 |
| Policy, Performance & Partnership | 442 | 17 | 459 | (4) | 0 | (4) | 455 |
| Finance | 10,099 | 138,843 | 148,942 | (134,109) | (7,066) | (141,175) | 7,767 |
| Legal & Democratic | 5,644 | (623) | 5,021 | (735) | 0 | (735) | 4,286 |
| Communications | 1,211 | 894 | 2,105 | (27) | (6) | (33) | 2,072 |
| HR & Organisational Development | 3,267 | (77) | 3,190 | (136) | (191) | (327) | 2,863 |
| Business Services | 15,647 | 18,768 | 34,415 | (4,659) | (5) | (4,664) | 29,751 |
| Transformation Programme | 895 | 14,414 | 15,309 | (3,232) | (5) | (3,237) | 12,072 |
| Economy and Enterprise | 3,722 | 2,598 | 6,320 | (819) | (415) | (1,234) | 5,086 |
| Development Services | 5,809 | 1,312 | 7,121 | (4,962) | 0 | (4,962) | 2,159 |
| Strategic Services, Highways and Transport | 4,469 | 31,702 | 36,171 | (3,213) | (4,804) | (8,017) | 28,154 |
| Waste | 6,064 | 23,622 | 29,686 | (2,899) | (17) | (2,916) | 26,770 |
| Public Health & Protection | 5,019 | 1,260 | 6,279 | (1,283) | 1,956 | 673 | 6,952 |
| Digital Inclusion | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Corporate Directors | 1,634 | 753 | 2,387 | (64) | 0 | (64) | 2,323 |
| Corporate | 14,139 | 18,491 | 32,630 | (4,603) | (800) | (5,403) | 27,227 |
| Total General Fund Budget | 401,697 | 556,302 | 957,999 | (254,309) | (358,102) | (612,411) | 345,588 |
| HRA Budget | 2,352 | 16,313 | 18,665 | (18,636) | (29) | (18,665) | 0 |
| TOTAL EXPENDITURE | 404,049 | 572,615 | 976,664 | (272,945) | (358,131) | (631,076) | 345,588 |

The comparative figures for 2010/2011 have been restated to reflect the new reporting structures in place in 2011/2012. This has resulted in some minor amendment to individual subtotals, however the overall total expenditure is unchanged.

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

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

| | |
|--|------------------|
| | 2011/2012 |
| | £000 |
| Net expenditure in the Service Analysis | 329,631 |
| Net expenditure of services and support services not included in the analysis | 0 |
| Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis | 197,468 |
| Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement | 18,117 |
| Cost of Services in Comprehensive Income and Expenditure Statement | 545,216 |

Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of directorate income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

| | Department Analysis | Services and Support Services not in Analysis | Amounts not reported to management for decision making | Amounts not included in I&E | Allocation of Recharges | Cost of Services | Corporate Amounts | Total |
|--|---------------------|---|--|-----------------------------|-------------------------|------------------|-------------------|------------------|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Fees, charges & other service income | (240,903) | 0 | 0 | 0 | (7,973) | (248,876) | 0 | (248,876) |
| Interest and investment income | 0 | 0 | 0 | 1,896 | 0 | 1,896 | (2,036) | (140) |
| Income from council tax | 0 | 0 | 0 | 0 | 0 | 0 | (239,321) | (239,321) |
| Government grants and contributions | (302,066) | 0 | 0 | 35,196 | (763) | (267,633) | (181,293) | (448,926) |
| Total Income | (542,969) | 0 | 0 | 37,092 | (8,736) | (514,613) | (422,650) | (937,263) |
| Employee expenses | 337,519 | 0 | (4,376) | 0 | 28,955 | 362,098 | 9,556 | 371,654 |
| Other service expenses | 535,081 | 0 | 21,628 | 6,469 | 32,939 | 596,117 | 10,667 | 606,784 |
| Support Service recharges | 0 | 0 | 0 | 0 | (59,477) | (59,477) | 0 | (59,477) |
| Depreciation, amortisation and impairment | 0 | 0 | 62,356 | (3,646) | 6,319 | 65,029 | 0 | 65,029 |
| HRA Self Financing Settlement | 0 | 0 | 118,810 | 0 | 0 | 118,810 | 0 | 118,810 |
| Interest Payments | 0 | 0 | (950) | (21,798) | 0 | (22,748) | 0 | (22,748) |
| Precepts & Levies | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Payments to Housing Capital | 0 | 0 | 0 | 0 | 0 | 0 | 12,733 | 12,733 |
| Receipts Pool | 0 | 0 | 0 | 0 | 0 | 0 | 489 | 489 |
| Gain or Loss on Disposal of Fixed Assets | 0 | 0 | 0 | 0 | 0 | 0 | 60,251 | 60,251 |
| Total expenditure | 872,600 | 0 | 197,468 | (18,975) | 8,736 | 1,059,829 | 93,696 | 1,153,525 |
| Surplus or deficit on the provision of services | 329,631 | 0 | 197,468 | 18,117 | 0 | 545,216 | (328,954) | 216,262 |

In order to convert the regular budget monitoring reports taken to Cabinet into the proper statutory format required for the comprehensive income and expenditure statement in the statement of accounts, certain technical adjustments are required. A breakdown of the amounts not reported to management for decision making is included in the following table.

| | |
|---|------------------|
| | 2011/2012 |
| | £000 |
| Adjustments relating to Pensions reporting | (12,239) |
| Adjustments relating to Accumulated Absences | 7,863 |
| Adjustments relating to contributions to Capital Expenditure | 21,628 |
| Adjustments relating to Capital Depreciation and Impairments | 62,356 |
| Adjustments relating to HRA Self Financing | 118,810 |
| Adjustments relating to PFI schemes | (950) |
| Total amounts not reported to management for decision making | 197,468 |

Note 11 Exceptional item - HRA Self Financing Settlement

Under the Localism Bill the system of annual subsidies controlled by Central government for the HRA was replaced by a Self financing regime running from April 2012. This meant a payment of £118.810 million was made during March 2012 as a one off settlement amount to replace the previous annual subsidy payments.

As the payment of this sum is unique and is not part of the day to day running of the Council this has been separately disclosed on the face of the Comprehensive Income and Expenditure Statement and has been disclosed separately throughout the statement and notes to the accounts as an exceptional item.

Under the Localism Bill the system of annual subsidies controlled by Central Government for the HRA was replaced by a Self financing regime running from April 2012. For Wiltshire Council this new system replaced the need to pay a negative subsidy to the government of more than £8 million per year by making a one off £118 million debt settlement payment to government during March 2012. From April 2012 moving forwards, the HRA has more control of its spending and can use the full amount of rents collected from tenants within the HRA.

The payment of £118 million was financed by borrowing the sum from the Public Works Loans Board (PWLB) at preferential rates to the HRA. This debt has to be serviced from the rents collected but is much lower than the subsidy it would have had to pay out under the old regime.

Note 12 Material items of income and expense

The main material item in the income and expenditure is the HRA Self Financing Settlement. The payment of this sum is unique and not part of the day to day running of the council, so this has been separately disclosed as an exceptional item on the face of the Comprehensive Income and expenditure and has been disclosed separately throughout the statement and notes to the accounts. More details are included in Note 11.

All other items of material income and expenditure are disclosed in the Comprehensive Income and Expenditure Statement.

Note 13 Other Operating Expenditure

| | 2011/2012 £000 | 2010/2011 £000 |
|--|-------------------|-------------------|
| Parish council precepts | 12,733 | 12,360 |
| Levies | 0 | 0 |
| Payments to the Government Housing Capital Receipts Pool | 489 | 774 |
| Gains/losses on the disposal of non-current assets | 60,251 | 53,350 |
| Total | <u>73,473</u> | <u>66,484</u> |

Note 14 Financing and Investment Income and Expenditure

| | 2011/2012 £000 | 2010/2011 £000 |
|--|-------------------|-------------------|
| Interest payable and similar charges | 10,667 | 9,352 |
| Impairment of Investments | (584) | (331) |
| Interest and investment income | (1,452) | (2,408) |
| Pension Interest Costs and expected return on pension assets | 9,556 | 18,230 |
| Total | <u>18,187</u> | <u>24,843</u> |

Note 15 Taxation and Non Specific Grant Income

The Council received the following income in respect of General Government Grants and Council Tax.

| | 2011/2012 £000 | 2010/2011 £000 |
|--|-------------------|-------------------|
| General Government Grants | (35,197) | (24,740) |
| Formula Grant including Council Tax Freeze | (109,671) | (102,442) |
| Council Tax Income | (233,842) | (231,508) |
| Capital grants and contributions | (41,904) | (72,866) |
| Total | <u>(420,614)</u> | <u>(431,556)</u> |

Council Tax Income includes £219,179,000 for Council Tax Transfer, £1,000,000 for Collection Fund Surplus and £13,663,000 for Parish Council Precepts.

Note 16 Acquired and Discontinued Operations

There are no acquired or discontinued operations in this year.

Note 17 Significant trading services

The Council ran no significant trading services during the year.

Note 18 Agency income & expenditure

Under section 101(l) of the Local Government Act 1972, (LGA 1972), a local authority may arrange for any other local authority to act as its agent and provide services. Wiltshire Council works in close partnership with many different local authorities but has no material amounts of agency income or expenditure.

Note 19 Transport Act 2000

Income and expenditure is split between on-street and off-street sources. The off-street forms part of the General Fund whereas on-street income is required statutorily to be ring-fenced and used solely for transportation expenditure. This note shows the amount received and expended on the on-street account during 2011/2012.

| | 2011/2012 £000 | 2010/2011 £000 |
|---------------------------|-------------------|-------------------|
| On Street Parking | | |
| Expendure During the Year | 1,290 | 1,245 |
| Income During the Year | (1,204) | (1,237) |
| Movement in Year | <u>86</u> | <u>8</u> |

Note 20 Pooled Budgets

Partnerships Schemes under S31 Health Act

Joint Procurement Arrangement

An agreement between Primary Care Trusts and Wiltshire County Council established a joint arrangement in 2004/05 in relation to aids and adaptations. The objectives of this joint arrangement are to provide savings associated with having a joint procurement arrangement with a major equipment provider and the resultant efficiencies and economies of scale for Health and Social Services (Department of Children & Education and Department of Community Services) in the use of aids and adaptations.

Although this is a joint arrangement it is not a pooled budget with each party (Wiltshire PCT, Adult Care operations and Children and Families) being financially responsible for the funding of equipment costs associated with their client group.

The PCTs merged on 1 October 2006 and a new S31 agreement exists, replacing the three separate S31 agreements, these are varied on an annual basis to reflect any changes within the arrangements. The budget is administered by Wiltshire Council (previously Wiltshire County Council) on behalf of the Wiltshire PCT.

In 2011/2012 Wiltshire Council had expenditure of £1.074 million and Wiltshire PCT had expenditure of £1.937 million. The total joint arrangement spend was £3.011 million.

Intermediate Care

In 2006/07 an Intermediate Care S31 Agreement was put in place from 1st April 2006 with regards to Community Support Workers with the Primary Care Trust. This is not based upon a monetary contribution, but a number of staff to work with health in a joint arrangement capacity. This arrangement ceased on the 2nd October 2011 when the Wiltshire Council employees working as part of this arrangement were TUPE transferred to the new Help to Live at Home lead providers. A buy back arrangement now exists where the PCT are able to purchase support time from these providers under a revised agreement. Staffing costs for the period prior to the transfer totalled 0.367m whilst the amount of support purchased under the new agreement from the 3rd October 2011 totalled 0.292m.

Note 21 Members' Allowances

The Authority paid the following amounts to members of the council during the year.

| | 2011/2012 £000 | 2010/2011 £000 |
|--------------|-------------------|-------------------|
| Allowances | 1,551 | 1,581 |
| Expenses | 100 | 111 |
| Total | 1,651 | 1,692 |

Note 22 Officers' Remuneration

The Council is required to disclose the number of employees who received taxable remuneration from Wiltshire Council in excess of £50,000 for the year. These figures include Wiltshire Council employees as well as teaching and non-teaching employees employed directly by Wiltshire Council Schools.

| Remuneration Band £ | 2011/2012 No. Employees | 2010/2011 No. Employees |
|------------------------|----------------------------|----------------------------|
| 50,000-54,999 | 147 | 165 |
| 55,000-59,999 | 110 | 116 |
| 60,000-64,999 | 46 | 60 |
| 65,000-69,999 | 12 | 35 |
| 70,000-74,999 | 13 | 34 |
| 75,000-79,999 | 12 | 19 |
| 80,000-84,999 | 5 | 11 |
| 85,000-89,999 | 5 | 8 |
| 90,000-94,999 | 6 | 13 |
| 95,000-99,999 | 1 | 4 |
| 100,000-104,999 | 1 | 2 |
| 105,000-109,999 | 1 | 4 |
| 110,000-114,999 | 0 | 0 |
| 115,000-119,999 | 0 | 1 |
| 120,000-124,999 | 0 | 6 |
| 125,000-129,999 | 1 | 3 |
| 130,000-134,999 | 3 | 4 |
| Other bands: | | |
| 195,999-199,999 | 0 | 1 |
| 220,000-224,999 | 1 | 0 |
| 310,000-314,999 | 1 | 0 |
| TOTAL | 365 | 486 |

Notes:

Officers' remuneration includes compensation for loss of office (redundancy).

2011/2012 Remuneration for Senior Employees - Salary is £150,000 or more per year
(Included in Officer's Remuneration Bandings)

| Post Holder | Salary (including fees and allowances) £ | Bonuses £ | Expense Allowances £ | Compensation for loss of Office £ | Benefits in Kind £ | Total Remuneration excluding pension contributions 2011/2012 £ | Employers Pension Contributions £ | Total Remuneration including pension contributions 2011/2012 £ |
|---------------------------------------|--|--------------|----------------------------|--|--------------------------|--|---|--|
| Chief Executive (subnote A) A Kerr | 114,448 | 0 | 9,749 | 187,102 | 0 | 311,299 | 16,851 | 328,150 |
| | 114,448 | 0 | 9,749 | 187,102 | 0 | 311,299 | 16,851 | 328,150 |

Subnote A:

A Kerr left Wiltshire Council on 11 November 2011. The annualised salary was £183,000.

2010/2011 Remuneration for Senior Employees - Salary is £150,000 or more per year
(Included in Officer's Remuneration Bandings)

| Post Holder | Salary (including fees and allowances) £ | Bonuses £ | Expense Allowances £ | Compensation for loss of Office £ | Benefits in Kind £ | Total Remuneration excluding pension contributions 2010/2011 £ | Employers Pension Contributions £ | Total Remuneration including pension contributions 2010/2011 £ |
|---------------------------|--|--------------|----------------------------|--|--------------------------|--|---|--|
| Chief Executive A Kerr | 183,000 | 0 | 15,380 | 0 | 0 | 198,380 | 27,450 | 225,830 |
| | 183,000 | 0 | 15,380 | 0 | 0 | 198,380 | 27,450 | 225,830 |

2011/2012 Remuneration for Senior Employees - Salary is less than £150,000 but equal to or more than £50,000 per year

(Included in Officer's Remuneration Bandings)

| Post Holder | Salary (including fees and allowances) £ | Bonuses £ | Expense Allowances £ | Compensation for loss of Office £ | Benefits in Kind £ | Total Remuneration excluding pension contributions 2011/2012 £ | Employers Pension Contributions £ | Total Remuneration including pension contributions 2011/2012 £ |
|--|--|--------------|----------------------------|--|--------------------------|--|---|--|
| Corporate Director A | 130,556 | 0 | 1,238 | 0 | 0 | 131,794 | 19,583 | 151,377 |
| Corporate Director B | 130,556 | 0 | 89 | 0 | 0 | 130,645 | 19,583 | 150,228 |
| Corporate Director C | 130,556 | 0 | 0 | 0 | 0 | 130,556 | 19,583 | 150,139 |
| Corporate Director D (subnote B) | 93,256 | 0 | 1,182 | 126,165 | 0 | 220,603 | 13,110 | 233,713 |
| Director of Finance (subnote C) | 63,341 | 0 | 0 | 0 | 0 | 63,341 | 9,501 | 72,842 |
| Director Legal Services and Democratic Representation | 88,030 | 0 | 0 | 0 | 0 | 88,030 | 13,204 | 101,234 |
| Head of Paid Service | 85,224 | 0 | 0 | 0 | 0 | 85,224 | 12,784 | 98,008 |
| | 721,519 | 0 | 2,509 | 126,165 | 0 | 850,193 | 107,348 | 957,541 |

Subnote B:

Corporate Director D left Wiltshire Council on 9 December 2011. The annualised salary was £126,512.

Subnote C:

The Director of Finance was permanently appointed by Wiltshire Council in September 2011. The annualised salary was £108,585.

Prior to this permanent appointment, the post was filled on an interim basis through an agency arrangement and was therefore not an employee of the Council.

2010/2011 Remuneration for Senior Employees - Salary is less than £150,000 but equal to or more than £50,000 per year

(Included in Officer's Remuneration Bandings)

2010/2011 Remuneration for Senior Employees - Salary is less than £150,000 but equal to or more than £50,000 per year
(Included in Officer's Remuneration Bandings)

| Post Holder | Salary (including fees and allowances) £ | Bonuses £ | Expense Allowances £ | Compensation for loss of Office £ | Benefits in Kind £ | Total Remuneration excluding pension contributions 2010/2011 £ | Employers Pension Contributions £ | Total Remuneration including pension contributions 2010/2011 £ |
|--|--|--------------|----------------------------|--|--------------------------|--|---|--|
| Director Community Services | 130,556 | 0 | 86 | 0 | 0 | 130,642 | 19,583 | 150,225 |
| Director of Resources | 130,556 | 0 | 1,391 | 0 | 0 | 131,947 | 19,583 | 151,530 |
| Director Children and Education | 130,556 | 0 | 0 | 0 | 0 | 130,556 | 19,583 | 150,139 |
| Director Neighbourhood and Planning | 122,477 | 0 | 0 | 0 | 0 | 122,477 | 18,272 | 140,749 |
| Chief Finance Officer (subnote D) | 28,410 | 0 | 0 | 99,248 | 0 | 127,658 | 4,261 | 131,919 |
| Director Legal Services and Democratic Representation | 85,224 | 0 | 464 | 0 | 0 | 85,688 | 12,784 | 98,472 |
| | 627,779 | 0 | 1,941 | 99,248 | 0 | 728,968 | 94,066 | 823,034 |

Subnote D:

The Chief Finance Officer left Wiltshire Council on 1 August 2010. The annualised salary was £85,224.

An Interim Chief Finance Officer was appointed in October 2010 through an agency arrangement and was therefore not an employee of the Council during 2010/2011.

Exit Packages

The numbers of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below:

| Exit Package Cost Band (including special payments) £ | Number of Compulsory Redundancies | | Number of Other Departures Agreed | | Total Number of Exit Packages by Cost Band | | Total Cost of Exit Packages in Each Band | |
|---|--------------------------------------|-----------|--------------------------------------|------------|---|------------|---|------------------|
| | 2010/2011 | 2011/2012 | 2010/2011 | 2011/2012 | 2010/2011 | 2011/2012 | 2010/2011 £ | 2011/2012 £ |
| 0-20,000 | 45 | 49 | 81 | 250 | 126 | 299 | 970,864 | 2,070,654 |
| 20,001-40,000 | 10 | 5 | 96 | 71 | 106 | 76 | 3,173,458 | 1,994,927 |
| 40,001-60,000 | 3 | 0 | 32 | 19 | 35 | 19 | 1,702,840 | 920,095 |
| 60,001-80,000 | 4 | 0 | 10 | 4 | 14 | 4 | 984,103 | 265,397 |
| 80,001-100,000 | 4 | 0 | 10 | 2 | 14 | 2 | 1,255,647 | 167,341 |
| 100,001-150,000 | 3 | 0 | 8 | 2 | 11 | 2 | 1,298,324 | 226,372 |
| 150,001-200,000 | 1 | 0 | 0 | 1 | 1 | 1 | 176,808 | 187,101 |
| Total | 70 | 54 | 237 | 349 | 307 | 403 | 9,562,044 | 5,831,887 |

Note 23 External Audit Fees

Wiltshire Council incurred the following fees in respect of external audit and statutory inspection, in accordance with the Audit Commission Act 1998

| | 2011/2012 £000 | 2010/2011 £000 |
|--|-------------------|-------------------|
| Fees payable to the Audit Commission with regard to external audit services carried out by the appointed auditor | 370 | 411 |
| Fees payable to the Audit Commission in respect of statutory inspection | 0 | 0 |
| Fees payable to the Audit Commission for certification of grant claims and returns | 80 | 80 |
| Fees payable to the Audit Commission for other services | 0 | 0 |
| Total | 450 | 491 |

Note 24 Dedicated Schools Grant**Reserves & balances held by schools****Dedicated Schools Grant**

The Council's expenditure on schools is primarily funded by the Dedicated Schools Grant (DSG) which is provided by the Department for Education. DSG is ringfenced and can only be applied to meet expenditure properly included in the Schools Budget as defined in the School Finance (England) Regulations 2011. The Schools Budget includes elements for a range of educational services provided on an authority wide basis and for the Individual Schools Budget, which is divided into budget share for each maintained school.

Details of the deployment of DSG receivable for 2011/2012 are as follows:

| | Central Expenditure 2011/2012 £000 | Individual Schools Budget 2011/2012 £000 | Total 2011/2012 £000 | Total 2010/2011 £000 |
|--|---|---|----------------------------|----------------------------|
| Final DSG for 2011/2012 | 36,298 | 198,949 | 235,247 | 249,722 |
| Brought forward from 2010/2011 (overspend) | 0 | 0 | 0 | (4,329) |
| Carry forward to 2010/2011 agreed in advance | 1,043 | 1,930 | 2,973 | 96 |
| Agreed budget distribution | 37,341 | 200,879 | 238,220 | 245,489 |
| Actual Central expenditure | 34,687 | 0 | 34,687 | 33,375 |
| Actual ISB deployed to schools | 0 | 200,879 | 200,879 | 209,141 |
| Local authority contribution from 2011/2012 | 0 | 0 | 0 | 0 |
| Carried forward to 2012/2013 (underspend) | (2,654) | 0 | (2,654) | (2,973) |

Note 25 Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2011/2012:

| | 2011/2012 £000 | 2010/2011 £000 |
|---|-------------------|-------------------|
| Credited to Taxation and Non Specific Grant Income | | |
| General Government Grants | (35,197) | (24,740) |
| Non-Domestic Rate Pool Redistribution | (109,671) | (102,442) |
| Total | (144,868) | (127,182) |
| Credited to Services | | |
| Dedicated Schools Grant | (235,247) | (245,394) |
| Pupil Premium Grant | (5,881) | 0 |
| Standards Fund | 0 | (26,506) |
| Learning & Skills Council | (11,106) | (22,015) |
| Sure Start & Early Years | 0 | (12,282) |
| PFI | (3,978) | (3,978) |
| Schools Standards Grant | 0 | (13,882) |
| Benefits Admin Grant | 0 | (2,855) |
| Other Grants | (17,828) | (32,176) |
| Other Contributions | (5,052) | (15,399) |
| Donations | (1,379) | (2,416) |
| Total | (280,471) | (376,903) |
| Total Grants, Contributions & Donations | (425,339) | (504,085) |

Since 2010/2011, there have been a number of changes to funding streams from central government. This includes reclassification of some grants and cessation of other. Therefore there are significant changes to figures included above compared to previous years.

The Council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies to be returned to the giver. The balances at the year-end are as follows:

| | 31 March 2012 £000 | 2010/2011 £000 |
|---|-----------------------|-------------------|
| Revenue Grants to be returned (Creditor) | | |
| Other Grants | 0 | (49) |
| Total | 0 | (49) |

| | 31 March 2012 £000 | 2010/2011 £000 |
|---|-----------------------|-------------------|
| Revenue Grants Receipts in Advance | | |
| Community Transport Grant | (241) | 0 |
| New Homes Bonus Grant | (372) | 0 |
| Potholes funding | 0 | (3,741) |
| Other Grants | 0 | (25) |
| Total | (613) | (3,766) |

| | 31 March 2012 £000 | 2010/2011 £000 |
|---|-----------------------|-------------------|
| Capital Grants Receipts in Advance | | |
| Other Capital Grants | 0 | (11) |
| Other Capital Contributions | 0 | (50) |
| Total | 0 | (61) |

Note 26 Related Parties

The Council is required to disclose material transactions with related parties. Related parties are persons or entities that are related to Wiltshire Council. A related party transaction is a transfer of resources or obligations between a reporting entity (Wiltshire Council) and a related party, regardless of whether a price is charged. Related party transactions exclude transactions with any other entity that is a related party solely because of its economic dependence on the authority or the government of which it forms part.

UK Central Government has significant influence over the general operations of the Council. It is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are set out in the subjective analysis in Note 10 on reporting for resources allocation decisions. Grant receipts outstanding at 31 March 2012 are shown in Note 25.

Members of the Council have direct control over the Council's financial and operating policies. The total of Members' Allowances paid in 2011/2012 is shown in note 21. If a Member declares an interest in a transaction which involves the Council, these transactions are recorded in the Register of Members' Interests, open to public inspection at County Hall, Trowbridge.

Officers – under the requirements of the Local Government Act 2000, the Council has developed a Code of Conduct for officers and established a Register of Officers interests. This Register of interests has been reviewed and no material transactions have been discovered.

Wiltshire Pension fund – In 2011/2012 the Council charged the fund £0.952 (£0.947 million in 2010/2011) for expenses incurred in administering the fund.

During 2011/2012 various Wiltshire Council Councillors were also members of parish or town councils, police bodies and other bodies. Significant payments made to these bodies by Wiltshire Council are listed below:

| | 2011/2012 | 2010/2011 |
|--------------------------------------|---------------|---------------|
| | £000 | £000 |
| Age Concern | 154 | 160 |
| Amesbury Town Council | 69 | 27 |
| Calne Leisure Centre | 71 | 76 |
| Calne Town Council | 45 | 109 |
| Chippenham Town Council | 61 | 43 |
| Devizes Town Council | 160 | 30 |
| Durrington Town Council | 196 | 0 |
| Environment Agency | 577 | 592 |
| Jephson Housing Association | 993 | 1,231 |
| Lady Margaret Hungerford Charities | 0 | 21 |
| Malmesbury Town Council | 29 | 0 |
| Marlborough Town Council | 35 | 0 |
| Minerva Travel | 23 | 0 |
| Salisbury and South Wiltshire Museum | 0 | 20 |
| Salisbury Arts Council | 104 | 0 |
| Salisbury City Council | 564 | 340 |
| Salisbury NHS Trust | 104 | 158 |
| Salisbury Playhouse | 155 | 155 |
| Sarsen Housing Association | 12,442 | 0 |
| Selwood Housing Association | 15,631 | 15,818 |
| South West Council | 61 | 0 |
| The Great Bustard Group | 23 | 0 |
| Trowbridge Community Area Future | 37 | 0 |
| Trowbridge Town Council | 147 | 179 |
| Tycos Electronics | 93 | 0 |
| Warmminster Town Council | 146 | 0 |
| Westbury Town Council | 131 | 21 |
| Westlea Housing Association | 10,883 | 16,094 |
| Wiltshire and Berkshire Canal Trust | 0 | 24 |
| Wiltshire Blind Association | 0 | 29 |
| Wiltshire and Swindon Fire Authority | 46 | 45 |
| Wiltshire Police Authority | 372 | 1,235 |
| Wiltshire Wildlife Trust | 784 | 736 |
| Wootton Bassett Town Council | 33 | 0 |
| Total | 44,169 | 37,143 |

There were no amounts owed to the bodies disclosed above at 31 March 2012 that exceeded £6,000 per body (these amounts are included in Short Term Creditors in the Balance Sheet).

BALANCE SHEET NOTES RELATING TO CAPITAL**Note 27 Property, Plant and Equipment (PPE)**

| | Council Dwellings & Garages incl land £000 | Other Land & Buildings £000 | Vehicles, Plant and Equipment £000 | Infra-structure £000 | Community Assets £000 | Assets under Construction £000 | Surplus Assets £000 | Total Property, and Plant & Equipment £000 | PFI included in FPE £000 |
|---|---|--------------------------------|---------------------------------------|-------------------------|--------------------------|-----------------------------------|------------------------|---|-----------------------------|
| Cost or Valuation | | | | | | | | | |
| Opening Balance 1 April 2011 | 235,522 | 648,048 | 146,669 | 260,877 | 7,066 | 56,024 | 3,912 | 1,358,138 | 54,564 |
| Additions | 6,535 | 14,463 | 18,190 | 14,901 | 20 | 17,305 | 0 | 71,414 | |
| Other Acquisitions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Derecognition - Disposals | (206) | (2,128) | (199) | (13) | 0 | 0 | 0 | (2,546) | |
| Derecognition - Other | | (58,607) | (6,354) | | | | | (64,961) | |
| Revaluation increases recognised in the Revaluation Reserve | 12,571 | 12,860 | 1,881 | 0 | 0 | 0 | 0 | 27,312 | 850 |
| Revaluation decreases recognised in the Revaluation Reserve | 0 | (3,524) | (24) | 0 | (10) | 0 | 0 | (3,558) | |
| Category Adjustments | 31,821 | 34,112 | (26,679) | 6,343 | 0 | (46,676) | 0 | (1,079) | |
| At 31 March 2012 | 286,243 | 645,224 | 133,484 | 282,108 | 7,066 | 26,653 | 3,912 | 1,384,720 | 55,414 |
| Depreciation and Impairments | | | | | | | | | |
| Opening Balance 1 April 2011 | (76,616) | (220,943) | (28,631) | (37,855) | (740) | 0 | (4) | (364,789) | (2,928) |
| Depreciation | (5,673) | (11,473) | (22,234) | (4,837) | 0 | 0 | 0 | (44,217) | (1,072) |
| Depreciation written out to the revaluation reserve | | | | | | | | | |
| Depreciation written out to the surplus/ deficit on the provision of services | | | | | | | | | |
| Impairment losses recognised in the surplus/deficit on provision of services | 0 | (13,503) | (152) | (118) | 0 | 0 | 0 | (13,773) | 0 |
| Derecognition - Disposals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Derecognition - Other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Category Adjustments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| At 31 March 2012 | (82,289) | (245,919) | (51,017) | (42,810) | (740) | 0 | (4) | (422,779) | (4,000) |
| Net Book Value at 31 March 2012 | 203,954 | 399,305 | 82,467 | 239,298 | 6,356 | 26,653 | 3,908 | 961,941 | 51,414 |
| Net Book Value at 31 March 2011 | 158,906 | 427,105 | 118,038 | 223,022 | 6,346 | 56,024 | 3,908 | 993,349 | 51,636 |

Note 28 Information about Depreciation Methodologies

All depreciation applied is on a straight line basis using the following standard useful lives, unless the useful economic life is reviewed downwards by the external valuer;

- Council Dwellings. These are depreciated over a useful life of 30 years;
- Other Land and Buildings, Garages and Buildings are depreciated over a useful life of 50 years with the remaining useful life given by the valuers. Land is not depreciated;
- Vehicles, Plant etc. These are depreciated over a standard period of 5 years. The only exception being services of buildings which are depreciated on the remaining useful life given by the valuers;
- Community Assets, Assets under Construction and Non Operational Assets. These are not depreciated.
- Infrastructure. These are depreciated over a useful life of 60 years.

The total depreciation charged to tangible Property Plant and Equipment fixed assets for 2011/2012 is £44,217,014.

Note 29 Capital Expenditure and Capital Financing

Below is the financing of the year's capital expenditure on fixed assets and revenue expenditure funded from capital under statute. This shows the councils overall capital financing requirement for General Fund and HRA – the underlying amount of borrowing the council has incurred on its capital investment. In 2011/2012 there is the additional amount of capital expenditure in relation to the HRA Self Financing Settlement.

Financing of capital expenditure

| | 31 March 2012 | | 31 March 2011 | |
|--|---------------|----------|---------------|----------|
| | £000 | £000 | £000 | £000 |
| Opening Capital Financing Requirement | | 320,428 | | 299,546 |
| Recalculated CFR adjustment | | | | (18,450) |
| Capital Investment | | | | |
| Plant Property & equipment Assets | 71,414 | | 91,785 | |
| Investment Properties | 278 | | 232 | |
| Intangible assets | 686 | | 1,781 | |
| HRA self financing Settlement | 118,810 | | 0 | |
| Revenue Expenditure Funded from Capital under Statute | 23,449 | | 20,806 | |
| | | 214,637 | | 114,604 |
| Sources of Finance | | | | |
| Government Grants and Other Contributions | (53,081) | | (52,619) | |
| Capital Receipts | (5,597) | | (8,493) | |
| Transfer from Capital Reserve | 0 | | (500) | |
| Assets purchased through Revenue | (3,149) | | (2,015) | |
| Minimum Revenue Provision | (10,857) | | (9,507) | |
| Voluntary Revenue Provision | (418) | | (670) | |
| Minimum Revenue Provision - PFI Schemes | (931) | | (850) | |
| Minimum Revenue Provision - Finance leases | (19) | | (618) | |
| | | (74,052) | | (75,272) |
| Closing Capital Financing Requirement | | 461,013 | | 320,428 |
| Explanation of Movements in the Year | | | | |
| Increase / (decrease) in underlying need to borrow | | 21,775 | | 39,332 |
| HRA self financing Settlement | | 118,810 | | 0 |
| Increase / (decrease) in Capital Financing Requirement | | 140,585 | | 39,332 |

Note 30 Fixed Asset Valuation

Assets classified as Land & Buildings, excluding County Farms, are revalued as part of the Council's rolling programme for the revaluation of fixed assets. The valuations are carried out by an external valuer, GVA Grimley, Chartered Surveyors.

All County Farms are revalued every 4 years by an external valuer. In 2008/09 Smiths Gore, Chartered Surveyors carried out this revaluation.

The basis for valuation is set out in the statement of accounting policies.

The revaluation exercise undertaken during 2010/2011 comprised the vast majority of all the council's Property assets (excluding the Farms valuation). A new rolling programme of assets to be revalued has begun in 2011/2012. The assets revalued during 2011/2012 include Offices, Stores and Depots, Leisure Centres, Youth Centres, Libraries, as well as the Investment Estate and any new assets acquired during 2011/2012. All other assets will be revalued over the coming years as part of the rolling programme but have been revalued within the maximum 5 year rolling programme as dictated in the code of practice. The authority is not aware of any material change in the value of the remaining assets that were not revalued in 2011/2012.

The following table shows the split of the certified valuations for Property plant and equipment across the financial years;

| | Council Dwellings & Garages | Other Land & Buildings | Vehicles, Plant and Equipment | Infra-structure | Community Assets | Assets under Construction | Surplus Assets | Total Property, and Plant & Equipment |
|-----------------------------|-----------------------------|------------------------|-------------------------------|-----------------|------------------|---------------------------|----------------|---------------------------------------|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Valued at historical cost | | 14,586 | 75,214 | 239,023 | 6,315 | 26,653 | | 361,791 |
| Valued at current value in: | | | | | | | | |
| 2011/2012 | 199,945 | 87,976 | 7,253 | 275 | 41 | | 2,908 | 298,398 |
| 2010/2011 | | 233,470 | | | | | 1,000 | 234,470 |
| 2009/2010 | | 54,468 | | | | | | 54,468 |
| 2008/2009 | 4,009 | 8,805 | | | | | | 12,814 |
| 2007/2008 | | | | | | | | 0 |
| Book Value at 31 March 2012 | 203,954 | 399,305 | 82,467 | 239,298 | 6,356 | 26,653 | 3,908 | 961,941 |

Schools Assets

In line with the new IFRS and the previous SORP guidance, the authority has reviewed the treatment of schools assets in the statement of accounts. The authority now only recognises Community School assets in the Balance Sheet. All property assets in relation to Foundation, Voluntary Controlled and Voluntary Aided schools were removed from the balance sheet in 2010/2011. In addition during the year a number of schools have become Academy schools so their assets have been removed from the balance sheet which is shown as a derecognition in the note for Property plant and equipment above.

Components and effect on depreciation

The authority complies with the IFRS requirement to componentise its Property assets. Components have been applied to material items in PPE in accordance with the IFRS Code of practice.

Components of assets were introduced during 2010/2011. The aim of this additional requirement is to disclose the major component parts of an asset and show the individual value of each component separately to build up the total value of the asset. For example if a lift or similar services of an asset are of a material size then they need to be shown separately.

In previous years the only requirement was for a valuer to give the total value of a building, not the individual value of the components that make up the building. In order to not split the assets down into too much detail, guidance from CIPFA recommends setting a de-minimis policy for size of assets to be componentised and the size of the individual components.

In order to meet these new requirements of the code, Wiltshire Council commissioned GVA Grimley as part of the valuations of assets exercise to also componentise Wiltshire's assets into their constituent parts. A de-minimis policy was set where the individual components and the size of the asset has to be over £2 million to be disclosed as a separate component.

Following on from this all assets over £2 million were split into the following components and disclosed in the balance sheet and fixed assets notes;

- Structure – the fabric of the building
- Services – Lifts and other electrical or other services
- Fittings – internal fittings, Kitchens, doors etc
- Externals – landscaping, car parking etc

In addition all the remaining useful lives were reassessed accordingly by the external auditors. The result of this has meant we are now showing services separately from the structure within the plant and equipment, and services typically have a considerably shorter remaining useful life than the structure of the building, the overall depreciation charge has risen considerably from £23.8 million to £44.2 million.

As this is a large change from the previous year this note has been added to show the effect of componentisation on the fixed asset accounts.

Note 31 Impairment Losses

A breakdown of the impairment losses charged to Property, Plant and Equipment by asset class are detailed in note 27.

Note 32 Capitalisation of Borrowing Costs

The Council has not capitalised any borrowing costs in the year.

Note 33 Construction Contracts

The authority is not constructing any assets on behalf of other bodies. Below is a list of projects that are currently being undertaken by contractors building assets for the council, with the outstanding contract value as at the balance sheet date.

| Description | 2011/2012 £000 | 2010/2011 £000 |
|---------------------------------------|-------------------|-------------------|
| Melksham Oak School | 0 | 819 |
| Other School construction projects | 1,647 | 4,472 |
| Wellington Academy | 426 | 3,136 |
| Salisbury Exeter house special school | 3,033 | 0 |
| Highways | 9,000 | 9,000 |
| Workplace Transformation Programme | 6,920 | 0 |
| Total | 21,026 | 17,427 |

In addition to the above signed contracts, budget has been approved but contracts have not, as at 31 March 2012, been let to rebuild Sarum Academy School. Contracts for this scheme were signed during May 2012 for a £17.5 million scheme on the site.

Note 34 Heritage Assets

Heritage assets are a new classification of assets that must be recorded separately on the balance sheet for the 2011/2012 Statement of Accounts, or disclosed in a note to the accounts if the cost of obtaining a valuation exceeds the benefit to the users of the accounts. The definition of Heritage assets are assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture.

Typical examples of Heritage assets would include works of art, statues, archaeological sites, military or scientific equipment. Historical buildings kept solely for their historical purpose would also count as heritage assets unless they were being used for operational purposes.

Unlike many other authorities Wiltshire Council does not have extensive Museum collections as most of the museums in the county are owned by other bodies. Therefore the authority does not have a vast collection of art to catalogue and bring onto the balance sheet with a value.

The items that have been identified as heritage assets are disclosed below as required by the code

White horse near Westbury

The White Horse in Westbury, a chalk cutting in the hill above Westbury has been in existence for over three hundred years and is owned and maintained by the council and so is kept for historical purposes. As it is not possible to remove or sell the asset therefore a value has not been obtained. As it is such a specialised asset it would not be possible or relevant to put a value on this asset. Therefore this asset has been disclosed in this note only.

East Grafton Wilton Windmill

This windmill built in 1821 is held for historic purposes being managed by the Wilton Windmill Society. As a specialised grade II listed building with a major need for ongoing repairs it is felt that it would have minimal

value and the cost of obtaining the valuation would far exceed the benefit to the users. Therefore this asset has been disclosed in this note only.

County Hall Members rooms art

There is a small collection of items held in the members rooms at County Hall. These include various portraits and landscapes, as well as a stuffed Bustard in a stand. These are not on public display but are kept for artistic reasons. These have been valued for insurance purposes in the past with values individually not exceeding £1,500 per item. The total value of these items is not material, nor is there a benefit to the user of the accounts in obtaining updated valuations. Therefore these items have been disclosed in this note only.

Other items of historical interest

There are a small number of other art works in the council including; a modern art piece (the Leaf) in Bourne Hill, Salisbury; historical books and some paintings in Urchfont, various statues in parks and open spaces across the county. These items have been investigated and it is felt the cost of obtaining valuations far exceeds the benefit to the users in all these cases. Therefore these items are disclosed in this note only.

Note 35 Leases

Finance leases

A finance lease is a lease that transfers substantially all the risks and rewards of ownership of an asset to the lessee. Under the new IFRS regime the tests for classifying a finance lease has changed, so for 2010/2011 a full examination of the council's leases was undertaken. This resulted in all the property leases the council was previously classifying as Finance leases being reclassified to Operating leases. It has also meant that some leases the council was classifying as operating leases in respect of Vehicles have now been reclassified as finance leases.

A summary of the position and a breakdown of the rentals paid in 2011/2012 and future obligations in respect of finance leases are listed below:

| Future finance lease payments | Principal £000 |
|---|---------------------------|
| Amounts payable in 2012/13 | 15 |
| Amounts payable between 2013/14 & 2016/17 | 14 |
| Amounts payable in 2017/18 and after | 0 |
| | 29 |
| Balance sheet value Plant & equipment | 26 |

| Finance lease payments in 2011/12 | Principal £000 | Interest £000 | Total £000 |
|--|---------------------------|--------------------------|-----------------------|
| Land and Buildings | 19 | 0 | 19 |

Operating leases

An operating lease is a lease that is not a finance lease (see above) and includes vehicles and other equipment particularly in schools. Rentals paid in respect of operating leases and future obligations for operating leases are listed below:

| | |
|---|------------------|
| Operating Lease payments in 2011/12 | 2011/2012 |
| | £000 |
| Plant, vehicles and equipment | 1120 |
| Operating lease payments due in future years | 2011/2012 |
| | £000 |
| Amount due in 2012/2013 | 866 |
| Amounts due in between 2013/2014 and 2017/2018 | 847 |
| Amounts due after 2018/2019 | 6 |
| | 1,719 |
| Asset Class | |
| Plant, vehicles and equipment | 1,719 |

Leases held as investments

The Council does not receive income from finance leases or hire purchase contracts and has not acquired any assets for the purpose of letting under finance leases.

Note 36 Long Term Contracts including Private Financing Initiatives (PFI)

The total amount held in long term contracts (including PFIs) is in the following table.

| | North Wilts Schools PFI £000 | Monkton Park Former PFI £000 | Total Long term contracts £000 |
|--|------------------------------------|------------------------------------|---|
| Balance outstanding at 1 April 2011 | 30,966 | 10,462 | 41,428 |
| Payments during the year to reduce capital liability | (613) | (318) | (931) |
| Liability outstanding 31 March 2012 | 30,353 | 10,144 | 40,497 |

North Wiltshire Schools PFI & additional 6th form units.

Introduction

In October 2000 the Council entered into a Private Finance Initiative (PFI) with White Horse Education Partnership (WHEP) to procure three new secondary schools. WHEP are responsible for maintaining and operating the facilities for 30 years from the date the first school became operational in March 2002.

Accounting treatment

The Accounting treatment in 2011/2012 follows the same process as in 2010/2011, i.e. to reflect the PFI as an on balance sheet PFI.

In 2011/2012 as in previous years, an estimate of the amount of the element of PFI payments that relates to repaying the finance liability has been made and taken from the net cost of services. In order to mitigate the effect of this on the general fund balances an equal charge for the additional Minimum Revenue Provision incurred has been made.

Funding

The funding for the annual PFI payment comes from the Council's own resources and a special government grant called a PFI credit. Over the life of the PFI project, the Council will receive PFI credits of £107 million (these relate to the main school buildings only not the sixth form units), which are credited to the revenue account in the year that they are received.

PFI Smoothing Fund Earmarked Reserve

This represents the excess of government grant over expenditure to date in respect of the Schools PFI. This is being carried forward to meet future years' commitments under the PFI contract.

Income and Expenditure

Payments are made to the PFI contractors as monthly unitary payments. These payments are commitments and can vary subject to indexation, reductions for performance and availability failures. Possible future variations to the scheme as elements are added to or taken away from the scheme.

The funding of the unitary payment will come from the individual schools budget, the overall Schools Budget and a special government grant (the PFI credits referred to above).

As at 31 March 2012 payments totalling £49.8 million have been made to the PFI contractor. The future estimated payments the Council will make under the contract are as follows:

| | 2011/2012 Liability | 2011/2012 Interest | 2011/2012 Service charges | 2011/2012 Total | 2010/2011 Total |
|--------------------|------------------------|-----------------------|---------------------------------|--------------------|--------------------|
| Period | £000 | £000 | £000 | £000 | £000 |
| Within 1-5 years | 3,881 | 8,443 | 15,814 | 28,138 | 27,760 |
| Within 6-10 years | 5,702 | 6,140 | 18,332 | 30,174 | 29,620 |
| Within 11-15 years | 8,378 | 2,848 | 21,252 | 32,478 | 31,610 |
| Within 16-20 years | 12,310 | 59 | 22,717 | 35,086 | 33,750 |
| Within 21-25 years | | | | 0 | 7,020 |
| Total | 30,271 | 17,490 | 78,115 | 125,876 | 129,760 |

Over the life of the PFI project the Council will receive government grants of £107 million.

Monkton Park Offices former PFI Scheme**Introduction**

North Wiltshire District Council entered into a long-term contract for the provision and management of Monkton Park offices. This contract is for a period of 25 years.

Accounting treatment

The Accounting treatment in 2011/2012 follows the same process as in 2010/2011, i.e. to reflect the PFI as an on balance sheet PFI.

As the full PFI contract was terminated in January 2011, only the loan associated with the capital and interest cost of building Monkton Park still has to be repaid to the Bank rather than to the former PFI joint vehicle.

Income and Expenditure

The expenditure payable from 12 January 2011 onwards is the amount required for capital and interest only. Under the terms of the contract this amount increases by RPI plus 1% each January. The grant or PFI credit received is a fixed sum so an equalisation reserve has been set up to smooth this increase in charges over the contract term.

The availability charge payments required for the remaining years for the contract are set out below: the figures are significantly lower compared to the previous year because, as explained above, the extent of the PFI contract is now more limited as the Facilities management elements of the contract have been terminated.

| Period | 2011/2012 | 2011/2012 | 2011/2012 | 2010/2011 |
|--------------------|-------------------|------------------|---------------|---------------|
| | Liability £000 | Interest £000 | Total £000 | Total £000 |
| Within 1-5 years | 1,921 | 4,619 | 6,540 | 6,180 |
| Within 6-10 years | 2,563 | 5,204 | 7,767 | 7,340 |
| Within 11-15 years | 3,343 | 5,882 | 9,225 | 8,720 |
| Within 16-20 years | 1,512 | 2,506 | 4,018 | 3,930 |
| Within 21-25 years | 0 | 0 | 0 | 0 |
| Total | 9,339 | 18,211 | 27,550 | 26,170 |

Note 37 Investment Property

Investment Properties are assets that are held solely to earn rentals or for capital appreciation. The following items of income and expense have been accounted for in relation to running the investment property estate. These items are shown in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

| | 2011/2012 £000 | 2010/2011 £000 |
|--|-------------------|-------------------|
| Rental income from investment property | (2,097) | (2,137) |
| Direct operating expenses arising from investment properties | 552 | 425 |
| Net Gain/Loss | (1,545) | (1,712) |

There are no restrictions on the Authority's ability to realise the value inherent in its investment property or on the Authority's right to the remittance of income and the proceeds of disposal. The Authority has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

The following table summarises the movement in the fair value of investment properties over the year:

| | 2011/2012 £000 | 2010/2011 £000 |
|---------------------------------------|-------------------|-------------------|
| Balance at start of the year | 32,692 | 41,891 |
| Additions: | | |
| Purchases | | |
| Construction | | |
| Subsequent expenditure | 278 | 232 |
| Disposals | 0 | (10) |
| Gains from fair value adjustments | 1,362 | 8,536 |
| Losses from fair value adjustments | (2,996) | (18,138) |
| Transfers: | | |
| to/from Inventories | | |
| to/from Property, Plant and Equipment | (1,646) | 181 |
| Other changes | | |
| Balance at end of the year | 29,690 | 32,692 |

Note 38 Intangible Assets

The Authority accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include both purchased licenses and internally generally software.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Authority. The useful lives assigned to the major software suites used by the Authority along with the carrying amounts are:

| | Carrying amount | | Remaining Amortisation Period |
|--------------------------------------|-----------------------|-----------------------|-------------------------------------|
| | 31 March 2012 £000 | 31 March 2011 £000 | |
| SAP Finance/HR/Payroll system | 4,631 | 6,947 | 2 years |
| Workplace transformation IT software | 1,175 | 1,298 | 5 years |
| Other items of software | 923 | 348 | 1 - 3 years |
| Total | 6,729 | 8,593 | |

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £2.794m charged to revenue in 2011/2012 was charged to the IT Administration cost centre and then absorbed as an overhead across all the service headings in the Net Expenditure of Services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

All amortisation applied to Intangible assets is on a straight line basis over 5 years.

| | 2011/2012 Purchased Software Licences £000 | 2010/2011 Purchased Software Licences £000 |
|---|--|--|
| Gross carrying amounts | 15,132 | 13,351 |
| Accumulated amortisation | (6,539) | (4,034) |
| Net Carrying amount | 8,593 | 9,317 |
| Additions: | | |
| Purchases | 686 | 1,781 |
| Amortisation for the period | (2,794) | (2,505) |
| Other changes | 244 | 0 |
| Net carrying amount at end of year | 6,729 | 8,593 |
| Comprising: | | |
| Gross carrying amounts | 16,062 | 15,132 |
| Accumulated amortisation | (9,333) | (6,539) |
| | 6,729 | 8,593 |

Note 39 Assets held for Sale

The Council held the following amounts as assets held for sale as at 31 March 2012. The definition of an asset held for sale is one that is readily available for sale, the planned sale will occur within 12 months and that the property is being actively marketed. The following assets meet this criteria. The council has an ambitious asset disposal programme but the majority of the current planned disposals are anticipated to be realised during 2013/14 or later in the programme. The council does also recognise Surplus assets within Property Plant & Equipment where assets are not in use but are not currently planned to be disposed of.

| | 2011/2012 £000 | 2010/2011 £000 |
|--|-------------------|-------------------|
| Balance at start of the year | 0 | 0 |
| Assets newly classified as held for sale | | |
| Property, Plant and Equipment | 2,480 | 0 |
| Balance at end of the year | 2,480 | 0 |

OTHER NOTES TO BALANCE SHEET

Note 40 Long Term Debtors

| | 2011/2012 £000 | 2010/2011 £000 |
|--------------------------------|-------------------|-------------------|
| Mortgages | 1,334 | 1,492 |
| Long Term Loans to Staff | 22 | 34 |
| Other Long Term Loans | 850 | 853 |
| Total Long Term Debtors | 2,206 | 2,379 |

Note 41 Short Term Debtors

These represent sums owed to the Council for supplies and services provided before 31 March 2012 but not received at that date.

| | 2011/2012 £000 | 2010/2011 £000 |
|-----------------------------------|-------------------|-------------------|
| Other Local Authorities | 3,403 | 2,222 |
| Government Departments | 17,478 | 11,229 |
| NHS Bodies | 2,749 | 2,957 |
| Business Rates and Local Taxation | 10,764 | 9,315 |
| Tenants | 1,223 | 887 |
| Sundry Debtors | 20,926 | 25,819 |
| Payments in Advance | 12,504 | 11,157 |
| Total Debtors | 69,047 | 63,586 |
| Less: provision for bad debts | | |
| General Fund debtors | (5,347) | (4,372) |
| Housing Rent arrears | (816) | (663) |
| Council Tax arrears | (2,326) | (2,086) |
| Total Bad Debt provisions | (8,489) | (7,121) |
| Net Debtors | 60,558 | 56,465 |

Note 42 Cash and Cash Equivalent

This consists of the value of imprest accounts used by County Council establishments for small purchases and the bank accounts of locally managed schools.

| | 2011/2012 £000 | 2010/2011 £000 |
|------------------------|-------------------|-------------------|
| Cash & Bank | 183 | 179 |
| PFI Sinking Fund | 1,499 | 1,499 |
| Schools' bank accounts | 23,973 | 25,665 |
| HSBC Overnight Account | | 400 |
| | 25,655 | 27,743 |

Note 43 Short Term Creditors

These represent sums owed by the Council for supplies and services received before 31 March 2012 but not paid for at that date, or provisions created in accordance with the accounting policies.

| | 2011/2012 £000 | 2010/2011 £000 |
|-------------------------|-------------------|-------------------|
| Other Local Authorities | (2,289) | (2,278) |
| Government Departments | (7,212) | (8,372) |
| NHS Bodies | (1,874) | (1,760) |
| Sundry Creditors | (69,259) | (61,648) |
| Receipts in Advance | (9,211) | (13,009) |
| Accumulated Absences | (24,926) | (17,062) |
| | (114,771) | (104,129) |

Note 44 Bank Overdraft

The Council main bank accounts show a cash overdrawn position of £4.863 million at 31 March 2012 (31 March 2011: £6.116 million). This is largely due to is due to unrepresented cheques and BACS payments and uncleared cheques deposited on 31 March 2012 as well as other timing differences.

Note 45 Provisions

Provisions are required for any liabilities of uncertain timing or amount that have been incurred. These should be recognised where the council has a present obligation as a result of a past event, that it is probable (i.e. the event is more likely than not to occur) a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made. If these conditions are not met no provision should be recognised. Amounts set aside for purposes falling outside the definition of provisions should be considered as earmarked reserves.

| | Legal Claims £000 | Insurance Claims £000 | Pay Reform £000 | Termination Benefits £000 | Land Charges £000 | Carbon Reduction £000 | Other £000 | Total £000 |
|---|----------------------|-----------------------------|--------------------|---------------------------------|-------------------------|-----------------------------|---------------|----------------|
| Balance at 1 April 2011 | (1,355) | (233) | (1,569) | (1,355) | 0 | 0 | (1,008) | (5,520) |
| Additional provisions made in 2011/2012 | (3,040) | (131) | | (1,024) | (400) | (525) | (356) | (5,476) |
| Amounts Used in 2011/2012 | 522 | 122 | 571 | 1,355 | | | 122 | 2,692 |
| Unused amounts reversed in 2011/2012 | 456 | | 998 | | | | 266 | 1,720 |
| Unwinding of discounting in 2011/2012 | | | | | | | | 0 |
| Balance at 31 March 2012 | (3,417) | (242) | 0 | (1,024) | (400) | (525) | (976) | (6,584) |

Legal Claims

The Council has made provisions in respect of legal claims which may become payable by the Council depending on the outcome of a small number of individual cases totalling £3.417m. In order not to prejudice seriously the Council's position in these cases any further information has been withheld from this publication. It is currently expected that all of these claims will be settled during the 2012/2013 financial year.

Insurance Claims

An insurance provision is accounted for when it is probable that a cost will be incurred and a reliable estimate of the cost can be made. The insurance provision for 2011/2012 is made up of 9 claims totalling £0.242 million. The provision levels are set in the following ways:-

- Property Damage. The estimated cost of reinstatement (often supported by an independent contractors repair/replacement estimate) or the actual cost based on replacement/repair invoices presented.
- Personal Injury. Based on the insurers own reserve calculation for the claim. Where insurers are not handling the claim, a 'flat' figure of £10,000 is used.

The 9 claims consisted of a mixture of Public and Employers Liability claims and own Property claims.

The Authority self insures, with the Council meeting the first £0.1 million of each employers and public liability claim and between £0.1 million and £0.250 million for own property claims. There are other risks the Authority does not insure against and examples of these include computer breakdown and loss of computer data, and employment practices. It is currently expected that the all of these claims will be settled during 2012/2013.

Termination Benefits

The Council is required to make a provision where it has demonstrably committed to:

- Terminate the employment of an employee or group of employees before the normal retirement date
- Provide termination benefits as a result of an offer made in order to encourage voluntary redundancy

As at 31 March 2012 the Council was demonstrably committed to terminating the employment of 81 employees at an estimated cost of £1.024 million. It is expected that all cases will be resolved during the first half of the 2012/2013 financial year.

Land Charges

Central Government instructed in July 2010 that as of August 2010, Local Authorities will no longer be allowed to charge a fee for personal searches of the local land charges register as charging a fee does not comply with the Environmental Information Regulations 2004. Where a fee has been charged from January 2005 (when the regulations came into effect) onwards, refunds may be liable, depending on each claims individual circumstances. Financial assistance in the form of a Central Government grant is intended to ease the burden of the potential liabilities that Wiltshire Council and other Local Authorities may incur. Wiltshire Council has estimated the liability to be £400,000.

Carbon Reduction

The Council is required to participate in the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme. This scheme is currently in its introductory phase which will last until 31 March 2014. The authority is required to purchase and surrender allowances, currently retrospectively, on the basis of emissions i.e. carbon dioxide produced as energy is used. As carbon dioxide is emitted (i.e. as energy is used), a liability and an expense are recognised. The liability will be discharged by surrendering allowances. The liability is measured at the best estimate of the expenditure required to meet the obligation, normally at the current market price of the number of allowances required to meet the liability at the reporting date. The estimated liability was calculated as £525,540.

Other Provisions

All other provisions are individually insignificant and are expected to be used during 2012/2013.

Note 46 Borrowing

An analysis of loans by maturity is as follows:

| | 2011/2012 £000 | 2010/2011 £000 |
|--------------------------------|-------------------|-------------------|
| Short Term Borrowing | | |
| Maturing within 1 year | (2,246) | (2,192) |
| Long Term Borrowing | | |
| Maturing in 1 to 2 years | (17) | (16) |
| Maturing in 2 to 5 years | (36,032) | (24,049) |
| Maturing in 5 to 10 years | (36,810) | (22,000) |
| Maturing in more than 10 years | (291,002) | (198,940) |
| Total Maturing over 1 year | <u>(363,861)</u> | <u>(245,005)</u> |
| Total Borrowing | <u>(366,107)</u> | <u>(247,197)</u> |

The total borrowing can be further analysed by lender category:

| | 2011/2012 £000 | 2010/2011 £000 |
|--------------------------|-------------------|-------------------|
| Lenders | | |
| Public Works Loans Board | (304,146) | (185,299) |
| Money Market | (61,961) | (61,898) |
| | <u>(366,107)</u> | <u>(247,197)</u> |

During the year, the Council has borrowed an extra £118.810 million from the Public Works Loans Board in relation to the HRA Self Financing settlement. Please see note 11 for more details.

Note 47 Usable Reserves

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement and Note 8.

| Reserve | Note | 2011/2012 £000 | 2010/2011 £000 |
|----------------------------------|------|-------------------|-------------------|
| General Fund | | (14,145) | (13,926) |
| Earmarked Reserves | 48 | (27,549) | (34,559) |
| Housing Revenue Account Balance | | (12,612) | (13,336) |
| Major Repairs Reserve | 49 | (791) | (1,143) |
| Useable Capital Receipts Reserve | 50 | (1,390) | 0 |
| Capital Grants and Contributions | | (18,612) | (25,792) |
| Unapplied Account | | | |
| Total Unusable Reserves | | (75,099) | (88,756) |

Note 48 Transfers to/ from Earmarked reserves

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2010/2011.

| Reserve | 2010/2011 £000 | Movement in 2011/2012 £000 | 2011/2012 £000 |
|--|-------------------|----------------------------------|-------------------|
| Capital Revenue Reserve | 0 | 0 | 0 |
| PFI Reserve | (3,151) | 0 | (3,151) |
| Insurance Reserve | (4,450) | 0 | (4,450) |
| Locally Managed Schools' Balances - to be spent on educational services | (15,981) | 2,828 | (13,153) |
| Closed Schools Balances | (68) | 68 | 0 |
| Office Work Place Transformation Reserve | (228) | 0 | (228) |
| Sickness Insurance Scheme | 0 | 0 | 0 |
| Free School Meals Reserve | 0 | 0 | 0 |
| Libraries Operating Reserves | (51) | 0 | (51) |
| Housing Preferred Development Partners | (42) | 0 | (42) |
| Criminal Records Bureau system Reserve | (49) | 41 | (8) |
| Elections Reserve | (200) | (200) | (400) |
| Street Lighting Reserve | (100) | 0 | (100) |
| Area Board Reserve | (1,200) | 617 | (583) |
| Revenue Grants Earmarked Reserve | (9,039) | 4,509 | (4,530) |
| Occupational Health System Reserve | 0 | (20) | (20) |
| Energy Efficiency Reserve | 0 | (180) | (180) |
| Digital Inclusion | 0 | (153) | (153) |
| Improving Safeguarding Reserve | 0 | (500) | (500) |
| Total | (34,559) | 7,010 | (27,549) |

Note 49 Major Repairs Reserve

The Accounts and Audit Regulations require housing authorities to set up a Major Repairs Reserve and to transfer into it a sum not less than the Major Repairs Allowance. These funds are then available to authorities for capital expenditure on Housing Revenue Account assets. The Major Repairs Allowance is an element of the HRA subsidy.

Major Repairs Reserve

| | 2011/2012 £000 | 2010/2011 £000 |
|----------------------------|-------------------|-------------------|
| Transfer to Capital | 3,998 | 2,994 |
| HRA Depreciation | (18,327) | (8,444) |
| Transfer to HRA | 14,681 | 4,939 |
| Movement in Year | 352 | (511) |
| Balance at 1 April | (1,143) | (632) |
| Balance at 31 March | (791) | (1,143) |

As a result of the introduction of International Financial Reporting Standards, components of assets are now accounted for separately. This has given rise to an increase in this year of depreciation from £8.4 million to £18.3 million.

For further information see note 31.

Note 50 Useable Capital Receipts Reserve

| | 2011/2012 | | 2010/2011 |
|---|-----------|---------|-----------|
| | £000 | £000 | £000 |
| Amounts Receivable in year | | | |
| - disposal of land and buildings | (6,768) | | (5,183) |
| - Other capital receipts | (219) | | (295) |
| - Housing Pooled Capital Receipt | (489) | | (774) |
| | | (7,476) | (6,252) |
| Amounts applied to finance new capital investment in year | | | |
| - capital receipts utilised | 5,597 | | 8,494 |
| - capital receipts utilised City Area | 0 | | 0 |
| - transfer to I&E equal to contribution to Housing Pooled Capital receipt | 489 | | 774 |
| | | 6,086 | 9,268 |
| Movement in Year | | (1,390) | 3,016 |
| Balance at 1 April | | 0 | (3,016) |
| Balance at 31 March | | (1,390) | 0 |

Note 51 Unusable Reserves

| Reserve | Note | 2011/2012 | 2010/2011 |
|------------------------------------|------|------------------|------------------|
| | | £000 | £000 |
| Revaluation Reserve | 52 | (144,894) | (132,747) |
| Capital Adjustment Account | 53 | (385,446) | (571,974) |
| Financial Instruments | | 871 | 819 |
| Adjustment Account | | | |
| Deferred capital receipts | | (1,458) | (1,626) |
| Pensions Reserve | 54 | 377,859 | 311,423 |
| Collection Fund Adjustment Account | | (2,169) | (1,239) |
| Accumulated Absences Account | | 24,926 | 17,062 |
| Total Unusable Reserves | | (130,311) | (378,282) |

Note 52 Revaluation Reserve

The balance of this account represents the revaluation gains (as certified by its external valuers GVA Grimley) made by the authority arising from increases in the value of its Property, Plant and Equipment assets. The reserve only contains revaluation gains accumulated since 1 April 2007, the date the reserve was created. Accumulated gains prior to this have been consolidated into the balance on the Capital Adjustment account.

| Revaluation Reserve | 2011/2012 | | 2010/2011 |
|--|-----------------|------------------|-----------|
| | £000 | £000 | £000 |
| Revised balance at 1 April | | (132,747) | (98,431) |
| Upward revaluation of assets | (27,312) | | (91,681) |
| Downward revaluations not charged to surplus/ deficit on the provision of services | 3,558 | | 44,921 |
| Surplus or deficit on revaluation of non-current assets not posted to surplus/ deficit on the provision of services | | (156,501) | (145,191) |
| Difference between fair value depreciation and historic cost depreciation | | 2,981 | 4,902 |
| Accumulated gains on assets sold or scrapped | | 8,626 | 7,542 |
| Balance at 31 March | | (144,894) | (132,747) |

Note 53 Capital Adjustment Account

The Capital Adjustment Account reflects the timing differences arising from the different arrangements for accounting for the financing of the acquisition of assets and the consumption of those assets.

This account shows the reversal of amounts relating to Capital that posted to the comprehensive income and expenditure account. It also shows the financing of capital expenditure and the reversal of sums posted to the comprehensive income and expenditure account that have been set aside to repay debt.

| | 2011/2012 | | 2010/2011 |
|--|-----------|------------------|-----------|
| | £000 | £000 | £000 |
| Revised balance at 1 April | | (571,974) | (750,007) |
| Reversal of items relating to capital expenditure debited or credited to the comprehensive income and expenditure account | | | |
| - charges for depreciation of non-current assets | | 44,217 | 23,842 |
| - charges for impairment of plant, property and equipment | | 13,774 | 149,694 |
| - charges for impairment of investment properties | | 2,996 | 18,138 |
| - gains in fair value on Investment properties | | (1,362) | (8,536) |
| - amortisation of intangible assets | | 2,794 | 2,505 |
| - revenue expenditure funded from capital under statute | | 23,449 | 20,806 |
| - disposals | | 67,507 | 59,305 |
| - HRA Self Financing settlement | | 118,810 | 0 |
| Adjusting amounts written out of Revaluation Reserve | | (11,606) | (12,444) |
| Net written out amount of the cost of non-current assets consumed in the year | | (311,395) | (496,697) |
| Capital financing applied in the year | | | |
| -Use of capital receipts reserve to finance new capital expenditure | | (5,597) | (8,494) |
| -Use of major repairs reserve to finance new capital expenditure | | (3,998) | (2,995) |
| -capital grants and contributions credited to the comprehensive income and expenditure statement applied to capital financing | | (21,371) | (40,406) |
| -application of grants to capital financing from capital grants unapplied account | | (27,711) | (9,222) |
| -statutory provision for the financing of capital investment charged against the general fund and HRA balances | | (12,225) | (11,645) |
| -capital expenditure charged against the general fund and HRA balances | | (3,149) | (2,515) |
| Movements in the market value of Investment properties charged to the Comprehensive Income and Expenditure Account | | 0 | 0 |
| Balance at 31 March | | (385,446) | (571,974) |

Note 54 Movement in Pension Surplus/ Deficit during the year

The movement in the liabilities in the Pension Fund are as follows:

| | Year Ended 31 March 2012 £000 | Year Ended 31 March 2011 £000 |
|--|--|--|
| Opening Defined Benefit Obligation | 924,625 | 1,123,578 |
| Current service cost | 23,060 | 28,741 |
| Interest Cost | 49,676 | 57,851 |
| Contributions by Members | 8,163 | 9,129 |
| Actuarial gains/(losses) | 50,870 | (169,161) |
| Past Service Costs/ (Gains) | 68 | (103,331) |
| Losses/ Gains on Curtailments | 1,128 | 2,613 |
| Liabilities Extinguished on Settlements | (22,508) | 0 |
| Liabilities Assumed in a Business Combination | 0 | 0 |
| Estimated Unfunded Benefits Paid | (3,791) | (3,362) |
| Estimated Benefits Paid | (34,674) | (21,433) |
| Closing Defined Benefit Obligation (A) | 996,617 | 924,625 |
| | Year Ended 31 March 2012 £000 | Year Ended 31 March 2011 £000 |
| Opening Fair Value of Employer Assets | 613,202 | 558,636 |
| Expected Return on Assets | 40,188 | 39,621 |
| Contributions by Members | 8,163 | 9,129 |
| Contributions by the Employer | 26,239 | 28,331 |
| Contributions in respect of Unfunded Benefits | 3,791 | 3,362 |
| Actuarial gains/(losses) | (18,250) | (1,082) |
| Assets Distributed on Settlements | (16,110) | 0 |
| Assets Acquired in a Business Combination | 0 | 0 |
| Unfunded Benefits Paid | (3,791) | (3,362) |
| Benefits Paid | (34,674) | (21,433) |
| Closing Fair Value of Employer Assets (B) | 618,758 | 613,202 |
| TOTAL MOVEMENT IN DEFICIT (A-B) | 377,859 | 311,423 |

NOTES TO THE CASHFLOW STATEMENT**Note 55 Cash Flow Operating Activities**

The cash flows for operating activities include the following items:

| | 2011/2012 £000 | 2010/2011 £000 |
|-------------------|-------------------|-------------------|
| Interest Received | (1,452) | (2,408) |
| Interest Payable | 10,667 | 9,352 |

Note 56 Cash Flow Investing Activities

| | 2011/2012 £000 | 2010/2011 £000 |
|--|-------------------|-------------------|
| Purchase of Property, plant and equipment, investment property and intangible assets | 64,528 | 83,390 |
| Investments - Purchase of and deposits made | 680,109 | 596,683 |
| Investments - Sale of and returning of deposits made | (712,120) | (577,514) |
| Other payments for investing activities | 0 | 0 |
| Proceeds from sale of property, plant and equipment, investment property and intangible assets | (7,474) | (6,251) |
| Other receipts from investing activities | (41,843) | (59,598) |
| Net Cash flows from investing activities | (16,800) | 36,710 |

Note 57 Cash Flow Financing Activities

| | 2011/2012 £000 | 2010/2011 £000 |
|---|-------------------|-------------------|
| Cash Receipts of short and long term borrowing | (118,910) | (40,287) |
| Repayments of short and long term borrowing | 0 | 0 |
| Other payments for financing activities | 0 | 0 |
| Net cash flows from financing activities | (118,910) | (40,287) |

OTHER NOTES**Note 58 Contingent Liabilities**

The Council is required to show an estimate of future costs that may occur that are not currently reflected in the accounts. The estimate of the costs is a contingent liability. The council has identified the following contingent liability.

Termination Benefits

Due to management restructuring a number of employees will have been placed at risk and offered quotes for voluntary redundancy at the time of the balance sheet date without the agreement being reached that the redundancy will be granted. This creates a contingent liability for the Council. The estimated maximum exposure is £1.153m but the actual figure is likely to be significantly lower than this.

Note 59 Contingent Assets

A Contingent Asset is defined as a possible asset that arises from a past event and whose existence will be confirmed only by the occurrence of one or more future events not wholly within the authority's control. This is not recognised in the Income and Expenditure Account or Balance Sheet because prudence cautions that the gain might never be realised.

The only contingent asset to note for the year ended 31 March 2012 relates to VAT.

VAT – Off-Street Car Parking

The Council is pursuing a possible retrospective claim for reimbursement from HM Revenues and Customs (HMRC) for VAT output tax paid over in respect of 'off street' car parking income.

The council cannot pursue this claim until the 'Isle of Wight' case has been resolved. Should the final decision fall in favour of the Isle of Wight (plus others), and Wiltshire Council subsequently win its own tribunal case, the amount of overpaid VAT due to the Council would be in the region of £14.1million.

Note 60 Pension Schemes Accounted for as defined contribution Schemes**Teachers pension scheme**

In 2011/2012 the Council paid £16.87 million to the Department for Education and Skills in respect of teachers' pension costs which represents 14.1% of teachers' pensionable pay. In addition, the Council is responsible for all pension payments relating to added years it has awarded, together with the related increases. In 2011/2012 these amounted to £2.23 million.

Note 61 Defined benefit Pension Schemes**Participation in Pensions Schemes**

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

The authority participates in two pension schemes:

- The Local Government Pension Scheme for civilian employees, administered by Wiltshire Council – this is a funded scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level estimated to balance the pensions liabilities with investment assets.
- The Teachers' Pension Scheme – this is an unfunded scheme, meaning that there are no investments assets built up to meet the provisions liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due. The liability for this scheme falls upon central government.

Liabilities have been assessed by Hymans Robertson, an independent firm of actuaries, on an actuarial basis using the projected unit method based on the full actuarial valuation of the fund carried out at 31 March 2010.

In 2011/2012, pension costs have been charged to the Income and Expenditure Account on the basis required by IAS 19, contributions payable to the Wiltshire Council pension scheme are based on an actuarial valuation at 31 March 2012.

The estimated employer contributions for the year to 31 March 2013 will be approximately £25.012 million.

The amounts determined by the actuary to be charged to the revenue account under IAS 19 were as follows:

| | Year to 31 March 2012 £000 | Year to 31 March 2012 % of Payroll | Year to 31 March 2011 £000 | Year to 31 March 2011 % of Payroll |
|--|----------------------------------|--|----------------------------------|--|
| Current Service Costs | 23,060 | 18.4% | 28,741 | 20.5% |
| Interest Costs | 49,676 | 39.7% | 57,851 | 41.3% |
| Expected return on Employer Assets | (40,188) | (32.1%) | (39,621) | (28.3%) |
| Past Service Costs | 68 | 0.1% | (103,331) | (73.7%) |
| Losses/(Gains) on Curtailments and Settlements | (5,270) | (4.2%) | 2,613 | 1.9% |
| Total Recognised in Profit and Loss | 27,346 | 21.9% | (53,747) | (38.3%) |
| Actual Return on Plan Assets | 21,938 | | 26,377 | |

These IAS 19 amounts are then reversed out by a contribution to/from the Pensions reserve, so that they have no impact on the Council Tax.

Assets and liabilities in relation to Retirement Benefits

The underlying assets and liabilities for the retirement benefits attributable to the Authority as at 31 March 2012 are as follows:

| Local Government Pension Scheme | 31 March 2012 | 31 March 2011 |
|--|------------------|------------------|
| | £000 | £000 |
| Fair Value of Employer Assets | 618,758 | 613,202 |
| Present Value of Funded Liabilities | (938,200) | (875,275) |
| Net (Under)/Overfunding in Funded Plans | (319,442) | (262,073) |
| Present value of Unfunded Liabilities | (58,417) | (49,351) |
| Unrecognised Past Service Cost | 0 | 0 |
| Net Asset/(Liability) | (377,859) | (311,424) |
| Amount on balance sheet | | |
| Liability | (377,859) | (311,424) |
| Asset | 0 | 0 |
| Liability Amount in Balance Sheet | (377,859) | (311,424) |

A more detailed breakdown is included in note 24c.

The Liabilities show the underlying commitments that the Authority has in the long run to pay retirement benefits. Statutory arrangements for the funding of the deficit mean that the financial position of the Authority remains healthy. The deficit on the 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

This estimates the pensions that will be payable in future years dependant on certain assumptions. The main assumptions used in the calculations are:

| Assumptions as at Year Ended: | 31 March 2012 | 31 March 2011 |
|----------------------------------|---------------|---------------|
| | % per annum | % per annum |
| Inflation/ Pension Increase Rate | 2.5% | 2.8% |
| Salary Increase Rate | 4.8% | 5.1% |
| Expected Return on Assets | 5.5% | 6.7% |
| Discount Rate | 4.8% | 5.5% |

Assumptions on Mortality Rates

Life expectancies are based on the PFA92 and PMA92 tables are projected as follows:

| | Males | Females |
|--------------------|------------|------------|
| Current Pensioners | 21.3 years | 23.6 years |
| Future Pensioners | 23.3 years | 25.5 years |

| Year Ended | Prospective Pensioners | Pensioners |
|---------------|---|---|
| 31 March 2011 | Year of birth, medium cohort and 1% pa minimum improvements from 2010 | Year of birth, medium cohort and 1% pa minimum improvements from 2010 |

Assets in the Wiltshire County Council Pension Fund are valued at a fair value, principally market value for investment and consist of the following categories, by proportion:

| Assets at Year Ended: | Expected Return on assets | | Fair Value of employer assets | |
|-----------------------|---------------------------|---------------|-------------------------------|----------------|
| | 31 March 2012 | 31 March 2011 | 31 March 2012 | 31 March 2011 |
| | % per annum | % per annum | £000 | £000 |
| Equities | 6.2% | 7.5% | 414,569 | 404,713 |
| Bonds | 4.0% | 4.9% | 111,376 | 116,508 |
| Property | 4.4% | 5.5% | 68,063 | 67,452 |
| Cash | 3.5% | 4.6% | 24,750 | 24,528 |
| Total | | | 618,758 | 613,201 |

Amount to be charged to operating profit

Year Ended

| | 31 March 2012 | |
|---|---------------|--------------|
| | £000 | % of Payroll |
| Projected Current Service Cost | 25,239 | 18.4% |
| Interest on Obligation | 51,107 | 37.3% |
| Expected Return on Plan Assets | (41,584) | (30.4%) |
| Past Service Cost | 0 | 0.0% |
| Losses/ (Gains) on Curtailments and Settlements | 0 | 0.0% |
| Total | 34,762 | 25.3% |

Actuarial Gains and Losses

The actuarial gain on the Pensions Reserve can be analysed into the following categories, measured as a percentage of assets or liabilities:

| | Year Ended 31 March 2012 | Year Ended 31 March 2011 | Year Ended 31 March 2010 | Year Ended 31 March 2009 | Year Ended 31 March 2008 |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | £000 | £000 | £000 | £000 | £000 |
| Fair Value of Employer Assets | 618,758 | 613,202 | 558,637 | 286,896 | 355,074 |
| Present Value of Defined Benefit Obligation | (996,617) | (924,626) | (1,123,579) | (482,981) | (486,066) |
| Surplus/ (Deficit) | (377,859) | (311,424) | (564,942) | (196,085) | (130,992) |
| Experience Gains/ (Losses) on Assets | (18,250) | (1,082) | 113,009 | (105,761) | (50,647) |
| Experience Gains/ (Losses) on Liabilities | (21,565) | 48,179 | (4,274) | 1,503 | (7,073) |

The actuarial gains or losses recognised in the Comprehensive Income and Expenditure Statement for the current and previous accounting periods, and the cumulative actuarial gains and losses are shown below:

| | Year Ended 31 March 2012 | Year Ended 31 March 2011 | Year Ended 31 March 2010 | Year Ended 31 March 2009 | Year Ended 31 March 2008 |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | £000 | £000 | £000 | £000 | £000 |
| Actuarial Gains/(Losses) | (69,120) | 168,079 | (256,864) | (62,047) | 13,879 |
| Increase/ (Decrease) in Irrecoverable Surplus from membership | 0 | 0 | 0 | 0 | 0 |
| Total Actuarial Gains/(Losses) recognised | (69,120) | 168,079 | (256,864) | (62,047) | 13,879 |
| Cumulative Actuarial Gains/(Losses) | (231,301) | (162,181) | (330,260) | (73,396) | (11,349) |

Further information can be found in the Wiltshire Pension Fund annual report 2011/2012 which is available on request. Requests for this report, or any other queries arising from the Wiltshire Pension Fund Accounts, should be addressed to the Chief Financial Officer, Wiltshire Council, County Hall, Bythesea Road, Trowbridge, BA14 8JN

Note 62 Nature and Extent of risks arising from Financial Instruments**Risk**

The Council's overall risk management procedures focus on the unpredictability of financial markets, and are structured to implement suitable controls to minimise these risks. The procedures for risk management are set out through a legal framework based on the Local Government Act 2003 and associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services and investment guidance issued through the Act. Overall, these procedures require the Council to manage risk in the following ways:

- by formally adopting the requirements of the CIPFA Treasury Management Code of Practice
- by the adoption of a Treasury Policy Statement and treasury management clauses within its financial regulations/standing orders/constitution
- by approving annually in advance prudential and treasury indicators for the following three years limiting:
 - the Council's overall borrowing
 - Its maximum and minimum exposures to fixed and variable rates
 - Its maximum and minimum exposures to the maturity structure of its debt
 - Its maximum annual exposures to investments maturing beyond a year.

These are required to be reported and approved at or before the Council's annual Council Tax setting budget or before the start of the year to which they relate. These items are reported with the annual treasury management strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported after each year, as is a mid-year update.

The Annual Treasury Management Strategy 2011/2012, which incorporates the prudential indicators was approved by the Council on 22 February 2011 and is available on the Council website. A revised Treasury Management Strategy 2011/2012, incorporating the necessary increases in borrowing limits etc. to facilitate the additional borrowing required for the HRA Self Financing Settlement, was approved by the Council on 28 February 2012 and is also available on the Council website. The key issues within the strategies (original in brackets) were:

- The Authorised Limit for 2011/2012 was set at £575.8 million (£453.2 million). This is the maximum limit of external borrowings or other long term liabilities.
- The Operational Boundary was expected to be £516.6 million (394.0 million). This is the expected level of debt and other long term liabilities during the year.
- The maximum amounts of fixed and variable interest rate exposure were set at 100% and 20%, respectively, based on the Council's net debt.
- the maximum and minimum exposures to the maturity structure of debt were set at 15% and 0% for less than one year and one to two years; 45% and 0% for two to five years; 75% and 0% for five to ten years and 100% and 0% for in excess of 10 years, respectively.
- These policies are implemented by a central treasury team. The Council maintains written principles for overall risk management, as well as written policies (Treasury Management Practices - TMPs) covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash. These TMPs are a requirement of the Code of Practice and are reviewed periodically.

The Annual Investment Strategy sets out the Council's investment policy, together with the minimum requirements for "high credit rating". The latest Treasury Management Strategy 2012/2013 was approved by the Council at its meeting on 28 February 2012 and is available on the Council's Website under committee papers relating to the Cabinet meeting on 15 February 2012, agenda item number 8 on page 67 of the reports pack.

The Council contracts with a treasury adviser, regularly reviewing credit ratings of potential organisations and their respective country's ratings incorporating all three main credit rating agencies, together with other 'tools' used to assess the credit quality of institutions such as credit default swaps. The Council uses this information to assess institutions with which it may place deposits or from which it may borrow, including interest rate forecasts for both borrowing and investment, together with setting a 'benchmark' borrowing rate. The Council's investment policy is 'aimed' at the prudent investment of surplus cash balances to optimise returns whilst ensuring the security of capital and liquidity of investments. However, the Council, like any other organisation, can be exposed to financial risk. Examples of the main risks are shown below.

Credit Risk

The credit risk that counterparties are unable to repay investments could impinge on the Council's ability to meet its financial liabilities. Investment counterparty risk is controlled by the use of appropriate criteria to assess and monitor credit risk. The Council has an established and regularly updated lending list, which categorises counterparties according to country, type, sector, maximum investment (individually and as a group) and the maximum duration of the investment.

Liquidity Risk

Liquidity Risk arises due to the uncertainty of liquidity in the market within which the Council "deals" and the Council's own liquidity position. The Council maintains a maturity analysis of financial assets and liabilities within its treasury management system and regularly monitors the maturity of assets and liabilities.

Market Risk

Market Risk is the risk that the value of the Council's investments decrease due to market factors, such as interest rate risk (changes in the level of interest rates). Within the context of the financial instruments that the Council currently holds, it does not have significant exposure to equity risk (changes in share prices), currency risk (foreign exchange rate movements) and commodity risk (changes in the price of e.g. grain, metals etc.).

The Council's strategies take account of the forecast movement in interest rates and allow sufficient flexibility to vary the strategy if movements in interest rates are not in line with forecasts.

Refinancing Risk

Refinancing risk is the risk that the Council cannot, when required (e.g. to finance the Capital Programme), refinance by borrowing to repay existing debt because of the prohibitive rates for refinancing a loan. The majority of the Authority's borrowing is undertaken through the Public Works Loans Board (PWLB), a Government organisation that lends to local authorities. Information, including regular updates, provided by treasury advisers enables the Council to manage and monitor forecast borrowing rates and to support decisions in respect of the restructuring of loans.

Exposure to Risk - Summary Data

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers.

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poors Credit Ratings Services. The Annual Investment Strategy also considers maximum amounts and time limits in respect of each financial institution. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above. Additional selection criteria are also applied after the application of this initial criteria. Details of the Investment Strategy can be found on the Council's website. The key areas of the Investment Strategy are that the minimum criteria for investment counterparties include:

- This Council uses the creditworthiness service provided by Sector. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies - Fitch, Moodys and Standard and Poors, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:
- credit watches and credit outlooks from credit rating agencies
- CDS spreads to give early warning of likely changes in credit ratings
- sovereign ratings to select counterparties from only the most creditworthy countries

The full Investment Strategy for 2011/2012 was approved by Full Council on 22 February 2011 and is available on the Council's website.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Council.

The Authority's maximum exposure to credit risk in relation to its investments in banks and building societies of £49.8 million cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Authority's deposits, but there was no evidence at 31 March 2012 that this was likely to crystallise.

The following table shows the percentage of Investments by country, Sovereign rating and credit rating category (based on Fitch Credit Ratings), the diversification of the Councils investments and the maximum invested with an individual borrower by country and within each credit rating category.

| Country | Sovereign Rating | Credit Rating Category | Type of Institution | Duration | Investment Held % | Maximum Invested with Single Counterparty % |
|---------------------------------|------------------|-----------------------------|-----------------------|------------|-------------------|---|
| NA | N/A | AAA - Max £15 million | Money/Market Funds | 0.2 Years | 49.05 | 25.23 |
| United Kingdom | AAA | F1/A - Max £8 million | UK Banks | 0.3 Months | 15.63 | 15.63 |
| United Kingdom | AAA | Government Backed - Max £8m | UK Banks | 0.1 Year | 9.89 | 9.89 |
| United Kingdom | AAA | F1/A+ - Max £8 million | UK Building Societies | 0.3 Months | 15.63 | 15.63 |
| Sweden | AAA | F1+/AA - Max £8 million | Overseas Banks | 0.3 Months | 0.05 | 0.05 |
| UK Subsidiary (Iceland)/Iceland | No Rating | No Rating | Overseas Banks | NA | 9.75 | 5.63 |
| | | | | | 100.00 | |

The above table is based on credit ratings as at 31 March 2012 and includes investments with Icelandic banks, which were still outstanding, that did not have credit ratings at that date.

No breaches of the Council's counterparty criteria occurred during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits and bonds.

Investments in UK institutions, including one UK building society, make up over 40% of the Council's total outstanding investments at 31 March 2012, just under 10% invested overseas, the balance (approximately 50%) being held in money market funds. Any institutions, which, after 31 March 2012, no longer fall within the minimum investment criteria laid down in the Council's Annual Investment Strategy have subsequently been removed and any outstanding investments terminated at the earliest opportunity.

The following analysis summarises the authority's potential maximum exposure to credit risk, based on experience of default and uncollectability over the last five financial years, adjusted to reflect current market conditions. The table excludes Icelandic deposits, which the authority has impaired down, using the net present value approach, to the expected level of repayments based on the latest available guidance in LAAP 82 Update 6 May 2012 issued by CIPFA.

| | Amount at 31 March 2012 | Historical experience of default % | Historical experience adjusted for market conditions at 31 March 2012 % | Estimated maximum exposure to default and uncollectability | Estimated maximum exposure at 31 March 2012 |
|--|-------------------------|------------------------------------|---|--|---|
| | A | B | C | (AxC) | |
| Deposits with banks and financial institutions | 46,300,538 | 0 | 0 | 0 | 0 |
| Bonds | 0 | 0 | 0 | 0 | 0 |
| Debtors | | | | 0 | |

No credit limits were exceeded during the reporting period.

The Council does not normally allow credit for customers. The past due amounts for both debtors and the outstanding Icelandic bank investments can be analysed as follows.

| | 31/03/2012 Debtors | 31/03/2012 Investments | 31/03/2012 Total |
|------------------------|-----------------------|---------------------------|---------------------|
| Less than three months | | 307,508 | 307,508 |
| Three to six months | | 269,155 | 269,155 |
| Six months to one year | | 799,353 | 799,353 |
| More than one year | | 2,110,433 | 2,110,433 |
| Total | 0 | 3,486,449 | 3,486,449 |

Collateral - During the reporting period, the Council held no collateral as security.

Liquidity Risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when needed.

The Council has ready access to borrowings from the money markets to cover any day to day cash flow need, and the PWLB and money markets for access to longer term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

At 31 March 2012 Wiltshire Council had a mixture of PWLB and market loans outstanding. The balance sheet gives details of the split between loans payable within one year and the spread of longer term loans (loans that are outstanding for more than one year). The following table shows the detailed maturity analysis of debt outstanding at the Balance Sheet date and the average rate of interest. The table shows that, including the PWLB loans taken out for the HRA Self Financing Settlement, the overall average interest rate is 3.77%.

| Term of Loan | Market Loans (at the effective interest rate) | PWLB Loans (including Accrued Interest) | Total Amount Outstanding (including Accrued Interest) | Percentage of Total Loans | Average Rate of Interest |
|-------------------------|---|---|---|---------------------------|--------------------------|
| Within 1 Year | 633,218 | 1,612,462 | 2,245,680 | 0.6% | 4.429% |
| Between 1 and 2 Years | 0 | 16,745 | 16,745 | 0.0% | 4.429% |
| Between 2 and 5 Years | 0 | 36,032,060 | 36,032,060 | 9.8% | 3.357% |
| Between 6 and 10 Years | 0 | 36,810,000 | 36,810,000 | 10.0% | 2.553% |
| Between 11 and 15 Years | 0 | 48,123,038 | 48,123,038 | 13.1% | 3.005% |
| More than 15 Years | 61,328,012 | 181,551,093 | 242,879,105 | 66.5% | 3.304% |
| | 61,961,230 | 304,145,398 | 366,106,628 | 100.0% | 3.774% |

The Council's policy is to limit the amount maturing in any one financial year to a maximum of 15%. Currently the maximum is 3.6% (£13 million in both 2052-2053 and 2053-2054).

Market loans are Lender Option Borrower Option (LOBO) loans, which give the lender the option at certain dates to vary the interest rate, at which point the Council may choose to accept the new rate of interest or repay the loan and if necessary refinance the loan at a more favourable rate of interest. LOBOs are included within the period that reflects the contracted maturity date (as opposed to the option date) in accordance with the CIPFA Code of Practice. On this basis, all current LOBOs fall within the "More than 15 Years" maturity period. Any accrued interest is, however, shown as payable within one year.

Refinancing and Maturity Risk

The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer-term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets.

The approved treasury indicator limits for the maturity structure of debt and the limits on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council's approved treasury and investment strategies address the main risks and the central treasury team address the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt
- Monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The maturity analysis of financial liabilities is as follows, with the maximum and minimum limits for fixed interest rates maturing in each period (approved by Council in the Treasury Management Strategy):

| | Approved Minimum Limits | Approved Maximum Limits | Actual 31 March 2012 | | Actual 31 March 2011 | |
|------------------------|-------------------------|-------------------------|----------------------|--------|----------------------|--------|
| | | | £000s | % | £000s | % |
| Less than 1 Year | 0% | 15% | 2,245.7 | 7.8% | 1,252.9 | 0.5% |
| Between 1 and 2 Years | 0% | 15% | 16.7 | 3.8% | 16.0 | 0.0% |
| Between 2 and 5 Years | 0% | 45% | 36,032.1 | 15.6% | 24,048.8 | 9.7% |
| Between 5 and 10 Years | 0% | 75% | 36,810.0 | 10.1% | 22,000.0 | 8.9% |
| More than 10 Years | 0% | 100% | 291,002.1 | 62.7% | 199,880.2 | 80.9% |
| | | | 366,106.6 | 100.0% | 247,197.9 | 100.0% |

Market Risk

Interest rate risk - The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- Borrowings at variable rates - the interest expense charged to the Comprehensive Income and Expenditure Statement will rise
- Borrowings at fixed rates - the fair value of the borrowing will fall (no impact on revenue balances);
- Investments at variable rates - the interest income credited to the Comprehensive Income and Expenditure Statement will rise
- Investments at fixed rates - the fair value of the assets will fall (no impact on revenue balances).

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance, subject to influences from Government grants (i.e. HRA). Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in the Other Comprehensive Income and Expenditure Statement.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The central treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns, similarly the drawing of longer term fixed rates borrowing would be postponed.

Wiltshire Council is mainly exposed to interest rate risk (in terms of financial instruments, the Council has little or no exposure to equity risk, currency risk or commodity risk). At 31 March 2012 the Council held £49.8 million

(including accrued interest, less impairment) in investments, at various interest rates. This comprised £47.7 million short term investments and £2.1 million investments classified as long term, being anticipated Icelandic deposits repayable in more than one year.

Where interest rates decrease at a time when the Council has cash "tied up" in short term investments there is an opportunity benefit, which reflects the benefit that has been gained because the Authority has been able to invest at the higher rate of interest. If interest rates had been below rates obtained on the investments outstanding at 31 March 2012 and the investments had matured prior to that date, interest taken to the Comprehensive Income and Expenditure Statement could have been less than the interest actually credited to the account. Of course, the opposite could have been true if interest rates had risen.

The fair value of the Council's long and short term investments has been calculated using the latest guidance (per LAAP 82 Update No. 6 May 2012) in respect of the expected repayments from Icelandic investments and market rates at 31 March 2012 in the case of other short term investments. This valuation is not significantly different from the carrying amount of the investments in the accounts.

The average interest rate receivable on all short term investments held at 31st March 2012 was 0.86%. If the average rate of interest had increased by 0.5% one month prior to 31st March 2012, the additional interest that could have been credited to the Comprehensive Income and Expenditure Statement and the Council would have been £21,000 "better off" than if the funds were invested at the lower rate. With the benefit of hindsight, market conditions at the balance sheet date indicate that interest rates didn't fluctuate significantly between the issue dates of the investments and 31 March 2012, particularly as the investments were held mainly in fixed rate call accounts and money market funds.

Price risk - The Council, excluding the pension fund, does not generally invest in equity shares or marketable bonds.

Foreign exchange risk - Under normal circumstances, the Council has no financial assets or liabilities denominated in foreign currencies and, therefore, has no exposure to loss arising from movements in exchange rates. However, as shown elsewhere in these financial statements, in December last year Wiltshire Council did receive part of the first repayment from the Winding-up Board of the failed Icelandic bank, Landsbanki, in a 'basket' of currencies, comprising GBP, Euros and US Dollars, which led to an exposure to fluctuations in foreign exchange rates. The foreign exchange loss (of circa £14,000) on conversion of the foreign currencies (Euros and USD) is shown in the Comprehensive Income and Expenditure Statement. A small part of the repayment was paid in Icelandic Kronur (ISK) and is held in an interest bearing escrow account. Under the International Accounting Standard 21 (IAS 21), the amount held has been translated using the exchange rate as at 31 March 2012 and, due to the movement in the exchange rate, a further loss of about £2,000 has also been recognised in Comprehensive Income and Expenditure Statement.

Note 63 Fair Value

Financial liabilities and financial assets represented by loans and receivables are carried on the balance sheet at amortised cost (in long term assets/liabilities with accrued interest in current assets/liabilities). Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- for loans from the PWLB and other loans payable, borrowing rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures
- for loans receivable prevailing benchmark market rates have been used to provide the fair value
- no early repayment or impairment is recognised
- where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount
- the fair value of trade and other receivables is taken to be the invoiced or billed amount

The fair values for loans and receivables have been determined by reference to similar practices, as above, which provide a reasonable approximation for the fair value of a financial instrument, and includes accrued interest. The comparator market rates prevailing have been taken from indicative investment rates at each balance sheet date. In practice rates will be determined by the size of the transaction and the counterparty, but it is impractical to use these figures, and the difference is likely to be immaterial.

The fair values of the financial assets are shown below, which comprise long and short term investments and trade debtors. Long term investments represent the anticipated repayments due in more than one year from

the Council's outstanding Icelandic investments, based on the latest information available. Short term investments include anticipated repayments due in less than one year from the Council's outstanding Icelandic investments based on the latest information available.

| Class | Fair Value | Carrying Amount |
|-------------------------------|-------------------|-------------------|
| Long Term Investments | 2,110,433 | 2,110,433 |
| Short Term Investments | 47,660,645 | 47,676,554 |
| Total Investments | 49,771,078 | 49,786,987 |
| Trade Debtors | 0 | 0 |
| Total Financial Assets | 49,771,078 | 49,786,987 |

Fair values for each class of financial liabilities are shown below.

Market loans (Lender Option Borrower Options - LOBOs) are valued using a net present value approach, which provides an estimate of the value of payments in the future in today's terms, at discount rates obtained from the market on 31st March 2012, using bid prices where applicable, and include accrued interest.

The Council's main debt liability is with the Public Works Loan Board (PWLB), which is valued, in accordance with the CIPFA Code of Practice, at the PWLB's new borrowing rate as at 31 March 2012. There is an alternative valuation, as used by PWLB, being the premature repayment rate, which results in a different fair value. CIPFA Code of Practice Guidance Notes confirm that it is acceptable to use either or both rates for the fair value reported in the notes to the accounts. The alternative valuation has also been included below.

| Class | Fair Value | Carrying Amount |
|------------------------------------|--------------------|--------------------|
| Market Loans | 60,992,163 | 61,961,230 |
| PWLB Loans | 299,555,327* | 304,145,397 |
| Total Value | 360,547,490 | 366,106,627 |
| Trade Creditors | 0 | 0 |
| Bank Overdraft | 0 | 0 |
| Total Financial Liabilities | 360,547,490 | 366,106,627 |

*PWLB have produced a fair value figure of loans outstanding based on a premature repayment rate, which is £346,967,967.

The carrying amount is greater than the fair value because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is lower than the rates available for similar loans in the market at the balance sheet date.

The effect on the fair value of a 1% increase in market interest rates would be:

| Investments/Loans | Fair Value (at Discount/ Market Rate plus 1%) |
|------------------------------------|--|
| Long Term Investments | 2,110,433 |
| Short term Investments | 47,635,599 |
| Total Investments Value | 49,746,032 |
| Trade Debtors | 0 |
| Total Financial Assets | 49,746,032 |
| Market Loans | 50,707,264 |
| PWLB Loans | 266,249,132 |
| Total Loans Value | 316,956,396 |
| Trade Creditors | 0 |
| Bank Overdraft | 0 |
| Total Financial Liabilities | 316,956,396 |

In terms of loans, this results in a lower fair value because of the effect on premiums and discounts that would be payable/receivable as a result of the early repayment of debt (i.e. at 31 March 2012). Where there is an increase in the discount rates this will increase discounts receivable and reduce premiums payable on early repayment of loans.

Note 64 Impairment of Investments

Early in October 2008, the Icelandic Banks Landsbanki, Kaupthing and Glitnir collapsed and the UK subsidiaries Heritable and Kaupthing Singer went into administration. The Council had deposited £12 million with two of the Icelandic Banks, £9 million with the UK subsidiary, Heritable and £3 million with the Icelandic parent bank, Landsbanki. Since the previous financial years financial statements (i.e. between 1 April 2011 and 31 March 2012) the Council has received four further interim dividends from the administrators of Heritable bank, bringing the total repayments (up to 31 March 2012) from Heritable to over £6.1 million. In December 2011 the Council received its first repayment from the Landsbanki Winding-up Board of approximately £0.950 million. A proportion of the repayment was paid in Icelandic Kronur (ISK), having a GBP equivalent value of approximately £23,000, which, due to currency restrictions, is currently being held in Iceland in an interest bearing escrow account. Given that this money is not readily convertible to known amounts of cash it cannot be regarded as a cash equivalent. The Council is, therefore, obligated to consider it to be a new short term investment in its own right, as per CIPFA guidance in LAAP 82 Update 6, and to show it as such in short term investments, including accrued interest, at the exchange rate applicable on 31 March 2012. The outstanding Icelandic investments are shown in the accounts, at their impaired values, under various maturity dates as follows:

| Bank | Date Invested | Maturity Date | Amount Invested | Interest Rate | Carrying Amount | Repayments | Impairment |
|-------------------|---------------|---------------|-----------------|---------------|-----------------|------------|------------|
| Heritable Bank(1) | 21/09/2008 | 07/10/2008 | 3,000,000 | 6.00% | 581,852 | 2,037,654 | 380,494 |
| Heritable Bank(2) | 21/09/2008 | 14/10/2008 | 3,000,000 | 6.00% | 581,852 | 2,037,654 | 380,494 |
| Heritable Bank(3) | 25/09/2008 | 28/10/2008 | 2,000,000 | 6.00% | 387,888 | 1,388,466 | 253,727 |
| Heritable Bank(4) | 07/09/2008 | 10/10/2008 | 1,000,000 | 5.42% | 195,308 | 688,281 | 126,411 |
| Landsbanki | 04/06/2008 | 02/03/2009 | 3,000,000 | 6.10% | 1,739,599 | 911,957 | 388,445 |

The impairment has been adjusted in 2011/2012 to reflect the latest available information from the relevant administrators, the Local Government Association and CIPFA as outlined below. The available information in respect of timings and payments to be made by the administrator is not definitive and it is likely that further adjustments will be made to the accounts in future years.

Heritable Bank

Heritable bank was a UK registered bank under English law. The company was placed in administration on 7 October 2008. Since the previous year's financial statements the Council has received four more interim dividends of principal totalling £1,603,300, bringing the total dividend paid to date to approximately 68% of the claim. Previous information regarding the estimates to be received from Heritable suggested that the total amount to be received would be between 86% and 90%. In view of this information, the LAAP recommends that the following payment schedule is used to estimate the recoverable amount at 31 March 2012. The

schedule is based on expected total dividends of 88% of the claim. Taking this into account, the following assumptions have been made in respect of the timing of recoveries:

| Date | Repayment | Date | Repayment |
|--------------|-----------|--------------|-----------|
| April 2012 | 3.79% | January 2013 | 3.50% |
| July 2012 | 3.50% | April 2013 | 5.81% |
| October 2012 | 3.50% | | |

The carrying amounts of the investments included in the Balance Sheet have been calculated using the present value of expected repayments, discounted at the investment's original interest rate. The LAAP recommends that the following repayment schedule is used to estimate the recoverable amount at 31 March 2012:

| Date | Repayment Percentage | (1) | (2) | (3) | (4) |
|--------------|----------------------|---------|---------|---------|--------|
| April 2012 | 3.79% | 113,924 | 113,924 | 75,937 | 38,103 |
| July 2012 | 3.50% | 105,207 | 105,207 | 70,127 | 35,187 |
| October 2012 | 3.50% | 105,207 | 105,207 | 70,127 | 35,187 |
| January 2013 | 3.50% | 105,207 | 105,207 | 70,127 | 35,187 |
| April 2013 | 5.81% | 174,644 | 174,644 | 116,410 | 58,411 |

Landsbanki Islands hf

Landsbanki was an Icelandic bank, placed into administration on 7 October 2008. The Council received its first repayment, in a 'basket' of four currencies (GBP, Euros, US Dollars (USD) and ISK, due to the current restrictions placed on the movement of ISK, the ISK element has not actually been received and remains in Iceland in an escrow account) in December last year. The total amount actually received, following conversion, was £0.929 million. On conversion the amounts received in Euros and USD were subject to a foreign exchange loss, which is shown in the accounts. The ISK element, which, on conversion at the time of receipt, equated to approximately £23,000 has been reclassified as a new investment and is shown in the accounts at its revalued amount, including accrued interest, as at 31 March 2012. The revaluation resulted in a small foreign exchange loss of £1,935, due to a movement in the ISK/£ exchange rate between the date of payment and the end of the financial year and in accordance with the International Accounting Standard (IAS 21, paragraph 23a) has been translated at the closing rate (i.e. the spot exchange rate at 31 March 2012). This foreign exchange loss is also shown in the accounts.

The Winding-up Board announced on 9th March 2012 that it anticipated that recoveries in the administration of Landsbanki would exceed the book value of priority claims by around ISK 121bn, taking account of the sale of its holding in Iceland Foods, some 9% higher than the value of priority claims. It is now considered likely that, as priority creditors, local authorities will recover 100% of their deposits, subject to potential future foreign currency exchange fluctuations. On this basis, the following assumptions have been made in respect of the timing of further recoveries (based on guidance according to the latest CIPFA LAAP Bulletin):

| Date | Repayment | Date | Repayment |
|---------------|-----------|---------------|-----------|
| December 2012 | 8.00% | December 2016 | 8.00% |
| December 2013 | 8.00% | December 2017 | 8.00% |
| December 2014 | 8.00% | December 2018 | 22.00% |
| December 2015 | 8.00% | | |

The carrying amounts of the investments included in the Balance Sheet have been calculated using the present value of expected repayments, discounted at the investment's original interest rate. The LAAP recommends that the following repayment schedule is used to estimate the recoverable amount at 31 March 2012:

| Date | Repayment Percentage | |
|---------------|----------------------|---------|
| December 2012 | 8.00% | 250,870 |
| December 2013 | 8.00% | 250,870 |
| December 2014 | 8.00% | 250,870 |
| December 2015 | 8.00% | 250,870 |
| December 2016 | 8.00% | 250,870 |
| December 2017 | 8.00% | 250,870 |
| December 2018 | 22.00% | 689,892 |

Regulations issued in March 2009 allowed the Authority not to charge amounts relating to impaired investments to the General Fund. Such amounts were instead transferred to the Financial Instruments Adjustment Account (FIAA), an account that recorded the timing differences between charging these amounts to the General Fund in accordance with proper practice and in accordance with regulations. The regulations, however, only allowed this treatment up to 31 March 2011, at which date the balance in the FIAA relating to impairment of Icelandic deposits was transferred to the General Fund Balance as required by regulation. The following notional interest amounts have, therefore, been credited directly to the Comprehensive Income and Expenditure Statement as at 31 March 2012:

| Bank | Credited in 2011/2012 | Received in 2011/2012 |
|--------------------|-----------------------|-----------------------|
| Heritable Bank (1) | 46,178 | 0 |
| Heritable Bank (2) | 46,178 | 0 |
| Heritable Bank (3) | 30,780 | 0 |
| Heritable Bank (4) | 14,016 | 0 |
| Landsbanki | 140,186 | 0 |

Note 65 Trust Funds

The Council administers a Trust Fund related to specific services. The majority of the funds are invested externally and the balance is invested with the Authority. The trust funds were brought forward as below:

| | 2011/2012 | 2010/2011 |
|-------------------------------------|--------------|--------------|
| | £000 | £000 |
| Charity of William Llewellyn Palmer | 1,424 | 1,422 |
| Withy Trust | 0 | 229 |
| Edwin Young Collection | 367 | 373 |
| John Creasey Museum | 152 | 157 |
| William 'Doc' Couch | 4,135 | 4,185 |
| Westbury Public Baths | 635 | 651 |
| King George V Playing Field | 280 | 286 |
| Other Miscellaneous Funds | 103 | 258 |
| | 7,096 | 7,561 |

A breakdown of the movements in year is included in the following table:

| | Balance 31 March 2012 £000 | Income £000 | Loss on expenditure £000 | Balance revaluation £000 | Transfers to other bodies £000 | Balance 31 March 2011 £000 |
|-------------------------------------|----------------------------------|----------------|--------------------------------|--------------------------------|--------------------------------------|----------------------------------|
| Charity of William Llewellyn Palmer | 1,424 | 53 | (38) | (13) | 0 | 1,422 |
| Withy Trust | 0 | 7 | (3) | (7) | (226) | 229 |
| Edwin Young Collection | 367 | 15 | (17) | (4) | 0 | 373 |
| John Creasey Museum | 152 | 23 | (29) | 1 | 0 | 157 |
| William 'Doc' Couch | 4,135 | 118 | (126) | (42) | 0 | 4,185 |
| Westbury Public Baths | 635 | 91 | (107) | 0 | 0 | 651 |
| King George V Playing Field | 280 | 37 | (43) | 0 | 0 | 286 |
| Other Miscellaneous Funds | 103 | 15 | (5) | 5 | (170) | 258 |
| | 7,096 | 359 | (368) | (60) | (396) | 7,561 |

The Trust Fund Assets were valued at 31 March 2012 and the external investments were:

| Trust Fund Assets | Market Value 31 March 2012 £000 | Market Value 31 March 2011 £000 |
|---------------------------|--|--|
| Government Fixed Interest | 1 | 1 |
| Managed Funds - Bonds | 1,166 | 1,162 |
| Managed Funds - Equities | 3,785 | 4,225 |
| Property | 1,481 | 1,482 |
| Cash | 353 | 360 |
| Hedge Funds | 248 | 271 |
| Debtors/(Creditors) | 46 | 44 |
| Other | 16 | 16 |
| | 7,096 | 7,561 |

Housing Revenue Account

This account records the transactions relating to the Council's housing stock. The Local Government and Housing Act 1989 requires its separation to give a clear picture of the cost of providing homes for council tenants. Housing Revenue Account income and expenditure does not affect the amount of Council Tax levied.

| | NOTE | 2011/2012 | | 2010/2011 | |
|--|------|-----------|-----------------|-----------|-----------------|
| | | £000 | £000 | £000 | £000 |
| Income | | | | | |
| Rents (gross): | | | | | |
| - dwellings | | (21,604) | | (20,633) | |
| - garages | | (332) | | (339) | |
| - other | | (172) | (22,108) | (268) | (21,240) |
| Charges for services and facilities | | | (812) | | (799) |
| Decreased provision for bad debts | | | 0 | | (70) |
| Total Income | | | <u>(22,920)</u> | | <u>(22,109)</u> |
| Expenditure | | | | | |
| Repairs and Maintenance | | | 5,596 | | 4,328 |
| Supervision and Management: | | | | | |
| - general | | 2,964 | | 1,881 | |
| - special services | | 1,075 | 4,039 | 1,229 | 3,110 |
| Rent rebates | | | 0 | | 98 |
| Negative Subsidy payment to Secretary of State | 6 | | 8,392 | | 7,461 |
| HRA self financing settlement | | | 118,810 | | |
| Increased provision for bad debts | | | 153 | | 0 |
| Depreciation & Impairments of Fixed Assets | | | | | |
| - On dwellings | 3 | 18,166 | | 21,253 | |
| - On garages | 3 | 148 | | 148 | |
| - On other Assets | 3 | 12 | | 45 | |
| | | | 18,326 | | 21,446 |
| Total Expenditure | | | <u>155,316</u> | | <u>36,443</u> |
| Net Cost Of Services per Income & Expenditure Account | | | <u>132,396</u> | | <u>14,334</u> |
| HRA Services share of Corporate and Democratic Core | | | 321 | | 321 |
| Net Cost Of HRA Services | | | <u>132,717</u> | | <u>14,655</u> |
| (Gain)/Loss on sale of HRA fixed assets | | | (234) | | (684) |
| Interest Payable | | | 240 | | 134 |
| Pensions interest costs and expected return on assets | | | 0 | | 0 |
| Amortised Premiums and Discounts | | | 0 | | 0 |
| Interest: | | | | | |
| - on mortgages | | (47) | | (51) | |
| - on balances | | (104) | (151) | (80) | (131) |
| Deficit for the Year on HRA services | | | <u>132,572</u> | | <u>13,974</u> |

Statement of Movement on the HRA Balances

| | 2011/2012 £000 | 2010/2011 £000 |
|--|-------------------|-------------------|
| Balance on HRA at the end of previous year | (13,336) | (12,746) |
| (Surplus)/ Deficit for year on HRA Income and Expenditure Account | 132,572 | 13,974 |
| Adjustments between accounting basis and funding basis under statute | <u>(131,834)</u> | <u>(14,578)</u> |
| Net increase/ (decrease) before transfers to/ from reserves | 738 | (604) |
| Transfer to/ from reserves | (14) | 14 |
| Net increase/ (decrease) in year on HRA | 724 | (590) |
| Balance on HRA at the end of current year | (12,612) | (13,336) |

Note to Statement of Movement on the HRA Balances

| | 2011/2012 £000 | 2010/2011 £000 |
|--|-------------------------|------------------------|
| Items included in the HRA Income and Expenditure Account but excluded from the movement on HRA balance for the year | | |
| Gain/(Loss) on sale of HRA fixed assets | 234 | 684 |
| HRA self financing settlement | (118,810) | 0 |
| Impairments of Fixed Assets | 0 | (13,002) |
| Items not included in the HRA Income and Expenditure Account but included from the movement on HRA balance for the year | | |
| Transfer to/From Major Repairs Reserve note 5 | (14,681) | (4,939) |
| Transfer to/from Pension Reserve note 7 | 145 | 1,208 |
| Transfer to/from accumulated absences | 13 | 2 |
| Transfer to/from Earmarked Reserves | | |
| Revenue Contributions to Capital Expenditure | 1,265 | 1,469 |
| Net Additional amount required by statute to be credited to the HRA balance for the year | <u><u>(131,834)</u></u> | <u><u>(14,578)</u></u> |

Housing Revenue Account Notes

1 Housing Stock

| | 31 March 2012 |
|---------------------------------------|---------------------|
| Houses and Bungalows | |
| - 1 bedroom | 279 |
| - 2 bedrooms | 1,453 |
| - 3 bedrooms | 1,851 |
| - 4+ bedrooms | 145 |
| Flats | |
| - 1 bedroom | 921 |
| - 2 bedrooms | 703 |
| - 3+ bedrooms | 69 |
| Total dwellings as at 31 March | <u><u>5,421</u></u> |

The figures above include the 65 new build houses that were brought into use during 2011/2012. The council sold 5 houses during 2011/2012 under the right to buy scheme (RTB), for which the council received a total of £440,000 as capital receipts.

2 Arrears

The year end position regarding arrears owed to the HRA was:

| | 31 March 2012 £000 | 31 March 2011 £000 |
|-------------------------------|-----------------------|-----------------------|
| Rent arrears | 859 | 698 |
| less rent payments in advance | (382) | (342) |
| less bad debt provision | (816) | (663) |
| Net arrears position | (339) | (307) |

3 Movement of Housing Revenue Account Assets

| | Council Dwellings (Structures) £000 | Council Dwellings (Services) £000 | Council Dwellings (Land) £000 | Other Property (Garages) £000 | Other Equipment £000 | Total £000 |
|---------------------------------|-------------------------------------|-----------------------------------|-------------------------------|-------------------------------|----------------------|----------------|
| Net Book Value 1 April 2011 | 154,748 | 63,207 | 0 | 4,158 | 25 | 222,138 |
| Additions in Year | 6,535 | 0 | 0 | 0 | 0 | 6,535 |
| Disposals | (206) | 0 | 0 | 0 | 0 | (206) |
| Revaluations | 6,248 | 0 | 4,359 | 0 | 0 | 10,607 |
| Depreciation | (5,525) | (12,641) | 0 | (148) | (12) | (18,326) |
| Impairments | 0 | 0 | 0 | 0 | 0 | 0 |
| Category Adjustments | (38,620) | (26,896) | 70,441 | 0 | 0 | 4,925 |
| Balance at 31 March 2012 | 123,180 | 23,670 | 74,800 | 4,010 | 13 | 225,673 |

The Balance Sheet value of Council Dwellings (structures, services and land) as at 31 March 2012 was £223,651,221. This represents the valuation at existing use for social housing which is the value of the properties with a secured tenant continuing to live in the property paying social rents rather than market rents.

The Vacant Possession value of the properties at 31 March 2012 was £721,339,423. This represents the value of the houses if the property were sold without a secured tenant continuing in the property. Therefore it could be rented out at market rent so has a higher value. This figure has been discounted by a factor of 31% to get the Existing use value - social housing.

The difference between the Vacant Possession value and the Balance Sheet value of dwellings within the HRA shows the Economic Cost of providing Council Housing at less than open market rents. The Economic Cost of the properties at 31 March 2012 was £497,724,202.

The value of land valued in the HRA which is included in the balance sheet value of the council dwellings is £74,800,110.

4 Financing of HRA capital expenditure

| | 2011/2012 £000 |
|--------------------------|-------------------|
| Grants | 1,665 |
| Borrowing | 311 |
| Revenue and Reserves | 1,265 |
| Other receipts (MRR) | 3,998 |
| | 7,239 |
| Council Dwellings | 7,239 |
| Plant & Equipment | 0 |
| Asset under Construction | 0 |
| | 7,239 |

5 Major Repairs Reserve

| | 2011/2012 £000 | 2010/2011 £000 |
|-----------------------------|-------------------|-------------------|
| Brought forward at 1 April | (1,143) | (632) |
| Transfer to Capital | 3,998 | 2,994 |
| HRA Depreciation | (18,327) | (8,444) |
| Transfer to HRA | 14,681 | 4,939 |
| Carried forward at 31 March | <u>(791)</u> | <u>(1,143)</u> |

6 Self Financing Settlement / Breakdown of HRA Subsidy

Under the new Self financing for HRA on 28 March 2012 Wiltshire Council paid over £118m to the government as a debt settlement. Under the old subsidy system, the council had to pay to the government a negative subsidy of around £8m per annum which was then largely redistributed to other HRA councils across the country who would receive subsidy payments. The £118m effectively bought out the council from having to pay £8m to government annually.

The period running up to the self financing payment on 28 March 2012 was still under the old subsidy system. The breakdown of the payments made to government are below.

| | 2011/2012 £000 |
|--------------------------------------|-------------------|
| Management & Maintenance Allowance | 8,135 |
| Major Repairs Allowance | 3,667 |
| Charges for Capital | 174 |
| Rent | (20,312) |
| Interest on Receipts | (40) |
| HRA Subsidy Due | <u>(8,376)</u> |
| Adjustment in respect of prior years | (16) |
| Total HRA Subsidy Due | <u>(8,392)</u> |

7 Contribution to Pension Reserve

The HRA bears a share of the pension contribution due to the IAS 19 adjustment in proportion to the payments made during the year. See note 61 to the Core Financial Statements for more information on accounting for retirement benefits

The Collection Fund

The Collection Fund is a statutory fund. It covers Council Tax and Non-Domestic Rate collection and the precepts of Wiltshire Council, Wiltshire Police Authority, Wiltshire & Swindon Fire Authority and Parish Councils.

| | NOTE | 2011/2012 | | 2010/2011 | |
|---|------|-----------|------------------|-----------|------------------|
| | | £000 | £000 | £000 | £000 |
| Income | | | | | |
| Income from Council Tax | 1 | | (247,559) | | (245,172) |
| Transferred from General Fund | | | | | |
| Council Tax Benefits | | | (26,737) | | (26,389) |
| Transitional Relief | | | (2) | | (3) |
| Income from Business Rates | 2 | | (132,032) | | (123,949) |
| | | | <u>(406,330)</u> | | <u>(395,513)</u> |
| Disbursement | | | | | |
| Precepts and Demands | | | | | |
| - Wiltshire Council | | 219,179 | | 217,763 | |
| - Wiltshire Police Authority | | 28,288 | | 28,105 | |
| - Wiltshire & Swindon Fire Authority | | 11,185 | | 11,112 | |
| - Town/ Parish Councils | | 12,733 | | 12,360 | |
| | | | 271,385 | | 269,340 |
| Share of surplus/(deficit) on Collection Fund | | | | | |
| - Wiltshire Council | | 1,000 | | 802 | |
| - Wiltshire Police Authority | | 129 | | 102 | |
| - Wiltshire & Swindon Fire Authority | | 51 | | 41 | |
| | | | 1,180 | | 945 |
| NNDR | | | | | |
| - payment to national pool | 2 | 130,935 | | 123,149 | |
| - cost of collection allowance | 2 | 622 | 131,557 | 626 | 123,775 |
| Provisions for Bad Debts | | | 284 | | 286 |
| Write Offs - Council Tax | | | 352 | | 304 |
| Write Offs - NNDR | | | 475 | | 174 |
| Fund surplus/(deficit) for the year | | | 1,097 | | 689 |
| | | | <u>406,330</u> | | <u>395,513</u> |
| Fund balance b/f | | | (1,463) | | (774) |
| (Surplus)/deficit for year | | | (1,097) | | (689) |
| Fund balance c/f | 5 | | <u>(2,560)</u> | | <u>(1,463)</u> |

Notes to the Collection Fund

1 Council Tax

Council Tax is charged according to the Government's valuation of residential properties as at 1 April 1991. Valuations are stratified into eight bands for charging purposes. Individual charges are calculated by estimating the total amount of income required by the Collection Fund's preceptors and dividing this by the Council Tax base. The tax base is the total number of chargeable properties in all valuation bands converted to an equivalent number of band D dwellings, with an allowance made for discounts and exemptions.

The average amount of Council Tax required from a property in any tax band is the band D charge, average for Wiltshire Council was £1,511.96 for 2010/2011 multiplied by the ratio specified for that band. Ratios specified for the bands A to H are as follows:

| Band | Estimated No. of Taxable Properties after discounts | Band D Equivalent Dwellings | Ratio |
|---|--|--|--------------|
| Band A Disabled | 40 | 22 | 5/9 |
| Band A | 18,643 | 12,429 | 6/9 |
| | 18,684 | 12,451 | |
| Band B | 32,751 | 25,473 | 7/9 |
| Band C | 42,936 | 38,166 | 8/9 |
| Band D | 30,807 | 30,807 | 9/9 |
| Band E | 23,720 | 28,991 | 11/9 |
| Band F | 14,562 | 21,034 | 13/9 |
| Band G | 9,359 | 15,598 | 15/9 |
| Band H | 1,048 | 2,095 | 18/9 |
| | | 174,615 | |
| Add adjustment for contributions in lieu, new properties and bad debts | | 4,683 | |
| Council Tax Base 2011/2012 | | 179,298 | |

2 National Non-Domestic Rates

The total non-domestic rateable value at 31 March 2012 was £358,321,254. The national non domestic multiplier for the year was 43.3p and the small business rates relief multiplier was 42.6p.

3 Collection Fund Surpluses and Deficiencies

Collection Fund surpluses and deficiencies (Council Tax) are shared by all preceptors.

4 Precepts and Demands

| Main Preceptors | 2011/2012 Precepts | Share of Council Tax Surplus |
|----------------------------|-------------------------------|---|
| | £000 | £000 |
| Wiltshire Council | 219,179 | 1000 |
| Wiltshire Police Authority | 28,288 | 129 |
| Wiltshire Fire Authority | 11,185 | 51 |
| Town/Parish | 12,733 | 0 |
| | 271,385 | 1180 |

5 Collection Fund Balance

The Council has to record transactions for Council Tax and Business Rates in the Collection Fund Account. The balance, as usable income, will be paid to the Council and its major preceptors in future years.

| | 31 March 2012 | 31 March 2011 |
|----------------------------|-----------------------|-----------------------|
| | £000 | £000 |
| Wiltshire Council | (2,169) | (1,249) |
| Wiltshire Police Authority | (280) | (154) |
| Wiltshire Fire Authority | (111) | (60) |
| | <u>(2,560)</u> | <u>(1,463)</u> |

Glossary

For the purposes of compiling the Statement of Accounts, the following definitions have been adopted and may be useful to the reader in understanding terminology used in the statement.

Accruals

The recognition of income and expenditure as it falls due, not when cash is received or paid.

Amortisation

The writing down of the value of intangible fixed assets in line with its programmed useful life.

Assets

These can be either:

- **Intangible assets** – assets which are non-physical in form, that is, which cannot be seen. Examples are patents, goodwill, trademarks and copyrights;
- **Property plant and Equipment (PPE) assets** – tangible assets that give benefits to the authority for more than one year;
- **Community assets** – assets without determinate life that the authority intends to hold in perpetuity. They may have restrictions on their disposal. Examples include parks and historic buildings;
- **Infrastructure assets** – inalienable fixed assets such as highways and footways;
- **Non-operational assets** – fixed assets not directly used for service provision. Examples include surplus land and buildings awaiting sale or further development.
- **Heritage assets** – Assets held solely for historical, artistic, scientific, technological, geophysical or environmental qualities.

Balance Sheet

A summary of all the assets, liabilities, funds, reserves etc.

Best Value

The Council duty to provide effective and efficient services based on community need and desire.

Budget

The Council's financial plans for the year. Both capital and revenue budgets are prepared and, amongst other things, used as performance measures.

Capital Expenditure

Substantial expenditure producing benefit to the authority for more than one year.

Capital Receipts

The proceeds of the disposal of assets, non-approved investments and the repayment of grants made by the authority.

Cashflow Statement

A summary of the inflows and outflows of cash with third parties for revenue and capital purposes.

CIPFA

The Chartered Institute of Public Finance and Accountancy. This is the institute of professional local government accountants and produces standards and codes of practice followed in the production of an authority's accounts.

Code of Practice

Issued by CIPFA, this is a code of proper accounting practice with which Local Authorities in England and Wales must comply in preparing their financial statements.

Comprehensive Income and Expenditure Statement (CI&ES)

This account shows expenditure on and income from the Council's day to day activities. Expenditure includes salaries, wages, service and depreciation charges. It gives the cost of the main services provided by the Authority.

Creditors

Money owed by the authority to others.

Debtors

Money owed to the authority by others.

Dedicated Schools Grant (DSG)

A central government grant paid to the council for the use for expenditure on schools.

Depreciation

The writing down of the value of tangible fixed assets in line with its programmed useful life.

Employee Costs

Pay and associated costs such as national insurance, pension contributions etc.

Exceptional Items

Items that, although usual to the activities of the authority, by their nature need separate disclosure because of their unusual size or incidence.

Extraordinary Items

Material items needing separate disclosure because they are unusual to the activities of the authority by their nature.

General Fund

The main revenue fund of the authority which shows income from and expenditure on the Council's day to day activities. It excludes the provision of housing which must be charged to a separate Housing Revenue Account.

Government Grants

The amounts of money the authority receives from the Government and inter-government agencies to help fund both general and specific activities.

Government Grants Deferred

Capital grants which are credited to the balance sheet and amortised to revenue over the life of the relevant asset to offset provisions made for depreciation.

Gross Expenditure

Expenditure before deducting any related income.

Housing Revenue Account (HRA)

The account which sets out the expenditure and income on the provision of housing. Other services are charged to the General Fund.

Impairment

A reduction in the value of a fixed asset below its carrying amount on the Balance Sheet.

IFRSs

International Financial Reporting Standards issued by the Accounting Standards Board requiring information to be shown in accounts.

Leases

These may be finance leases that transfer the risks and rewards of ownership of an asset to the authority. Alternatively, they may be operating leases that are more akin to a hire agreement.

Liabilities

Amounts the authority either owes or anticipates owing to others, whether they are due for immediate payment or not.

Long Term Contracts

A contract that, once entered into, will take longer than the current period of account to complete.

Minimum Revenue Provision (MRP)

Statute requires revenue accounts to be charged with a Prudent Minimum Revenue Provision as a notional redemption cost of all external loans.

Major Repairs Allowance (MRA)

Funded by Central Government. It represents the long term average amount of capital spending required to maintain a Local Authority's housing stock in its current condition.

Net Expenditure

Gross expenditure less directly related income.

National Non-Domestic Rates (NNDR)

Wiltshire Council collects National Non-Domestic Rates from local businesses and organisations and pays them into the Government's central NNDR pool. The amount charged is the Government's national uniform rate and it is then redistributed to local authorities, including Wiltshire Council, in line with a population-based formula.

Precept

The amount of income demanded of the Collection Fund by an authority entitled to that income.

Preceptor

An authority entitled to demand money of the Collection Fund. The preceptors on Wiltshire District Council's Collection Fund are the Council itself (including City Area Special Levy), Wiltshire County Council, Wiltshire Police Authority, Wiltshire & Swindon Fire Authority and Parish Councils.

Private Financing Initiative (PFI)

A long-term contractual public private partnership under which the private sector takes on the risks associated with the delivery of public services in exchange for payments tied to standards of performance.

Provision for Credit Liabilities (PCL)

Statute requires the Council to set aside provision to repay external loans and other credit transactions. Debt-free authorities do not have to apply the whole of the balance shown within the Capital Financing Reserve.

Provisions

Amounts held in reserve against specific potential liabilities or losses where there is uncertainty as to amounts and/or due dates. Payment to a provision is counted as service expenditure.

Rateable Value

Assessment by the Inland Revenue of a property's value from which rates payable are calculated.

Reserves

Amounts prudently held to cover potential liabilities. Payments to reserves are not counted as service expenditure.

Revaluation Reserve

A capital reserve where changes in the value of fixed assets are disclosed when they are revalued. This reserve replaces the Fixed Asset Restatement Account (FARA) which was previously required.

Revenue Expenditure

Day to day running costs of services.

Revenue Income

Day to day income received for services.

Revenue Support Grant

A Government grant paid towards the cost of General Fund services.

Running Expenses

The cost of running a service less employee expenses and capital charges.

Service Reporting Code of Practice (SeRCOP)

Established to modernise the system of Local Authority accounting and reporting, and ensure that it meets the changed and changing needs of modern Local Government; particularly the duty to secure and demonstrate best value in the provision of services to the community.

Useable Capital Receipts Reserve

This reserve holds the amounts of capital receipts derived from the disposal of fixed assets until such a time that they are used to finance capital expenditure.

Useful Life

The anticipated period that an asset will continue to be of benefit.

Value Added Tax (VAT)

An indirect tax levied on vatable goods and services.