

<b>Contents</b>	<b>Page</b>
Explanatory Forward	2
Statement of Responsibilities for the Statement of Accounts	6
The Accounting Statements	
▪ The Income and Expenditure Account	7
▪ The Statement of Movement on the General Fund Balance	8
▪ The Statement of Total Recognised Gains and Losses	8
▪ The Balance Sheet	9
▪ The Cash Flow Statement	-
Statement of Accounting Policies	10
Notes to the Core Financial Statements	
▪ Notes to the Income and Expenditure	19
▪ Notes to the Balance Sheet	27
▪ Notes to the Cash Flow Statement	43
The Wiltshire Pension Fund	44
Trust Funds	58
Annual Governance Statement	-
Independent Auditor's Report to Wiltshire County Council	-
Glossary	59

## ***Explanatory Forward***

### **Introduction**

The Statement of Accounts presents the overall financial position of the Authority for the year ended 31 March 2008. The accounts are produced in the format stipulated by the Chartered Institute of Public Finance and Accountancy (CIPFA) in accordance with their Best Value Accounting Code of Practice.

#### **1 Explanatory Forward**

This section contains a review of the year and other general information about the accounts.

#### **2 Statement of Responsibilities, Issue and Approval Date**

This section details the financial responsibilities of the County Council and the Chief Financial Officer and confirms the date the accounts were authorised for issue and the date approved by the Audit and Governance Committee.

#### **3 The Income and Expenditure Account**

This account brings together the money received and spent on all of the County Council's functions during 2007/08.

#### **4 Statement of Movement on the General Fund Balance**

This statement provides a reconciliation of the surplus or deficit on the Income and Expenditure Account to the balances held by the Authority.

#### **5 Statement of Total Recognised Gains and Losses**

This statement brings together all gains and losses not reported in the Income and Expenditure Account with the outturn on the Income and Expenditure Account to show the total movement in the Authority's net worth.

#### **6 Balance Sheet**

This shows Wiltshire County Council's financial position at 31 March 2008 – the end of the financial year 2007/08.

#### **7 The Cash Flow Statement**

This shows a summary of the cash flowing in and out of the County Council arising from its financial transactions.

#### **8 Accounting Policies**

The accounting policies and procedures adopted by the County Council are detailed in this section.

## **9 Notes to the Core Financial Statements**

These provide additional information to assist in the interpretation and understanding of the Authority's accounts.

## **10 Wiltshire Pension Fund Accounts**

This section contains extracts from the Wiltshire County Council Pension Fund Accounts.

## **11 Trust Funds**

This section contains details of endowment and trust funds administered by Wiltshire County Council.

## **12 Annual Governance Statement**

The statement on internal control, including the review of effectiveness, is detailed here.

## **13 Auditor's Report**

This is the External Auditor's report and opinion on the accounts.

## **14 Glossary**

A glossary of financial terms is provided to assist the reader.

## The Year 2007/08

The Council set a net revenue budget for the year 2007/08 of £231.808 million, which increased to £233.195 million following the approval of investment plans for rollovers of under spending in 2007/08. The Council's final outturn for the year was a net spend of £229.928 million a net underspend of £3.266 million compared to budget. The Income and Expense account shows a net loss of £24 million after adjustment for items required by statute to be included in the income and expense but excluded when determining the Movement on the General Fund balance for the year.

There are a number of technical changes to the Statement of Accounts deriving from changes in the Statement of Recommended Practice (SORP) for local authority accounting. These include changes to the way the assets revaluation and debt financing are shown in the accounts, although there is no net impact on the County Fund.

The table below summarises the outturn position compared to the approved budget.

Revenue account summary	2007/08				2006/07
	Original Budget £000	Revised Budget £000	Actual £000	Variance £000	Actual £000
Operating Costs during the year	231,808	233,195	254,969	(21,774)	220,794
Income from government grant and local taxpayers	(231,808)	(231,808)	(231,929)	121	220,531
(Additions to)/Withdrawals from balances	0	1,387	23,039	(21,652)	263
County Fund balance at start of year	(7,808)	(7,808)	(7,808)	0	(7,632)
Adjustment relating to SORP 2006 disclosure			(25,705)	25,705	(439)
County Fund balance at end of year	(7,808)	(7,808)	(10,473)	2,665	(7,808)

The County Fund balance at 31 March 2008 was £10.473 million and includes all underspending identified at the year end. In June 2008 the Cabinet have been asked to agree a net underspend of £2.969 million from 2007/08 should be made available to fund services in 2008/09. If this is agreed it will decrease the available balance to £7.503 million in 2008/09.

## Pension Fund

The County Council's share of the assets and liabilities of the Pension Fund is a net liability and has been calculated in accordance with Financial Reporting Standard 17 "Retirement Benefits".

The Pension Fund liability is estimated to be £129.208 million using the Financial Reporting Standard 17 basis of valuation and the strategy is to have the fund balanced by 2020. In 2007/08 the County Council maintained its contribution at the rates advised by our actuaries, Hymans Robertson, at 13.5% of pensionable pay plus £6.6 million and also ensure that all liabilities in terms of early payment of benefits were met in full.

## **Capital**

The Council's capital investment for the year totalled £62.6 million with £27.7 million invested in Children's Services, £23.1 million on local transport infrastructure and the remaining £11.8 million mainly invested in Corporate and Adult and Community Services. The major sources of financing capital spending were from external borrowing £23.8 million, capital grants and contributions £32.1 million and capital receipts £4.8 million.

The Council borrows to pay for part of the capital programme within the borrowing limit approved by the County Council in February each year. Funds can be borrowed from the government via the Public Works Loans Board or the money market. As at 31 March 2008 long term borrowing was £176.8 million and an analysis of this is shown in note 36 to the accounts.

The Council's current capital investment programme covers a period from 1 April 2008 to 31 March 2011 and beyond and involves planned expenditure of £272.2 million funded by external borrowing of £83.9 million, capital grants and contributions of £148.9 million, capital receipts of £39.4 million.

## **Borrowing**

Borrowing during the year decreased by £7.160 million. A new Lender Option Borrower Option (LOBO) loan of £6 million was taken up to replace an existing LOBO loan at a more favourable rate of interest.

No new borrowing was taken from Public Works Loan Board (PWLB) during the year, however, PWLB loans of £5.415 million and a £6 million LOBO loan were repaid. The Statement of Recommended Practice (SORP) 2007 now requires accrued interest and amortisation to be incorporated in the carrying value of the loan. Loans raised during 2007/08 include £0.940 million relating to PWLB loans and £0.164 million for LOBO loans.

**Sandra Farrington**  
**Chief Financial Officer**

***Statement of Responsibilities for the Statement of Accounts***

**The Authority's Responsibilities**

The Authority is required to:

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

**The Chief Financial Officer's Responsibilities**

The Chief Financial Officer is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practice as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom ("the Code of Practice").

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

- Selected suitable accounting policies and applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Code of Practice or, disclosed any non-compliance.

The Chief Financial Officer has also:

- Kept proper accounting records that were up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the Statement of Accounts on pages 7 to 58 present fairly the financial position of the authority at the accounting date and its income and expenditure for the year ended 31 March 2008.

**Sandra Farrington**  
**Chief Financial Officer**  
**Date**

**Mrs Jane Scott**  
**Leader of Wiltshire County Council**  
**Date**

**Wiltshire County Council**  
**Statement of Accounts 2007/2008**

***Income and Expenditure Account***

For the year ended 31 March 2008	Gross Spending 2007/08 £000	Gross Income 2007/08 £000	Net Spending 2007/08 £000	Restated Net Spending 2006/07 £000
<b>Service Expenditure Analysis</b>				
Central Services to the Public	1,710	(1,082)	628	1,150
Court Services	846	(325)	521	532
Cultural, Environment and Planning Services	35,968	(7,681)	28,287	29,081
Education Services	422,250	(362,088)	60,162	40,277
Highways, Roads and Transport Services	36,108	(7,240)	28,869	27,554
Housing Services	8,886	(8,672)	215	243
Social Services	166,410	(45,724)	120,686	112,041
Corporate and Democratic Core	11,475	(1,610)	9,865	5,756
Non Distributed Costs	801	0	801	1,173
<b>Net cost of services</b>	<b>684,454</b>	<b>(434,421)</b>	<b>250,033</b>	<b>217,807</b>
Loss on the disposal of fixed assets			449	(4,484)
Trading account surpluses (-) and deficits			(0)	22
Interest payable and similar charges			8,816	9,654
Interest and investment income			(5,493)	(5,448)
Pension interest cost				
and expected return on pensions assets			1,166	3,243
<b>Net Operating Expenditure</b>			<b>254,970</b>	<b>220,794</b>
Council tax precept			(168,838)	(158,829)
General government grants			(8,817)	(9,805)
Contribution from Non-domestic rates			(52,660)	(51,073)
Transfers from (-) / to the Collection fund in respect of surpluses/deficits			(1,615)	(824)
			<b>(231,929)</b>	<b>(220,531)</b>
<b>Deficit for the Year</b>			<b>23,040</b>	<b>263</b>

***Statement of Movement on the General Fund Balance***

As at 31 March 2008	Notes	Net Spending 2007/08 £000	Restated Net Spending 2006/07 £000
Deficit for the year on the Income and Expenditure Account		23,040	263
Net additional amount to be debited or credited to the General Fund balance		(25,705)	(439)
<b>Increase in General Fund balance for the year</b>		<b>(2,665)</b>	<b>(176)</b>
General Fund balance brought forward		(7,808)	(7,632)
<b>General Fund balance carried forward</b>		<b>(10,473)</b>	<b>(7,808)</b>

**General Fund Balance Reconciliation**

<b>As at 31 March 2008</b>	<b>Net Spending 2007/08 £000</b>	<b>Net Spending 2006/07 £000</b>
Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the Movement on the General Fund balance for the year		
Depreciation and impairment of fixed assets	(10,575)	(10,905)
Loss on revaluation	(27,471)	
Government Grants Deferred amortisation	1,676	1,884
Write downs of deferred charges to be financed from capital resources	(5,592)	(7,490)
Net gain / (loss) on sale of fixed assets	(449)	4,484
Amount by which pension costs calculated in accordance with the SORP are different from contributions due under the pension scheme regulations	(1,166)	(3,920)
Amount by which finance costs calculated in accordance with the SORP are different from the amount of finance costs calculated in accordance with statutory requirements	(164)	
	<b>(43,740)</b>	<b>(15,947)</b>
Amounts not included in the Income and Expenditure Account but required by statute to be included when determining the Movement on the General Fund Balance for the year		
Statutory provision for repayment of debt	7,829	7,853
	<b>7,829</b>	<b>7,853</b>
Transfers to or from the General Fund Balance that are required to be taken into account when determining the Movement on the General Fund Balance for the year.		
Voluntary revenue provision for capital financing	1,040	1,376
Net transfer to or from earmarked reserves	9,167	6,279
	<b>10,207</b>	<b>7,655</b>
<b>Net additional amount required to be credited to the General Fund balance for the year</b>	<b>(25,705)</b>	<b>(439)</b>

**Statement of Total Recognised Gains and Losses**

<b>As at 31 March 2008</b>	<b>2007/08 £000</b>	<b>2006/07 £000</b>
Deficit / Surplus (-) for the year on the Income and Expenditure Account	25,705	263
Surplus arising on the revaluation of fixed assets	23,711	7,590
Movements in Capital Adjustment account	(31,754)	
Movements in Capital financing account		25,226
Movements in Fixed Asset Restatement Account		1,476
Movement on Usable Capital Receipts Reserve	(2,715)	(3,321)
Movement on available financial instruments adjustment accounts	(616)	
Movement on earmarked reserves	27,170	10,329
Movements in other funds and balances	2,665	(2,326)
Actuarial gains / losses (-) on pension fund assets and liabilities	14,663	42,046
<b>Total recognised gains for the year</b>	<b>58,829</b>	<b>81,283</b>

The impact of prior year adjustment on reserves has been to decrease the Fixed Asset Restatement Account by £4.5 million



**Wiltshire County Council**  
**Statement of Accounts 2007/2008**

**Balance Sheet**

<b>Balance Sheet As at 31 March 2008</b>	<b>Note</b>	<b>2007/08 £000</b>	<b>Restated 2006/07 £000</b>
<b>Fixed Assets</b>			
Intangible Fixed Assets	16	2,580	
<b>Tangible Fixed Assets Operational Assets</b>			
Land and buildings	16	388,509	358,357
Vehicles and Equipment	16	6,524	6,313
Infrastructure assets	16	179,473	161,780
<b>Non-operational assets</b>			
Assets under Construction	16	5,887	1,805
Investment Properties	16	7,026	1,087
Surplus assets held for disposal	16	1,170	1,293
<b>Total Fixed Assets</b>		<b>591,169</b>	<b>530,635</b>
Long Term Debtors	25	6,702	5,776
Deferred premiums early repayment of debt			210
<b>Total Long Term Assets</b>		<b>6,702</b>	<b>5,986</b>
<b>Current Assets</b>			
Stocks and Work in Progress	26	211	229
Debtors	27	47,092	55,214
Short Term Investments	28	72,233	70,500
Cash in Hand	29	31,753	20,562
<b>Less Current Liabilities</b>			
Creditors	30	(73,754)	(64,744)
Cash Overdraw n	31	(8,186)	(7,907)
Long term loans maturing w ithin one year	32	(8,605)	(14,436)
<b>Total Assets less Current Liabilities</b>		<b>60,744</b>	<b>59,418</b>
Provisions	34	(3,142)	(3,346)
Long Term Borrow ing	32	(176,554)	(177,882)
Deferred Liability - Finance Leases	10	(601)	(432)
Government Grants Deferred		(43,082)	(24,139)
Capital Contribution		(11,633)	(9,638)
Liability related to defined benefit pension schemes	38	(129,208)	(145,037)
<b>Total Assets less liabilities</b>		<b>294,394</b>	<b>235,565</b>
<b>Financed by:</b>			
Revaluation reserve	35	51,428	
Capital adjustment account	35	301,265	
Fixed Asset Restatement Account			118,746
Capital Financing Account			208,448
Usable Capital Receipts Reserve	35	71	2,786
Financial instruments adjustment account	35	(452)	
Pensions Reserve	35	(129,208)	(145,037)
Earmarked Reserves	35	60,817	42,814
County Fund Balance	35	10,473	7,808
<b>Total Equity</b>		<b>294,394</b>	<b>235,565</b>

**The Cash Flow Statement for 2007/08**

To follow

## ***Statement of Accounting Policies***

### **1 General Principles**

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

### **2 Accruals of Income and Expenditure**

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

- Fees, charges and rents due from customers are accounted for as income at the date the Council provides the relevant goods and services.
- 
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as stocks on the Balance Sheet.
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

### **3 Provisions**

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

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

Where some or all of the payment required to settle a provision is expected to be met by another party (e.g. from an insurance claim), this is only recognised as income in the

relevant service revenue account if it is virtually certain that reimbursement will be received if the obligation is settled.

#### **4 Reserves**

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

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

#### **5 Government Grants and Contributions (Revenue)**

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

#### **6 Retirement Benefits**

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 Children, Schools and Families (DCSF).
- The Local Government Pensions Scheme, administered by Wiltshire County 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 be identified to the Council. The scheme is therefore accounted for as if it were a defined contributions scheme – no liability for future payments of benefits is recognised in the Balance Sheet and the education service revenue account 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 scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 6.9% (based on the indicative rate of return on high quality corporate bond iBoxx Sterling Corporates Index, AA over 15 years).
- The assets of the Wiltshire Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:
  - quoted securities – mid-market value
  - unquoted securities – professional estimate
  - unitised securities – average of the bid and offer rates
  - property – market value.
- The change in the net pensions liability is analysed into seven components:
  - current service cost – the increase in liabilities as result of years of service earned this year – allocated in the Income and Expenditure Account to the revenue accounts of services for which the employees worked
  - past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years
  - debited to Net Operating Expenditure in the Income and Expenditure Account
  - interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to Net Operating Expenditure in the Income and Expenditure Account
  - expected return on assets – the annual investment return on the fund assets attributable to the Council, based on an average of the expected long term return – credited to Net Operating Expenditure in the Income and Expenditure Account
  - gains/losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Statement of Total Recognised Gains and Losses
  - contributions paid to the Wiltshire pension fund – cash paid as employer's contributions to the pension fund.

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

## **7 VAT**

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

## **8 Overheads and Support Services**

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Best Value Accounting Code of Practice 2007 (BVACOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

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

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

## **9 Intangible Fixed Assets**

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

## **10 Tangible Fixed Assets**

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

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

**Measurement:** assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use. Assets are then carried in the Balance Sheet using the following bases:

- Investment properties and assets surplus to requirements – lower of net current replacement cost or net realisable value.
- Dwellings, other land and buildings, vehicles, plant and equipment – lower of net current replacement cost or net realisable value in existing use.
- Infrastructure assets and community assets – depreciated historical cost.

Net current replacement cost is assessed as:

- Non-specialised operational properties – existing use value.
- Specialised operational properties – depreciated replacement cost.
- Investment properties and surplus assets – market value.

Assets included in the Balance Sheet at current value are revalued where there have been material changes in the value, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Income and Expenditure Account where they arise from the reversal of an impairment loss previously charged to a service revenue account.

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

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

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

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

**Disposals:** when an asset is disposed of or decommissioned, the value of the asset in the Balance Sheet is written off to the Income and Expenditure Account as part of the gain or loss on disposal. Receipts from disposals are credited to the Income and Expenditure Account as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account. Amounts in excess of £10,000 are categorised as capital receipts.

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

Depreciation is calculated on the following bases:

- Dwellings and other buildings – straight-line allocation over the life of the property as estimated by the valuer.
- Vehicles, plant and equipment – straight-line allocation over the life of the asset, as advised by a suitably qualified officer.
- Infrastructure – straight-line allocation over 60 years.

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

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

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

## **11 Charges to Revenue for Fixed Assets**

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

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

The Council is not required to raise council tax to cover depreciation, impairment losses or amortisations. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement (equal to at least 4% of the underlying amount measured by the adjusted Capital Financing Requirement, excluding amounts attributable to HRA activity). Depreciation, impairment losses and amortisations are therefore replaced by revenue provision in the Statement of Movement on the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account for the difference between the two.

## **12 Deferred Charges**

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

## **13 Leases**

### **Finance leases**

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

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

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

### **Operating leases**

Leases that do not meet the definition of finance leases are accounted for as operating leases. Rentals payable are charged to the relevant service revenue account on a straight-line basis over the term of the lease, generally meaning that rentals are charged when they become payable.

## **14 Financial Liabilities**

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Income and Expenditure Account for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable and interest charged to the Income and Expenditure Account is the amount payable for the year in the loan agreement.

Where premiums and discounts have been charged to the Income and Expenditure Account, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain/loss over the term that was remaining on the loan against which the premium was payable or discount receivable



when it was repaid. The reconciliation of amounts charged to the Income and Expenditure Account to the net charge acquired against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Statement of Movement on the General Fund Balance.

## **15 Financial Assets**

### **Loans and receivables**

Loans and receivables are initially measured at fair value and carried at their amortised cost. Annual credits to the Income and Expenditure Account for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable and interest credited to the Income and Expenditure Account is the amount receivable for the year in the loan agreement.

When soft loans are made, (loans which for legitimate policy reasons are made at less than market value, for example, loans to staff, other public bodies or the voluntary sector) a loss is recorded in the Income and Expenditure Account for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited at a marginally higher effective rate of interest than the rate receivable from the 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 these loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Income and Expenditure Account to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Statement of Movement on the General Fund Balance. We have reviewed such loans and do not consider the impact of the loans on the accounts material

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

Any gains and losses that arise when the loan finishes or is written off the balance sheet are credited/debited to the Income and Expenditure Account.

## **16 Stocks and Work in Progress**

Stocks are included in the Balance Sheet at the lower of cost and net realisable value. Work in progress is subject to an interim valuation at the year end and recorded in the Balance Sheet at cost plus any profit reasonably attributable to the works.

## **17 Private Finance Initiative (PFI)**

PFI contracts are agreements to receive services, where the responsibility for making available the fixed assets needed to provide the services passes to the PFI contractor. Payments made by the Council under a contract are generally charged to revenue to reflect the value of services received in each financial year.

## **Prepayments**

A prepayment for services receivable under the contract arises when assets are transferred to the control of the PFI contractor, usually at the start of the scheme. The difference between the value of the asset at the date of transfer and any residual value that might accrue to the authority at the end of the contract is treated as a contribution made to the contractor and is accounted for as a prepayment. The prepayment is written down (charged) to the respective revenue account over the life of the contract to show the full value of services received in each year. However, as the charge is a notional one, it is reversed out in the Statement of Movement on the General Fund Balance to remove any impact on council tax or rents.

Dowry payments, made at the start of the contract, which result in lower unitary payments over the life of the contract are accounted for by setting up the contribution (dowry) as a prepayment for services receivable and writing the balance down to revenue over the life of the contract as services are received to reflect their real cost.

## **Reversionary interests**

The Council has passed control of certain land and buildings over to the PFI contractor, but this property will return to the Council at the end of the scheme (reversionary interests). An assessment has been made of the net present value that these assets will have at the end of the scheme (unenhanced) and a reversionary interest asset has been created in the Council's Balance Sheet.

As the asset is stated initially at net present value, over the life of the scheme, the discount will need to be unwound by earmarking (decreasing) part of the unitary payment to ensure the reversionary interest is recorded at current prices when the interests revert to the Council.

## **Residual interests**

Where assets created or enhanced under the PFI scheme are to pass to the Council at the end of the scheme at a cost less than fair value (including nil) (residual interests), an amount equal to the difference between the fair value and the payment to be made at the end of the contract is built up as a long term debtor over the contract life by reducing the amount of the unitary payment charged to revenue.

## **PFI credits**

Government grants received for PFI schemes, in excess of current levels of expenditure, are carried forward as an earmarked reserve to fund future contract expenditure.

## **Endowment and Trust Funds**

The County Council administers 15 such funds. They mostly consist of small sums received from private individuals which have been invested by the County Council in order to provide an annual income. Two of the funds are of significant size and three others exceed £100,000. They do not form part of the County Council's accounts, but are shown on page 58.

**Notes to the Core Financial Statements**  
**Notes to the Income and Expense**

**1 Publicity Expenditure**

Expenditure on publicity, as defined by the Local Government Act 1986, is shown below:

	2007/08 £000	2006/07 £000
Recruitment advertising	1239	1215
Statutory notices	349	412
Communications unit	453	362
Publicity for services provided	1030	787
<b>Total</b>	<b>3,071</b>	<b>2,776</b>

**2 Local Authority (Goods and Services) Act 1970**

This Act provides for public bodies to provide goods and services to one another on a trading basis. In 2007/08 the County Council's income from the activities covered by the Act was as follows:

	Income 2007/08 £000	Associated Expenditure 2007/08 £000	Income 2006/07 £000	Associated Expenditure 2006/07 £000
Other Local Authorities	814	614	541	549
Police Authority	291	97	226	30
Fire Authority	48		59	
Other Public Bodies (including Parish Councils)	773	389	626	24
<b>Total</b>	<b>1,926</b>	<b>1,100</b>	<b>1,452</b>	<b>603</b>

**3 Members Allowances**

The total allowances paid to elected members during 2007/08 were £0.651 million. (2006/07 £0.584 million).

**4 Officers Emoluments**

The Accounts and Audit Regulations require disclosure of the numbers of officers whose remuneration in 2007/08 exceeded £50,000, analysed into bands of £10,000:

	Number of employees 2007/08 £000	Number of employees 2006/07 £000
£150,000 - £159,999		1
£140,000 - £149,999		1
£130,000 - £139,999	1	
£120,000 - £129,999		1
£110,000 - £119,999	2	
£100,000 - £109,999	2	
£90,000 - £99,999	2	2
£80,000 - £89,999	11	4
£70,000 - £79,999	12	16
£60,000 - £69,999	22	27
£50,000 - £59,999	94	69
<b>Total</b>	<b>146</b>	<b>121</b>

## **5 Related Party Transactions**

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

**Central government** has effective control over our general operations – it is responsible for providing the statutory framework within which we operate, provides the majority of our funding in the form of grants and prescribes the terms of many of the transactions that we have with other parties. Details of transactions with government departments are set out in the note to the Cash Flow statement.

**Members of the Council** have direct control over the Council's financial and operating policies. 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.

**Pension fund** – during the financial year the pension fund had an average overdrawn balance of £0.9 million of with the Council. The Council paid the fund a total for interest of £150,000 on these deposits. The Council charged the fund £0.77 million for expenses incurred in administering the fund.

During 2007/08 various County Councillors were also members of district, parish or town councils, police bodies and other bodies. Significant payments made to these bodies by Wiltshire County Council are listed below:

**Wiltshire County Council**  
**Statement of Accounts 2007/2008**

	2007/08 £000	2006/07 £000
Kennet District Council	851	2,031
North Wiltshire District Council	4	541
Salisbury District Council	849	1,234
West Wiltshire District Council	1,370	413
Amesbury Town Council	17	12
Devizes Town Council	56	41
Trowbridge Town Council	32	25
Wiltshire Police Authority	1,401	2,711
Wilts and Swindon fire authority	84	
West Wiltshire housing society	995	1,091
Care Ltd	733	1
Community First	619	294
Tidworth Development Trust	101	64
Salisbury Playhouse	25	50
Salisbury and South Wilts Museum	109	39
<b>Total</b>	<b>7,246</b>	<b>8,547</b>

## **6 Joint Arrangements**

### **Areas of Outstanding Natural Beauty (AONB)**

Wiltshire County Council has the responsibility for the management of staff, offices and accounts for two AONB : Cranborne Chase & West Wiltshire Downs and North Wessex Downs. 75% of the costs for each of these areas are funded by the Natural England Agency and the remaining 25% by the local authorities within the AONB's boundary.

In addition Wiltshire County Council has contributed to the running costs of The Cotswolds AONB, this is run by an independent body; The Cotswolds AONB Conservation Board.

The running cost in 2007/08 for Cranborne Chase & West Wiltshire Downs was £0.255 million. Wiltshire County Council contributed £20,251 in 2007/08 for core costs. The other local authorities involved are: Dorset County Council, East Dorset District Council, Hampshire County Council, Mendip District Council, New Forest District Council, North Dorset District Council, Salisbury District Council, Somerset County Council, South Somerset District Council and West Wiltshire District Council.

The running costs in 2007/08 for North Wessex Downs were £0.332 million. Wiltshire County Council contributed £8,985 in 2007/08 for core costs. The other authorities involved are: Basingstoke District Council, British Waterways, Hampshire County Council, Kennet District Council, North Wiltshire District Council, Oxfordshire County Council, South Oxfordshire District Council, Swindon Borough Council, Test Valley District Council, Vale of White Horse District Council and West Berkshire District Council.

The running costs in 2007/08 for The Cotswolds AONB in their draft final accounts were approximately £1.552 million. Wiltshire County Council contributed £7,531 during the year. The other authorities involved are: Bath & North East Somerset District Council, Cheltenham Borough Council, Cherwell District Council, Cotswold District Council, Gloucestershire County Council, Oxfordshire County Council, North Wiltshire District Council, South Gloucestershire District Council, Stratford upon Avon District Council, Stroud District Council, Tewkesbury Borough Council, Warwickshire County Council,

West Oxfordshire District Council, Wychavon District Council, West Wiltshire District Council and Worcestershire County Council.

### **Kennet & Avon Canal**

The Council is in a partnership arrangement with British Waterways to fund maintenance and enhancements to the Kennet & Avon Canal. All local authorities through which the canal passes contribute to the maintenance of the canal, and for 2007/08 Wiltshire County Council made an annual contribution of £84,951. The contribution will continue at this rate plus inflation until 2017. British Waterways in conjunction with the Kennet & Avon Canal Trust will allocate this money to enhance the tourism and environmental benefits of the canal.

### **Cotswold Water Park**

The Council, in partnership with Cotswold District Council, Gloucester County Council, Swindon Borough Council and North Wiltshire District Council, form the Cotswold Water Park Joint Committee. The Council contributed £36,600 in 2007/08 to the committee, who in turn provides funding to The Cotswold Water Park Society (a charitable company which manages the park area and its facilities). The Society is developing the water park area to provide improved tourism and a better natural environment.

### **Rural Renaissance**

The Rural Renaissance programme is a regional funding programme, operated by the South West of England Regional Development Agency (RDA), targeted at the economic regeneration of the South West region. The RDA delegate responsibility for the delivery of the programme to various sub-regional partnerships across the South West.

Wiltshire County Council has taken the role of accountable body for the delivery of the Rural Renaissance Programme in the sub-region of Wiltshire and Swindon. This means that Wiltshire County Council is responsible for ensuring the appropriate use of Rural Renaissance Funds in the Wiltshire and Swindon area. £1.630 million funding was received in 2007/08. Progress is reported quarterly to the RDA.

### **Care in the Community**

Care in the Community Joint Funded Placements with the Primary Care Trust (PCT) exists for Learning Disability clients and a contract is now in place for 2007/08. The value paid by the PCT for 2006/07 was £8.483 million. This reduced in 2008/09 to £8.206 million

### **Intermediate Care**

Integrated Management and Intermediate Care were S31 Pools, hosted by the Primary Care Trust (PCT) in 2005/06. The pools ceased at the end of 2005/06 financial year. In 2006/07 a new Intermediate Care S31 Agreement (31 March 2006 to 31 March 2009) with regards Community Support Workers with the Primary Care Trust is in place, this is not based on a specific monetary contribution but a number of workers to work with Health in a joint arrangement capacity. The value paid for 2006/07 was £0.748 million. This increased to £0.861 million in 2007/08

### **Wiltshire and Swindon Connexions Service**

From 1 October 2004 Wiltshire County Council became the lead body for the Connexions Service which contracts with a number of providers to provide a range of services to young people aged 14-19. There is no revenue contribution from the County Council and the Connexions service is 100% grant funded by the DCSF, this was £5.7

## Wiltshire County Council Statement of Accounts 2007/2008

million in 2007/08. All management and administration costs incurred by the County Council are charged to the Connexions budget.

Wiltshire County Council also continues to act as a provider for some of these services and thus received grant from Connexions of £0.57 million in 2007/08 for those direct services. Again, there is no revenue contribution from the County Council, however, there is a considerable "in-kind" cost arising from this element of the service. The majority of this cost relates to staff and premises of statutory service teams within the Department for Children and Education.

### 7 Audit Costs

During 2007/08 Wiltshire County Council incurred the following fees in respect of external audit and statutory inspection, in accordance with the Audit Commission Act 1998:

	2007/08 £000	2006/07 £000
Fees payable auditors with regard to external audit service	212	238
Fees paid to auditors with regard to the certification of grant claims and returns	25	32
Fees paid to the Audit Commission in respect of statutory inspection	15	
<b>Total</b>	<b>252</b>	<b>270</b>

### 8 Dedicated Schools Grant

Spending on schools is mainly funded by grant monies provided by the Department for Children, Schools and Families (DCFS) through the Dedicated Schools Grant (DSG). The DSG grant is ring-fenced and can only be used to meet expenditure properly included in the schools budget.

Details of the DSG receivable in 2007/08 are as follows:

	Central Expenditure £000	2007/08 Individual Schools Budget £000	Total £000	2006/07 £000
Original grant allocation to Schools Budget	(31,678)	(196,199)	(227,877)	(216,205)
Adjustment to finalised grant allocation	(426)			289
<b>DSG receivable for the year</b>	<b>(32,104)</b>	<b>(196,199)</b>	<b>(227,877)</b>	<b>(215,916)</b>
Budget adjustments through year	398	(333)	65	
Final DSG budget	(31,706)	(196,533)	(228,239)	
Actual expenditure for the year	31,520	196,533	228,053	215,473
<b>Overspend carried forward to 2007/08</b>	<b>(186)</b>	<b>0</b>	<b>(186)</b>	<b>(443)</b>

### 9 Pooled Budgets

An agreement between Primary Care Trusts and Wiltshire County Council established a pooled Fund in 2004/05 in relation to Aids and Adaptations. The objectives of this pool are to provide efficiencies between Health and Social Services in the use of aids and adaptations and economies of scale.

**Wiltshire County Council**  
**Statement of Accounts 2007/2008**

The PCTs merged on 1 October 2006 and a new S31 agreement exists, replacing the three separate S31 agreements. The pooled budget is administered by Wiltshire County Council on behalf of the Wiltshire PCT.

	Gross Expenditure £ million	Gross Income £ million
<b>Integrated Community Equipment Services</b>		
Wiltshire Pool	1.981	2.002
	1.981	2.002

Wiltshire County Council made a contribution of £0.664 million towards the pooled budget in 2007/08. Under spends owed to the pool parties (DCS £7,000 and PCT £14,000) will be carried forward into 2008/09.

## 10 Finance leases rentals

A finance lease is a lease that transfers substantially all the risks and rewards of ownership of an asset to the lessee and establishes the 90% test comparing the present value of the minimum lease payments to the fair value of the leased asset.

Rentals paid and future obligations in respect of finance leases are listed below:

Rentals paid	Total 07/08		Total 06/07	
	Principal £000	Interest £000	Principal £000	Interest £000
Amounts payable within the next year	17	69	11	56
Amounts payable within the second to fifth years	67	276	37	224
Aggregate amounts payable thereafter	517	2,893	384	2,708
<b>Total</b>	<b>601</b>	<b>3,238</b>	<b>432</b>	<b>2,988</b>
Land and buildings	601	3,238	432	2,988

Future obligations under finance leases are listed below:

	2007/08 £000	2008/09 £000	2009/10 £000	2010/15 £000
Corporate leases	88	86	86	429

## 11 Operating lease rentals

An operating lease is a lease that is not a finance lease (see above) rentals paid in respect of operating leases are listed below:

	07/08 £000
Amounts payable within the next year	823
Amounts payable within the second to fifth years	730
Aggregate amounts payable thereafter	
<b>Total</b>	<b>1,553</b>

## 12 PFI payments

**Introduction** - In October 2000 the Council entered into a Private Finance Initiative with White Horse Partnership to procure three new secondary schools. All three schools have been constructed and are operational. White Horse Partnership will maintain and



operate the facilities for 30 years from the date the first school became operational in March 2002.

**Accounting treatment** - the Wiltshire County Council PFI agreement transfers the balance of risk and reward of ownership of the schools to the PFI operator. The PFI payments are recorded as an operating expense within the net cost of services in the Income and Expenditure Account. PFI payments are accounted for in the year in which the service was provided.

**Funding** - the funding for this payment will come 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 £38.6 million. It is the Council's policy to appropriate any surplus of PFI credits to an earmarked PFI sinking fund reserve. The amount of Government funds required to support the PFI contract for a particular year is then appropriated back to the revenue account.

**Capital contributions** to the PFI are retained in the Council's balance sheet as a prepayment and are amortised to revenue in equal instalments over the life of the project.

**Fair value of asset at end of PFI term** - a residual interest asset will be built up in the balance sheet as a long term debtor in equal instalments over the life of the PFI. This is to reflect the expected fair value of the assets that will transfer to the Council at the end of the PFI contract.

**Land** owned by the authority at the three schools valuing £9.6 million has been leased to WHEP as part of the contract. A capital contribution of £2.2 million was made to the project by way of a cash payment in 2001/02, with a further payment of £4.5 million in 2005/06 when the surplus land at Malmesbury was sold.

**PFI Smoothing Fund** 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 Expense**

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.

As at 31 March 2008 payments totalling £36.9 million have been made to the PFI contractor. The future estimated payments the Council will make under the contract are as follows:

<b>Year</b>	<b>07/08 £ m</b>	<b>06/07 £ m</b>
2007-08	6.1	4.8
2008-09 to 2012-13	26.9	25.1
2013-14 to 2017-18	28.6	26.9
2018-19 to 2022-23	30.6	28.8
2023-24 to 2027-28	32.8	31.1
2028-29 to 2031-32	27.7	26.2
<b>Total</b>	<b>152.7</b>	<b>142.9</b>

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

### **13 Local Area Agreement Grant**

The Council is a participant in an LAA – a partnership with other public bodies involving the pooling of government grants to finance work towards jointly agreed objectives for local public services. In 2007/08 the LAA has completed the first year of its three year agreement.

The purpose of the LAA is

- to form an agreement between the Wiltshire County Council and other external agencies
- to ensure that together we achieve the 2007/08 vision to create stronger and more sustainable communities in Wiltshire.
- To agree specific outcomes and targets that will be achieved each year for the three years of the agreement.
- To improve the effectiveness and efficiency of public services in Wiltshire by pooling and aligning funding streams.

The Wiltshire Strategic Board (WiSB) includes representatives from County, town and parish and District Councils; district local strategic partnerships; Police; Fire and Rescue; Probation; Learning and Skills Council; health; faith groups; and the business and voluntary sectors

Wiltshire County Council acts as the accountable body for the LAA. This means that we are responsible for managing the distribution of grant paid by the Government Office to the partners involved, but the Council does not determine which bodies are due payments – this is determined either by the Government Office or the partnership and has therefore not recognised the full amount of LAA Grant in its financial statements, but only that part to be spent by the Council in providing services.

The total amount of LAA grant received by the local strategic partnership in 2007/08 is £4.2 million. The Council received £3.4 million of this total to fund its own services.

As an accountable body, the Council is potentially responsible for repaying the Government any element of grant that is found to have been misused by partners. Systems in place for distributing grant that are designed to limit the possibility that this will happen. It has not been necessary to recognise any contingent liabilities for possible repayments and no provisions have been made for any such eventuality.

**Notes to the Core Financial Statements**  
**Notes to the Balance Sheet**

**14 Restatement of 2006/07 Accounts**

The 2006/07 figures shown in the balance sheet are restated due to a material error in 2006/07 in relation to land for PFI buildings and a requirement in the 2007 SORP.

The capital accounting balance sheet figures for 31 March 2007 have been adjusted from those included in the Statement of Accounts for 2006/07 to accommodate the implementation of the Revaluation Reserve (see accounting policy 10). The Revaluation Reserve replaces the Fixed Asset Restatement Account (FARA). The credit balance of £118.7 million on the FARA at 31 March 2007 has been written off to the Capital Financing Account (£208.4 million balance) to form the new Capital Adjustment Account with an opening balance of £327.2 million. The Revaluation Reserve has then been included in the balance sheet with a zero opening balance. The closing position on the Reserve at 31 March 2008 therefore only shows revaluation gains accumulated since 1 April 2007

<b>Balance Sheet As at 31 March 2008</b>	<b>Restated 2006/07 £000</b>	<b>Required by SORP 07 £000</b>	<b>Prior Period Adj £000</b>	<b>Published 2006/07 £000</b>
<b>Fixed Assets</b>				
Intangible				
Land and buildings	358,357		4,503	353,854
Vehicles and Equipment	6,313			6,313
Infrastructure assets	161,780			161,780
Non-operational assets	4,185			4,185
<b>Total Fixed Assets</b>	<b>530,635</b>		<b>4,503</b>	<b>526,132</b>
<b>Financed by:</b>				
Revaluation reserve				
Capital adjustment account	327,195			
Fixed Asset Restatement Account		(118,746)	4,503	114,243
Capital Financing Account		(208,448)		208,448

There is a prior period adjustment relating to the transitional arrangements for premiums and discounts on financial instruments as per SORP 2007. Please note, SORP 2007 specifically states that "the change is a change in accounting policy and any resulting adjustment between the closing Balance Sheet for 2006/07 and the restated opening Balance Sheet on 1 April 2007 should be treated as a prior period adjustment. However, comparative information should not be restated to comply with the 2007 SORP rather, the opening Balance Sheet adjustment arising from the prior period adjustment should be disclosed as a total amount."

<b>Income and expense As at 31 March 2008</b>	<b>Restated 2006/07 £000</b>
Movement on General Fund	(37,691)
Write off/merger of premiums/discounts	(116,523)
Adj to Loan Carrying Values	(173,460)
Statutory Financial Instrument Adjustment	327,674

## 15 Statement of Movement on the General Fund

The reconciliation details the differences between the outturn on the Income and Expenditure Account and the General Fund Balance. The Council is required to raise council tax on a different accounting basis and movements relate to items included or excluded by statute when determining the amount to be met from local taxation in the year.

## 16 Movement on Fixed Assets

<b>Movement in fixed assets</b>	<b>Land and buildings £000</b>	<b>Vehicles &amp; Equipment £000</b>	<b>Infra-structure assets £000</b>	<b>Non operational assets £000</b>	<b>Intangible assets £000</b>	<b>Total £000</b>
Gross Book Value 1 April 2007	367,464	13,011	182,592	4,185		<b>567,252</b>
Transfers between asset groups						<b>0</b>
Expenditure in year	14,716	2,726	21,228	6,477	2,580	<b>47,728</b>
Disposals in year	(2,700)	(247)		(53)		<b>(3,000)</b>
Revaluations	20,483			3,474		<b>23,958</b>
<b>Gross Book Value 31 March 2008</b>	<b>399,964</b>	<b>15,490</b>	<b>203,820</b>	<b>14,083</b>	<b>2,580</b>	<b>635,937</b>
Depreciation to 1 April 2007	(9,108)	(6,699)	(20,812)	0		<b>(36,618)</b>
Depreciation for year	(4,526)	(2,514)	(3,535)			<b>(10,575)</b>
Depreciation written off upon disposal	2,178					<b>2,178</b>
Depreciation written off upon revaluation		247				<b>247</b>
						<b>0</b>
Depreciation to 31 March 2008	<b>(11,455)</b>	<b>(8,966)</b>	<b>(24,347)</b>	<b>0</b>	<b>0</b>	<b>(44,768)</b>
						<b>0</b>
<b>Net Book Value 31 March 2008</b>	<b>388,509</b>	<b>6,524</b>	<b>179,473</b>	<b>14,083</b>	<b>2,580</b>	<b>591,169</b>
Net Book Value 31 March 2007 restated	358,357	6,313	161,780	4,185		530,635
<b>Non-Operational assets</b>	<b>Investment Properties £000</b>	<b>Assets under Construction £000</b>	<b>Surplus asset held for disposal £000</b>	<b>Total £000</b>		
Certified valuation at 31 March 2007	1,087	1,805	1,293	<b>4,185</b>		
Accumulated depreciation and impairment				<b>0</b>		
<b>Net book value of assets at 31 March</b>	<b>1,087</b>	<b>1,805</b>	<b>1,293</b>	<b>4,185</b>		
<b>Movement in 2007/08</b>						
Additions	2,395	4,082		<b>6,477</b>		
Disposals			(53)	<b>(53)</b>		
Revaluations	3,544		(70)	<b>3,474</b>		
<b>Net book value of assets at 31 March</b>	<b>7,026</b>	<b>5,887</b>	<b>1,170</b>	<b>14,083</b>		

**Foundation Schools** The School Standards and Framework Act 1998 changed the status of Grant Maintained schools to Foundation Schools maintained by the Local Education Authority. The change for funding purposes took effect from 1 April 1999. Fixed Assets and Long Term Liabilities remain vested in the Governing Bodies of individual foundation schools and therefore values and amounts have not been consolidated in this balance sheet. In this authority's area there are 23 foundation schools.

## 17 Significant Commitments under Capital Contracts

The value of significant commitments under capital contracts, in which amounts of greater than £100,000 are contracted to be paid after 31 March 2008, was £40.7 million. Included in this amount are the following major items

Description	07/08 £million
SAP licences and development	10.6
Continuing Maintenance Costs for Wiltshire & Swindon History Centre	0.1
Melksham Oak School	21.5
Pembroke Park/ Fisherton/ Highbury Secondary Schools	2.9
Other school construction projects	3.2

## 18 Summary of Capital Expenditure

		Total 2007/08 £000	Total 2006/07 £000
<b>Capital expenditure</b>			
Environmental Services	County Farms	888	1,510
	Gypsy Sites	9	
	Highways	23,091	20,441
	Other	3,966	811
Children and Education		27,481	18,995
Central services		3,843	1,796
Adult and Community Services	Libraries	1,208	5,030
	Other	2,081	1,086
<b>Total capital expenditure</b>		<b>62,567</b>	<b>49,669</b>

## 19 Financing and Capital Expenditure

		2007/08 £000	2006/07 £000
<b>Opening capital financing requirement</b>		<b>188,249</b>	<b>186,668</b>
Opening balance adjustment		693	
Capital investment	Operational Assets	43,400	32,278
	Non Operational Assets	4,082	1,805
	Assets written-off	10,812	8,098
	Deferred Charges	5,592	7,490
Sources of finance	Government Grants and Contributions	(32,115)	(15,239)
	Capital Receipts	(5,222)	(9,549)
	Transfer from Capital Reserve	(1,878)	(1,073)
	Minimum Revenue Provision	(7,829)	(7,853)
	Voluntary Revenue Provision	(1,041)	(1,376)
	Transfer of Debt to Swindon BC	0	(11,877)
	Assets purchased through Revenue	(1,319)	(1,123)
<b>Closing Capital Financing Requirement</b>		<b>203,424</b>	<b>188,249</b>
<b>Explanation of movements in year</b>			
Increase in underlying need to borrow (supported by Government financial assistance)		8,178	1,063
Increase in underlying need to borrow (unsupported by Government financial assistance)		6,304	904
<b>Increase / (decrease) in Capital Financing Requirement</b>		<b>14,482</b>	<b>1,967</b>

## 20 Deferred Charges

The Deferred Charges represent capital expenditure on school buildings (Voluntary Aided, Voluntary Controlled and Foundation schools) which the County Council does not own and hence they do not appear in its Fixed Assets.

**Wiltshire County Council**  
**Statement of Accounts 2007/2008**

<b>Deferred Charges</b>				
	<b>Balance</b>	<b>Expenditure</b>	<b>Charged to</b>	<b>Balance</b>
	<b>31 Mar 08</b>	<b>in year</b>	<b>revenue in year</b>	<b>1 Apr 07</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>2007/08</b>	<b>0</b>	<b>5,592</b>	<b>(5,592)</b>	<b>0</b>
<b>2006/07</b>	<b>0</b>	<b>7,490</b>	<b>(7,490)</b>	<b>0</b>

## 21 Statement of Physical Assets

This statement indicates the broad categories of fixed assets owned by the County Council.

		<b>2007/08</b>	<b>2006/07</b>
	<b>Note:</b>		
Land (hectares)		2664.763	2,763
Buildings (numbers)	1		
Primary Schools		164	167
Secondary Schools		10	10
Special Schools		6	6
Adult Education Centre		1	1
Youth and Community		18	17
Sports and Leisure		7	7
Administrative		22	22
Adult and Community Services		35	38
Libraries		16	15
Gypsy Sites		5	5
Highways Depots		15	15
County Farms		43	43
Roads (km)	2		
Principal County Roads		574	574
Other County Roads		3,836	3,830
Vehicles, Plant and Equipment (no)	3		
- Vans		10	7
- Lorries		27	24
- Kerbside Collectors		33	24
- Land Rovers		7	7
- Mobile Libraries		5	4
- Mini Buses		73	56
- Cars		5	49
- Gritters		51	49

1 All schools (including Voluntary Aided and Voluntary Controlled Schools) have been included where the County Council owns either the playing fields, some mobiles, or both, even where the total value of assets at a site is less than £50,000. The reduction in the number of secondary schools is due to the closure of middle schools following the Three Tier Review. Buildings included above (except those schools referred to above) are those valued at £50,000 or more.

2 These figures do not include motorways or trunk roads as these are maintained by the Highways Agency.

3 The figures above show only non-school building assets valued at more than the "de minimus" value of £10,000.

## 22 Assets under Finance Leases

A finance lease is a lease that transfers substantially all the risks and rewards of ownership of an asset to the lessee and establishes the 90% test comparing the present value of the minimum lease payments to the fair value of the leased asset.

In accordance with SSAP 21 the leased assets are included on the fixed asset register in the categories listed below:

	GBV £000	Depr £000	NBV £000	2006/07 £000
Land and buildings	2,135	(145)	1,989	623

## 23 Assets recognised under a PFI arrangement

The County Council has provided three secondary schools under the terms of a PFI Contract. The contract transfers the balance of risk and reward of ownership of the schools to the PFI operator and therefore the assets are not recorded on the Wiltshire County Council asset register.

## 24 Valuation of fixed assets

The following statement shows the progress of the Council's rolling programme for the revaluation of fixed assets. The valuations are carried out by Bruton Knowles, Chartered Surveyors. The basis for valuation is set out in the statement of accounting policies.

	Land and buildings 2007/08 £000	Vehicles and Equipment 2007/08 £000	Infrastructure 2007/08 £000	Investment properties 2007/08 £000	Intangible assets 2007/08 £000	Total 2007/08 £000
Valued at historic cost		12,764	182,592			195,356
Valued at current value in:						
2007-08	109,102	2,726	21,228		2,580	135,636
2006-07	89,724					89,724
2005-06	103,114					103,114
2004-05	60,020					60,020
2003-04	139,503			313		139,816
	501,463	15,490	203,820	313	2,580	723,666

## 25 Long Term Debtors

An analysis of long term debtors is as follows:

	2007/08 £000	2006/07 £000
Car loans to staff	7	21
Adaptation Loans	30	42
Private Finance Initiative (PFI)	6,665	5,713
<b>Total</b>	<b>6,702</b>	<b>5,776</b>

The PFI debtor is built up over life of asset to reflect value of asset to be transferred to the Council at the end of the contract in March 2032.

## 26 Stocks and Work in Progress

**Wiltshire County Council**  
**Statement of Accounts 2007/2008**

Details of the stocks held are shown below:

<b>Stock and work in progress</b>	<b>2007/08 £000</b>	<b>2006/07 £000</b>
Environmental Services	184	212
Children and Education	13	10
Department of Resources	14	6
<b>Total</b>	<b>211</b>	<b>228</b>

## 27 Debtors

These represent sums owed to the County Council for supplies and services provided before 31 March 2008 but not received at that date.

	<b>2007/08 £000</b>	<b>2006/07 £000</b>
Government Departments	7,005	13,032
General Debtors	20,512	18,840
Payments in Advance	20,192	21,424
Provision for Bad Debts	(617)	(761)
Landfill allowance	0	2,679
<b>Closing balance at 31 March</b>	<b>47,092</b>	<b>55,214</b>

Included within payments in advance is £13 million which represents a prepayment for the land which was contributed to the PFI scheme in March 2002. The prepayment is amortised to revenue in equal instalments over the life of the project.

## 28 Short term Investments

Surplus cash balances are lent through the money market to Local Authorities and other approved organisations. These are shown at book value, less any provision for losses in value of marketable securities.

	<b>2007/08 £000</b>	<b>2006/07 £000</b>
<b>Short term investments</b>	<b>72,233</b>	<b>70,500</b>

## 29 Cash in Hand

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

	<b>2007/08 £000</b>	<b>2006/07 £000</b>
County Council imprest accounts	112	118
County Fund	3,321	27
Schools' bank accounts	28,320	20,417
	<b>31,753</b>	<b>20,562</b>



### 30 Creditors

These represent sums owed by the County Council for supplies and services received before 31 March 2008 but not paid for at that date, or provisions created in accordance with the accounting policies.

	2007/08 £000	2006/07 £000
Government Departments	5,915	4,710
General Creditors	43,590	44,370
Receipts in Advance	19,678	10,012
Deposits	4,571	3,645
Landfill allowance	0	2,007
<b>Closing balance at 31 March</b>	<b>73,754</b>	<b>64,744</b>

### 31 Cash Overdrawn

The County Council's accounts show a cash overdrawn position of £8.2 million. However, the actual net cleared cash balance on the corporate bank accounts was a debit of £247,000. This difference is due to unrepresented cheques and BACS payments and uncleared cheques paid into the bank account on 30 and 31 of March 2008.

### 32 Long Term Borrowing

Long term borrowing decreased by £7.1 million from £192.3 million at 31 March 2007 to £185.1million at 31 March 2008. An analysis of loans by maturity is as follows:

Analysis of loans by maturity		
	2007/08 £000	2006/07 £000
Maturing within one year	8,605	14,437
Maturing in 1-2 years	10,297	2,625
Maturing in 2-5 years	16,232	16,069
Maturing in 5-10 years	25,121	35,065
Maturing in more than 10 years	124,904	124,123
<b>Total</b>	<b>185,159</b>	<b>192,319</b>

The long term borrowing can be further analysed by lender category:

Analysis of loans by type		
	2007/08 £000	2006/07 £000
Short term		
Pension fund	0	3,022
Long term		
Public works loan board	127,669	132,297
Money market	57,490	57,000
<b>Total</b>	<b>185,159</b>	<b>192,319</b>

### **33 Treasury Management**

Interest and other items of income associated with financial assets and liabilities are based on interest received and receivable, however, accrued interest on short term deposits is included in the carrying value of the investment outstanding at 31st March 2008.

Expenses associated with financial assets and liabilities are mainly related to external interest payments on loans, based on the effective interest rate. Accrued loan interest is shown against the loan outstanding in line with SORP 2007. Other expenses are shown on an accruals basis.

#### **Fair Value**

Fair values for each class of financial liabilities, excluding short term pension fund loans (as the carrying amount is considered to be a reasonable approximation of fair value) are shown below. Financial assets comprise short term investments only, the fair value for which is noted on the face of the accounts.

Market loans (Lender Option Borrower Options - LOBOs) are valued at rates obtained from the market on 31st March 2008, using bid prices where applicable and include accrued interest.

The County Council's main debt liability is with the Public Works Loan Board (PWLB) and these are valued at the PWLB's new borrowing rate on 31st March 2008.

Class	Fair Value	Carrying Amount
Market Loans	59,027,843	57,489,944
PWLB Loans	126,260,011 *	127,668,899
<b>Total Value</b>	<b>185,287,854</b>	<b>185,158,843</b>

\*The fair value is based on the comparable new borrowing/ deposit rate for the same financial instrument from a comparable lender. A consistent approach has been applied to assets and liabilities. PWLB have produced a fair value figure of loans outstanding based on a premature repayment rate, which is £134.2 million.

#### **Risk**

The County Council contracts with a treasury adviser, regularly reviewing credit ratings of potential organisations 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 Annual Investment Strategy sets out the Council's investment policy, which is aimed at the prudent investment of surplus cash balances to ensure 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 detailed 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 lending list, which categorises counterparties according to type, sector, maximum investment (individually and as a group) and 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 (interest rates change). Within the context of the financial instruments that the Council currently holds, it does not have significant exposure to equity risk (share price changes), currency risk (foreign exchange rate changes) and commodity risk (commodity - e.g. grain, metals price changes).

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. PWLB introduced new rates for early repayment and refinancing loans in November 2007, which has constrained the ability of the Council to restructure loans. Information received from treasury advisers, together with regular updates enables the Council to manage and monitor forecast borrowing rates.

#### **Exposure to Risk - Summary Data:**

##### **Credit Risk:**

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

Credit Rating Category	Type of Institution	Duration	%	Maximum Invested with Single Borrower %
F1/AA - Max. £10 million	Major UK Banks	0-5 Years	15.74	13.67
F1 - Max. £6 million	Major UK Banks	0-2 Years	2.92	2.92
F1 - Max. £6 million	Major UK Banks	0-3 Months	13.87	4.16
F1/AA - Max. £10 million	Major Overseas Banks	0-5 Years	7.08	4.16
F1 - Max. £6 million	Major Overseas Banks	0-2 Years	21.13	8.31
F1 - Max. £6 million	Major Overseas Banks	0-1 Year	11.54	8.76
F1 - Max. £6 million	Major Overseas Banks	0-3 Months	12.48	4.17

**Wiltshire County Council**  
**Statement of Accounts 2007/2008**

F1/A - Max. £6 million	Major UK Building Societies	0-3 Months	15.24	4.16
			100	

**Liquidity Risk:**

At 31st March 2008 the County 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 details the maturity analysis of debt outstanding at the balance sheet date and the average rate of interest.

Term of Loan	Market Loans (including Accrued Interest)	PWLB Loans (including Accrued Interest)	Total Amount Outstanding (including Accrued Interest)	% of Total Loans	Average Rate of Interest
Within 1 Year	6,000,000	2,630,449	8,630,449	4.7%	4.264%
Between 1 and 2 Years	10,257,857	39,106	10,296,963	5.5%	3.505%
Between 2 and 5 Years	16,160,263	46,167	16,206,430	8.7%	4.120%
Between 6 and 10 Years	25,071,824	48,923	25,120,747	13.6%	4.187%
Between 11 and 15 Years	0	0	0	0.0%	0.000%
More than 15 Years	0	125,216,119	124,904,255	67.5%	4.232%
	57,489,944	127,980,764	185,158,843	100.0%	4.303%

**Notes:**

1. The Council's policy is to limit the amount maturing in any one financial year to a maximum of 15%. Currently the maximum in any one year is 6% (£11 million in 2035/36).
2. 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 financial year that reflects maturity at the earliest option date.
3. The table shows that the overall average interest rate is 4.303%.

**Market Risk:**

Wiltshire County 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 and commodity risk). At 31st March 2008 the Council held mainly short term investments, at various interest rates, for the sum of £72.2 million (including accrued interest).

Where interest rates increase at a time when the Council has cash "tied up" in short term investments there is an opportunity cost, which reflects the loss that could have been avoided had the Authority been able to invest at the higher rate of interest. If interest rates had been above rates obtained on the investments outstanding at 31st March 2008 and the investments outstanding had matured prior to that date, interest

taken to the income and expenditure account could have been in excess of the interest actually credited to the account. Of course, the opposite is true where interest rates fall.

However, the fair value of the Council's short term investments has been calculated using market rates at 31st March 2008. This valuation is not significantly different from the carrying amount shown on the face of the accounts.

The average interest rate receivable on all short term investments held at 31st March 2008 was 5.6%. If the average rate of interest had increased by 0.5% one month prior to 31st March 2008, the additional interest that could have been credited to the Income and Expenditure account would have been £30,000. If interest rates had fallen by 0.5% at this time, the Income and Expenditure Account would have been £30,000 "better off" than if the funds had been invested at the lower rate. With the benefit of hindsight, market conditions at the balance sheet date indicate that interest rates fell between the issue dates of the investments and the 31st March 2008.

### **34 Provisions**

An analysis of provisions is as follows:

	2007/08 £000	Mvmt in year £000	2006/07 £000
Semington Compensation Claims	1,169	(222)	1,391
Calne Northern Distributor Road Compensation Claims	650	150	500
Highways Land Compensation Claims	63	(8)	71
S.117 Mental Health Act 1983	264	0	264
Works at Youth Development Centres	60	(40)	100
Outstanding loans with DC's re Sports Provision	0	(60)	60
Accounting & Budget Support Trading	23	23	0
Connexions	284	284	0
Magistrates Courts	85	0	85
Payroll	83	0	83
Insurance Claims	253	(148)	401
Secondary ASD Centre Start up	100	0	100
SEN Cont inside LSB - Provisions	0	(185)	185
Lease Provision	0	(106)	106
Other Provisions	108	108	0
<b>Total</b>	<b>3,142</b>	<b>(204)</b>	<b>3,346</b>

### **35 Reserves**

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.

**Wiltshire County Council**  
**Statement of Accounts 2007/2008**

Reserve	Purpose	Further details	Balance 2007/08 £000	Mvmt in year £000	Balance 2006/07 £000
Revaluation reserve	Store of gains on revaluation of fixed assets not yet realised through sales	(a) below	51,428	51,428	0
Capital Adjustment Account	Store of capital resources set aside to meet past expenditure	(b) below	301,264	301,264	327,194
Usable capital receipts reserve	Proceeds of fixed asset sales available to meet future capital investment	(c) below	71	(2,714)	2,785
Financial Instruments Adjustment Account	Balancing account to allow for differences in statutory requirements and proper accounting practices for borrowings and investments	(e) below	(452)	(452)	0
Pensions reserve	Balancing account to allow for inclusion of pensions liability in the balance sheet	(f) below	(129,208)	15,829	(145,037)
Earmarked reserves	See separate analysis	(g) below	60,817	18,004	42,813
General Fund	Resources available to meet future running costs for non-housing services		10,473	2,665	7,808
<b>Total</b>			<b>294,394</b>	<b>386,025</b>	<b>235,563</b>

**(a) Revaluation reserve**

This is a new reserve which records the upward revaluation as certified by Bruton Knowles, Chartered Surveyors

	07/08 £000	06/07 £000
Revaluation adjustments	51,428	0

**(b) Capital adjustment account**

In accordance with the SORP the closing balance on the fixed asset restatement account and capital financing account has been transferred to the new capital adjustment account

	07/08 £000	06/07 £000
<b>Balance at 1 April</b>	<b>(327,194)</b>	<b>0</b>
Fixed Asset Disposals	13,500	0
Capital expenditure not added to assets	(1,319)	0
Revaluation adjustments	25,113	0
Capital expenditure financed from the Capital Reserve	(1,878)	0
Capital expenditure financed from capital receipts	(5,222)	0
Provision from revenue	1,704	0
Deferred consideration for Private Finance Initiative Scheme (PFI)	(383)	0
Amortisation of deferred charges	5,592	0
Release of deferred capital grants & developer contributions	(1,751)	0
Adjustment for capital grant on non-asset expenditure	(9,426)	0
<b>Balance at 31 March</b>	<b>(301,264)</b>	

**Wiltshire County Council**  
**Statement of Accounts 2007/2008**

**(c) Usable capital receipts reserve**

	07/08 £000	06/07 £000
Environmental Services	0	757
Children and Education	71	2,028
<b>Balance at 31 March 2008</b>	<b>71</b>	<b>2,785</b>

**(d) Financial instrument adjustment account**

	07/08 £000	06/07 £000
<b>Balance at 1 April 2007</b>	<b>0</b>	
Reversal of net prior period adjustment on write off of pre 1 Apr 06 premium	(1)	
Reversal of net prior period adjustment on amortisation on EIR basis of post 1 Apr 06 market loans (LOBOs)	(326)	
Amortisation of unamortised premiums on financial instrument adjustment account	39	
Adjustment on market loans to match EIR	(164)	
<b>Balance at 31 March 2008</b>	<b>(452)</b>	<b>0</b>

**(e) Pensions reserve**

	07/08 £000	06/07 £000
<b>Balance at 1 April</b>	<b>(145,037)</b>	<b>(185,230)</b>
FRS 17 adjustment	15,829	40,193
<b>Balance at 31 March</b>	<b>(129,208)</b>	<b>(145,037)</b>

**(f) Earmarked reserves**

Reserve	Further details	Balance 2007/08 £000	Mvmt in year £000	Balance 2006/07 £000
Capital Reserve	(bb below )	2,751	(1,217)	3,968
PFI Reserve	(cc below )	4,101	183	3,918
Insurance Reserve	(aa below )	5,036	983	4,053
Treasury Reserve		318	318	0
Locally Managed Schools' Balances - to be spent on educational services		22,782	5,439	17,343
Local Authority Business Growth Incentive		0	(661)	661
Department of Resources		785	197	588
Environmental Services Department		1,184	748	436
Invest to Save Fund		0	(1,230)	1,230
Redundancy Reserve		1,204	(176)	1,380
Landfill Allowance Trading Scheme Reserve		0	(671)	671
Free School Meals		502	36	466
Sickness Insurance Scheme		1,597	408	1,189
WASSP		0	(473)	473
Connexions		0	(304)	304
Libraries Operating Reserves		171	128	43
Transformation Capacity Reserve		290	290	0
Delayed Transfer of Care		500	0	500
Three Tier Rev Reserves		5	5	0
Government Grants Unapplied		10,145	4,555	5,590
One council for Wiltshire reserve		9,446	9,446	0
<b>Total</b>		<b>60,817</b>	<b>18,004</b>	<b>42,813</b>

**(aa) Insurance reserve**

The County Council has established a Self-Insurance Account, effective from 1 April 1994, in which premiums and expenses are paid and income and reimbursements collected. Liability for claims is shared between the Council and outside insurers, with the Council's annual liability being capped. The surplus or deficit on this account is transferred to the Insurance Reserve.

	<b>2007/08</b>	<b>2006/07</b>
	<b>£000</b>	<b>£000</b>
Premiums charged to Services	2,556	2,409
Other contribution from Revenue Account	270	210
Premiums paid to Insurers	(1,272)	(1,149)
Claims During Year		
Employer's / Public Liability	(360)	(608)
Fire and All Risks	(176)	(196)
Risk Management	(2)	(4)
Other	(11)	
Other expenses	(170)	(162)
Provisions for claims in progress	148	(400)
<b>Surplus / deficit (-) for year</b>	<b>983</b>	<b>100</b>

  

<b>Insurance reserve</b>		
	<b>2007/08</b>	<b>2006/07</b>
	<b>£000</b>	<b>£000</b>
Balance at 1 April	4,053	3,953
Transfer from self insurance account	983	100
Transfer to revenue account		
<b>Closing balance at 31 March</b>	<b>5,036</b>	<b>4,053</b>

**(bb) Capital reserve**

	<b>2007/08</b>	<b>2006/07</b>
	<b>£000</b>	<b>£000</b>
Balance at 1 April	3,968	4,468
Contribution from revenue		4,072
Contribution from capital financing reserve	(1,217)	(4,072)
Provision for compensation claims relating to Calne		(500)
<b>Closing balance at 31 March</b>	<b>2,751</b>	<b>3,968</b>

**(cc) PFI reserve**

	<b>2007/08</b>	<b>2006/07</b>
	<b>£000</b>	<b>£000</b>
Balance at 1 April	3,918	
Contribution from revenue	183	3,918
Contribution from capital financing reserve		
Provision for compensation claims relating to Calne		
<b>Closing balance at 31 March</b>	<b>4,101</b>	<b>3,918</b>

**36 Contingent Liability**

There were no material contingent liabilities

**37 Post Balance Sheet Events**

There were no material post balance sheet events



### **38 Wiltshire County Council Pension Fund Assets and Liabilities**

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 County 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.

In 2007/08, pension costs have been charged to the income and expenditure account on the basis required by FRS 17, contributions payable to the Wiltshire County Council pension scheme are based on an actuarial valuation at 31 March 2008. The last full actuarial valuation was on 31 March 2007.

In 2007/08 the County Council paid an ongoing employer's contribution of £18.295 million into the Pension Fund, representing 18.8% of pensionable pay. The contribution rate is determined by the Fund's actuary based on triennial valuations, the last review being at 31 March 2007. Under Pension Fund Regulations contribution rates are set to meet 100% of the overall liabilities of the Fund.

In 2007/08 the County Council paid £17.8 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 County Council is responsible for all pension payments relating to added years it has awarded, together with the related increases.

#### **Transactions relating to Retirement Benefits**

We recognise the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out in the Statement of Movement in the General Fund Balance. The following transactions have been made in the Income and Expenditure Account and Statement of Movement in the General Fund Balance during the year:

**Wiltshire County Council**  
**Statement of Accounts 2007/2008**

	2007/08 £000	2006/07 £000
<b>Income and Expenditure Account</b>		
Net Cost of Services		
Current service cost	17,494	19,477
Past service cost	27	495
Curtailment and Settlement	774	830
Net Operating Expenditure		
Interest cost	28,061	25,205
Expected return on assets in the scheme	(26,354)	(21,962)
<b>Net Charge to the Income and Expenditure Account</b>	<b>20,002</b>	<b>24,045</b>
<b>Statement of Movement in the General Fund Balance</b>		
Reversal of net charges made for retirement benefits in accordance with the Pension Schemes Act 1995	(20,002)	(24,045)
Actual amount charged against the General Fund Balance for pensions in the year		
Employers' contributions payable to scheme	18,295	20,125

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

	2007/08 £000	2006/07 £000
Estimated liabilities in scheme	486,066	516,842
Estimated assets in scheme	356,858	371,805
<b>Net asset / liability (-)</b>	<b>(129,208)</b>	<b>(145,037)</b>

The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The liability of £129 million has a substantial impact on the net worth of the authority as recorded in the balance sheet. However, statutory arrangements for funding the deficit mean that the financial position of the authority remains 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.

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependant on assumptions about mortality rates, salary levels etc. The County Council Fund liabilities have been assessed by Hymans Robertson, an independent firm of actuaries. The main assumptions used in their calculations are:

Assets in the County Council Pension Fund are valued at fair value, principally market value for investments, totalling £1,085 million for the Fund as a whole at 31 March 2008 (£1,131 million at 31 March 2007). The Fund assets consist of the following categories, by proportion of the total assets held by the Fund:

	2007/08 £000	2006/07 £000
Equity investments	66%	69%
Bonds	18%	19%
Property	11%	10%
Cash	6%	2%
	<b>100%</b>	<b>100%</b>

**Wiltshire County Council**  
**Statement of Accounts 2007/2008**

The expected assets, annual return and long term return for the fund is shown below:

	Long term return % per annum	Fund value at 31 Mar 08 £000	Expected annual return £000	Fund value at 31 Mar 07 £000
Equities	7.7%	714,001	54,978	780,488
Bonds	5.7%	195,124	11,122	211,233
Property	5.7%	118,819	6,773	109,572
Cash	4.8%	62,134	2,928	22,947
	<b>7.0%</b>	<b>1,090,078</b>	<b>75,801</b>	<b>1,124,240</b>

The asset value shown here (£1,100 million) is an extract from Hymans Robertson's FRS 17 report. To meet the required timetable, Hymans were sent provisional data on a cash basis. The Net Assets Statement on page 52 (£1.084 million) is based on final data on an accruals basis (i.e. including debtors and creditors) so the figures are slightly different.

The actuarial gains identified as movements on the Pensions Reserve in 2007/08 can be analysed into the following categories, measured as absolute amounts and as a percentage of assets or liabilities as at 31 March 2008.

History of experience gains and losses:

	Year to 31 Mar 08 £000	Year to 31 Mar 07 £000	Year to 31 Mar 06 £000	Year to 31 Mar 05 £000	Year to 31 Mar 04 £000
Actual return less expected return on pension scheme assets	(45,713)	(5,230)	43,474	9,400	20,500
Percentage of assets	-12.8%	-1.4%	13.4%	3.8%	9.4%
Experience losses arising on the scheme liabilities	(12,082)	19,395	6,687	(9,200)	(4,500)
Percentage of liabilities	-2.5%	3.8%	1.3%	-2.1%	-1.3%
Changes in financial assumptions	71,599	27,881	(53,035)	(64,600)	0
Percentage of liabilities	2.8%	8.1%	-0.6%	-14.9%	4.8%
Experience (losses)/gains arising	13,804	42,046	(2,874)	(64,400)	16,000

Further information can be found in the Wiltshire Pension Fund annual report 2007/08 which is available on request.

## Changes to the Local Government Pension Scheme

Changes to the Local Government Pension Scheme permit employees retiring on or after 6 April 2006 to take an increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension. Our actuaries have taken the view that 25% of the retiring employees have taken tax free cash up to the Her Majesty's Revenue & Customs limit. Consequently the valuation of the Council's retirement benefit liabilities as at 31 March 2006 is calculated after these changes to the pension scheme.

## 39 Cash Flow Statement

Notes to the cash flow statement to follow

## ***The Wiltshire Pension Fund***

The Fund is administered by Wiltshire County Council for local authorities within Wiltshire and other local government associated organisations. It meets the cost of pension benefits due to current and former employees of these organisations. The current membership as at 31 March 2008 included 19,055 active members, 9,530 pensioners and 14,022 deferred members.

### **Responsibility for the Report**

#### **Wiltshire County Council**

The County Council has to arrange for the proper administration of the Wiltshire Pension Fund. In particular, it needs to ensure an economic, efficient and effective use of resources in carrying out this administration and that the Fund's investments are safeguarded.

The County Council has delegated this responsibility to the Wiltshire Pension Fund Committee. It also, however, has to ensure that one of its officers has responsibility for the financial aspects of that administration, this being the Director of Resources.

#### **Wiltshire Pension Fund Committee**

There are eight elected members of the Committee, comprising five County Councillors, two Swindon Borough Council members, and one member representing the four District Councils within Wiltshire. In addition, there is a representative of the admitted bodies and two observers representing staff interests. Details of the membership of the Committee in 2007/08 are shown in the Wiltshire Pension Fund Annual Report.

Included amongst the powers delegated by the County Council to the Committee are requirements to:

- arrange and keep under review the investment of the Fund through one or more properly authorised investment managers, and to
- appoint investment managers and external advisers as necessary to support the work of the Committee.

#### **Chief Financial Officer**

The Chief Financial Officer is responsible for preparing the financial statements of the Wiltshire Pension Fund, which must show the financial position of the Fund at the accounting date and its income and expenditure for the year.

In preparing the statements, suitable accounting policies must be selected and applied consistently and judgements and estimates made where necessary that are reasonable and prudent and comply with the appropriate accounting Code of Practice.

Proper accounting records must be maintained and kept up to date and all reasonable steps must be taken to prevent and detect fraud and other irregularities. An anti-fraud and corruption and whistle blowing policy have been implemented for the Fund.

### **Actuarial Position**

As required by Regulation 77 of the Local Government Pension Scheme Regulations 1997, the last actuarial valuation of Wiltshire Pension Fund's assets and liabilities was carried out as at 31 March 2007.

### **Security of Prospective Rights**

In the Actuary's opinion, the resources of the Fund are likely in the normal course of events to meet the liabilities of the Fund as required by the Regulations. In giving this opinion, they has assumed that the following amounts will be paid to the Fund:

- Contributions by the members in accordance with the Local Government Pension Scheme Regulations 1997 until March 2008, then in accordance with the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007;
- Contributions by employers in accordance with the Rates and Adjustment Certificate dated 24 March 2005 for the year ending 31 March 2008. Thereafter for the three years commencing 1 April 2008 as specified in the Rates and Adjustments certificate dated 28 March 2008.

### **Summary of Methods and Assumptions Used**

Full details of the method and assumptions are described in their valuation report dated 28 March 2008 and the Rates and Adjustments certificate contained therein. Copies of these documents are available on request from the Wiltshire Pension Fund.

The Actuary's opinion on the security of the prospective rights is based on:

- the projected unit valuation method where there is an expectation that new employees will be allowed to join an employer; or
- the attained age valuation method for employers who were closed to new entrants.

These methods assess the cost of benefits accruing to existing members during:

- the year following the valuation; or
- the remaining working lifetime, respectively

allowing for future salary increases. The resulting contribution rate is adjusted to allow for any difference in the value of accrued liabilities and the assessed value of assets.

### **Valuation of Assets**

A "market related" valuation method has been used. This is consistent with the methodology adopted at the 2004 valuation.

### **Valuation Assumptions**

The key financial assumptions adopted at the 2007 valuation are set out in the table below:

Assumptions	Derivation	Rate at 31 March	
		Nominal	Real
Price Inflation (RPI)	Market expectation of long term future inflation as measured by the difference between yields on fixed and index-linked Government bonds as at the valuation date	3.2%	-
Pay Increases	Assumed to be 1.5% p.a. in excess of price inflation	4.7%	1.5%
Gilt-based discount rate	The yield on fixed-interest (nominal) and index-linked (real) Government	4.5%	1.3%
Funding basis discount rate	Assumed to be 1.6% p.a. above the yield on fixed interest Government bonds	6.1%	2.9%

The 2007 valuation revealed that the Fund's assets, which at 31 March 2007 were valued at £1,131 million, were sufficient to meet approximately 85% of the liabilities accrued up to that date.

### **The Next Actuarial Valuation**

The next valuation of the Fund will be carried out as at 31 March 2010 and the results known later that year. This valuation will allow for the experience of the Fund from 31 March 2007 and up to date financial assumptions at that time.

The Actuary is aware that some employers may pay contributions in excess of the minimum contributions shown in the Rates and Adjustments certificate. These extra payments will be taken into account in the 2010 valuation and will act to reduce the contributions that would otherwise have been payable.

### **Audit**

The Audit Commission is responsible for reporting to the County Council that an audit of the Financial Statements of the Wiltshire Pension Fund has been completed which they have outsourced to KPMG. Therefore, the Pension Fund forms a part of these Financial Statements.

### **Investment Management Policy**

Overall responsibility for investment policy lies with the County Council's Wiltshire Pension Fund Committee, which reports directly to the County Council.

The current mandates (as at 31 March 2008) are the result of the revised investment strategy agreed by the Wiltshire Pension Fund Committee in July 2006. The current strategy has the dual aim of increasing returns and reducing risk by increasing diversification and alternative approaches. Details of the strategy are provided in the Fund's Statement of Investment Principles (SIP) – the Wiltshire Fund's SIP can be supplied upon request or viewed at [www.wiltshirepensionfund.org.uk/investment-principles](http://www.wiltshirepensionfund.org.uk/investment-principles).

The full list of managers is as follows:

<u>Company</u>	<u>Mandate</u>	<u>Share of Fund</u>
Baillie Gifford	Regional Equity	12.5%
Baillie Gifford	Global Equity	12.5%
Capital International	Regional Equity	19.0%
Capital International	Absolute Income Grower (Equities / Bonds)	10.0%
Western Asset Management	Bonds	17.5%
ING Real Estate	Property	13.0%
Edinburgh Partners	Global Equities	7.5%
Fauchier Partners	Long-Short Equities	5.0%
Record Currency Management	Currency - Active	2.0%
Record Currency Management	Currency - Passive	1.0%

During the year, the managers transacted purchases of £1,140.9 million and sales of £975 million. The value of assets under management at 31 March 2008 was £1,078.8 million, broken down by managers as follows:

Baillie Gifford	£269.2	million
Capital International	£303.0	million
ING Real Estate	£140.9	million
Western Asset Management	£206.9	million
Edinburgh Partners	£77.0	million
Fauchier Partners	£60.0	million
Record Currency Management	£20.6	million
Cash held at Wiltshire County Council	£1.2	million
<b>Total</b>	<b>£1,078.8</b>	<b>million</b>

		<b>£ million</b>	<b>% of Fund total</b>
<b>Geographical analysis</b>	United Kingdom	638.4	59.2
	Europe	162.4	15.0
	North America	94.8	8.8
	Japan	34.7	3.2
	Asia, ex Japan	21.1	2.0
	Other overseas	127.4	11.8
		<b>1078.8</b>	<b>100.0</b>
<b>Sector analysis</b>	Equities	618.5	57.3
	Fixed interest bonds	190.9	17.7
	Property	120.3	11.2
	Cash	39.5	3.7
	Index linked bonds	31.2	2.9
	Long-Short Hedge Fund	59.9	5.5
	Currency Fund	18.5	1.7
		<b>1078.8</b>	<b>100.0</b>

Safe custody of all investments are now the responsibility of BNY Mellon and as such, are registered in the name of, and are held by, its nominee companies or, alternatively, by overseas agents. The exception at 31 March 2008 was a temporary cash deposit of £1.2 million that was placed with Wiltshire County Council.

## **The Wiltshire Pension Fund Accounting Policies**

### **Compliance with Recommended Practice**

The general principles adopted in compiling the accounts of the Wiltshire Pension Fund follow the recommendations of the Chartered Institute of Public Finance and Accountancy (CIPFA). Specifically, they follow the Statement of Recommended Practice on Financial Reports for Pension Schemes and the CIPFA Code of Practice on Local Authority Accounting, updated in 2007, and also with the guidance notes issued on the application of the Statements of Standard Accounting Practice (SSAP) and Financial Reporting Standards (FRS).

### **Basis of Preparation**

The accounts have been prepared on an accruals basis except where otherwise stated, i.e. income and expenditure is accounted for as it is earned or incurred, rather than as it is received and paid. The benefits payable and refunds of contributions, however, have been brought into account on the basis of all valid claims approved during the year.

### **Contributions**

Contributions are received from employer bodies in respect of their own and their pensionable employees' contributions. Employers' contributions are prescribed in the Actuary's Rates and Adjustment Certificate following the review of the Fund's assets and liabilities during the triennial valuation. The Employees' contributions are included at the rates prescribed by the Local Government Pension Scheme Regulations.



### **Benefits and Refund of Contributions**

The benefits payable and refunds of contributions have been brought into account on the basis of all valid claims approved during the year.

### **Transfers to and from Other Schemes**

No account is taken of liabilities to pay pensions and other benefits after the year end. Transfer values, which are those sums paid to, or received from, other pension schemes relating to previous periods of employment, have been brought into account on a cash basis.

### **Investment Income**

Dividends and interest have been accounted for on an accruals basis. Income on pooled investments is accumulated and reflected in the valuation of units.

### **Valuation of Investments**

Investments are shown in the accounts at market value, determined on the following basis:

(i) **Quoted securities**

Quoted Securities have been valued at 31 March 2008 by the Fund's custodian using the mid-market price where a quotation was available on a recognised stock exchange or unlisted securities market.

(ii) **Unquoted securities**

Unquoted securities have been valued according to the latest trades, professional valuation, asset values or other appropriate financial information.

(iii) **Pooled investment vehicles**

Pooled investments are stated at the mid-point of the latest prices quoted or the latest valuation by the respective Fund Managers.

Reported changes in the market value of investments over the year of account include realised gains or losses arising upon the disposal of investments during the year.

### **Foreign Currency Translation**

All investments held in foreign currencies are shown at market value translated into sterling using the WM 4PM rate on 31 March 2008.

Foreign currency transactions are accounted for on the basis of the equivalent sterling value of the underlying transactions, by applying the relevant exchange rate ruling at the time. Where overseas securities are acquired with currency either previously purchased directly or accruing from the sale of securities, the sterling book cost of the new security will be based on the exchange rate ruling at the time of the purchase of that security. Any profit or loss arising on currency transactions either realised or unrealised, will be reflected in the balance sheet.

### **Investment Management Expenses**

Investment management expenses are based on the quarter end market value of the investments held. The fees paid are determined by the agreed fee scales for each individual manager.

### **Acquisition Costs of Investments**

Costs incurred on the acquisition of investments, such as stamp duty and commission, are treated as part of the purchase cost of investments.

### **Administration Expenses**

A proportion of the relevant officers' salaries, salary on-costs and general overheads, have been charged to the Fund on the basis of time spent on Fund administration.

### **Taxation**

The Fund is an exempt approved fund under the Finance Act 1970, and as such, is not liable for UK income tax on investment income, nor capital gains tax. As Wiltshire County Council is the administering authority, VAT input tax is recoverable on all expenditure.

Income earned from investments in stocks and securities in the USA is exempt from US tax and is not subject to withholding tax. Most tax deducted from income on European investments is also recoverable.

### **Related Party Transactions**

Related parties to the Wiltshire Pension Fund include all the Admitted Bodies within the Fund (see Schedule of Employer bodies on page 57), members of the Wiltshire Pension Fund Committee and the Chief Financial Officer. There have been no financial transactions between any of these parties and the Fund apart from the routine contributions and benefits payable that are defined by statutory regulation and are therefore not within the direct control of any party. All these transactions are included within the accounting statements given in the following pages.

### **Additional Voluntary Contributions (AVCs)**

The accounts of the Fund do not include transactions in respect of AVCs. These are money purchase arrangements made by individual Scheme members under the umbrella of the Local Government Pension Scheme, to enhance pension benefits. Scheme members over the age of fifty may elect to buy service with their AVC funds, such transactions being included within transfers into the Fund.

The Wiltshire Pension Fund  
Fund Account

		2007-08 £000	2006-07 £000
<b>CONTRIBUTIONS AND BENEFITS</b>	<b>Notes</b>		
Contributions receivable	1		
From Employees			
- Normal		16,241	15,517
- Additional Voluntary Contributions		248	229
From Employers			
- Normal		54,061	50,525
- Additional		3,928	2,764
Individual Transfers in		6,893	8,576
Total income		<u>81,371</u>	<u>77,611</u>
Benefits payable	2		
- Pensions		37,490	34,508
- Commutation & Lump Sums		10,836	7,229
- Death benefits		945	1,028
Payments to and on account of leavers			
- Individual Transfers out		5,066	6,923
- Contribution refunds		52	179
Administration expenses borne by the sche	3	991	942
Total expenditure		<u>55,380</u>	<u>50,809</u>
Net additions from dealings with members		<u>25,991</u>	<u>26,802</u>
<b>RETURN ON INVESTMENTS</b>			
Investment income	4	34,086	36,672
Change in market value of Investments		-103,695	23,208
Investment management expenses	3	-3,075	-3,806
Net returns on investments		<u>-72,684</u>	<u>56,074</u>
<b>NET INCREASE IN FUND DURING YEAR</b>		<u>-46,693</u>	<u>82,876</u>
Opening net assets of the Scheme		1,131,253	1,048,377
Net increase in fund during the year		234,016	82,876
Closing net assets of the Scheme		<u>1,084,560</u>	<u>1,131,253</u>

**The Wiltshire Pension Fund**

<b>Net Asset Statement</b>		<b>2007-08</b>	<b>2006-07</b>
		<b>£000</b>	<b>£000</b>
<b>INVESTMENT ASSETS</b>	Notes		
Quoted securities			
- UK fixed interest Government bonds		26,359	44,012
- UK fixed interest Corporate bonds		97,059	86,639
- Overseas fixed interest Government bonds		31,598	31,345
- Overseas fixed interest Corporate bonds		12,026	5,274
- UK index linked Government bonds		22,926	16,359
- UK index linked Corporate bonds		6,470	6,022
- Overseas index linked Government bonds		0	0
- Overseas index linked Corporate bonds		1,843	1,393
- UK equities		220,066	262,915
- Overseas equities		306,381	323,785
Managed funds			
- UK equities		9,447	97,362
- Overseas equities		82,634	91,903
- UK fixed interest Corporate bonds		13,230	10,989
- Overseas fixed interest Government bonds		10,642	7,868
- Property		120,327	117,369
- Long-Short Hedge Fund		59,912	0
- Currency Fund		18,443	0
Cash held on deposit			
- Sterling Cash		28,276	17,229
- Overseas Cash		4,077	1,415
Other Investment Balances			
- Outstanding dividend entitlements		6,717	5,991
- Recoverable tax		411	71
Total of investments held		<u>1,078,844</u>	<u>1,127,941</u>
<b>NET CURRENT ASSETS AND LIABILITIES</b>			
Sundry debtors	6	6,664	4,267
Less Sundry creditors	7	-948	-955
Total net current assets		<u>5,716</u>	<u>3,312</u>
Total net assets		<u>1,084,560</u>	<u>1,131,253</u>

**Wiltshire County Council**  
**Statement of Accounts 2007/2008**

---

<b>1. Analysis of Contributions Receivable</b>	<b>2007-08</b>	<b>2006-07</b>
	<b>£000</b>	<b>£000</b>
Contributions from employees		
Wiltshire County Council	5,849	5,506
Other scheduled bodies	9,137	8,960
Admitted bodies	1,503	1,280
	<u>16,489</u>	<u>15,746</u>
Contributions from employers		
Wiltshire County Council	19,759	20,125
Other scheduled bodies	33,024	28,373
Admitted bodies	5,206	4,791
	<u>57,989</u>	<u>53,289</u>
Total contributions receivable	<u><u>74,478</u></u>	<u><u>69,035</u></u>
<b>2. Analysis of Benefits Payable</b>		
Pensions payable		
Wiltshire County Council	12,869	12,294
Other scheduled bodies	22,631	19,978
Admitted bodies	1,990	2,236
	<u>37,490</u>	<u>34,508</u>
Retirements and death grants payable		
Wiltshire County Council	3,595	3,239
Other scheduled bodies	6,873	4,089
Admitted bodies	1,313	929
	<u>11,781</u>	<u>8,257</u>
Total benefits payable	<u><u>49,271</u></u>	<u><u>42,765</u></u>

<b>3. Analysis of administration costs</b>	<b>2007-08</b>	<b>2006-07</b>
	<b>£000</b>	<b>£000</b>
<b>Administration Costs</b>		
Wiltshire County Council Finance Department charges		
Pension benefit administration	512	439
Pension payroll administration	143	157
Pension accounting administration	82	164
<b>Sub total</b>	<b>737</b>	<b>760</b>
Direct administration costs		
Pension administration	215	183
Accounting administration	42	2
"Bad advice" costs recouped	-3	-3
<b>Sub total</b>	<b>254</b>	<b>182</b>
	<b>991</b>	<b>942</b>
<b>Investment Administration Costs</b>		
Wiltshire County Council Finance Department charges		
Pension investment administration	64	72
Direct administration costs		
Investment & accounting administration	3	2
Third party investment management charges		
Investment managers' fees	2958	3389
Custody & related services	148	293
Securities Lending	-226	-101
Consultancy fees	128	151
<b>Sub total</b>	<b>3075</b>	<b>3806</b>
<b>Overall total</b>	<b>4,066</b>	<b>4,748</b>

<b>4. Analysis of Investment Income</b>	<b>2007-08 £000</b>	<b>2006-07 £000</b>
<i>Quoted securities</i>		
- UK fixed interest bonds	7,418	7,609
- Overseas fixed interest bonds	1,416	2,798
- UK index linked bonds	744	687
- Overseas index linked bonds	45	122
- UK equities	11,391	15,376
- Overseas equities	6,629	4,968
<i>Managed funds</i>		
- Overseas companies	92	-
- UK property	3,790	3,802
<i>Cash held on deposit</i>		
- Sterling Cash	2,415	1,163
- Overseas Cash	146	147
	<b><u>34,086</u></b>	<b><u>36,672</u></b>

## **5 Stock Lending**

The County Council participates in a securities lending programme administered by BNY Mellon. Securities in the beneficial ownership of the Council to a value of £87.3 million (8% of the total) were on loan at 31 March 2008. Collateral for these securities is held in a pooled form, the Wiltshire Pension Fund's share (0.69%) representing a value of £92.8 million (106.28%). Income earned from this programme amounted to £0.226 million in the year.

	<b>31.03.08</b>	<b>31.03.07</b>
	<b>£000</b>	<b>£000</b>
<b>6. Debtors and payments in Advance</b>		
Contributions due from other authorities and bodies	5,262	4,238
Income due from external managers and custodians	538	1
Other	864	28
	<b>6,664</b>	<b>4,267</b>
<b>7. Creditors and Receipts in Advance</b>		
Managers /Custody fees	771	859
Inland Revenue	1	3
Other	176	93
	<b>948</b>	<b>955</b>

## **8 Additional Voluntary Contributions (AVCs)**

Scheme members paid contributions totalling £0.176 million (£0.157 million in 2006/07) into their AVC funds during the year. At the year end, the value of funds invested on behalf of Scheme members totalled £2.957 million (£2.959 million as at 31 March 2007), made up as follows:

	<b>£ million</b>
<i>Equitable Life Assurance Society</i>	
- With Profits Fund	1.175
- Unit Linked Managed Fund	0.355
- Building Society Fund	0.073
<i>Clerical Medical Funds</i>	
- With Profits Fund	0.152
- Unit Linked Managed Fund	0.833
<i>NPI Funds</i>	
- Managed Fund	0.021
- With Profits Fund	0.226
- Global Care Unit Linked Fund	0.066
- Cash Deposit Fund	0.056

As mentioned earlier, AVC investments are not included in the Fund's financial statements.



**Schedule of Employer Bodies**

**Scheduled Bodies**

Wiltshire County Council  
Swindon Borough Council  
Kennet District Council  
North Wilts District Council  
Salisbury District Council  
West Wilts District Council  
Wiltshire Police Authority  
Wiltshire & Swindon Fire Authority  
Wiltshire Magistrates Court Service  
Wiltshire Probation Service  
Thamesdown Passenger Transport  
Amesbury Parish Council  
Blunsdon St Andrews Parish Council  
Bradford-on-Avon Town Council  
Calne Town Council  
Chippenham Town Council  
Corsham Town Council  
Cricklade Town Council  
Devizes Town Council  
Haydon Wick Parish Council  
Highworth Town Council  
Malmesbury Town Council  
Marlborough Town Council  
Melksham Town Council  
Melksham Without Parish Council  
Mere Parish Council  
Purton Parish Council  
Stratton St Margaret Parish Council  
Trowbridge Town Council  
Wanborough Town Council  
Warminster Town Council  
Westbury Town Council  
Wilton Town Council  
Wootton Bassett Town Council  
Wroughton Parish Council  
New College  
Salisbury College  
Swindon College  
Wiltshire College

**Admitted Bodies**

ABM Catering Ltd  
Action for Blind People  
Capita Business Services Ltd  
CIPFA  
Cleanaway Ltd  
Community First  
Connexions  
Corsham Area Development Trust  
Focsa Services  
Rethink  
Salisbury and South Wilts Museum  
Sarsen Housing Association  
Aster Group  
Aster Property Management  
Selwood Housing  
Swindon Academy  
Swindon Dance  
Ridgeway Community  
The Order Of St John Care Trust  
United Response  
West Wilts Housing Society  
Westlea Housing Association  
Wiltshire Archaeological Society  
Wiltshire Community Foundation

These accounts form a summary from the Wiltshire Pension Fund Annual Report and Financial Statements publication. This provides information on its activities and a full detailed statement of its accounts. Requests for this report, or any other queries arising from the Wiltshire Pension Fund Accounts, should be addressed to the Chief Financial Officer, County Hall, Bythesea Road, Trowbridge, BA14 8JN.

## Trust Funds

The County Council directly administers 15 endowment and trust funds, mostly consisting of relatively small sums of money received from private individuals in order to benefit, for example, the blind. The total Fund balances at 31 March 2008, which are not included in the Balance Sheet, amounted to £6.4 million. These are summarised below:

	Balance 31 March 2008 £000	Income £000	Gain/(loss) on expenditure £000	Balance revaluation £000	Balance 31 March 2007 £000
Charity of William Llewellyn	1,342	57	(48)	(117)	1,450
Withy Trust	227	8	(5)	(13)	237
Edwin Young Collection	365	21	(19)	(26)	389
John Creasey Museum	156	22	(18)	(10)	162
William 'Doc' Couch	4,026	136	(123)	(322)	4,335
Other Miscellaneous Funds	269	31	(10)	(12)	260
	<b>6,385</b>	<b>275</b>	<b>(223)</b>	<b>(500)</b>	<b>6,833</b>

Most of the endowment and trust funds are accounted for on a cash basis in accordance with standard accounting policies recommended by the Charity Commission. The balance sheets for the trusts which are cash accounted include investments at market value and the profit therefore refers to unrealised profits on investments and other movements on investments. As the trusts are cash accounted no debtors or creditors are reflected. Assets and liabilities are shown on a statement within the individual trust accounts. The only trust fund accounted for on an accruals basis is the William "Doc" Couch trust fund. This is in accordance with Charity Commission requirements for funds of that size.

Trust Fund Assets	Market Value 31 March 2008 £000	Market Value 31 March 2007 £000
Government Fixed Interest	1	1
Managed Funds - Bonds	966	959
Managed Funds - Equities	3,893	4,345
Property	500	513
Cash	328	602
Hedge Funds	637	353
Other	48	48
	<b>6,373</b>	<b>6,821</b>

## **Glossary**

### **Accounting Policies**

The policies and concepts used in the preparation of the accounts.

### **Accruals**

Sums included in the accounts to cover income and expenditure attributable to the accounting period, but for which payment has not been received or made by 31 March.

### **Assets Under Construction**

Capital expenditure on assets where the work is incomplete.

### **Best Value Accounting Code of Practice**

This code of practice details standard definitions of services and total cost which enables spending comparisons to be made with other local authorities.

### **Capital Expenditure**

Expenditure on acquisition or construction of assets which have a value to the authority for more than one year e.g. land and buildings.

### **Capital Financing Costs**

The costs of financing fixed assets, being the interest costs of external loans and monies used to repay debt.

### **Capital Receipts**

Income from the sale of capital assets such as land and buildings.

### **Council Tax Precept**

A property based tax which is set by the County Council and administered by District, Borough and Unitary Councils

### **Creditors**

Amounts owed by the County Council for work done, goods received or services provided but for which payment has not been made by the end of the accounting period.

### **Debtors**

Amounts due to the County Council but unpaid by the end of the accounting period.

### **Dedicated Schools Grant (DSG)**

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

### **Deferred Charges**

Capital expenditure for which no tangible fixed asset exists is classified as deferred charges in the balance sheet and written off over the period over which the County Council obtains benefit.

### **Depreciation**

The fall in value of an asset, as recorded in the financial records, due to wear and tear, age and obsolescence.

**Fixed Asset**

A tangible asset which is intended to be used for several years such as a vehicle or building.

**Imprest Accounts**

Petty Cash Accounts used for small items of expenditure.

**Local Area Agreements (LAA)**

A 3 year agreement setting out priorities for a local area, agreed by central government and the local area, represented by the local authorities, their key partners through the local strategic partnership.

**Local Authority Business Growth Incentive (LABGI)**

Incentive for local authorities to promote economic growth. The scheme allows the retention of a proportion of increases in revenue derived from national non-domestic rates.

**Local Public Service Agreement (LPSA)**

A voluntary agreement, negotiated between a local authority and the government, which aims to improve local public services by focusing on targeted outcomes for local people.

**Minimum Revenue Provision**

The amount set aside out of the revenue budget to repay external loans.

**National Non-Domestic Rates (NNDR)**

A tax collected locally by District Councils and paid to Central Government. It is then redistributed to county, unitary, borough and district councils on the basis of the resident population.

**Operating Leases**

This is where the rewards and risks of ownership of the asset remain with the leasing company and the annual rental is charged directly to the revenue account.

**Private Finance 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.

**Provisions**

These are monies set aside to meet any liabilities or losses which are likely or will be incurred, but the amounts or the dates on which they will arise are uncertain e.g. provision for bad debts.

**Reserves**

Money set aside to meet the cost of specific future expenditure.

**Revenue Balances**

This is the general reserve of the County Council.

**Revenue Contributions to Capital Expenditure**

The amount of capital expenditure to be financed directly from the annual revenue budget.

**Revenue Support Grant (RSG)**

A general central government grant paid to the County Council in support of annual revenue expenditure.

**Statement of Recommended Practice (SORP)**

This relates to the Code of Practice on Local Authority accounting that is published by the Chartered Institute of Public Finance and Accountancy.