

Oxford City Council Statement of Accounts 2007/08

List of adjustments

The pages on which adjustments have been made are attached.

Item	Pages	Amendment	Description
Government Grants Deferred - contributions for non depreciating assets.	8-13 27,34	<p>Note 5.1 Income & Expenditure A/c (page 8) – Gross income increased by £3.1m</p> <p>Note 5.2 Statement of Movement on the General Fund Balance (page 9) Deficit for year reduced by £3.1m matched by reduction in amount required by statute.</p> <p>Note 5.3 Notes of reconciling items for the Statement of Movement on the General Fund (page 10) Government Grants Deferred Amortisation increased by £3.1m</p> <p>Note 5.4 Statement of Total Recognised Gains & Losses (page 11) Deficit for year reduced by £3.1m</p> <p>Note 5.5 Balance Sheet (page 12 & 13) Government Grants Deferred reduced by £3.1m ,Capital Adjustment Account increased by £3.1m</p> <p>Note 6.22 Analysis of Net Assets Employed (page 27) General fund reduced by £3.1m</p> <p>Note 6.37 Movement on Reserves (page 34) Capital Adjustment Account increased by £3.1m</p>	Contributions used to finance non depreciating assets were incorrectly included in Government Grants Deferred and should have been included in the Capital Adjustment Account. These contributions should have been taken to the revenue service accounts and matched by an increase in Government Grants Deferred Amortisation resulting in no change to the reported General Fund balance.
Prior Year Adjustments – correction of errors in fixed asset balances	8, 11-13, 23,27,34	<p>Note 5.4 Statement of Total Recognised Gains & Losses (page 11). Surplus/ Deficit arising from the revaluation of fixed assets increased by £6,8m (2006/7 +£5,8m) , Exceptional Items increased by £1m Footnote amended</p> <p>Note 5.5 Balance Sheet (page 12 & 13) Operational Assets for 2006/7 increased by £5.8m, Capital Financing Account for</p>	The correction of errors in the fixed assets balances relating to written back depreciation and disposals were originally treated as prior year adjustments but are now treated as in year adjustments.

		<p>2006/7 increased by £5.8m</p> <p>Note 6.14 Movement in Tangible Fixed Assets (page 23) Net Book value of assets as at 1st April 2007 for Council Dwellings increased by £5.8m, Other land & Buildings reduced by £20k, Infrastructure reduced by £81k Written back depreciation on disposals and revaluations reduced by £7m ,Other Land & Buildings increased by £20k,Infrastruture increased by £81k</p> <p>Miscellaneous Adjustments for Council Dwellings increased by £1.1m</p> <p>Footnote amended</p> <p>Note 6.22 Analysis of Net Assets Employed (page 27) for 2006/7 General Fund increased by £26k.Housing Revenue £5.8m</p> <p>Note 6.37 Movement on Reserves (page 34) for 2006/7 Capital Financing Account increased by £5.8m</p>	
Cash Flow – Reconciliation of Revenue Surpluses to Net Revenue Cash Flow	41	<p>Note 6.42 Reconciliation of revenue Surpluses to Net Revenue Cash Flow (page 41) . Table has been replaced with note.</p>	<p>Errors in the table could not be corrected as current systems do not track transactions needed to compile this note correctly.</p>

5. CORE SINGLE ENTITY FINANCIAL STATEMENTS

5.1 Income and Expenditure Account

This account summarises the resources that have been generated and consumed in providing services and managing the Council during the last year. It includes all day-to-day expenses and related income on an accruals basis, as well as transactions measuring the value of fixed assets actually consumed and the real projected value of retirement benefits earned by employees in the year.

	Gross Expenditure 2007/08 £000's	Gross Income 2007/08 £000's	Net Expenditure 2007/08 £000's	Net Expenditure 2006/07 £000's
Central Services to the Public	12,582	(10,158)	2,424	2,128
Cultural, Environmental & Planning Services	44,002	(22,080)	21,922	23,950
Highways, Roads & Transport Services	8,065	(8,801)	(736)	731
Housing HRA	44,477	(31,726)	12,751	4,565
Housing Other	59,240	(54,219)	5,021	6,372
Corporate & Democratic Core	3,583	(108)	3,475	4,549
Non Distributed Cost	1,806	(476)	1,330	619
Net Cost of Services	173,755	(127,568)	46,187	42,914
Gain on the disposal of fixed assets			(30)	0
Parish Council Precepts			167	162
Surplus on Trading undertakings not included in Net Cost of Services			(317)	(221)*
Interest payable and similar charges			1,098	1,297
Contribution of housing capital receipts to Government Pool			1,139	1,549
Interest & investment income			(2,658)	(2,243)
Pensions interest cost and expected return on pensions assets			1,050	1,070
Net Operating Expenditure			46,637	44,528
Demand on the Collection Fund			(11,121)	(10,744)
Revenue Support Grant			(4,909)	(2,543)
Other Government Grants not attributable to specific services			(1,106)	(653)
Non-domestic rates redistribution			(11,113)	(13,174)
Deficit for year			18,389	17,413

* 2006/07 has been restated to include Trade Recycling.

5.2 Statement of the Movement on the General Fund Balance

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

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

The General Fund Balance shows whether the Council has over or under spent against the council tax that it raised for the year, taking into account the use for reserves built up in the past and contributions to reserves earmarked for future expenditure.

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

	2007/08 £000's	2006/07 £000's
Deficit for the year on the Income & Expenditure Account	18,389	17,413
Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year	(20,653)	(16,326)
(Increase)/decrease in General Fund Balance for the year	(2,265)	1,086
General Fund Balance brought forward	(4,711)	(5,798)
General Fund Balance carried forward	(6,976)	(4,712)

5.3 Note of Reconciling Items for the Statement of Movement on the General Fund

	2007/08 £000's	2006/07 £000's
Amounts included in the Income & 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	(19,859)	(9,158)
Excess of depreciation charged to HRA over the Major Repairs Allowance element of Housing Subsidy	(4,836)	(4,958)
Government Grants Deferred amortisation	5,878	1,374
Write down of deferred charges to be financed from capital resources	(4,457)	(2,843)
Net changes made for retirement benefits in accordance with FRS 17	(8,750)	(7,930)
	<u>(32,024)</u>	<u>(23,515)</u>
Amounts not included in the Income & Expenditure Account but required by statute to be included when determining the Movement on the General Fund Balance for the year		
Minimum revenue provision for capital financing	0	610
Capital expenditure charged in-year to the General Fund Balance	829	426
Transfer from Usable Capital Receipts to meet payments to the Housing Capital Receipts Pool	(1,139)	(1,549)
Employer's contributions payable to the Pension Fund and retirement benefits payable direct to pensioners	6,630	6,770
	<u>6,320</u>	<u>6,257</u>
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		
Housing Revenue Account balance	(4)	1,192
Voluntary revenue provision for capital financing	210	200
Net transfers to or from earmarked reserves	4,845	(460)
	<u>5,051</u>	<u>932</u>
Net additional amount required to be credited to the General Fund balance for the year	<u>(20,653)</u>	<u>(16,326)</u>

5.4 Statement of Total Recognised Gains and Losses

	2007/08 £000's	2006/07 £000's
Deficit for the year on the Income & Expenditure Account	18,389	17,413
Surplus arising from the revaluation of fixed assets	(13,695)	(26,417)
Actuarial gains on pension fund assets & liabilities	(6,710)	(1,360)
Exceptional items	(760)	0
Any other gains and losses	186	28
Total recognised gains for the year	(2,590)	(10,336)

The exceptional item in 2007/08 relates to errors on the asset register. £1,098k relates to 5 council houses which were disposed of twice and £337k relates to duplicated assets.

5.5 Balance Sheet

	Notes	2007/08		2006/07	
		£000's	£000's	£000's	£000's
Fixed Assets					
Operational	6.14 - 6.25				
Council Dwellings		554,549		574,028	
Other Land & Buildings		103,109		100,428	
Vehicles & Plant		4,095		3,014	
Infrastructure		188		937	
Community Assets		3,623		5,987	
Non-Operational					
Investment properties	6.14 - 6.25	<u>107,188</u>		<u>107,487</u>	
			772,752		791,881
Long Term Assets					
Long Term Investments	6.28	2,032		2,032	
Long Term Assets	6.30	<u>5,260</u>		<u>5,287</u>	
			<u>7,292</u>		<u>7,319</u>
			780,044		799,199
Current Assets					
Stock	6.31	585		634	
Work in Progress	6.32	284		165	
Investments		31,925		32,615	
Debtors	6.33	18,864		13,246	
Cash in Hand		<u>72</u>		<u>14</u>	
Total Assets			51,730		46,674
Current Liabilities					
Creditors	6.34	(16,464)		(15,568)	
Short Term Borrowing		(567)		(3,530)	
Cash Overdrawn		<u>(860)</u>		<u>(1,791)</u>	
			<u>(17,891)</u>		<u>(20,889)</u>
Total Assets Less Current Liabilities			813,883		824,983
Long Term Liabilities					
Long Term Borrowing	6.27	(7,374)		(7,750)	
Provisions	6.36	(887)		(3,965)	
Government Grants Deferred		(4,356)		(7,365)	
Deferred Liabilities	6.29	(7,355)		(9,993)	
Liability Related to Defined Benefit Scheme		<u>(60,046)</u>		<u>(64,636)</u>	
			<u>(80,018)</u>		<u>(93,709)</u>
Net Assets			733,864		731,274

	2007/08		2006/07	
	£000's	£000's	£000's	£000's
Financed by:				
Capital Adjustment Account	(744,977)		0	
Capital Financing Account	0		(34,398)	
Revaluation Reserve Account	(13,874)		0	
Fixed Asset Restatement Account	0		(742,621)	
Usable Capital Receipts	(6,460)		(2,828)	
Deferred Capital Receipts	(10,913)		(5,300)	
Pensions Reserve	60,046		64,636	
Major Repairs Reserve	(3)		0	
Other Reserves	(6,787)		(2,006)	
Fund Balances	<u>(10,896)</u>		<u>(8,758)</u>	
Stakeholders Funds		<u>(733,864)</u>		<u>(731,274)</u>

The Balance Sheet figures for 2006/07 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 3.1). The Revaluation Reserve replaces the Fixed Asset Restatement Account (FARA). The credit balance of £743m on the FARA as at 31st March 2007 has been written off to the Capital Financing Account (£34m credit balance) to form the new Capital Adjustment Account. The Revaluation Reserve has been included in the Balance Sheet with a zero opening balance. The closing position on the Reserve as at 31st March 2008 therefore only shows revaluation gains accumulated since 1st April 2007.

Balance Sheet

6.14 Movements in Tangible Fixed Assets

	Operational					Non-operational	Total £000's
	Council Dwellings £000's	Other Land & Buildings £000's	Vehicles & Plant £000's	Infra- structure £000's	Community Assets £000's	Investment Properties £000's	
Valuation	576,682	107,499	4,571	1,029	5,987	107,487	803,255
Accumulated depreciation	(2,654)	(7,071)	(1,557)	(92)	0	0	(11,375)
Net book value of assets at 1st April 2007	574,028	100,428	3,014	937	5,987	107,487	791,881
Movements during 2007/08							
Additions	9,422	630	1,774	0	604	3,088	15,518
Disposals	(3,951)	(448)	0	0	0	(14,814)	(19,213)
Revaluations in year	(6,584)	6,435	0	22	(572)	7,648	6,949
Impairments	(3,049)	(914)	0	0	0	(951)	(4,914)
Depreciation for year	(9,630)	(4,937)	(684)	(9)	0	0	(15,260)
Written back depreciation on disposals & revaluations	(6,784)	3,730	390	82	0	0	(2,582)
Re-classification of assets	0	(1,489)	0	(844)	(2,396)	4,729	0
Miscellaneous adjustments	1,098	(326)	(398)	0	0	0	373
Net book value of assets at 31st March 2008	554,549	103,109	4,094	188	3,623	107,188	772,752
Gross book value	573,617	111,387	5,947	207	3,623	107,188	801,968
Accumulated depreciation	(19,068)	(8,278)	(1,852)	(19)	0	0	(29,217)

The miscellaneous adjustment includes corrections to the asset register for 5 council houses disposed of twice and some duplicated assets.

6.20 Depreciation

The authority is required to depreciate all assets with a finite useful life, which can be determined at the time of acquisition or revaluation. Therefore we do not charge depreciation on any land, community assets or investment properties. Where depreciation is charged, it is done so on a straight-line basis and is not charged in the first year of acquisition or re-valuation.

6.21 Intangible Fixed Assets

In 2007/08 the Council had no intangible fixed assets such as software and licenses as these are all charged to revenue, in full, in the year of acquisition.

6.22 Analysis of net assets employed

	2007/08 £000s	2006/07 £000s
General Fund	(72,495)	(85,362)
Housing Revenue Account	806,359	816,636
Total	733,864	731,274

6.23 Operational Assets – Useful life

The majority of Council Dwellings have a useful life of 40-60 years. Although the range for Other Buildings and Infrastructure is large, the majority of assets have a useful life of 40-60 years, with all land having a life of 100 years. Plant, Vehicles and Equipment have a slightly shorter useful life at only 3-20 years.

	Council Dwellings Years	Other Buildings Years	Plant & Equipment Years	Vehicles Years	Infrastructure Assets Years	Community Assets Years
Useful Life	40 - 60	10 - 80	3 - 20	3 - 10	40	10 - 100

As an example: Public Toilets have an average life of 10 years whereas the Town Hall currently has a life of 80 years. Within Community Assets, all land has a default life of 100 years whereas the pavilion on that land would only have an average life of 10 years.

6.37 Movement on Reserves

	2007/08 £000's	Movement in Year £000's	2006/07 £000's
Capital Adjustment Account			
Store of capital resources set aside to meet past expenditure and the closing balance of the Fixed Asset Restatement Account	(744,977)	(744,977)	0
Capital Financing Account			
Replaced with the Capital Adjustment Account	0	34,399	(34,399)
Revaluation Reserve Account			
Store of gains on revaluation of fixed assets	(13,874)	(13,874)	0
Fixed Asset Restatement Account			
Replaced with the Revaluation Reserve Account	0	742,621	(742,621)
Usable Capital Receipts			
Proceeds of fixed asset sales available to meet future capital investment	(6,460)	(3,632)	(2,828)
Deferred Capital Receipts			
Money owed when the Council issues mortgages for Right to Buy sales of council houses, and when receipts from asset sales are due after the balance sheet date	(10,913)	(5,613)	(5,300)
Pensions Reserve			
Balancing amount to allow inclusion of Pensions Liability in the Balance Sheet	60,046	(4,590)	64,636
Major Repairs Reserves			
Balance not spent on major repairs	(3)	(3)	0
General Fund			
Resources available to meet future running costs for non-housing services	(6,976)	(2,264)	(4,712)
Housing Revenue Account			
Resources available to meet future running costs for council houses	(3,965)	4	(3,969)
Collection Fund			
This represents the Councils share of the Collection Fund (surplus) / deficit	45	122	(77)
Earmarked Reserves			
See Note 6.38	(6,787)	(4,781)	(2,006)
Total	(733,864)	(2,589)	(731,275)

Cash Flow

6.42 Reconciliation of Revenue Surpluses to Net Revenue Cash Flow

Improvements to automate production of the cash flow statement have meant that the above note has not been presented for 2007/8. The current system does not track adequately the transactions needed to prepare the note. System changes will ensure this note is prepared for next year.

6.43 Reconciliation of Movement in Cash to Net Debt

	As at 31.3.08 £000's	Movement £000's	As at 31.3.07 £000's
Cash in Hand	72	58	14
Cash Overdrawn	(860)	931	(1,791)
Total	(789)	988	(1,777)