

## **Cumbria County Council Statement of Accounts 2006/07**

### **Glossary**

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#### **Accounting Policies**

The policies, concepts and conventions 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<sup>st</sup> March.

#### **Actuarial Gains and losses**

Employees of the County Council are members of defined benefit pension schemes. Actuarial gains and losses arise because events have not coincided with actuarial assumptions made in the previous valuation or because the actuarial assumptions have changed.

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

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

#### **Capital Expenditure**

Expenditure on the acquisition of a fixed asset or expenditure which adds to and not merely maintains the value on an existing fixed asset.

#### **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 received from the sale of fixed assets.

#### **Central Support Services**

These are services provided by the central departments of the County Council in respect of finance, personnel, legal, administration and property.

#### **Contingent Asset**

A contingent asset is a possible asset which could arise following the occurrence of a future event outside the County Council's control.

#### **Contingent Liability**

A contingent liability is a possible liability which could arise following the occurrence of a future event outside the County Council's control or is a present obligation where it is not possible to measure the outcome with sufficient reliability.

**Council Tax Precept**

A property based tax that is set by the County Council and administered by District, Borough and Unitary Councils, alongside the share of Council Tax levied by other Local Authorities in Cumbria.

**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 31<sup>st</sup> March.

**Curtailment**

Within the defined benefit schemes impacting on the financial results of the County Council, curtailment will arise if an event occurs reducing the expected future service of employees. Normally, this arises from redundancy or early retirement or if there is an amendment to terms impacting on current employees.

**Debtors**

Debtors represent amounts due to the County Council which are unpaid at 31<sup>st</sup> March.

**Defined Benefit Scheme**

Defined benefit pension schemes prescribe the amounts members will receive as a pension regardless of contributions and investment performance. Employers are obliged to fund any shortfalls.

**Deferred Charges**

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

**Depreciation**

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

**Expected Rate of Return on Pensions Assets**

The expected rate of return on pensions' assets is the average return expected during the remaining period of pension obligations.

**Finance Leases**

This is where the eventual benefit of the asset will pass from the leasing company to the County Council. Annual payments are a combination of interest and the purchase of the asset.

**Fixed Assets**

Fixed assets are tangible assets intended to be used for several years.

**Fixed Asset Restatement Account**

This reserve represents the balance of the surpluses or deficits arising on the revaluation of fixed assets. This account is also charged with the value of assets sold.

**Imprest Account**

Petty Cash Accounts used for small items of expenditure.

**LATS – Landfill Allowance Trading Scheme**

A 'cap and trade' scheme between Waste Disposal Authorities designed to reduce the overall amount of biodegradable municipal waste disposed of in landfill sites.

**Minimum Revenue Provision**

The amount set aside to repay external debt.

**National Non-Domestic Rates**

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

**Non-Operational Assets**

These are fixed assets held by the County Council which are not specifically used in the provision of services. Normally, this applies to investment properties or properties held for resale.

**Operational Assets**

These are fixed assets held by the County Council required to support the provision of services.

**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 Income & Expenditure Account.

**Past Service Costs**

Where pension scheme members receive enhanced or new benefits, the increase in the present value of future liabilities will be accounted for as past service costs.

**Provisions**

These are sums set aside to meet liabilities or losses that are likely to be or will be incurred, but the dates on which they will arise are not fully known at the date that the Statement of Accounts is approved.

**Reserves**

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

**Revenue Contributions to Capital Expenditure**

The amount of capital expenditure 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.