

GLOSSARY OF TERMS

"Below the Line"

Revenue expenditure can be roughly divided into two parts: "Above the Line" which is all of the costs of providing services; and "Below the Line" which is the notional capital, financing and reserve accounting adjustments required.

Capital Expenditure

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

Capital Charges

Notional charges to reflect the consumption of capital assets.

Collection Fund

There is a statutory requirement for billing authorities to maintain a separate Collection Fund account. This account details the transactions relating to the collection of Council Tax and National Non-Domestic Rates (NNDR). The Council is responsible for collecting Council Tax on behalf of Warwickshire County Council, Warwickshire Police Authority and the town and parish councils. The Council is also responsible for collecting NNDR on behalf of the Government.

Depreciation

The measure of the cost or revalued amount of the benefits of the fixed asset that have been consumed during the period.

Consumption includes the wearing out, using up or other reduction in the useful life of a fixed asset whether arising from use, passage of time or obsolescence through either changes in technology or demand for the goods and services produced by the asset.

General Fund

This comprises all of the Council's services funded by Revenue Support Grant and Council Tax.

Housing Revenue Account (HRA)

This is a statutory account which identifies the income and expenditure associated with the provision of housing for council tenants. The main function of the account is to isolate, or 'ring fence', all transactions relating to council housing from the rest of the Council's functions which are provided by council tax payers.

IAS 19 Adjustments

International Accounting Standard 19 (IAS 17) requires an authority to 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 'below the line'.

IFRS

International Financial Reporting Standards – the accounting regime that is required for all accounts after 1 April 2010.

GLOSSARY OF TERMS**Intangible Fixed Assets**

Intangible Fixed Assets relate to expenditure which has been properly capitalised, but which does not result in a tangible fixed asset owned by the Council. This includes such items as software licences and software development costs by third parties.

LABGI Grant

Local Authority Business Growth Incentives Grant is a "reward" from central government to authorities that have encouraged business growth in their areas.

Major Repairs Reserve Account

This is a statutory account which holds an amount equivalent to the Major Repairs Allowance received as part of the Housing Subsidy payment. It is approximately equivalent to the annual depreciation of the HRA dwelling stock. If the actual calculation for depreciation is different to this 'proxy', then appropriate adjustments to or from the HRA are made via this account.

Reserves

These are amounts set aside for future policy purposes or to cover contingencies. Adjustments to the reserves are done outside the service expenditure revenue accounts. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year.

REFCUS (previously known as Deferred Charges)

This stands for Revenue Expenditure Financed from Capital Under Statute which is expenditure which may be deferred, but which does not result in, or remain matched with, assets controlled by the Council.

Revenue Expenditure

The day to day running expenses incurred by the Council in providing its services.

Support Services

The cost 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. 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.

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. A de-minimus level of £20,000 has been used as the basis for inclusion as a capital asset.