

**EAST CAMBRIDGESHIRE DISTRICT COUNCIL  
ANNUAL FINANCIAL REPORT 2014/2015**

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## EXPLANATORY FOREWORD

As the Council's S151 Officer, I am pleased to present the Council's 2014/15 Annual Financial Report which outlines the Council's performance for the year ended 31 March 2015.

The purpose of this Foreword is to provide a guide to the most significant matters reported in the Council's accounts. The financial statements have been prepared in accordance with the standard format for local authority accounts as recommended by the Chartered Institute of Public Finance and Accountancy, (CIPFA) as prescribed by the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 based on International Financial Reporting Standards (IFRS). They have also been produced in accordance with the Accounts and Audit Regulations 2011.

To aid the reader's interpretation of the Council's Statement of Accounts, the Foreword has been split into three sections:

- A review and commentary on the Council's performance during 2014/15.
- An explanation of the major changes in the presentation of the 2014/15 Statement of Accounts when compared to those presented in 2013/14.
- A commentary on the more significant items within the accounts that are worthy of note.

### **REVIEW AND COMMENTARY ON THE COUNCIL'S SERVICES AND PERFORMANCE DURING 2014/15**

#### **REVIEW OF 2014/15**

In 2014/15, the Council agreed a suite of key corporate priorities and indicators for the financial year. These priorities are set out below together with a commentary on their progress as at the end of the financial year:

**- To facilitate the commencement of the Southern Link Road by 2015.**

The planning application has been approved by the County Council and have now commenced the compulsory purchase order and tendering process.

**- To promote and deliver Community Land Trusts as the preferred mechanism to enable people to live and work locally.**

The Council has now approved planning applications for 2 CLT developments in Swaffham Prior and Stretham in addition to CLT's at Soham and Witchford

**- To commence the construction of a new district leisure facility by the end of 2015**

A business case has been approved to fund preliminary works to help secure some funding from the Sports Council towards the cost of the new leisure facility.

**- To keep council tax as low as possible through prudent budgetary control**

The East Cambridgeshire Council Tax was frozen in both 2014/15 and 2015/16

**- To develop Littleport**

Littleport Station Car Park has been included in the Community Infrastructure Levy 123 list.

The Paddocks Public Open Space is in the final stages of being transferred to Littleport Parish Council.

The Littleport Schools will now include a new leisure facility.

## EXPLANATORY FOREWORD CONTINUED

**- To facilitate the opening of a cinema at Downham Road / A10 by 2015.**

Turnstones have secured planning permission for this development.

**- To develop an exceptional Station Gateway for Ely**

The Council will continue to work with stakeholders to realise the Station Gateway vision.

**- To develop an Eastern Gateway for Soham**

**- To facilitate the re-opening of Soham Railway Station, including the Newmarket Link.**

The County Council are working with this Council and Network Rail to commission a GRIP 3 study.

**- To facilitate economic growth including jobs growth and apprenticeships**

12 apprentices were supported in 2014/15.

£17.9m will be levered in from external funds for infrastructure schemes and economic projects including:

1. £16m from the Greater Cambridge Greater Peterborough (GCGP) LEP Local Growth Fund for the Ely Southern Bypass
2. £0.6m from the GCGP LEP Agri-tech scheme for a new research and development facility at Hasse Fen, Soham
3. £0.2m from the DCLG for capacity funding for the North Ely Project
4. £1.1m loan funding from GCGP LEP Growing Places Fund for new starter units on Lancaster Way Business Park

**- To ensure appropriate development throughout the District by planning well for infrastructure, (including alternative means of transport), employment and high quality design utilising North Ely as an exemplar project.**

The Local Plan was adopted by Full Council in April 2015. North Ely planning applications for 2,000 dwellings have been approved subject to the prior completion of the Section 106 agreements and Stage 2 work has been completed for the extension of the Country Park.

In 2015/16, there are six Corporate Priorities each of which have underlying promises setting out how these will be delivered. These are:

**Priority 1**

**- A customer driven efficient Council with a 'can do' attitude and pro business approach and commercially focused to ensure financial self sufficiency for the taxpayer**

**Promises:**

- Freeze the East Cambs element of Council Tax in 2016/17
- Eradicate waste and unnecessary bureaucracy
- Prioritise and improve 'front line' services

## EXPLANATORY FOREWORD CONTINUED

### Priority 2

- Genuinely affordable housing by local people for local people

### Promises

- Support the delivery of genuinely affordable housing
- Encourage communities to establish Community Land Trusts

### Priority 3

- Making East Cambridgeshire an even better place to live

### Promises

- Achieve a 60% recycling rate
- Deliver the new cinema and leisure centre for the District at Downham Road Ely
- Improve other sports and leisure services

### Priority 4

- Making it easier to get around the District and do business

### Promises

- Ensure Ely Bypass is built
- Keep free car parking in the City and town centre car parks
- Increase car parking spaces at Ely and Littleport rail stations
- Improve traffic flow at the district roundabouts

### Priority 5

- Appropriate developments with better infrastructure and improving the Planning Service

### Promises

- Make developers pay up front for new infrastructure and services
- Adopt a commercial negotiating position with developers
- Resist inappropriate wind farm developments
- Work with Parish Councils and local communities to provide finance and assistance to improve local infrastructure
- Extending the Council's open door policy for Planning

## EXPLANATORY FOREWORD CONTINUED

### Priority 6

- Driving economic success by creating the infrastructure to attract businesses and create jobs.

### Promises

- Support apprenticeships for young people
- Encourage new businesses through the provision of business space at E-Spaces and other support
- Investment Programme supported by the Economic Development service

Despite a further reduction in Government funding of **£0.772m ( 23.8%) in 2014/15**, the Council successfully balanced its 2014/15 budget which was approved by Full Council on 27 February 2014. This financial position was achieved by the actions taken during 2011/12 when the Council identified a 4 year savings package which meant that a balanced budget position for 2013/14 was achieved without the need to identify any further savings. The Council's financial position has been monitored on an ongoing basis during the financial year and variances to the approved budget have been reported to Members as they have been identified.

The Council, however, does recognise that there will be continuing financial challenges ahead mainly as a result of further cuts in the funding from Central Government. Furthermore, the new retention of business rates scheme which commenced on 1 April 2013 means that the Council will have to refund 40% of any successful ratings appeals. In 2014/15 the value of successful rating appeals to the Council was £0.472m.

In recognising the Council's future financial challenges, the Chief Executive implemented a restructuring of the Council which reduced the size of the Management Team and introduced a flatter structure. This revised structure was implemented on 1 September 2014. In April 2014, The Maltings was leased to the City of Ely Council and the grant paid to Ely Museum was reduced and this will continue incrementally until the last payment in 2017/18.

The collection rate of Council Tax was slightly above the target rate as set out in the Council's Medium Term Financial Strategy.

The collection target for Council Tax was 98.0% and the actual rate of collection in 2014/15 was 98.39%. For Business Rates, the target and actual collection rates were 99% and 98.30% respectively.

In 2014/15 the Council's Local Plan, which manages growth and development in East Cambridgeshire for the next 20 years was approved by the Planning Inspector. The Plan proposes that the Council will provide for the delivery of 11,500 new homes, maximise jobs for growth with the aim of achieving a minimum of 9,200 additional jobs, ensuring that new infrastructure such as schools, open spaces and leisure facilities are built alongside it.

With the Council's recycling rates projected to achieve 54%, the Government has awarded it £0.197m to help promote recycling further. The Council was one of 46 successful bids to receive funding through its Recycling Reward Scheme. The grant will be used to fund a monthly prize draw that residents will be entered into if they put their recycling bin out for collection containing the correct materials. The scheme is funded for 2 years and is expected to start in June.

During 2014/15, Anglia Revenues Partnership which provides the Council's revenues and benefits services, identified fraudulent claims totalling £0.123m of which £0.106 were housing benefit claims and £0.017m were council tax support frauds. The Fraud team received 91 fraud and error referrals and 51 fraud investigations were conducted.

The introduction of Universal Credit (which replaces housing benefit) commences on 1 September 2015 for this Council and this will mean a proportion of the Fraud Team being transferred to the Department For Works and Pensions (DWP) whilst the remainder of the team will be retained to focus on council tax and business rates fraud.

## EXPLANATORY FOREWORD CONTINUED

### **Revenue Expenditure and Income 2014/15**

The Council approved a net revenue budget for 2014/15 of £8,818,868 which was revised downwards during the year to £8,704,284. The Council's net revenue expenditure for 2014/15 was £8,561,861 which is an underspend compared to the original budget of £257,007 and an underspend of £142,423 compared to the revised budget. A summary of the Council's Revised Budget and outturn are set out in the table below:

	2014/15 Revised Budget £000	2014/15 Outturn £000
<b>Service Expenditure by Committee:</b>		
Regulatory & Support Services	6,254	5,111
Commercial Services	2,167	2,234
Corporate Governance & Finance	2,460	3,502
Reversal of Capital Charges	-836	-819
Investment Income	-100	-124
New Homes bonus	-1,430	-1,434
Weekly Refuse Grant	-247	-192
Internal Drainage Board Levies	436	436
Net Operating Expenditure	8,704	8,714
Contributions To / (From) Earmarked Reserves	-201	416
Net Expenditure	8,503	9,130
Financed by:		
Government Funding	-2,516	-2,517
NNDR	-2,009	-2,634
Council Tax	-3,978	-3,979
	-8,503	-9,130

## EXPLANATORY FOREWORD continued

An analysis of the main variances causing the underspend are set out below:

	£000 (Over)/Under Spend	Note
Employee Costs	30	Job Evaluation Budget was not spent
NNDR	(95)	Income from S31 Government Grants was less than expected
Council Tax	44	Additional CT court costs recovered
Revenues & Benefits	(32)	Net of Housing Benefit subsidy increased payments and received being higher than forecast.
Revenues & Benefits	126	Recovery of Rent Allowance Overpayments by Anglia Revenues Partnership was higher than anticipated
E Space North	13	Rent income higher than expected
Registration of Electors	11	Underspends on printing, canvassers and postage
Environmental Issues	16	Underspend on premises contract work
Interest & Financial Transactions	(11)	Bank costs higher than expected due to the retender of the contract and one off costs
Interest & Financial Transactions	24	Interest on investments above expected levels
Land Charges	(10)	Inquiries and Solicitors Fees over budget
Redundancy/Pension Costs	(26)	Costs of redundancies from the staffing Root and Branch review were higher than estimated
Planning	(39)	Net overspend from reduced planning income and an overspend on consultants fees
Refuse Collection	77	Saving on contract costs
Other savings	14	
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The revised Medium Term Financial Strategy included a number of performance indicators; one of these is "To deliver a year on year net revenue budget outturn with a tolerance of up to 2.5% maximum underspend and a maximum 1.5% overspend.

The underspend of £142,423 represents 1.6% of the revised net revenue budget and is therefore within the approved tolerance levels.

## EXPLANATORY FOREWORD continued

### Sources of Income

	Original Budget £000	Revised Budget £000	Actual £000	Variance To Revised Budget £000	Note
Government Grants	(25,551)	(25,634)	(26,065)	(431)	The Government grants were higher than estimated mainly as a result of additional housing benefit subsidy from the DWP. Also additional Govt funding was received to cover the costs of Elections.  Other grants and reimbursements includes S106/CIL contributions from developers and income from Capital receipts to fund revenue expenditure funded by capital.  Sales, fees and charges includes planning application fees, licenses and building control fee income.  Business Rates income was higher than budgeted due to additional growth.  Other income includes RTB Clawback
Other Grants/Reimbursements	(728)	(488)	(2,401)	(1,913)	
Sales, Fees & Charges	(2,127)	(2,109)	(2,131)	(22)	
Business Rates	(1,798)	(1,900)	(2,192)	(292)	
Local Taxpayers	(5,576)	(5,576)	(5,576)	0	
Other Income	(772)	(815)	(1,229)	(414)	
Total Income	(36,552)	(36,522)	(39,594)	(3,072)	

The Council's main fees and charges income streams are monitored on a regular basis during the financial year.

The total income was £2,000 above the revised budget, as set out in the table below:

	Original Budget £000	Revised Budget £000	Actual £000	Variance To Revised Budget £000
Planning Fees	(540)	(541)	(493)	48
Building Control Fees	(229)	(231)	(256)	(25)
Land Charges	(140)	(140)	(137)	3
Investment Interest	(100)	(100)	(124)	(24)
Licensing Income	(121)	(121)	(125)	(4)
	(1,130)	(1,133)	(1,135)	(2)

## EXPLANATORY FOREWORD continued

### Reserves

The General Fund Reserve balance at 1 April 2014 stood at £1,796,930 as approved by Members at the February 2015 Council meeting. At 31 March 2015, this reserve remained unchanged at £1,796,930.

The underspend of £142,423 at the end of 2014/15 has enabled the balance on the Surplus Savings Reserve to be increased to £2.475m. This reserve will be used in future years to offset any pressures to the Council's budget.

In addition, the Council also has a number of earmarked reserves, which are monies set aside for specific purposes. An analysis of the Council's earmarked reserves and the movements in these reserves as at 31 March 2015 are shown below:

	Opening Balance £000	Original Transfer (To) / From £000	Revised Transfer (To) / From £000	Actual Transfer (To) / From £000	Actual Closing Balance £000
District Elections	-77	-22	-22	-17	-94
HPDG	-355	208	332	241	-114
Asset Management	-152	0	-100	-100	-252
Vehicle Replacements	0	0	0	-23	-23
Building Control	0	0	0	-23	-23
Organisational Change	-178	30	-89	-91	-269
Virtual Storage Solution	-52	52	-13	-13	-65
Housing Conditions Survey	-40	-10	-10	-10	-50
Surplus Savings Reserve	-1,618	83	-715	-857	-2,475
Land Charges New Burdens Reserve	-34	0	0	0	-34
Grounds Maintenance Reserve	-40	35	40	35	-5
Cultural & Related - Sport	-5	0	0	0	-5
Environment - Community Safety	-80	0	0	-39	-119
Planning & Development - Econ Dev	-95	0	50	38	-57
Transport	-69	18	18	1	-68
Housing	-89	0	0	-27	-116
Corporate	-74	12	19	-59	-133
Business Rates Retention Scheme	-667	0	667	667	0
S106	-2,442	0	24	-69	-2,511
Capital Leisure	0	0	0	-70	-70
Weekly Refuse Reserve	0	-376	0	0	0
	-6,067	30	201	-416	-6,483
General Fund Balance	-1,797	0	0	0	-1,797
Total Reserves	-7,864				-8,280

## EXPLANATORY FOREWORD continued

### The 2014/15 Capital Outturn

The capital programme expenditure during 2014/15 totalled £788,948 which was an underspend of £335,646 compared to the revised budget of £1,124,594.

The capital programme was financed from Government Grants, External Contributions, sums set aside from revenue and reserves of £14,750, and useable capital receipts of £424,153.

The Council has not taken out any long term borrowing during 2014/15 to finance the capital programme and the Council remains debt free as at 31 March 2015.

Capital Schemes	2014/15 Original £000	2014/15 Revised £000	2014/15 Actual £000	2014/15 (under)/over £000
<b><u>Regulatory and Support Services</u></b>				
Reception Refurbishment, The Grange		4		(4)
Payment Card Industry, Data Security Standard		13	25	12
Replacement of Existing CRM System		23	24	1
Recycling and Organics Collection		92		(92)
Conservation Area Schemes - 2nd round	28	28		(28)
Southern Link Road		41		(41)
Mandatory Disabled Facilities Grants	386	489	375	(114)
Empty Property, Minor Work, Home Repair, Disc. DFGs	75	188	148	(40)
Empty Properties Littleport		15	15	0
<b><u>Total Regulatory and Support Services</u></b>	<b>489</b>	<b>893</b>	<b>587</b>	<b>(306)</b>
<b><u>Commercial Services</u></b>				
Ely Country Park		133	69	(64)
Vehicle Etc Replacements	29	29	15	(14)
Maltings Restaurant			(3)	(3)
Play Area, Ely Country Park				0
Downham Road Site	70			0
Downham Road Drainage Site Infrastructure	65			0
Leisure Centre - Next Stage Funding		70	121	51
<b><u>Total Commercial Services</u></b>	<b>164</b>	<b>232</b>	<b>202</b>	<b>(30)</b>
<b><u>Total Capital Schemes</u></b>	<b>653</b>	<b>1,125</b>	<b>789</b>	<b>(336)</b>

## EXPLANATORY FOREWORD continued

Sources Of Financing	2014/15 Original £000	2014/15 Revised £000	2014/15 Actual £000	2014/15 Variance £000
<b>Government Grants:</b>				
Disabled Facility Grants	216	216	216	0
Littleport Empty Property Grant		15	15	0
New Homes Bonus	65	65		(65)
IEG (Implementing Electronic Government)		23	23	0
HPDG		72	26	(46)
<b>Other</b>				
Section 106 Contributions		133	70	(63)
Contribution to Grounds Maintenance equip.		8	8	0
Revenue Contributions/Reserves	29	116	15	(101)
<b>Capital Receipts</b>	343	477	416	(61)
<b>Total Financing</b>	653	1,125	789	(336)

The variances are mainly due to slippage in some of the schemes commencing and additional schemes added during the year.

### Material Assets Acquired or Liabilities Incurred

There have not been any material assets acquired or liabilities incurred during the financial year.

## 2.0 COMMENTARY ON THE MAJOR CHANGES IN THE 2014/15 ACCOUNTS COMPARED TO THE 2013/14 STATEMENTS

### 2.1 International Financial Reporting Standards

The Council is required to report its financial position based on the requirements of International Financial Reporting Standards (IFRS) which is encapsulated within the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

### 2.2 Statement of Accounting Policies

The accounting policies applicable to the 2014/15 statement of accounts are much the same as those that were applied to the 2013/14 accounts.

### 2.3 True And Fair View Override

As required by the Accounts and Audit Regulations 2011, paragraph 8.2, the Responsible Financial Officer is required to certify that the statement of accounts presents a true and fair view of the financial position of the council. However, as a consequence of IFRS, this has introduced the principle of the "true and fair view over-ride". This means, where the Responsible Financial Officer considers that to give a true and fair view would actually require the Council to provide misleading information i.e. to provide an actual outturn figure would actually show to the reader an unexpected financial position, the Responsible Financial Officer is permitted to provide alternative figures providing such divergence from the 'true and fair view' is appropriately acknowledged in the notes to the accounts. For 2014/15 the Financial Services Manager & S151 Officer has not had to use the 'true and fair view' override.

### 2.4 Changes To The Statement of Accounts

There have been no major changes to the format of the 2014/15 Statement of Accounts.

## EXPLANATORY FOREWORD continued

### 3.0 COMMENTARY ON THE SIGNIFICANT ITEMS IN THE 2014/15 ACCOUNTS

#### 3.1 EXPLANATION OF THE CORE AND SUPPLEMENTARY STATEMENTS

The Core Statements are:

##### i **Movement In Reserves Statement - Page 17**

This statement shows the movement in the year on the different reserves held by the authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for council tax setting. The Net Increase /Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

##### ii **The Comprehensive Income & Expenditure Statement - Page 18**

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

##### iii **The Balance Sheet - Page 19**

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

##### iv **The Cash Flow Statement - Page 21**

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

##### v **The Supplementary Statements for this Council are:**

##### **The Collection Fund - Page 86**

The Collection fund shows the transactions of the Council as the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of the council tax and non-domestic rates. There is no need for a Collection Fund Balance Sheet since the assets and liabilities arising from collecting non-domestic rates and council tax belong to the bodies (i.e. Cambridgeshire County Council, Cambridgeshire Police Authority, Cambridgeshire Fire and Rescue, East Cambridgeshire District Council and the Government) on behalf of which the Council collects these taxes.

## EXPLANATORY FOREWORD continued

### **Group Accounts - Page 90**

These consolidate the Council's Accounts with those of its subsidiary to give a more complete picture of the authority's control over other entities.

### **3.2 Material and Unusual Charges or Credits in the Accounts**

There are no such amounts reported in the 2014/15 Statement of Accounts.

### **3.3 Pensions**

The pension scheme liability within the Balance Sheet has significantly increased from £19.48m in 2013/14 to £24.66m as at 31/3/15. This increase is mainly due to:

- The deficit has increased due to falling bond yields
- This has been partially offset by strong asset returns
- The projected pension expense for next year has also risen for the same reasons, and reduced expected asset rates of return.

### **3.4 Significant Provisions, Contingencies and Write Offs**

The Council has no significant provisions or contingencies to report as at 31 March 2015. The Council has written off £110,000 council tax arrears and £37,000 of National Non Domestic Rates during 2014/15 that it considers are bad debts and no longer collectible.

### **3.5 Material Events After The Balance Sheet Date**

There have not been any material events after the reporting date.

**Andrew Radford**  
**Financial Services Manager and S151 Officer**  
**BA CPFA**

Pages 14 and 15

The auditors opinion and certification will be incorporated here at the conclusion of the audit.

## STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

### ***The Council's Responsibilities -***

The Council 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. At East Cambridgeshire District Council that officer is the Financial Services Manager and S151 Officer.
- ◇ manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- ◇ approve the statement of accounts.

### ***The Financial Services Manager's Responsibilities -***

The Financial Services Manager is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this statement of accounts, the Financial Services Manager has:

- ◇ selected suitable accounting policies and then applied them consistently;
- ◇ made judgements and estimates that were reasonable and prudent
- ◇ complied with the local authority code

The Financial Services Manager has also:

- ◇ kept proper accounting records which were up to date;
- ◇ taken reasonable steps for the prevention and detection of fraud and other irregularities.

I hereby certify that the Statement of Accounts presents a true and fair view of the financial position of the Council at the accounting date and its expenditure and income for the year ended 31 March 2015.

**Andrew Radford**  
**Financial Services Manager and S151 Officer**  
**BA CPFA**

**Date:** 28 September 2015

# MOVEMENT IN RESERVES STATEMENT FOR THE YEAR ENDED 31 MARCH 2015

	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Grants & Contributions Unapplied Reserve	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	<u>note</u>
	£	£	£	£	£	£	£	
<b>Balance at 31 March 2013</b>	(1,796,930)	(5,425,437)	(2,183,101)	(193,294)	(9,598,762)	661,440	(8,937,322)	
<b><u>Movement in reserves during 2013/2014</u></b>								
(Surplus)/deficit on provision of services	(2,225,797)				(2,225,797)		(2,225,797)	
Other Comprehensive Expenditure and Income						793,855	793,855	
<b>Total Comprehensive Expenditure and Income</b>	<u>(2,225,797)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(2,225,797)</u>	<u>793,855</u>	<u>(1,431,942)</u>	
Adjustments between accounting basis and funding basis under regulations	1,427,870		226,839	(80,645)	1,574,064	(1,574,064)	0	7
<b>Net (increase)/decrease before transfers to earmarked reserves</b>	<u>(797,927)</u>	<u>0</u>	<u>226,839</u>	<u>(80,645)</u>	<u>(651,733)</u>	<u>(780,209)</u>	<u>(1,431,942)</u>	
Transfers to/(from) earmarked reserves	797,927	(642,047)			155,880	(155,880)	0	
<b><u>(Increase)/decrease in 2013/2014</u></b>	<u>0</u>	<u>(642,047)</u>	<u>226,839</u>	<u>(80,645)</u>	<u>(495,853)</u>	<u>(936,089)</u>	<u>(1,431,942)</u>	
<b>Balance carried forward at 31 March 2014</b>	(1,796,930)	(6,067,484)	(1,956,262)	(273,939)	(10,094,615)	(274,649)	(10,369,264)	
<b><u>Movement in reserves during 2014/2015</u></b>								
(Surplus)/deficit on provision of services	83,419				83,419		83,419	
Other Comprehensive Expenditure and Income						3,142,679	3,142,679	
<b>Total Comprehensive Expenditure and Income</b>	<u>83,419</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>83,419</u>	<u>3,142,679</u>	<u>3,226,098</u>	
Adjustments between accounting basis and funding basis under regulations	(499,066)		93,729	(311,849)	(717,186)	717,186	0	7
<b>Net (increase)/decrease before transfers to earmarked reserves</b>	<u>(415,647)</u>	<u>0</u>	<u>93,729</u>	<u>(311,849)</u>	<u>(633,767)</u>	<u>3,859,865</u>	<u>3,226,098</u>	
Transfers to/(from) earmarked reserves	415,647	(415,647)			0	0	0	
<b><u>(Increase)/decrease in 2014/2015</u></b>	<u>0</u>	<u>(415,647)</u>	<u>93,729</u>	<u>(311,849)</u>	<u>(633,767)</u>	<u>3,859,865</u>	<u>3,226,098</u>	
<b>Balance carried forward at 31 March 2015</b>	(1,796,930)	(6,483,131)	(1,862,533)	(585,788)	(10,728,382)	3,585,216	(7,143,166)	

# COMPREHENSIVE INCOME & EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 MARCH 2015

	2014/2015			2013/2014			note
	Expenditure £	Income £	Net £	Expenditure £	Income £	Net £	
Central Services to the public	1,673,491	(701,437)	972,054	1,482,739	(691,357)	791,382	
Cultural & Related	2,187,873	(836,549)	1,351,324	2,227,634	(388,295)	1,839,339	
Environmental	4,935,639	(615,491)	4,320,148	4,817,314	(566,515)	4,250,799	
Planning & Development	3,378,954	(2,796,439)	582,515	2,800,803	(2,024,456)	776,347	
Transport	412,837	(237,654)	175,183	392,280	(203,179)	189,101	
Housing	22,966,180	(22,355,396)	610,784	22,407,901	(21,411,526)	996,375	
Corporate & Democratic Core	2,320,786	(259,391)	2,061,395	2,040,485	(42,835)	1,997,650	
Non Distributed Costs	89,000	0	89,000	461	0	461	
<b>NET COST OF SERVICES</b>	<b>37,964,760</b>	<b>(27,802,357)</b>	<b>10,162,403</b>	<b>36,169,617</b>	<b>(25,328,163)</b>	<b>10,841,454</b>	
Parish council precepts	1,613,847			1,582,803			
Internal Drainage Board Levies	436,240			384,897			
Contribution of housing capital receipts to Govt. Pool	0			0			
Loss/(gain) on the disposal of non current assets	128,264			33,980			
<b>OTHER OPERATING EXPENDITURE</b>			<b>2,178,351</b>			<b>2,001,680</b>	
Interest payable and similar charges	5,240			10,476			
Interest receivable and Investment Income	(145,046)			(141,034)			
Net interest on the net pension liability (asset)	841,000			825,000			<b>38</b>
Income & Exp and changes in fair value of investment properties	0			0			
<b>FINANCING &amp; INVESTMENT INCOME &amp; EXPENDITURE</b>			<b>701,194</b>			<b>694,442</b>	
Council Tax Income	(5,638,125)			(5,529,753)			
Non Domestic Rates income and expenditure	(2,722,662)			(1,827,338)			
Non Ringfenced Government Grants	(4,597,742)			(8,406,282)			<b>32</b>
Capital grants & contributions	0			0			
<b>TAXATION &amp; NON-SPECIFIC GRANT INCOME</b>			<b>(12,958,529)</b>			<b>(15,763,373)</b>	
<b>DEFICIT/(SURPLUS) ON PROVISION OF SERVICES FOR THE YEAR</b>			<b>83,419</b>			<b>(2,225,797)</b>	
(Surplus)/Deficit arising on revaluation of Property, Plant & Equipment	(1,042,321)			528,996			
Remeasurement of the net defined benefit liability/(asset)	4,185,000			289,000			
Other (Gains)/Losses	0			(24,141)			
<b>OTHER COMPREHENSIVE INCOME &amp; EXPENDITURE</b>			<b>3,142,679</b>			<b>793,855</b>	
<b>TOTAL COMPREHENSIVE INCOME &amp; EXPENDITURE</b>			<b>3,226,098</b>			<b>(1,431,942)</b>	

# BALANCE SHEET AS AT 31 MARCH 2015

<u>NET ASSETS</u>	31.03.15		31.03.14		<u>note</u>
	£	£	£		
Property, Plant & Equipment					
Community	837,202		828,573		
Infrastructure	667,679		671,929		
Land and buildings	13,001,299		12,943,341		
Vehicles	1,780,050		2,061,790		
Plant	15,399		23,099		
Equipment	1,483,480		1,666,951		
Surplus Assets	0		9,575		
Assets under construction	988,968		868,290		
		18,774,077		19,073,548	9
Heritage Assets	105,052		105,052		10
Investment Properties	0		0		11
Intangible Assets	92,830		97,249		12
Long Term Investments	0		0		13
Investments in subsidiaries	545,725		545,725		33
Long-term debtors	285,419		225,988		13
		1,029,026		974,014	
<b>Total Long Term Assets</b>		19,803,103		20,047,562	
Short term investments	7,524,544		6,533,336		13
Inventories and work in progress	38,068		45,610		14
Assets held for sale	650,000		0		17
Short term debtors	2,399,286		2,808,630		15
Cash equivalents	7,966,273		6,183,421		16
<b>Total Current Assets</b>		18,578,171		15,570,997	
Bank overdraft	0		0		16
Short term borrowing	0		0		
Grants Receipts in Advance	(1,344,404)		0		18
Short term creditors	(4,985,741)		(5,310,658)		18
<b>Total Current Liabilities</b>		(6,330,145)		(5,310,658)	
Long Term Creditors	0		(37,261)		13
Provisions	(252,963)		(425,376)		19
Donated assets account	0		0		
Liability related to defined benefit pension scheme	(24,655,000)		(19,476,000)		38
<b>Total Long Term liabilities</b>		(24,907,963)		(19,938,637)	
<b>Net Assets</b>		7,143,166		10,369,264	

# BALANCE SHEET CONTINUED AS AT 31 MARCH 2015

<u>RESERVES</u>	31.03.15		31.03.14	<u>note</u>
	£	£	£	
Usable Reserves				
General fund	(1,796,930)		(1,796,930)	20
Earmarked reserves	(6,483,131)		(6,067,484)	8
Grants & Contributions Unapplied Reserve	(585,788)		(273,939)	20
Capital receipts reserve	<u>(1,862,533)</u>		<u>(1,956,262)</u>	20
		(10,728,382)	(10,094,615)	
Unusable Reserves				
Revaluation reserve	(6,041,060)		(5,179,945)	21
Capital adjustment account	(14,430,804)		(14,904,055)	21
Deferred capital receipts	(484,429)		(372,449)	21
Collection Fund adjustment account	(365,463)		478,251	21
Accumulated Absences Account	112,963		111,088	21
Financial Instruments Adjustment Account	139,009		116,461	21
Pensions reserve	<u>24,655,000</u>		19,476,000	21
		3,585,216	(274,649)	
<b>Total Reserves</b>		<u><u>(7,143,166)</u></u>	<u><u>(10,369,264)</u></u>	

Andrew Radford  
Financial Services Manager, FCCA  
BA CPFA

Date: 28 September 2015

## THE CASH FLOW STATEMENT 2014/2015

Indirect method

### Reconciliation of Cash Flow from Revenue Activity to the Income and Expenditure Account

	2014/2015	2013/2014 Restated	<u>note</u>
	£	£	
Net surplus or (deficit) on the provision of services	(83,419)	2,225,797	
Adjustment to surplus or deficit on the provision of services for noncash movements	2,366,317	3,145,645	22
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(814,222)	(451,170)	22
Net cash flows from operating activities	<u>1,468,676</u>	<u>4,920,272</u>	
Net cash flows from investing activities	(703,548)	(4,297,215)	23
Net cash flows from financing activities	1,017,724	(1,046,833)	24
Net increase or decrease in cash and cash equivalents	<u>1,782,852</u>	<u>(423,776)</u>	
Cash and cash equivalents at the beginning of the reporting period	6,183,421	6,607,197	16
Cash and cash equivalents at the end of the reporting period	7,966,273	6,183,421	16

## NOTES TO THE CORE ACCOUNTS

1

### **Accounting Policies**

#### **Concepts And Principles**

##### **General Principles**

The Statement of Accounts summarises the Council's transactions for the 2014/15 financial year and its position at the year end of 31 March 2015.

It has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and the Service Reporting Code of Practice 2014/15, supported by International Financial Reporting Standards. The accounting convention adopted is historical cost, modified by the revaluation of certain categories of non-current assets.

The accounts have been designed to present a "true and fair" view of the financial position of the Council and comparative figures for the previous year are provided.

The accounting concepts of 'materiality', 'accruals', 'going concern' and 'primacy of legislative requirements' have been considered in the application of accounting policies. These concepts are defined as follows:

- materiality concept means that information is included where that information is of such significance as to justify its inclusion.
- accruals concept requires the non-cash effects of transactions to be included within the financial statement for the year in which they occur and not in the period in which the cash is paid or received.
- going concern concept assumes that the Council will continue in operational existence for the foreseeable future
- primacy of legislative requirement requires that where an accounting treatment is prescribed by law, then it will be applied, even if it contradicts one or other of the accounting concepts outlined above.

##### **Accruals of Income And Expenditure**

Income and expenditure is included in the accounts on an accruals basis. In particular:

- ◇ Fees, charges and rents due from customers are accounted for as income at the date the Council provides the relevant goods or 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 inventories on the Balance Sheet. The exceptions to this are items of low individual value such as desks and chairs which are treated as fully consumed in the year in which they are purchased.
- ◇ The Council is a billing authority and collects National Non Domestic Rates (NNDR) under what is in substance an agency agreement with the Government for the collection of business rates. The same principle applies for Council Tax collected on behalf of the precepting bodies. The income collected on an agency basis is not the income of the billing authority and is not included in the Comprehensive Income and Expenditure Statement.
- ◇ Works are charged as expenditure when they are completed, before which they are carried as works in progress 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.
- ◇ Where income has been received in the year in relation to activities to be carried out in the following financial year, a receipt in advance is recorded in the balance sheet.
- ◇ Where payment has been made in relation to activities to be carried out in the following financial year, a payment in advance is recorded in the balance sheet.
- ◇ Income and expenditure are credited and debited to the relevant line in the Comprehensive Income and Expenditure Statement unless they properly represent capital receipts or capital expenditure
- ◇ Employee costs are included in the year that they are earned.

## NOTES TO THE CORE ACCOUNTS continued

### Revenue Recognition

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net worth.

Revenue shall be measured at the fair value of the consideration received or receivable except for a financial asset that is measured under Financial Instruments. In most cases, the consideration receivable is in the form of cash and cash equivalents and the amount of revenue is the amount of cash and cash equivalents receivable.

Revenue shall be recognised by the following events:

- the sale of goods. Revenue shall be recognised when all of the following conditions have been satisfied:
  - the significant risks and rewards of ownership have transferred to the purchaser.
  - neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold is retained.
  - the amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity.
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.
- the rendering of services. When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction shall be recognised by reference to the percentage of completion method at the reporting date.

The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- 1) The amount of revenue can be measured reliably.
- 2) It is probable that the economic benefits or service potential associated with the transaction will flow to the entity.
- 3) The stage of completion of the transaction (using the percentage of completion method) at the reporting date can be measured reliably.
- 4) The costs incurred for the transaction and the costs to complete the transaction can be measured reliably

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue should be recognised only to the extent of the expenses recognised that are recoverable.

- interest, royalties and dividends. Revenue shall be recognised when:
  - it is probable that the economic benefits or service potential associated with the transaction will flow to the authority, and
  - the amount of the revenue can be measured reliably.

Where the above recognition criteria have been met:

- a) interest should be recognised using the effective interest method
- b) royalties should be recognised as they are earned in accordance with the substance of the relevant agreement, and
- c) dividends or their equivalents should be recognised when the authority's right to receive payment is established

- Non-exchange transactions: revenues shall be recognised when:

- a) it is probable that the economic benefits or service potential associated with the transaction will flow to the authority, and
- b) the amount of the revenue can be measured reliably.

- where previously a liability had been recognised (i.e. creditor) on satisfying the revenue recognition criteria:

In the event that a liability had been recognised, revenue shall be recognised equal to the reduction of the carrying amount of a liability when the relevant revenue recognition criteria have been met.

In the event that the consideration is received but the revenue does not meet the recognition criteria above, an authority shall recognise a creditor (i.e. receipt in advance) in respect of that inflow of resources

In the event that revenue meets the recognition criteria, but the consideration has not been received, an authority shall recognise a debtor in respect of that inflow of resources

## NOTES TO THE CORE ACCOUNTS continued

Revenue is recognised only when it is probable that the economic benefits or service potential associated with the transaction will flow to the authority. However, when an uncertainty arises about the collectability of an amount, adjustment of the amount of revenue originally recognised in the Comprehensive Income and Expenditure Statement already included in revenue, the uncollectable amount, or the amount in respect of which recovery has ceased to be probable, is recognised as an expense (i.e. impairment of financial assets), rather than as an adjustment of the amount of revenue originally recognised in the Comprehensive Income and Expenditure Statement.

### **Changes in Accounting Policies and Estimates and Errors and Prior Period Adjustments**

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

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

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

### **Overheads And Support Service Costs**

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code Of Practice 2014/15 (SerCoP). The total absorption costing principle is used with the full cost of overheads and support services 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 Assets Held For Sale.

These two cost categories are defined in (SerCoP) and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Cost of Services.

Each support service has been treated in the accounts as a separate entity, and it is intended that they should break even taking one year with another, by adjustment of subsequent years' charges. The net year-end surplus on support services forms part of the General Fund Reserve balance.

### **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 Movement in Reserves Statement.

### **Usable Reserves**

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 Comprehensive 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.

## NOTES TO THE CORE ACCOUNTS continued

### **Unusable Reserves**

Certain reserves are kept to manage the accounting processes for non current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Council . These reserves are:

- ◇ Revaluation Reserve
- ◇ Capital Adjustment Account
- ◇ Pensions Reserve
- ◇ Accumulated Absences Account
- ◇ Financial Instruments Adjustment Account
- ◇ Collection Fund Adjustment Account

### **Grants and Contributions**

All grants and contributions relating to capital and revenue expenditure shall:

- not be recognised until there is reasonable assurance that:

- 1) The Council will comply with the condition attached to the grant, and
- 2) The grants or contributions will be received.

- be accounted for on an accruals basis, and recognised immediately in the Comprehensive Income and Expenditure Statement as Income, except to the extent that the grant or contribution has a condition that the Council has not satisfied.

### **Revenue Grants**

In respect of general revenue grants and contributions such as Revenue Support Grant and NNDR redistribution, these are credited to the Taxation and Non Specific Grant Income in the Comprehensive Income and Expenditure Statement. Specific grants are credited to the relevant service line.

Where a repayment of grants or contributions becomes repayable and the grant has been previously recognised in the Comprehensive Income and Expenditure Statement, the repayment is recognised as an expense in the Comprehensive Income and Expenditure Statement.

### **Capital Grants**

In respect of capital grants and contributions:

- where conditions initially remain outstanding at the Balance Sheet date, the grant or contribution will be recognised as part of the Capital Grants Receipts in Advance (CGRA). Once the condition has been met the grant or contribution will be transferred from the CGRA and recognised as income in the Comprehensive Income and Expenditure Statement.

- where no conditions remain outstanding and the capital grant or contribution (or part thereof) has been recognised in the Comprehensive Income and Expenditure Statement and the expenditure has been incurred at the Balance Sheet date, the grant or contribution shall be transferred from the General Fund to the Capital Adjustment Account reflecting the application of capital resources to finance expenditure. This transfer will be reported in the Movement in Reserves Statement.

- where no conditions remain and the capital grant or contribution (or part thereof) has been recognised in the Comprehensive Income and Expenditure Statement but the expenditure to be financed from the grant or contribution has not been incurred at the Balance Sheet Date, the grant or contribution shall be transferred to the Capital Grants Unapplied Reserve within the Usable Reserves section of the Balance Sheet, thus reflecting the status as a capital resource available to finance expenditure. This transfer shall be reported in the Movement in Reserves Statement.

## NOTES TO THE CORE ACCOUNTS continued

- where a repayment of capital grants or contributions become repayable where the grant or contribution has previously been recognised:
- as part of the Capital Grants Receipts in Advance, the repayment shall be applied against the Capital Grants Receipts in Advance directly.
- as income in the Comprehensive Income and Expenditure Statement (or to the extent that the repayment exceeds the balance in respect of the specific grant or contribution in the Capital Grants Receipts in Advance), the repayment is recognised as an expense in the Comprehensive Income and Expenditure Statement. However, as required under statutory regulation, the repayment of grants and financial assistance for capital purposes is to be categorised as capital expenditure and will therefore be transferred from the General Fund to the Capital Adjustment Account, with the transfer being reported in the Movement in Reserves Statement.

Grants and contributions may be received subject to a condition that it is returned to the transferor if a specified future event does or does not occur. A return obligation does not arise until such time as it is expected that the condition will be breached and a liability is not recognised until that time. Such conditions do not prevent the grant, contribution or donated asset being recognised as income in the Comprehensive Income and Expenditure Statement

### **COMMUNITY INFRASTRUCTURE LEVY**

The Council has elected to charge a Community Infrastructure Levy (CIL). The levy will be charged on new builds (chargeable developments for the Council) with appropriate planning consent. The Council charges for and collects the levy, which is a planning charge. CIL is received without outstanding conditions and it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure statement in accordance with the accounting policy for government grants and contributions set out above.

### **VAT**

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

### **Events After The Balance Sheet Date**

When events have occurred, favourable and unfavourable, after the balance sheet date:

- the Statement of Accounts is adjusted to reflect such events only where there is evidence that the conditions existed at the balance sheet date (adjusting event)
- the amounts included in the accounts will not be adjusted if the events are indicative of or there is evidence that the conditions arose after the balance sheet date (non-adjusting event) However, the nature of the event and an estimate of the financial effect on the statements, providing that such an estimate can be made reliably, shall be disclosed.

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

### **Cash and Cash Equivalents**

Cash comprises cash in hand (or overdrawn) at the bank. Cash equivalents are short-term investments which are repayable on demand or notice (up to 95 days). These are highly liquid and readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

### **Donated Assets**

Where an asset is donated for:

- nil consideration, it shall be recognised at fair value as an asset on the Balance Sheet. The asset shall be recognised in the Comprehensive Income and Expenditure Statement as income, to the extent that the transfer has conditions that have been satisfied. For the element of the asset that conditions have not been met, the asset is credited to the Donated Assets Accounts and recognised in the Comprehensive Income and Expenditure Statement once the condition has been satisfied.

## NOTES TO THE CORE ACCOUNTS continued

- less than fair value (a non-exchange transaction), the difference between the fair value of the asset and the consideration paid shall be recognised immediately in the Comprehensive Income and Expenditure Statement as income, or in the event that the transfer has a condition(s) that have been met. The measurement at fair value of an asset, acquired for no consideration or for less than fair value, does not constitute a revaluation.

A donated asset may be received subject to a condition that it be returned to the transferor if a specified future event does or does not occur. A return obligation does not arise until such time as it is expected that the condition will be breached and a liability is not recognised until that time. Such conditions do not prevent the grant, contribution or donated asset being recognised as income in the Comprehensive Income and Expenditure Statement.

### **Non - Current Assets**

#### **Property, Plant And Equipment**

Property, Plant and Equipment are non - current assets that have physical substance and are held for use in the provision of services, for administrative purposes and to yield benefits to the Council for a period of more than one year.

#### **Recognition**

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis provided that:

- it is probable that the future economic benefits or service potential associated with the item will flow to the Council, and
- the costs of the item can be measured reliably.

Costs that meet the recognition principle include:

- initial costs of acquisition and construction, and
- costs incurred subsequently to enhance or replace part of the asset.

Costs arising from day-to-day servicing of the asset and repairs and maintenance costs (i.e. expenditure that secures but does not extend the previously assessed standard of performance of the asset) is charged to revenue as it is incurred.

Qualifying expenditure is capitalised on an accruals basis. Schemes that cost less than £10,000 are classified as de minimis and these schemes are classed as revenue rather than capital expenditure.

Qualifying expenditure will be recognised on the balance sheet from the date that the asset becomes operational or the completion date of the project.

#### **Measurement**

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

Infrastructure, community assets and assets under construction (excluding investment property) shall be measured at depreciated historical cost.

All other assets shall be valued at fair value, determined as the amount that would be paid for the asset in its existing use (existing use value - EUV). If there is no market-based evidence of fair value because of the specialist nature of the asset and the asset is rarely sold, the estimate for fair value may be depreciated replacement cost (DRC). Specialist assets will only be categorised as such, and DRC applied, when so determined by a professionally qualified valuer.

Non-property assets such as vehicles, plant & equipment shall be measured at fair value. For assets that have short useful lives, i.e. less than 10 years, or low values or both, depreciated historical cost will be used as a proxy for fair value.

## NOTES TO THE CORE ACCOUNTS continued

### **Revaluation**

Where an asset's fair value can be measured reliably, it shall be carried at the re-valued amount – being its fair value at the date of revaluation less any subsequent accumulated depreciation and impairment. When a revaluation has taken place, any accumulated depreciation and impairment at the date of valuation shall be eliminated against the gross carrying amount of the asset and the net amount restated to the re-valued amount of the asset.

Where the carrying amount of property, plant and equipment is:

- increased as a result of revaluation, the increase shall be recognised in the Revaluation Reserve, unless the increase is reversing a previous revaluation decrease or impairment loss charged to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement on the same asset.
- decreased as a result of revaluation, i.e., a significant decline in an asset's carrying amount during the period that is not specific to the asset, the decrease shall be recognised in the Revaluation Reserve up to the credit balance existing in respect of the asset (i.e. up to its historical cost) and thereafter against the relevant service line in the Comprehensive Income and Expenditure Statement

Assets included in the Balance Sheet at fair value are valued on a rolling 5-year programme or when there has been a material change in the value. Where there has been a market condition affecting property values, indexation will be applied only if the change in values is found to be material. The materiality level for this purpose will be deemed to be + / - 3% of current gross value for the appropriate adjustments to be made.

Investment properties will be reviewed annually to establish if there is a major change in market conditions that may affect the value of the properties. Where indexation is required the + / - 3% policy noted above will be applied.

### **Impairment of Non Current Assets**

Assets are not to be carried at more than their recoverable amount. An asset is said to be carried at more than its recoverable amount if its carrying amount exceeds the amount to be recovered through use or sale of the asset. If this is the case, the asset is described as impaired and an impairment loss must be recognised. Downward revaluation resulting from changes in market values does not constitute impairment. An impairment is specific to an asset i.e. as a consequence of loss of service potential, obsolescence, physical damage or such similar occurrence and is not reversible unless there is ongoing repairs and reinstatement. This is in contrast to a valuation reduction which is due to changes in market values due to conditions and prices which may be reversible and are not permanent in nature.

At the end of each reporting period an assessment shall take place as to whether there is any indication that an asset or class of assets may be impaired. If any indication exists, the recoverable amount shall be estimated having regard to the application of the concept of materiality in identifying whether the recoverable amount of an asset needs to be estimated. If no indication of an impairment loss is present, there will be no requirement for a formal estimate of the recoverable amount for property, plant and equipment.

### **Recognition of an Impairment**

An impairment loss on a re-valued asset shall be recognised in the Revaluation Reserve (these entries will be reflected in the Movement in Reserves Statement) to the extent that the impairment does not exceed the amount in the Revaluation Reserve for the same asset (i.e. up to the historical cost of the asset) and thereafter in Surplus or Deficit on the Provision of Services. An impairment loss on a non-revalued asset (i.e. an asset with a carrying value based on historical cost) shall be recognised in the Surplus or Deficit on the Provision of Services.

### **Reversing an Impairment**

At the end of each reporting period an assessment shall take place as to whether there is any indication that an impairment loss recognised in earlier periods for an asset may no longer exist or have decreased. If any such indication exists, the Council shall estimate the recoverable amount of that asset.

The reversal of an impairment loss of an asset (previously recognised in Surplus or Deficit on the Provision of Services) is only permitted to be recognised if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

## NOTES TO THE CORE ACCOUNTS continued

The reversal of an impairment loss previously recognised in Surplus or Deficit on the Provision of Services shall not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. Any excess above the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years shall be treated as a revaluation gain and charged to the Revaluation Reserve.

Impairment loss and reversal of impairment loss charged to Surplus or Deficit on the Provision of Services are not proper charges to the General Fund. Such amounts shall be transferred to the Capital Adjustment Account and reported in the Movement in Reserves Statement.

### **Componentisation**

Componentisation is a method, used for accounting and financial reporting purposes, to ensure assets are accurately included on the Balance Sheet and that the consumption of economic benefit of these assets is accurately reflected over their individual useful lives through depreciation charges.

The Code requires the separate recognition of two or more significant components of an asset for depreciation purposes – i.e. as if each component was a separate asset in its own right.

The Authority will follow these requirements where significant components of material items of assets have been identified.

A component is defined as part of an item of property, plant and equipment with a value that is significant in relation to the total value of the item.

Even if the cost of a component is significant in relation to the total cost of an item of PP&E, from an accounting perspective, it is not necessary to identify the value of that component if its useful life and required method of depreciation is in line with the overall asset.

Where there is more than one significant part of the same asset which has the same useful life and depreciation method such parts will be grouped in determining the depreciation charge.

Componentisation will not be applied retrospectively and will be considered only for new revaluations carried out after 1st April 2010 and when enhancement and/or acquisition expenditure is incurred after that date.

Component accounting will only be considered and applied in cases where the omission to recognise and depreciate a separate component may result in material differences in the statement of accounts.

The Council recognises two primary components of a property asset which will be accounted for separately namely:

- Land, and
- Buildings

Componentisation is not applicable to land as land is non-depreciable and is considered to have infinite life.

The Council has determined that any building with a gross carrying amount of less than £0.5m, or a useful economic life of less than 15 years or both will not be considered for component accounting on the grounds of materiality.

The Council will only consider the componentisation of an asset where the individual component equates to a minimum of 20% of the asset's total value or has a minimum value of £250,000

### **Depreciation**

Land and buildings are separate assets even if acquired together. Depreciation applies to all property, plant and equipment except:

- land, as this is considered to have an infinite useful life;
- investment properties carried at fair value;
- assets held for sale;
- assets where it can be demonstrated that the asset has an unlimited useful life.

## NOTES TO THE CORE ACCOUNTS continued

An asset shall not be depreciated:

- until it is available for use.
- when the residual value of an asset is equal or greater than the asset's carrying amount.

Where assets are being enhanced (from capital expenditure) depreciation will be calculated on the carrying value up to the date of the completion of the capital works and on the new, enhanced value after de-recognition of the relevant component, from the completion date. Depreciation will not be omitted unless the whole asset is taken out of use/service while the works are being undertaken (re-building, major refurbishment,)

For all assets depreciation is calculated on straight line bases over the following terms.:

- Buildings - allocation based on the individual asset's life as advised by the Council's Valuer
- Vehicles, Plant and Equipment - straight line allocation over the life of the asset
- Infrastructure assets - straight line allocation over 99 years.
- Information Technology assets - allocation over 5 years unless otherwise advised by ICT.

On a re-valued asset, a transfer between the Revaluation Reserve and the Capital Adjustment Account shall be carried out which represents the difference between depreciation based on the revalued carrying amount and the depreciation based on the asset's historical cost.

### **De-recognition and Disposal**

The carrying amount of an item of property, plant and equipment (or component), shall be derecognised and removed from the Balance Sheet:

- on disposal.
- when no future economic benefit or service potential are expected from its use or disposal.

Where capital expenditure is incurred on the replacement, renewal or enhancement of a part of a component or item of PP&E, where appropriate and necessary the carrying amount of the replaced part will be de-recognised prior to recognition of the new component.

Where it is not possible to determine the carrying amount of a replaced component the cost of the new part will be used to estimate the cost of the replaced part at the time of acquisition/construction adjusted for revaluation and impairment where necessary. In such cases the reduction for inflation (the discounting for present value) will be assumed to be 4% . The life of the new part will be used as a proxy for the life of the old one where information on the date of acquisition/construction is not available.

It should be noted that not all capital expenditure will result in de-recognition of an old component. Where internal remodelling, partitioning and fitting of existing buildings structures is carried out this should be considered separately and such expenditure added to the asset as "acquisition" on the bases of creating new, adding to or enhancing service potential. (Example: remodelling existing building layout by partitioning, installation of new fixtures and fittings to create new office space/reception desk; creation of disabled toilet where there was none previously; building an extension to existing building, installation of an additional boiler, generator, air conditioning units, extension to existing electrical circuit etc. to increase capacity).

The gain or loss arising from derecognition shall be the difference between the net disposal proceeds and the carrying amount. The gain or loss arising shall be included in the Surplus or Deficit on the Provision of Services when the item is derecognised; this also applies to component replacement or restoration.

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

Amounts received for disposals, in excess of £10,000 are treated as capital receipts. The balance of receipts is credited to the Capital Receipts Reserve and can only be used for future capital investment or to reduce the Council's underlying need to borrow.

The gain or loss on the sale of assets is not a charge against Council Tax. Amounts are appropriated to the Capital Adjustment Account in the Movement in Reserves Statement.

## NOTES TO THE CORE ACCOUNTS continued

### **Charges to Revenue for Non-Current Assets**

Service revenue accounts, trading accounts and central support services are charged with the following amounts to record the cost of holding non current assets during the year:

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

The Council is not required to raise Council Tax to cover depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue, known as the Minimum Revenue Provision, to contribute towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. The Minimum Revenue Provision is a proper charge to the General Fund, but does not appear in the Comprehensive Income and Expenditure Statement, it is transferred from the Capital Adjustment Account and reported in the Movement in Reserves Statement.

### **Revenue Expenditure Funded From Capital**

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

### **Leases**

Two types of leases are recognised:

Finance leases – a lease that transfers substantially all the risks and rewards incidental to ownership of an asset – whether the title may or may not eventually be transferred

Operating lease – all leases other than finance leases.

#### **Leases Review and Classification**

In the review of existing leases the Council applies the following tests:

- 1) Does the lease transfer ownership of the asset to the lessee by the end of the lease term?
- 2) Does the lessee have the option to purchase the asset at a price that is expected to be sufficiently lower than the fair value so as to make it reasonably certain the option will be exercised?
- 3) Is the lease term is for the major part of the useful economic life of the asset?
- 4) Does the present value of the minimum lease payments amount to at least substantially all (determined as 85%) of the fair value of the leased asset?, and
- 5) Are the leased assets of such a specialised nature that only the lessee can use them without major modifications ?

An answer “yes” to the above main questions individually or in combination will usually indicate a finance lease.

If however it is clear from other features that the lease does not transfer substantially all of the risks and rewards incidental to ownership, the lease will be classified as an operating lease. The following questions, if answered positively individually or in combination will denote an operating lease:

1. Are there full repairing and insuring covenants in the lease and clauses to ensure the asset is reinstated, at the expense of the tenant, to its original condition at the end of the lease (dilapidations clauses)?
2. Does the lease provide for significant contingent rent variations during the term by reference to an open market or turnover? (e.g. market rent reviews but not if the lease were to provide for fixed increases or increases linked to a non-property )
3. Were the initial rent and other aspects of the lease set at prevailing market rates?

## NOTES TO THE CORE ACCOUNTS continued

4. Is the lease free of contractual terms that might oblige the lessor to continue the lease at substantially less than normal market terms?
5. Is lessee default the only grounds on which the lease would revert to the lessor?
6. If the lessee wishes to sublet or sell (or assign) their lease rights, are there terms in the lease that allow the lessor to control the key terms of the sublet / sale?

After detailed examination of the leases where the Council is the lessor it is determined that:

- the land and building element of a lease are considered separately for the purposes of lease classification;
- the land element of leases is deemed to be an operating lease
- the land of a finance lease is deemed to be ground rent and accounted for as income in the Comprehensive Income and Expenditure Statement
- the building element of finance leases is recorded on the balance sheet at nominal (residual) value to recognise the residual interest of the council in the property.
- property leases with a lease term of less than 15 years are classified as operating;

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

### **Accounting for Leases**

#### **The Council as a Lessor:**

##### **Finance Leases**

Where the Council grants a finance lease, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease the carrying amount of the asset on the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal, matched by a lease (long term debtor) asset on the Balance Sheet.

Lease rentals receivable are apportioned between:

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

The gain credited to the Comprehensive income and Expenditure Statement on disposal is not permitted by statute to be charged to the General Fund balance and is required to be treated as a capital receipt. Where a premium has been received this is posted out of the General Fund balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the leased asset is to be settled by the payment of rentals in future years, this is posted to the Deferred Capital Receipts Reserve. When future rentals are received, the element for the capital receipt is used to write down the lease debtor. At this point the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written off value of disposals is not a charge against Council Tax. Amounts are therefore appropriated to the Capital Adjustment Account via the Movement in Reserves Statement.

##### **Operating Lease**

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained on the Balance Sheet. Costs, including depreciation are recognised as an expense. Income from operating leases is recognised in the Comprehensive Income and Expenditure Statement. The Council leases out various properties under operating leases.

#### **The Council as a Lessee:**

##### **Finance Leases**

Property, Plant and Equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception. The asset recognised is matched by a liability for the obligation to pay the lessor.

## NOTES TO THE CORE ACCOUNTS continued

Rentals payable are apportioned between:

- finance charge (interest). The finance charge is debited to Financing & Investment Income & Expenditure in the Comprehensive Income and Expenditure Statement as the rent becomes payable; and
- the reduction of the outstanding liability - the liability is written down as the rent becomes payable.

Assets recognised under finance leases are accounted for using the policies applied generally to Property items of Property Plant & Equipment. The depreciation and revaluation of assets recognised under finance leases is consistent with the policy for owned assets, subject to depreciation being charged over the shorter of the lease term and the asset's estimated useful life. After initial recognition, such assets are subject to revaluation in the same way as any other asset.

### **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.

The Council operates a car leasing scheme for the benefit of certain employees.

The Council also has leases for such items as photocopiers, water and snack dispensers but these are not considered material to the accounts.

### **Investment Properties**

An investment property is a property, land or a building or both, that is used solely to earn rentals or for capital appreciation or both. Property that is used to facilitate the delivery of services or production of goods as well as to earn rentals or for capital appreciation is accounted for as property, plant and equipment.

Investment property shall be measured initially at cost. The cost of an investment property includes its purchase price, construction costs and directly attributable expenditure necessary to bring the asset into use.

Investment properties are subsequently measured at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length.

Investment properties are not depreciated but are revalued annually according to market conditions at the year end. Gains and losses on revaluation are posted to the Financing and Investment line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment line in the Comprehensive Income and Expenditure Statement and result in a gain to the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory regulation to have an impact on the General Fund balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and, for sale proceeds in excess of £10,000, to the Capital Receipts Reserve.

An investment property shall be derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property shall be recognised in the Surplus or Deficit on the Provision of Services in the period of the retirement or disposal.

Statute and proper practice restrict the use of capital receipts, and prescribe the charges that can be made to the General Fund. Any gain or loss on derecognition of an investment property shall be reversed out of the General Fund. The General Fund shall be debited (gain) or credited (loss) with an amount equal to the gain or loss on derecognition of the investment property (excluding any costs of disposal which are a proper charges to the General Fund). Opposite entries are a credit to the Capital Receipts Reserve of an amount equal to the disposal proceeds and a debit to the Capital Adjustment Account equal to the carrying amount of the investment property (less any balance transferred from the Government Grants Deferred Account). All such entries will be reflected in the Movement in Reserves Statement.

## NOTES TO THE CORE ACCOUNTS continued

### **Intangible Non Current Assets**

Expenditure on assets that do not have physical substance but are identifiable and controlled by the Council (e.g. software licences) is capitalised when it will bring benefits to the Council for more than one financial year. An intangible asset is measured initially at cost. After initial recognition an intangible asset may be carried at a revalued amount where its fair value can be determined by reference to an active market. Otherwise, the asset will be carried at cost less any accumulated amortisation and any accumulated impairment loss.

The depreciable amount of an intangible asset with a finite useful life is amortised on a systematic basis, over its useful life, to the relevant service revenue line(s) in the Comprehensive income and Expenditure Statement, beginning when the intangible asset is available for use. The amortisation method used is the straight line method.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund balance. The gains and losses are therefore reversed out of the General Fund balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and, for any sale proceeds in excess of £10,000, to the Capital Receipts Reserve.

### **Non - Current Assets Held For Sale And Discontinued Operations**

Assets held for sale will be

- measured at the lower of carrying amount and fair value less costs to sell, and depreciation on those assets should cease, and
- presented separately, on the face of the Balance Sheet, and the results of discontinued operations will be presented separately in the Surplus or Deficit on the Provision of Services and the Balance Sheet.

### **Classification**

Non-current assets are classified as held for sale if the carrying amount will be recovered principally through a sale transaction rather than through continued use.

The following criteria will have been met before an asset can be classified as held for sale under:

- The asset must be available for immediate sale in its present condition subject to terms that are usual and customary for sales of such assets.
- The sale must be highly probable; the appropriate level of management must be committed to a plan to sell the asset and an active programme to locate a buyer and complete the plan must have been initiated.
- The asset must be actively marketed for a sale at a price that is reasonable in relation to its current fair value.
- The sale should be expected to qualify for recognition as a completed sale within one year of the date of classification and action required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

### **Depreciation**

A non-current asset classified as held for sale shall not be depreciated (or amortised in relation to intangible assets).

### **Derecognition**

A revaluation gain or loss not previously recognised in the carrying amount of a non-current asset by the date of sale shall be recognised in the Surplus or Deficit on the Provision of Services as part of the gain or loss on disposal at the date of derecognition. The requirements relating to derecognition including accounting for gains or losses on disposal are set out within the accounting policy relating to property, plant and equipment.

### **Heritage Assets**

Heritage Assets are those that are held and maintained by the Council principally for their contribution to knowledge and culture. Such assets can have historical, artistic, scientific, geophysical or environmental qualities.

Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment.

## NOTES TO THE CORE ACCOUNTS continued

The Council's Heritage Assets are accounted for as follows:

### **Themed Displays At Oliver Cromwell's House**

The Council's Heritage Assets are located at Oliver Cromwell's House. These Heritage assets are held to increase the knowledge, understanding and appreciation of the House and local area during the time when Oliver Cromwell resided in the District. The collection is relatively static and acquisitions and donations are rare. Where they do occur, acquisitions are initially recognised at cost.

The carrying amounts of these heritage assets are reviewed where there is evidence of impairment, for example, where an item has suffered physical deterioration or breakage. Any impairment is recognised and measured in accordance with the Council's general policy on impairment.

Where any heritage assets are disposed of, the proceeds of such items are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

### **Civic Regalia**

The Civic Regalia includes the Chairman's chain of office and the Vice- Chairman's badge. These items are not reported in the Balance Sheet as the values at insurance valuation which is based on market values is below deminimus. See Note 43.

### **Current Assets**

#### **Inventories and Long Term Contracts**

Inventories are included in the Balance Sheet at the lower of cost or net realisable value.

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works undertaken under the contract during the financial year.

### **Contingent Assets**

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

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

## NOTES TO THE CORE ACCOUNTS continued

### **Employee Benefits**

#### **Benefits Payable During Employment**

Benefits payable during employment include:

1. Short-term employee benefits, which are those benefits that are due to be settled wholly within 12 months after the year-end in which the employee rendered the services and include:

- wages, salaries and social security contributions.
- short-term compensated absences
- bonuses and similar payments
- paid annual leave and sick leave
- non-monetary benefits, for example cars

Short term employee benefits are recognised as an expense in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements, (or any form of leave e.g. flexi leave, time off in lieu) earned by employees but not taken before the year end and which are carried forward into the next financial year. The accrual is made at the average salary rates applicable in the accounting year, as this is at the rate the benefit is earned. The accrual is charged to the Surplus or Deficit on the Provision of Services. The accrual is not a charge against the General Fund balance and is reversed out of the General Fund balance, via the Movement in Reserves Statement, to the Accumulated Absences Account.

2. Other longer-term employee benefits which are those that do not fall due wholly within 12 months after the end of the period in that the employee rendered the services, include:

- long term compensated absences (long service or sabbatical leave)
- long-service benefits
- long-term disability benefits
- bonuses payable 12 months or more
- deferred compensation paid 12 months or more

All gains & losses and past service costs will be recognised in the Surplus or Deficit on the Provision of Services.

#### **Termination Benefits**

Termination Benefits are payable as a result of either:

1. An employer's decision to terminate an employee's employment before the normal retirement date, or
2. An officer's decision to accept voluntary redundancy in exchange for those benefits.

Termination benefits shall be recognised as a liability, and only as an expense when the Council is committed to either terminate the employment of an employee before the normal retirement date or provide termination benefits as a result of an offer made in order to encourage voluntary termination of employment.

The cost of these termination benefits are charged on an accruals basis to the appropriate service, or where applicable, to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for an organisational restructure.

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

## NOTES TO THE CORE ACCOUNTS continued

### **Post Employment Benefits**

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

The liabilities of the Cambridgeshire County Council pension scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit credit 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.

The overall amount to be met from Government grants and local taxation is unaffected.

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

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

In assessing liabilities for retirement benefits at 31 March 2015 for the 2014/15 Statement of Accounts, the actuary was required by The Code to use a discount rate based on the current rate of return on a high-quality corporate bond of equivalent currency and term to scheme liabilities. The actuary has advised that a rate of 3.2% is appropriate.

The change in the net pensions liability is analysed over the following components:-

#### **Service Cost comprising:**

- ◇ current service cost - the increase in liabilities as a result of years of service earned this year - allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
- ◇ past service cost - the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years - debited to the Net Cost of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
- ◇ net interest on the net defined benefit liability (asset), i.e. net interest expense for the Council. The change during the period in the net defined benefit liability (asset) that arises from the passage of time is charged to the Financing and Investment Income line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

#### **Remeasurements comprising:**

- ◇ the return on plan assets - excluding amounts included in net interest on the net defined benefit liability (asset) - charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- ◇ actuarial gains and losses - changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions - debited to the Pensions Reserve as Other Comprehensive Income and Expenditure
- ◇ contributions paid to the Cambridgeshire pension fund - cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement this means that there are transfers 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.

The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact on the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

## NOTES TO THE CORE ACCOUNTS continued

### **Discretionary Benefits**

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

### **Financial Instruments**

A financial asset or liability is recognised on the balance sheet when the Council becomes party to the contractual provisions of the instrument. This will often be the date that the contract is entered into but may be later if there are conditions that need to be satisfied.

### **Accounting For Financial Liabilities After Initial Recognition**

#### **Financial Liabilities**

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

### **Accounting For Financial Assets After Initial Recognition**

#### **Financial Assets**

Financial assets are classified into two types:

- ◇ loans and receivables - assets that have fixed or determinable payments but are not quoted in an active market
- ◇ available-for-sale assets - assets that have quoted market price and/or do not have determinable payments

## NOTES TO THE CORE ACCOUNTS continued

### **Loans and receivables**

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

However, the Council has made a number of loans to voluntary organisations and interest-free loans for private sector housing improvements (soft loans). When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement 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 interest rate than the rate receivable, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund is the interest receivable for the financial year. The reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

The adjustments required to the soft loans (loans for renovation of historic buildings) are immaterial, thus they have not been made and the loans are recorded at face value in the Balance Sheet under Long Term Debtors.

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 Comprehensive Income and Expenditure Statement.

Any gains and losses that arise on the derecognition of the asset are credited/debited to the Comprehensive Income and Expenditure Statement.

### **Liabilities**

#### **Contingent Liabilities**

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

#### **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 as an expense to the appropriate service revenue account in the year that the Council 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 (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service revenue account.

Provisions are presented on the face of the Balance Sheet as either current or non-current liabilities; dependent on when it is estimated that there will be a transfer of economic benefit.

## NOTES TO THE CORE ACCOUNTS continued

### **Interests in Companies and Other Entities**

East Cambridgeshire District Council owns all the shares in East Cambridgeshire Business Centres Limited. All the shares are now fully paid up.

The investment is held at cost price in the Balance Sheet.

Details of the statutory investment can be found in note 33 to the core accounts.

Group Accounts have been prepared this year on the basis that the figures are material due to revaluation of the assets of the subsidiary company.

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### **Accounting Standards issued not adopted**

The 2015/16 Local Authority Accounting Code of Practice includes a number of changes resulting from revisions to accounting standards. These are:-

#### **IFRS 13 – Fair Value Measurement**

#### **Annual improvements to IFRS's 2011-13**

#### **IFRIC 21 – Levies**

Annual improvements to IFRS's 2011-13 and IFRIC 21 Levies are not expected to have a material impact on the financial statements.

IFRS 13 will impact on the valuation basis used for surplus items of Property, Plant and Equipment. However, this standard is being applied prospectively from 1 April 2015 so there will be no impact on the values as stated at 31 March 2015.

## NOTES TO THE CORE ACCOUNTS continued

### 3 Critical judgements in applying accounting policies

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

- ◇ The Government has announced that it will continue to reduce the level of funding for local government in future years. This has introduced a degree of uncertainty about future levels of service provision. The Council will continue to monitor its in year expenditure and income levels and any overspends will be addressed and mitigated where possible.
- ◇ New arrangements for the retention of business rates came into effect on 1 April 2013. The liability for refunding ratepayers who have successfully appealed against the rateable value of their properties is now shared in proportion to the share of the business rates attributable to each preceptor. Under the new arrangements, the Council's share of the appeals refunds is 40% which is estimated to be £0.208m as at 31 March 2015. The level of estimated successful appeals was derived with the assistance of external consultants who reviewed all outstanding appeals and assessed their likely outcome.
- ◇ The Council's waste and recycling contract is provided by an external contractor who provides the vehicles required for the operation of these services. The Council has treated these vehicles as an embedded lease which means that the refuse and recycling vehicles are included on the Council's Balance Sheet.

## NOTES TO THE CORE ACCOUNTS continued

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

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for the revenues and expenses during the year. However, the nature of estimation means that the actual outcomes could differ from those estimates. The key judgements and estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are:-

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Grant Claims Yet to be Certified	In any financial year, the Council receives a number of grants from Central Government. Most of these grants are awarded based on an agreed amount and are then subject to audit certification. However, Housing Benefit Subsidy is paid on account by the DWP during the financial year which is based estimated figures at the start of the year. At the end of the financial year, the actual amount due is calculated which results in monies either owed to or from the Council by the Government department.	During 2014/15, the Council estimated that it would require £20.667m in subsidy. However, the final claim was for £20.819m and therefore the Council is owed £0.151m from the Government, which forms part of the year end debtors figure on the Balance Sheet. Because this subsidy claim is still subject to audit, there is a risk that the subsidy figures may change if , for example, the grant claim contains incorrect financial information. A 1% error in the subsidy claim figures would result in the year end debtor due to the Council becoming a creditor to the Government of 0.057m
Pensions Liability	The estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected return on pension fund assets. A firm of actuaries has been appointed to provide the Council with expert advice about the assumptions to be applied to the liabilities of the Cambridgeshire County Council pension scheme which are attributable to this Council.	The effect on the net pensions liability of changes in individual assumptions can be measured. For example, a 0.5% decrease in the discount rate assumption would result in an increase in the pensions liability of £5,676k. Alternatively a 1 year increase in the member life expectancy would result in an increase in the pension liability of £1,653k. A 0.5% increase in the Salary Increase Rate would result in an increase in the pension liability of £1,901k. A 0.5% increase in the Pension Increase Rate would result in an increase in the pension liability of £3,648k. However, it should be noted that in reality, the assumptions interact in complex ways.

## NOTES TO THE CORE ACCOUNTS continued

### 5 **Material items of Income and Expenditure included in the Comprehensive Income & Expenditure Statement**

The primary purpose of this note is to disclose those material items of income and expenditure that are not part of the ordinary course of business or events of the Council.  
There are no material items to report for 2014/15 that are not part of the ordinary course of business of the Council.

### 6 **Events after the Balance Sheet Date**

The Statement of Accounts was authorised by the Financial Services Manager on 26 June 2015.

Events taking place after 26 June are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2015, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information. There were no adjusting post Balance sheet events.

## NOTES TO THE CORE ACCOUNTS continued

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### **Movement in Reserves Statement - Adjustments between Accounting Basis and Funding Basis under Regulation**

<b>Usable Reserves</b>	<b>General Fund Balance</b>	<b>Capital Receipts Reserve</b>	<b>Grants &amp; Contributions Unapplied Reserve</b>	<b>Total Usable Reserves</b>	<b>Unusable Reserves</b>	<b>Total Authority Reserves</b>
	£	£	£	£	£	£
<b>Movements in 2014/15</b>						
<b>Adjustments involving the Capital Adjustment Account</b>						
<u>Reversal of items debited or credited to the</u>						
<u>Comprehensive Income &amp; Expenditure Statement</u>						
Amortisation of intangible assets	(46,299)			(46,299)	46,299	0
Depreciation and impairment of non current assets	(772,709)			(772,709)	772,709	0
Revaluation losses on Property, Plant & Equipment	0			0	0	0
Movements in the fair value of Investment Properties	0			0	0	0
Net (loss)/gain on sale of non current assets	(128,264)	0		(128,264)	128,264	0
Donated Assets	0			0	0	0
Amount of non current assets written off on disposal or sale	0					
Movements in the Donated Assets Account	0			0	0	0
Amounts treated as Revenue in accordance with the Code but which are classified as Capital expenditure by statute	(537,887)			(537,887)	537,887	0
Reversal of New Soft Loans	88,637			88,637	-88,637	0
<u>Insertion of items not debited or credited to the</u>						
<u>Comprehensive Income &amp; Expenditure Statement</u>						
Statutory provision for the financing of capital investment	41,754			41,754	(41,754)	0
Capital expenditure charged to the General Fund	148,123			148,123	(148,123)	0
<b>Adjustments involving the Capital Receipts Reserve</b>						
Transfer of sale proceeds credited as part of gain/loss on disposal		0		0	0	0
Contribution from the Capital Receipts Reserve towards admin. costs of non current asset disposal		0		0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure		424,153		424,153	(424,153)	0
Capital receipts arising other than from disposal of a non current asset transferred to Usable Capital Receipts	290,076	(330,424)		(40,348)	40,348	0

## NOTES TO THE CORE ACCOUNTS continued

7	<b><u>Movement in Reserves Statement - Adjustments between Accounting Basis and Funding Basis under Regulation - Continued</u></b>	<b>General Fund Balance</b>	<b>Capital Receipts Reserve</b>	<b>Grants &amp; Contributions Unapplied Reserve</b>	<b>Total Usable Reserves</b>	<b>Unusable Reserves</b>	<b>Total Authority Reserves</b>
	<b>Usable Reserves</b>	£	£	£	£	£	£
	<b>Movements in 2014/15 continued</b>						
	Contribution from Usable Capital Receipts to finance the payments to the Government Capital Receipts Pool	0	0		0	0	0
	<b>Adjustments involving the Capital Grants Unapplied Account</b>						
	Capital grants and contributions unapplied credited to the CI&E Statement	592,212		(592,212)	0	0	0
	Application of grants to capital financing transferred to CAA	0		280,363	280,363	(280,363)	0
	<b>Adjustments involving the Financial Instruments Adjustment Account</b>						
	Amount by which finance costs charged to the CI&E Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(22,548)			(22,548)	22,548	0
	<b>Adjustments involving the Pensions Reserve</b>						
	Reversal of items relating to post employment benefits	(1,946,000)			(1,946,000)	1,946,000	0
	Employer's contributions payable to the Cambridgeshire Pension Fund and retirement benefits payable direct to pensioners	952,000			952,000	(952,000)	0
	<b>Adjustments involving the Collection Fund Adjustment Account</b>						
	Net amount by which council tax and non-domestic rates income included in the CI & E Statement differs from amount taken to General Fund in accordance with regulation	843,714			843,714	(843,714)	0
	<b>Adjustments involving the Accumulating Compensated Absences Adjustment Account</b>						
	Amount by which officer remuneration charged to the CI & E Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(1,875)			(1,875)	1,875	0
	<b>Total adjustments</b>	<u>(499,066)</u>	<u>93,729</u>	<u>(311,849)</u>	<u>(717,186)</u>	<u>717,186</u>	<u>0</u>

## NOTES TO THE CORE ACCOUNTS continued

### 7 Movement in Reserves Statement - Adjustments between Accounting Basis and Funding Basis under Regulation - Continued

Usable Reserves	General Fund Balance	Capital Receipts Reserve	Grants & Contributions Unapplied Reserve	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
Movements in 2013/14	£	£	£	£	£	£
<b>Adjustments involving the Capital Adjustment Account</b>						
<u>Reversal of items debited or credited to the Comprehensive Income &amp; Expenditure Statement</u>						
Amortisation of intangible assets	(58,583)			(58,583)	58,583	0
Depreciation and impairment of non current assets	(642,382)			(642,382)	642,382	0
Revaluation losses on Property, Plant & Equipment	(29,821)			(29,821)	29,821	0
Movements in the market value of Investment Properties	0			0	0	0
Net (loss)/gain on sale of non current assets	(33,980)	0		(33,980)	33,980	0
Donated Assets	0			0	0	0
Amount of non current assets written off on disposal or sale	0					
Movements in the Donated Assets Account	0			0	0	0
Amounts treated as Revenue in accordance with the Code but which are classified as Capital expenditure by statute	(588,030)			(588,030)	588,030	0
Reversal of New Soft Loans	89,572			89,572	-89,572	0
<u>Insertion of items not debited or credited to the Comprehensive Income &amp; Expenditure Statement</u>						
Statutory provision for the financing of capital investment	83,086			83,086	(83,086)	0
Capital expenditure charged to the General Fund	3,497,120			3,497,120	(3,497,120)	0
<b>Adjustments involving the Capital Receipts Reserve</b>						
Transfer of sale proceeds credited as part of gain/loss on disposal		0		0	0	0
Contribution from the Capital Receipts Reserve towards admin. costs of non current asset disposal		0		0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure		366,995		366,995	(366,995)	0
Capital receipts arising other than from disposal of a non current assets transferred to Usable Capital Receipts	110,198	(140,156)		(29,958)	29,958	0

## NOTES TO THE CORE ACCOUNTS continued

7

### **Movement in Reserves Statement - Adjustments between Accounting Basis and Funding Basis under Regulation - Continued**

<b>Usable Reserves</b>	<b>General Fund Balance</b>	<b>Capital Receipts Reserve</b>	<b>Grants &amp; Contributions Unapplied Reserve</b>	<b>Total Usable Reserves</b>	<b>Unusable Reserves</b>	<b>Total Authority Reserves</b>
	£	£	£	£	£	£
<b>Movements in 2013/14 continued</b>						
Contribution from Usable Capital Receipts to finance the payments to the Government Capital Receipts Pool	0	0		0	0	0
<b>Adjustments involving the Capital Grants Unapplied Account</b>						
Capital grants & contributions unapplied credited to the CI&E Statement	337,844		(360,032)	(22,188)	22,188	0
Application of grants to capital financing transferred to CAA	0		279,387	279,387	(279,387)	0
<b>Adjustments involving the Financial Instruments Adjustment Account</b>						
Amount by which finance costs charged to the CI&E Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(19,011)			(19,011)	19,011	0
<b>Adjustments involving the Pensions Reserve</b>						
Reversal of items relating to post employment benefits	(1,827,000)			(1,827,000)	1,827,000	0
Employer's contributions payable to the Cambridgeshire Pension Fund and retirement benefits payable direct to pensioners	963,000			963,000	(963,000)	0
<b>Adjustments involving the Collection Fund Adjustment Account</b>						
Net amount by which Council Tax income included in the CI & E Statement differs from amount taken to General Fund in accordance with regulation	(443,384)			(443,384)	443,384	0
<b>Adjustments involving the Accumulating Compensated Absences Adjustment Account</b>						
Amount by which officer remuneration charged to the CI & E Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(10,759)			(10,759)	10,759	0
<b>Total adjustments</b>	<u>1,427,870</u>	<u>226,839</u>	<u>(80,645)</u>	<u>1,574,064</u>	<u>(1,574,064)</u>	<u>0</u>

## NOTES TO THE CORE ACCOUNTS continued

8

### Transfers to/from Earmarked Reserves

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

	As at #REF!	Transfers to Reserve	Contributions from Reserve	As at #REF!	Transfers to Reserve	Contributions from Reserve	As at #REF!	
	£	£	£	£	£	£	£	
Change Management reserve	(229,710)	(17,074)	68,530	(178,254)	(177,106)	86,901	(268,459)	a
District Elections reserve	(22,000)	(54,645)	0	(76,645)	(22,000)	4,657	(93,988)	b
Housing Conditions survey reserve	(30,000)	(10,000)	0	(40,000)	(10,000)	0	(50,000)	b
Virtual storage reserve	(39,000)	(13,000)	0	(52,000)	(13,000)	0	(65,000)	b
Land Charges new burdens reserve	(34,356)	0	0	(34,356)	0	0	(34,356)	c
Vehicle Replacement reserve	(43,880)	0	43,880	0	(22,650)	0	(22,650)	d
Planning Delivery Grant reserve	(489,848)	0	134,552	(355,296)	0	240,883	(114,413)	d
Ground maintenance reserve	(82,033)	0	41,875	(40,158)	0	34,997	(5,161)	d
Asset Management reserve	(221,655)	0	70,000	(151,655)	(100,000)	0	(251,655)	e
Pension contributions reserve	(100,000)	0	100,000	0	0	0	0	f
Cultural & Related - Sport	(4,713)	0	0	(4,713)	0	213	(4,500)	g
Environmental	(157,610)	(9,164)	86,835	(79,939)	(47,689)	8,192	(119,436)	h
Planning & Development - Economic development	(29,921)	(73,247)	8,440	(94,728)	(16,316)	54,275	(56,769)	i
Transport	(70,148)	0	1,402	(68,746)	(16,829)	17,613	(67,962)	j
Housing	(12,826)	(76,220)	0	(89,046)	(30,000)	3,205	(115,841)	k
Corporate	(36,511)	(50,413)	12,095	(74,829)	(58,459)	0	(133,288)	l
Localisation of Council Tax Support	(359,934)	0	359,934	0	0	0	0	m
Business Rates Retention Scheme	0	(667,434)	0	(667,434)	0	667,434	0	m
S106	(2,539,521)	0	97,855	(2,441,666)	(69,389)	0	(2,511,055)	n
Capital Leisure	0	0	0	0	(70,190)	0	(70,190)	o
Homelessness	(80,419)	0	80,419	0	0	0	0	p
Building Control	(2,325)	0	2,325	0	(23,155)	0	(23,155)	q
Surplus Savings reserve	(815,032)	(802,987)	0	(1,618,019)	(857,234)	0	(2,475,253)	r
Weekly Refuse Collection reserve	(23,995)	0	23,995	0	0	0	0	s
	<u>(5,425,437)</u>	<u>(1,774,184)</u>	<u>1,132,137</u>	<u>(6,067,484)</u>	<u>(1,534,017)</u>	<u>1,118,370</u>	<u>(6,483,131)</u>	

## NOTES TO THE CORE ACCOUNTS continued

### 8 Transfers to/from Earmarked Reserves Continued

#### Notes

- (a) Reserve established to support the organisational change process of the Council.
- (b) Reserve to fund specific expenditure (see individual lines) in required years.
- (c) Reserve created from grant income to cover changes in legislation in relation to personal search fee income. The purpose of the reserve is to provide support to the Council towards expenditure lawfully incurred or to be incurred as a result of removal of the ability to charge fees for personal searches.
- (d) Reserves created to fund expenditure on delayed projects. See individual lines
- (e) Reserve to hold unused Asset Management budget so that the planned work can be funded as required.
- (f) Reserve created to help fund the Council's future Pension contribution requirements due to increases in rates.
- (g) Reserve to fund projects including Community sports Network.
- (h) Reserve to fund projects including community safety, neighbourhood panels and other environmental issues.
- (i) Reserve to fund projects including the lifelong learning and community projects.
- (j) Reserve to fund projects including shopmobility and Littleport Station car park.
- (k) Reserve to fund projects including child protocol and Travellers sites.
- (l) Reserve to fund future costs such as insurance and training.
- (m) Reserve to fund the Business Rates Retention Scheme including the deficit for 2013/14. The Balance on the Reserve for the Localisation of Council Tax Support was transferred to this reserve in 13/14.
- (n) Reserve to fund future projects to benefit the District. This is funded by S106 contributions and is the balance left of the Contributions received that have no outstanding conditions.
- (o) Reserve created from Paradise Pool savings to help fund future Capital Leisure projects.
- (p) Reserve created from grant received and overall underspends to fund the costs of homelessness.
- (q) Reserve created to hold any surplus from the Building Control function to be used solely on Building Control in any year that has a deficit.
- (r) Reserve created to hold the surplus savings achieved above the required targets in the 4 Year savings plan. These will be used in later years to fund the savings still required over the period of the plan.
- (s) Reserve created to hold the part of the grant received to keep a weekly refuse collection service that has not yet been spent. This will be used to fund the expenditure as planned in the following year.

## NOTES TO THE CORE ACCOUNTS continued

9

### **Property, Plant & Equipment**

Movements for 2014/2015

	Other Land and buildings £	Vehicles Plant and Equipment £	Infra- structure Assets £	Community Assets £	Surplus Assets £	Assets under construction £	Total £
Balance at 1 April 2014	13,775,368	7,875,826	719,642	867,513	9,575	868,290	24,116,214
Additions	(3,429)	84,432	0	0	0	120,678	201,681
Donations	0	0	0	0	0	0	0
Revaluation increase/(decreases) recognised in the Revaluation Reserve	114,476	0	0	0	640,425	0	754,901
Revaluation increase/(decreases) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0
Derecognition - Disposals	(134,360)	(955,133)	0	0	0	0	(1,089,493)
Derecognition - Other	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	(650,000)	0	(650,000)
Impairments	0	0	0	(20,475)	0	0	(20,475)
Other movements in cost or valuation	0	0	0	0	0	0	0
Balance at 31 March 2015	13,752,055	7,005,125	719,642	847,038	0	988,968	23,312,828
<b>Depreciation and impairments</b>							
Balance at 1 April 2014	(832,027)	(4,123,986)	(47,713)	(38,940)	0	0	(5,042,666)
Depreciation	(209,252)	(557,343)	(4,250)	(1,864)	0	0	(772,709)
Depreciation written out to the Revaluation Reserve	276,927	0	0	30,968	0	0	307,895
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0
Impairment losses/(reversals) recognised in the Revaluation Reserve	0	0	0	0	0	0	0
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0
Derecognition - Disposals	13,596	955,133	0	0	0	0	968,729
Reclassifications	0	0	0	0	0	0	0
Balance at 31 March 2015	(750,756)	(3,726,196)	(51,963)	(9,836)	0	0	(4,538,751)
Balance Sheet (NBV) amount at 31 March 2015	13,001,299	3,278,929	667,679	837,202	0	988,968	18,774,077
Balance Sheet (NBV) amount at 1 April 2014	12,943,341	3,751,840	671,929	828,573	9,575	868,290	19,073,548
<b>Nature of asset holding</b>							
Owned	12,671,470	3,264,537	667,679	837,202	0	988,968	18,429,856
Finance Lease	329,829	14,392	0	0	0	0	344,221
	13,001,299	3,278,929	667,679	837,202	0	988,968	18,774,077

# NOTES TO THE CORE ACCOUNTS continued

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## **Property, Plant & Equipment Continued** **Comparative Movements in 2013/2014**

	Other Land and buildings £	Vehicles Plant and Equipment £	Infra- structure Assets £	Community Assets £	Surplus Assets £	Assets under construction £	Total £
Balance at 1 April 2013	14,314,057	4,466,586	697,454	867,513	32,652	868,290	21,246,552
Additions	113,776	3,525,401	22,188	0	0	0	3,661,365
Donations	0	0	0	0	0	0	0
Revaluation increase/(decreases) recognised in the Revaluation Reserve	(585,311)	0	0	0	0	0	(585,311)
Revaluation increase/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(64,217)	0	0	0	0	0	(64,217)
Derecognition - Disposals	0	(116,161)	0	0	(23,077)	0	(139,238)
Derecognition - Other	(2,937)	0	0	0	0	0	(2,937)
Reclassifications	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0
Other movements in cost or valuation	0	0	0	0	0	0	0
Balance at 31 March 2014	13,775,368	7,875,826	719,642	867,513	9,575	868,290	24,116,214
<b>Depreciation and impairments</b>							
Balance at 1 April 2013	(707,946)	(3,795,780)	(43,461)	(37,076)	(1,848)	0	(4,586,111)
Depreciation	(214,792)	(421,013)	(4,252)	(1,864)	(461)	0	(642,382)
Depreciation written out to the Revaluation Reserve	56,315	0	0	0	0	0	56,315
Depreciation written out to the Surplus/Deficit on the Provision of Services	34,396	0	0	0	0	0	34,396
Impairment losses/(reversals) recognised in the Revaluation Reserve	0	0	0	0	0	0	0
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0
Derecognition - Disposals	0	92,807	0	0	2,309	0	95,116
Reclassifications	0	0	0	0	0	0	0
Balance at 31 March 2014	(832,027)	(4,123,986)	(47,713)	(38,940)	0	0	(5,042,666)
Balance Sheet (NBV) amount at 31 March 2014	12,943,341	3,751,840	671,929	828,573	9,575	868,290	19,073,548
Balance Sheet (NBV) amount at 1 April 2013	13,606,111	670,806	653,993	830,437	30,804	868,290	16,660,441
<b>Nature of asset holding</b>							
Owned	12,523,829	3,679,846	671,929	828,572	9,575	868,290	18,582,041
Finance Lease	419,512	71,994	0	1	0	0	491,507
	12,943,341	3,751,840	671,929	828,573	9,575	868,290	19,073,548

## NOTES TO THE CORE ACCOUNTS continued

### 9 Property, Plant & Equipment Continued

Depreciation is made on buildings, vehicles, equipment and intangible assets on the straight line method based on the expected remaining life. Land is not depreciated.

The useful lives of assets is estimated as:-

Class of Asset	Buildings	Plant & equipments	Vehicles	Infrastructure assets	Community assets	Intangible assets
Useful life by years	7-99	1-10	1-10	6-99	17-99	1-5

#### **Capital Commitments**

At 31 March 2015, the Authority has entered into no major contract for the construction or enhancement of Property, Plant and Equipment in 2015/16 and future years. Commitments at 31 March 2014 were £0.

#### **Effects of changes in estimates**

During the annual revaluation of 20% of the Authority's Property, Plant and Equipment in 2014/15, the remaining useful lives of those properties were reviewed as usual. As a result, the depreciation charge for the properties of £55,080 for 2014/15 was £8,715 lower than it would have been if the useful lives prior to revaluation had been used for the calculations. The impact of this change will carry forward into 2015/16 and future years.

#### **Revaluations**

The Authority carries out a rolling programme that ensures that all Property required to be measured at fair value is revalued at least every five years. All valuations were carried out externally. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

The significant assumptions applied in estimating the fair values are:  
that exchange takes place on the date of valuation and after proper marketing,  
that there is a willing buyer and a willing seller, i.e. not forced or compelled,  
that it is an "arm's-length" transaction, i.e. not between parties that have a particular or special relationship, e.g. parent and subsidiary companies,  
and that the parties acted knowledgeably and prudently.

## NOTES TO THE CORE ACCOUNTS continued

### 9 Property, Plant & Equipment Continued

	Other Land and buildings £	Vehicles Plant and Equipment £	Surplus Assets £	Total £
Carried at historical cost	0	3,275,474	0	3,275,474
valued at fair value as at:				
1 April 2014	3,341,629	0	0	3,341,629
1 April 2013	3,062,480	0	0	3,062,480
1 April 2012	4,740,000	0	0	4,740,000
1 April 2011	1,847,857	0	0	1,847,857
assets below deminimus:				
1 April 2000	9,333	3,455	0	12,788
Total Cost or Valuation	13,001,299	3,278,929	0	16,280,228

### 10 Heritage Assets

#### Reconciliation of the Carrying Value of Heritage Assets Held by the Authority

	Museum contents	
	#REF! £	#REF! £
Cost or Valuation		
Opening Balance 1 April	105,052	105,052
Additions	0	0
Disposals	0	0
Revaluations	0	0
Impairment Losses/(reversals) recognised in the Revaluation Reserve	0	0
Impairment Losses/(reversals) recognised in the Surplus or Deficit on the		
Provision of Services	0	0
Depreciation	0	0
Closing Balance 31 March	105,052	105,052

## NOTES TO THE CORE ACCOUNTS continued

The Authority's collection of themed displays is reported in the Balance Sheet at historic cost, which is also used for the insurance valuation.

These heritage assets are located at Oliver Cromwell's House and are held to increase the knowledge, understanding and appreciation of the house and local area during the time when Oliver Cromwell resided in the District. The collection is relatively static and acquisitions and donations are rare. Where they do occur, acquisitions are initially recognised at cost.

The carrying amounts of these heritage assets are reviewed where there is evidence of impairment, for example, where an item has suffered physical deterioration or breakage. Any impairment is recognised and measured in accordance with the Council's general policy on impairment.

Where any heritage assets are disposed of, the proceeds of such items are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

The displays are themed rooms and include a painting of Oliver Cromwell, as well as reproduction furniture, models, firearms and wall hangings.

Some of the Authority's more expensive exhibits were refurbished in 2011/12, however acquisitions are usually very small value items.

Items are not usually removed or discarded.

The displays are reviewed annually and replaced or renewed if necessary as per the 3 year Business Plan for Oliver Cromwell's House. These would be low cost items.

The collection is on display and open to the public throughout the year in the Museum.

## NOTES TO THE CORE ACCOUNTS continued

### 11 Investment Properties

An investment property is defined as an asset held solely to earn rentals or for capital appreciation or both.

Property interests held under operating leases, with the Council as lessor, are also classified and accounted for as investment property if they meet these criteria.

This Council currently has no property classed as an Investment property under IFRS.

Properties classified as investment properties were valued at the fair value determined by market evidence, with reference to the income potential of the units and the property condition. The value is based on a valuation by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

The Council's current valuers are Wilks, Head & Eve, 6th Floor, Fairgate House, 78 New Oxford Street, London WC1A 1HB.

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

	2014/2015	2013/2014
	£	£
Rental income from investment property	0	0
Direct operating expenses arising from investment property	0	0
Net (gain)/loss	<u>0</u>	<u>0</u>

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

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

	2014/2015	2013/2014
	£	£
Balance at Start of year	0	0
Additions		
Purchases	0	0
Construction	0	0
Subsequent expenditure	0	0
Net gains/losses from fair value adjustments	0	0
Disposals/Reclassifications	0	0
Impairments	0	0
Balance at End of Year	<u>0</u>	<u>0</u>

## NOTES TO THE CORE ACCOUNTS continued

### 12 Intangible Assets (software licences)

The Authority accounts for its software licences as intangible assets, to the extent that the licence is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include only purchased licences, not internally generated software. All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Authority.

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £46,299 charged to revenue in 2014/15 was charged mainly to the IT Administration and Customer Services cost centres and then absorbed as an overhead across all the service headings in the Net Expenditure of Services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

	2014/2015			2013/2014		
	Gross value	Amortisation	Net value	Gross value	Amortisation	Net value
	£	£	£	£	£	£
Balance at start of year	433,014	(335,765)	97,249	408,855	(277,182)	131,673
Amortisation in year	0	(46,299)	(46,299)	0	(58,583)	(58,583)
Additions (purchases)	49,380	0	49,380	24,159	0	24,159
Disposals	(7,500)	0	(7,500)	0	0	0
Balance at end of year	474,894	(382,064)	92,830	433,014	(335,765)	97,249

### 13 Financial Instruments

Financial Instruments are contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. These include borrowing, investments and loans, debtors and creditors.

Long term borrowing would be held at amortised cost. However there is no borrowing in this year's Accounts.

Short term borrowing is held at amortised cost.

Investments are held in the Balance Sheet at carrying value as there is deemed to be no risk of loss for these investments.

The borrowings and investments disclosed in the Balance Sheet are made up of the following categories:-

	Long Term		Current	
	As at 31.03.15 £000	As at 31.03.14 £000	As at 31.03.15 £000	As at 31.03.14 £000
Investments:				
Short Term Investments	0	0	7,525	6,533
Loans & Receivables	0	0	7,966	6,184
Financial assets carried at fair value through profit & loss	0	0	0	0
Total investments	0	0	15,491	12,717
Debtors:				
Loans & Investments	285	226		
Financial assets carried at contract amounts			1,256	1,590
Total debtors	285	226	1,256	1,590

## NOTES TO THE CORE ACCOUNTS continued

### 13 Financial Instruments Continued

	Long Term		Current	
	As at 31.03.15 £000	As at 31.03.14 £000	As at 31.03.15 £000	As at 31.03.14 £000
Borrowings:				
Financial liabilities at amortised cost	0	0	0	0
Financial liabilities at fair value through profit & loss	0	0	0	0
Total borrowings	0	0	0	0
Other Long Term Liabilities:				
Finance lease liabilities	0	20		
Total other long term liabilities	0	20		
Creditors:				
Financial liabilities at amortised cost	0	17	0	0
Financial liabilities at contract amount			3,556	2,823
Total creditors	0	17	3,556	2,823

Financial liabilities and financial assets represented by borrowings and receivables are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions.

- ◊ There were no long or short term borrowings at the year end so no estimated rates were needed.
- ◊ No early repayment or impairment is recognised
- ◊ Where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value
- ◊ The fair value of trade and other receivables is taken to be the invoiced or billed amount
- ◊ NB Available for sale assets relating to the long term investment in East Cambridgeshire Business Centres Limited (see note 33 for more detail) is no longer shown within Financial Instruments as per 'the Code'.

#### Financial Instruments at Fair Value and Amortised Cost

	31 March 2015		31 March 2014	
	Carrying amount £000	Fair value £000	Carrying amount £000	Fair value £000
Financial liabilities	3,556	3,556	2,860	2,860
Loans and receivables	17,032	17,032	14,533	14,533

## NOTES TO THE CORE ACCOUNTS continued

### 13 Financial Instruments continued

#### Financial Instruments gains and losses

The gains and losses recognised in the Comprehensive Income & Expenditure Account in relation to financial instruments are made up as follows:

	2014/2015					2013/2014			
	Financial Liabilities	Financial Assets		Total £000		Financial Liabilities	Financial Assets		Total £000
	Liabilities measured at amortised cost £000	Loans & receivables £000	Available for sale assets £000			Liabilities measured at amortised cost £000	Loans & receivables £000	Available for sale assets £000	
Interest payable and similar charges	5	0	0	5		10	0	0	10
Impairment losses	0	(23)	0	(23)		0	(19)	0	(19)
Interest and investment income	0	145	0	145		0	141	0	141
Net gain/(loss) for the year	5	122	0	127		10	122	0	132

### 14 Inventories & Work in Progress

These have been valued for balance sheet purposes at the lower of cost or net realisable value. These include items such as Trading stock and Litter Bins. An analysis of the figures has not been provided as they are not considered material to the accounts.

### 15 Debtors

#### Amounts falling due within one year

	Gross	As at 31.03.15 Bad Debt Provision	Net	Gross	As at 31.03.14 Bad Debt Provision	Net
	£	£	£	£	£	£
#REF!	299,517	0	299,517	530,072	0	530,072
#REF!	59,073	0	59,073	512,364	0	512,364
NHS Bodies	0	0	0	0	0	0
Public corporations and trading funds	0	0	0	0	0	0
Other entities and individuals:						
#REF!	444,817	(224,594)	220,223	410,437	(182,967)	227,470
#REF!	213,467	(96,843)	116,624	123,760	(63,749)	60,011
#REF!	1,123,064	(616,152)	506,912	897,391	(496,808)	400,583
#REF!	1,247,101	(50,164)	1,196,937	1,116,588	(38,458)	1,078,130
#REF!	3,387,039	(987,753)	2,399,286	3,590,612	(781,982)	2,808,630

## NOTES TO THE CORE ACCOUNTS continued

### 16 Cash and Cash Equivalents

	31.03.15	Movement 2014/2015	31.03.14
	£	£	£
Short term investments repayable on notice	7,984,557	1,588,108	6,396,449
Cash (overdrawn) or in hand at bank	(18,284)	194,744	(213,028)
	<u>7,966,273</u>	<u>1,782,852</u>	<u>6,183,421</u>

### 17 Assets held for sale

	2014/2015	2013/2014
	£	£
<b>Current</b>		
Balance outstanding at start of year	0	0
Assets newly classified as held for sale:		
Property, Plant and Equipment	650,000	0
Other assets/liabilities in disposal groups	0	0
Revaluation losses	0	0
Revaluation gains	0	0
Impairment losses	0	0
Assets declassified as held for sale:		
Property, Plant and Equipment	0	0
Assets sold	0	0
Transfers from non-current to current	0	0
Other movements	0	0
Balance outstanding at year-end	<u>650,000</u>	<u>0</u>

### 18 Creditors

	As at 31.03.15	As at 31.03.14
	£	£
<b>Amounts falling due within one year</b>		
Other Local Authorities	367,218	310,385
Central Government Bodies	1,073,203	116,698
Other entities and individuals:		
Council tax payers	151,045	208,881
NNDR payers	94,260	132,399
Receipts in Advance	263,528	865,965
Section 106 agreements	1,455,225	2,029,360
Sundry creditors	<u>1,581,262</u>	<u>1,646,970</u>
Total	<u>4,985,741</u>	<u>5,310,658</u>

Grants Receipts in Advance (1,344,404) 0

These receipts are assumed to be all current liabilities as the spend is expected within the next year or the breakdown has not yet been agreed.

## NOTES TO THE CORE ACCOUNTS continued

### 19 Provisions

	As at 31.03.15 £	Net movement in year £	As at 31.03.14 £	Note
Maintenance of amenity areas	(35,873)	464	(36,337)	(a)
Sport, recreation, etc grants	(3,013)	(1,580)	(1,433)	(b)
Historic building grants	(6,190)	1,080	(7,270)	(b)
NNDR Appeals Provision	(207,887)	172,449	(380,336)	(c)
	<u>(252,963)</u>	<u>172,413</u>	<u>(425,376)</u>	

#### Notes

(a) Amounts received which are used to fund the maintenance of amenity areas over a period of 15 years.

(b) Grants committed by Committee which will be paid out over the next 2 years.

(c) ECDC portion of the provision for successful outstanding NNDR Appeals.

### 20 Usable Reserves

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement and Note 7.

### 21 Unusable Reserves

	As at 31.03.15 £	As at 31.03.14 £
Revaluation Reserve	(6,041,060)	(5,179,945)
Capital Adjustment Account	(14,430,804)	(14,904,055)
Deferred capital receipts	(484,429)	(372,449)
Pensions reserve	24,655,000	19,476,000
Accumulated Absences Account	112,963	111,088
Financial Instruments Adjustment Account	139,009	116,461
Collection Fund Adjustment Account	(365,463)	478,251
	<u>3,585,216</u>	<u>(274,649)</u>

#### Revaluation Reserve

The revaluation reserve records unrealised revaluation gains arising since 1 April 2007 from the holding of property, plant, equipment and intangible assets.

	2014/2015 £	2013/2014 £
Opening balance 1 April	(5,179,945)	(5,821,792)
Upward revaluation of assets	(1,042,321)	(47,981)
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	0	576,977
	(1,042,321)	528,996
Difference between Current Value Depreciation and Historic Depreciation	90,691	92,083
Accumulated gains on assets sold or scrapped	90,515	20,768
	181,206	112,851
Balance at 31 March	<u>(6,041,060)</u>	<u>(5,179,945)</u>

## NOTES TO THE CORE ACCOUNTS continued

### 21 Unusable Reserves Continued

#### Capital adjustment account:

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 7 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

	2014/2015		2013/2014	
	£	£	£	£
Opening Balance at 1 April		(14,904,055)		(11,783,720)
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income & Expenditure Statement:-				
Depreciation	772,709		642,382	
Impairment	0		0	
Revaluation losses	0		29,821	
Donated assets	0		0	
Amortisation of intangible assets	46,299		58,583	
Revenue expenditure funded from capital under statute (funded by capital receipts)	230,983		321,670	
Revenue expenditure funded from capital under statute (funded by grants)	306,904		266,360	
Other transactions	0		(13,079)	
Carrying value of non current assets disposed of	128,264		47,059	
		1,485,159		1,352,796
Adjusting amounts written out of the Revaluation Reserve		(181,206)		(112,851)
Net written out amount of the cost of non-current assets consumed in the year		1,303,953		1,239,945
Capital financing applied in the year:-				
Use of the Capital Receipts Reserve to finance new capital expenditure	(424,153)		(366,995)	
Capital grants and contributions credited to the CI&E Statement that have been applied to capital financing	0		0	
Capital grants and contributions used to fund REFCUS	(230,983)		(224,360)	
Application of grants to capital financing from the Capital Grants Unapplied Reserve	(49,380)		(188,719)	
Statutory provision for the financing of capital investment charged against the General Fund	0		0	
Capital expenditure charges against the General Fund	(84,432)		(3,497,120)	
MRP	(41,754)		(83,086)	
Movement in the Donated Assets Account credited to the CI&E Statement	0		0	
		(830,702)		(4,360,280)
Balance at 31 March		(14,430,804)		(14,904,055)

## NOTES TO THE CORE ACCOUNTS continued

### 21 Unusable Reserves Continued

#### Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post employment benefits in the CI&E Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs.

However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	2014/2015	2013/2014
	£	£
Balance at beginning of year	19,476,000	18,323,000
Remeasurements of the net defined benefit liability/(asset)	4,185,000	289,000
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CI&E Statement	1,946,000	1,827,000
Employer's pensions contributions and direct payments to pensioners payable in the year	(952,000)	(963,000)
Balance at end of year	<u>24,655,000</u>	<u>19,476,000</u>

#### Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Authority does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

	2014/2015	2013/2014
	£	£
Balance at beginning of year	(372,449)	(288,694)
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the CI&E Statement	(152,328)	(90,464)
Transfer to the Capital Receipts Reserve upon receipt of cash	40,348	6,709
Balance at end of year	<u>(484,429)</u>	<u>(372,449)</u>

#### Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax income in the CI&E Statement as it falls due from council tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

	2014/2015	2013/2014
	£	£
Balance at beginning of year	478,251	34,867
Amount by which council tax and non-domestic rates income credited to the CI&E Statement is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements	(843,714)	443,384
Balance at end of year	<u>(365,463)</u>	<u>478,251</u>

## NOTES TO THE CORE ACCOUNTS continued

21

### Unusable Reserves Continued

#### Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

	2014/2015		2013/2014	
	£	£	£	£
Balance at beginning of year		111,088		100,329
Settlement or cancellation of accrual made at the end of the preceding year	(111,088)		(100,329)	
Amounts accrued at the end of the current year	112,963		111,088	
Amount by which officer remuneration charged to the CI&E Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		1,875		10,759
Balance at end of year		112,963		111,088

#### Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The Council uses this account to hold the balance of the difference between the full value of its soft loans and the adjusted current fair value.

	2014/2015	2013/2014
	£	£
Balance at beginning of year	116,461	97,450
Amount of interest loss due to recognition of soft loans	41,746	26,916
Reverse of notional interest for the year	(19,198)	(7,905)
Balance at end of year	139,009	116,461

## NOTES TO THE CORE ACCOUNTS continued

22

### **Cash Flow statement - Operating Activities**

The cash flows for operating activities include the following items:-

	2014/2015	2013/2014
	£	£
Interest received	139,868	156,913
Interest paid	5,240	10,476
Dividends received	0	0

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:-

	2014/2015	2013/2014
	£	£
Depreciation	772,709	642,382
Impairment and downward valuations	0	29,821
Amortisation	46,299	58,583
Increase/(decrease) in creditors	278,007	2,188,117
(Increase)/decrease in debtors	289,360	-1,085,691
(Increase)/decrease in inventories	7,542	8,716
Movement in pension liability	994,000	864,000
Carrying amount of non-current assets sold [property plant and equipment, investment property and intangible assets]	128,264	47,059
Other non-cash items charged to the net surplus or deficit on the provision of services	-149,864	392,658
	<u>2,366,317</u>	<u>3,145,645</u>

The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities

	2014/2015	2013/2014
	£	£
Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	0	0
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	-152,328	-113,326
Any other items for which the cash effects are investing or financing cash flows	-661,894	-337,844
	<u>-814,222</u>	<u>-451,170</u>

## NOTES TO THE CORE ACCOUNTS continued

### 23 Cash Flow statement - Investing Activities

	2014/2015 £	2013/2014 £
Purchase of property, plant and equipment, investment property and intangible assets	(256,637)	(3,708,993)
Purchase of short-term and long-term investments	(10,200,000)	(1,000,000)
Other payments for investing activities	0	0
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	70,348	5,817
Proceeds from short-term and long-term investments	9,200,000	0
Other receipts from investing activities	482,741	405,961
<b>Net cash flows from investing activities</b>	<u>(703,548)</u>	<u>(4,297,215)</u>

### 24 Cash Flow statement - Financing Activities

	2014/2015 £	2013/2014 £
Cash receipts of short-term and long-term borrowing	0	0
Other receipts from financing activities	0	0
Cash payments for the reduction of the outstanding liabilities relating to finance leases	(76,408)	(83,086)
Repayment of short-term and long-term borrowing	0	0
Other payments for financing activities	1,094,132	(963,747)
<b>Net cash flows from financing activities</b>	<u>1,017,724</u>	<u>(1,046,833)</u>

## NOTES TO THE CORE ACCOUNTS continued

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### Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice. However, decisions about resource allocation are taken by the Authority's Committees on the basis of budget reports analysed across services. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

Charges are made in relation to capital depreciation (whereas revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement)

The cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year  
The income and expenditure of the Authority's principal committees recorded in the budget reports for the year is as follows:

#### Service Income and Expenditure

<u>2014/2015</u>	Note A	Commercial	Regulatory & Support	Corporate Gov & Finance	Total
		£	£	£	£
Fees, charges & other service income		(1,266,236)	(7,190,548)	3,254,727	(5,202,057)
Government grants		(16,402)	(21,120,336)	(7,006,421)	(28,143,159)
<b>Total Income</b>		<u>(1,282,638)</u>	<u>(28,310,884)</u>	<u>(3,751,694)</u>	<u>(33,345,216)</u>
Employee expenses		1,028,423	3,638,855	1,653,786	6,321,064
Other service expenses		1,720,155	27,400,486	2,815,140	31,935,781
Support service recharges		767,664	2,517,765	944,236	4,229,665
<b>Total Expenditure</b>		<u>3,516,242</u>	<u>33,557,106</u>	<u>5,413,162</u>	<u>42,486,510</u>
<b>Net Expenditure</b>		<u>2,233,604</u>	<u>5,246,222</u>	<u>1,661,468</u>	<u>9,141,294</u>

  

<u>2013/2014</u>		Community & Environment	Development & Transport	Personnel & Corporate	Finance & Governance	Total
		£	£	£	£	£
Fees, charges & other service income		(898,676)	(2,963,082)	(4,033,903)	(661,200)	(8,556,861)
Government grants		(16,402)	(109,858)	(7,980)	(25,652,404)	(25,786,644)
<b>Total Income</b>		<u>(915,078)</u>	<u>(3,072,940)</u>	<u>(4,041,883)</u>	<u>(26,313,604)</u>	<u>(34,343,505)</u>
Employee expenses		1,572,072	2,030,328	3,142,830	267,848	7,013,078
Other service expenses		7,755,205	2,087,032	1,968,756	22,369,337	34,180,330
Support service recharges		952,085	865,212	1,380,435	307,052	3,504,784
<b>Total Expenditure</b>		<u>10,279,362</u>	<u>4,982,572</u>	<u>6,492,021</u>	<u>22,944,237</u>	<u>44,698,192</u>
<b>Net Expenditure</b>		<u>9,364,284</u>	<u>1,909,632</u>	<u>2,450,138</u>	<u>(3,369,367)</u>	<u>10,354,687</u>

**Note A:-** The Council reorganised its Committee Reporting Structure in 2014/15. The above shows the breakdown as reported to Committees in 2013/14 and the breakdown for 2014/15 reflects the new reporting structure.

# NOTES TO THE CORE ACCOUNTS continued

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## Amounts Reported for Resource Allocation Decisions Continued

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

	2014/2015	2013/2014
	£	£
Cost of Services in Service Analysis - by Committee	9,141,294	10,354,687
Add services not included in the Analysis	0	0
Add amounts not reported to management	264,862	263,434
Remove amounts reported to management not included in the Comprehensive Income & Expenditure Statement	756,247	223,333
<b>Net Cost of Services in the Comprehensive Income &amp; Expenditure Statement</b>	<b>10,162,403</b>	<b>10,841,454</b>

### Reconciliation to Subjective Analysis

	Service Analysis	Services not in analysis	Not reported to management	Not included in CI&E	Allocation of recharges	Net Cost of Services	Corporate Amounts	Total
	£	£	£	£	£	£	£	£
Fees, charges & other service income	(5,057,011)	0	(159,272)	0	4,389,051	(827,232)	0	(827,232)
Interest and investment income	(145,046)	0	0	145,046	0	0	(145,046)	(145,046)
Income from council tax	0	0	0	0	0	0	(5,638,125)	(5,638,125)
Income from NNDR	0	0	0	0	0	0	(2,722,662)	(2,722,662)
Government grants and contributions	(28,143,159)	0	(113,383)	2,080,585	0	(26,175,957)	(4,597,742)	(30,773,699)
<b>Total Income</b>	<b>(33,345,216)</b>	<b>0</b>	<b>(272,655)</b>	<b>2,225,631</b>	<b>4,389,051</b>	<b>(27,003,189)</b>	<b>(13,103,575)</b>	<b>(40,106,764)</b>
Employee expenses	6,321,064	0	267,674	(109,484)	0	6,479,254	841,000	7,320,254
Other service expenses	30,418,765	0	269,843	(790,156)	(159,386)	29,739,066	0	29,739,066
Support Service recharges	4,229,665	0	0	0	(4,229,665)	0	0	0
amortisation								
and	947,272	0	0	0	0	947,272	0	947,272
Interest Payments	5,240	0	0	(5,240)	0	0	5,240	5,240
Precepts & Levies	436,240	0	0	(436,240)	0	0	2,050,087	2,050,087
Housing								
Capital	0	0	0	0	0	0	0	0
on Disposal								
of Non	128,264	0	0	(128,264)	0	0	128,264	128,264
<b>Total expenditure</b>	<b>42,486,510</b>	<b>0</b>	<b>537,517</b>	<b>(1,469,384)</b>	<b>(4,389,051)</b>	<b>37,165,592</b>	<b>3,024,591</b>	<b>40,190,183</b>
Surplus or deficit on the	9,141,294	0	264,862	756,247	0	10,162,403	(10,078,984)	83,419

## NOTES TO THE CORE ACCOUNTS continued

### 25 Amounts Reported for Resource Allocation Decisions Continued

#### Reconciliation to Subjective Analysis

	Service Analysis	Services not in analysis	Not reported to management	Not included in CI&E	Allocation of recharges	Net Cost of Services	Corporate Amounts (Restated)	Total
<u>2013/2014</u>	£	£	£	£	£	£	£	£
Fees, charges & other service income	(8,415,827)	0	(271,583)	0	3,693,925	(4,993,485)	0	(4,993,485)
Interest and investment income	(141,034)	0	0	141,034	0	0	(141,034)	(141,034)
Income from council tax	0	0	0	0	0	0	(5,529,753)	(5,529,753)
Income from NNDR	0	0	0	0	0	0	(1,827,338)	(1,827,338)
Government grants and contributions	(25,786,644)	0	(1,653)	5,167,990	0	(20,620,307)	(8,406,282)	(29,026,589)
<b>Total Income</b>	<b>(34,343,505)</b>	<b>0</b>	<b>(273,236)</b>	<b>5,309,024</b>	<b>3,693,925</b>	<b>(25,613,792)</b>	<b>(15,904,407)</b>	<b>(41,518,199)</b>
Employee expenses	7,013,078	0	304,046	(251,093)	(1,345)	7,064,686	825,000	7,889,686
Other service expenses	33,020,191	0	232,624	(4,405,245)	(187,796)	28,659,774	0	28,659,774
Support Service recharges	3,504,784	0	0	0	(3,504,784)	0	0	0
Depreciation, amortisation and impairment	730,786	0	0	0	0	730,786	0	730,786
Interest Payments	10,476	0	0	(10,476)	0	0	10,476	10,476
Precepts & Levies	384,897	0	0	(384,897)	0	0	1,967,700	1,967,700
Payments to Housing Capital Receipts Pool	0	0	0	0	0	0	0	0
Gain or Loss on Disposal of Non Current Assets	33,980	0	0	(33,980)	0	0	33,980	33,980
<b>Total expenditure</b>	<b>44,698,192</b>	<b>0</b>	<b>536,670</b>	<b>(5,085,691)</b>	<b>(3,693,925)</b>	<b>36,455,246</b>	<b>2,837,156</b>	<b>39,292,402</b>
<b>Surplus or deficit on the provision of services</b>	<b>10,354,687</b>	<b>0</b>	<b>263,434</b>	<b>223,333</b>	<b>0</b>	<b>10,841,454</b>	<b>(13,067,251)</b>	<b>(2,225,797)</b>

### 26 Acquired/Discontinued Operations

The Maltings (main hall and restaurant) net cost £43k, grants to ADeC £54k and Ely Museum £34k were transferred from the District Council to the City of Ely Council during the year.

Also the District Council transferred responsibility for the shop mobility service to the City of Ely Council which had a net cost of £18k.

## NOTES TO THE CORE ACCOUNTS continued

### 27 Trading operations

The Council owns Ely market rights, and also owns a number of industrial sites in the District. Operation of The Maltings public hall was contracted out with effect from November 1994. The profits (or losses) on these trading operations were as follows:

	2014/2015		2013/2014	
	Turnover	Profit (loss)	Turnover	Profit (loss)
	£	£	£	£
Ely Markets	174,089	36,451	171,951	48,417
Business Units	17,551	10	21,854	6,752
Maltings Hall	21,758	(43,319)	22,343	(83,783)
	-----	-----	-----	-----
Total	213,398	(6,858)	216,148	(28,614)
	=====	=====	=====	=====

The reduced surplus on Ely Markets is due to increased internal recharges.

The reduction in the surplus on the Business units was due to reduced rental income in the year.

Maltings reduced deficit was due to the replacement of the boiler in 13/14 only. Also the Maltings has been transferred to the City Council in 14/15 reducing the costs and income figures for this year.

### 28 Agency services

The Council undertakes grass cutting within the District as agents for Cambridgeshire County Council. The County Council reimburses the District Council for the cost of this work, subject to a cash limit, and makes a contribution towards administrative costs. In 2014/2015 the County Council contributed £4,716 (2013/2014 £4,716)

The Council agreed to undertake grass cutting for the Sanctuary Group beginning in February 2010. Sanctuary reimburse the Council for the total cost of the work. The reimbursement for 2014/2015 was £189,997 (2013/2014 £195,161).

### 29 Members Allowances

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

	2014/2015	2013/2014
	£	£
Allowances	196,071	200,567
Expenses	10,942	12,731
	<u>207,013</u>	<u>213,298</u>

Information regarding Members Allowances is published annually in the local press and is available on the Council's website.

## NOTES TO THE CORE ACCOUNTS continued

### 30 Officers' Remuneration

There were no Senior Officers whose salary was over £150,000.

The following table sets out the remuneration disclosures for Senior Officers .

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

Remuneration for 2014/2015							2013/2014						
Post title	Notes	2014/2015						2013/2014					
		Salary (Including fees & Allowances	Expense Allowances	Benefits in kind (eg car allowances)	Compensation for loss of office	Employers pension contribution	Total remuneration incl. pension contribution	Salary (Including fees & Allowances	Expense Allowances	Benefits in kind (eg car allowances)	Compensation for loss of office	Employers pension contribution	Total remuneration incl. pension contribution
		£	£	£	£	£	£	£	£	£	£	£	£
Chief Executive		126,642	495	8,200	0	27,228	162,565	125,850	430	7,876	0	24,541	158,697
Deputy Chief Executive	<b>Note 1</b>	25,430	108	2,199	52,815	5,467	86,019	98,377	592	8,841	0	19,184	126,994
Director (Regulatory Services)	<b>Note 2</b>	61,027	745	0	0	13,121	74,893	0	0	0	0	0	0
Director (Support Services)	<b>Note 3</b>	21,510	0	0	0	4,625	26,135	0	0	0	0	0	0
Corporate Unit Manager	<b>Note 4</b>	38,386	9	0	0	8,253	46,648	0	0	0	0	0	0
<b>Heads of Services:-</b>													
Finance		68,282	0	0	0	14,681	82,963	67,809	0	0	0	13,223	81,032
Legal & Democratic	<b>Note 5</b>	15,259	0	0	39,349	3,281	57,889	61,033	54	0	0	11,901	72,988
HR & Facilities		58,989	91	0	0	12,683	71,763	53,335	14	0	0	10,400	63,749
Planning	<b>Note 6</b>	8,385	164	0	13,692	1,803	24,044	67,809	57	0	0	13,223	81,089
Environmental		72,547	88	2,621	0	15,598	90,854	67,809	0	2,528	0	13,223	83,560
Community	<b>Note 7</b>	14,881	7	0	24,124	3,199	42,211	67,809	33	0	0	13,223	81,065
ICT & Customer Services		58,706	0	4,010	0	12,622	75,338	54,705	0	3,695	0	10,667	69,067

Note 1: The Deputy Chief Executive left on 30/06/2014. The annualised salary for 2014/15 was £101,719.

Note 2: The Director (Regulatory Services) started on 01/09/14 . The annualised salary for 2014/15 was £66,149.

Note 3: The Director (Support Services) started on 01/12/2014 . The annualised salary for 2014/15 was £64,576.

Note 4: The Commercial Unit Manager started on 01/10/2014 . The annualised salary for 2014/15 was £52,011.

Note 5: The Head of Legal & Democratic Services left on 30/06/2014 . The annualised salary for 2014/15 was £61,033.

Note 6: The Head of Planning left on 15/05/2014 . The annualised salary for 2014/15 was £67,809.

Note 7: The Head of Community Services left on 19/06/2014 . The annualised salary for 2014/15 was £67,809.

There were no other employees whose remuneration (excluding employers pension contributions) was above £50,000.

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

(a) Exit package cost band (incl. special payments)	(b) Number of compulsory redundancies		(c) Number of other departures agreed		(d) Total number of exit packages by cost band [(b) + (c)]		(e) Total cost of exit packages in each band	
	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15 £000's	2013/14 £000's
£0 – £20,000	0	6	0	5	0	11	0	115
£20,001 – £40,000	0	3	0	0	0	3	0	84
£150,001 – £200,000	0	1	0	0	0	1	0	197
Total cost in bandings							0	396

## NOTES TO THE CORE ACCOUNTS continued

### 31 External Audit Costs

The following fees relating to external audit and inspection were incurred:-

	2014/2015	2013/2014
	£	£
Fees payable to the Audit Commission with regard to external audit services carried out by the appointed auditor	55,332	54,432
Fees payable to the Audit Commission in respect of statutory inspection	0	0
Fees payable to the Audit Commission for the certification of grant claims and returns	25,603	21,054
Fees payable in respect of other services provided by the appointed auditor	0	0
	<u>80,935</u>	<u>75,486</u>

### 32 Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2014/15.

	2014/2015	2013/2014
	£	£
<u>Credited to Taxation and Non Specific Grant Income</u>		
Council Tax Income	(5,638,125)	(5,529,753)
Non Domestic Rates	(2,722,662)	(1,827,338)
Non Ringfenced Government Grants:		
Revenue Support Grant	(2,517,157)	(3,238,292)
New Homes Bonus	(1,433,867)	(1,131,607)
Small Business Rate Relief	(313,185)	(291,033)
Other NNDR grants e.g. Retail Relief	(128,521)	0
Weekly Refuse Grant	(191,559)	(3,708,970)
Other Government Grants	<u>(13,453)</u>	<u>(36,380)</u>
	(4,597,742)	(8,406,282)
Capital Grants & Contributions:		
Other contributions	<u>0</u>	<u>0</u>
	0	0
Total	<u>(12,958,529)</u>	<u>(15,763,373)</u>

## NOTES TO THE CORE ACCOUNTS continued

32

### Grant Income Continued

	2014/2015	2013/2014
	£	£
<u>Credited to Services</u>		
Benefits	(21,083,745)	(20,501,416)
Cambridgeshire Horizons	0	(13,860)
Section 106	(1,010,554)	(453,775)
CIL	(470,523)	(160,159)
Waste Recycling Credits	(342,590)	0
Other grants	(661,932)	(753,053)
Total	<u>(23,569,344)</u>	<u>(21,882,263)</u>

The Authority receives grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver. The balance at the year-end of contributions with conditions was £1,455,225 (2013/14 £2,029,360)

**33 Related Parties**

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

**Central Government**

Central government has effective control over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are set out in the subjective analysis in Note 26 on reporting for resources allocation decisions.

**Members**

Members of the council have direct control over the council's financial and operating policies.  
The total of members' allowances paid in 2014/15 is shown in Note 29.

There were no known material transactions with related parties when the accounts were produced that are not disclosed elsewhere in the accounts.  
See note 32 for Grants received and notes 15 and 18 for Other Local Authority Debtors and Creditors figures.

**Entities Controlled or Significantly Influenced by the Authority**

The Council fully owns East Cambridgeshire Business Centres Limited.

The aim of the business is the promotion of economic development by providing a Managed Workspace Centre. This contains small business units and associated common facilities for new and very small businesses. The shared facilities help to reduce the costs of the businesses as it saves them having to purchase equipment and provides meeting/training rooms.

The workspaces are let on a short term basis to allow them to expand or contract as necessary without being locked into a long term tenancy agreement.

Group Accounts have been produced this year as the figures are material to the overall accounts of the Council.

The net assets of the company at 31 March 2015 were £772,024 (31 March 2014 £778,108)

The company made a deficit of £6,084 before tax in the year (2013/2014 surplus £14,403)

Copies of the accounts for East Cambridgeshire Business Centres Limited can be obtained from:-

The Grange  
Nutholt Lane  
Ely, Cambs  
CB7 4EE

The investment in subsidiaries is held at the cost price of £545,725.

The Council became a partner in the Anglia Revenue Partnership on 13 October 2010. A payment is made into the partnership which is not an entity in itself.

Breckland Council, East Cambridgeshire District Council, Fenland District Council, Forest Heath District Council, St Edmundsbury District Council, Suffolk Coastal District Council & Waveney District Council work together to provide their Revenues and Benefits services through the Anglia Revenues Partnership (ARP).

This payment is included in the service costs in the CI&E Account. Payments in the year were £1,137,000 (2013/2014 £1,120,000)

## NOTES TO THE CORE ACCOUNTS continued

### 34 **Capital expenditure and financing**

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR is analysed in the second part of this note.

	2014/2015	2013/2014
	£	£
Opening Capital Financing Requirement	61,689	144,775
Capital investment		
Property, Plant & Equipment	201,681	3,661,365
Investment Properties, Intangible and Assets held for sale	49,380	24,159
Revenue expenditure funded from Capital under statute	537,887	588,030
Sources of finance		
Capital receipts	(424,153)	-363,355
Government grants and other contributions	(280,363)	-413,079
Sums set aside from revenue:		
re. finance leases below	(41,754)	-83,086
Weekly Refuse Grant	0	(3,437,532)
re. other from General Fund	(84,432)	-59,588
Closing Capital Financing Requirement	<u>19,935</u>	<u>61,689</u>

#### **Explanation of movements in the year**

Decrease in underlying need to borrowing (supported by government financial assistance)	0	0
Decrease in underlying need to borrowing (unsupported by government financial assistance)	0	0
Assets acquired under finance leases	(41,754)	(83,086)
Increase/(decrease) in Capital Financing Requirement	<u>(41,754)</u>	<u>(83,086)</u>

	2014/2015	2013/2014
	£	£
The sources of finance for capital expenditure were:		
Government Grants and other contributions	280,363	413,079
Weekly Refuse Grant	0	3,437,532
General Fund	84,432	59,588
Useable capital receipts	424,153	363,355
Total source of finance	<u>788,948</u>	<u>4,273,554</u>
Used to fund:		
Revenue expenditure funded from capital under statute	537,887	588,030
Long term debtors	0	0
Non Current Assets	251,061	3,685,524
Total expenditure	<u>788,948</u>	<u>4,273,554</u>

## NOTES TO THE CORE ACCOUNTS continued

### 35 Leases

#### Authority as Lessee

#### Finance Leases

The Council has effectively acquired a number of Refuse Vehicles as embedded leases within its refuse collection arrangements. Although they are not directly leased by the council the circumstances are such that the contractor has effectively allocated control of this equipment to the Council.

The assets acquired under these embedded leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

	31.03.15	31.03.14
	£	£
Embedded Leases Refuse Vehicles	14,392	71,994

The Authority is committed to making minimum payments under these leases through the service payment to the main contractor in settlement of the effective long-term liability for the interest in the vehicles. The minimum lease payments are made up of the following:

	31.03.15	31.03.14
	£	£
Finance lease liabilities (net present value of minimum lease payments):		
Current	19,935	76,408
Non Current	0	19,935
Minimum lease payments	<u>19,935</u>	<u>96,343</u>

The minimum lease payments will be payable over the following periods, given the nature of an embedded lease there will be no rent reviews or other adjustments (therefore no contingent rents apply). Consequently the minimum rentals is directly equal to the Finance Lease liability:

	31.03.15	31.03.14
	£	£
Minimum Lease Payments time profile		
Not later than one year	19,935	76,408
Later than one year and not later than five years	0	19,935
Later than five years	0	0
	<u>19,935</u>	<u>96,343</u>

## NOTES TO THE CORE ACCOUNTS continued

### 35 Leases continued

The Council also has a number of other finance leases for public conveniences, a car park and an open space. The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

	31.03.15	31.03.14
	£	£
Finance Leases Public Conveniences, Car Park, Open Space	329,829	419,512

The Authority is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the property acquired by the Authority and finance costs that will be payable by the Authority in future years while the liability remains outstanding. The minimum lease payments are made up of the following:

	31.03.15	31.03.14
	£	£
Finance lease liabilities:		
Current	6	6
Non Current	81	87
Minimum lease payments	<u>87</u>	<u>93</u>

There will be no rent reviews or other adjustments (therefore no contingent rents apply). Consequently the minimum rentals is directly equal to the Finance Lease liability above.

As these amounts are immaterial, they have not been included in the Comprehensive Income & Expenditure Statement.

### Operating Leases

The Authority has acquired the use of a number of assets by operational leasing. These relate mainly to various parcels of land. A significant number are at a peppercorn rent with the remainder at less than economic value. Leased vehicles are included from year ending 31.3.12. The future minimum lease payments on these assets are:

	31.03.15	31.03.14
	£	£
Not later than one year	18,793	30,113
Later than one year and not later than five years	27,813	21,896
Later than five years	22,060	23,913
	<u>68,666</u>	<u>75,922</u>

There have been no sublets or rent reviews. Consequently all payments equal the minimum rental, excluding where RPI (Retail Price Index) is added on 2 leases, which are not material.

## NOTES TO THE CORE ACCOUNTS continued

### 35 Leases continued

The expenditure charged to the Cultural and Related, Environmental and Transport Services lines in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

	31.03.15	31.03.14
	£	£
Leasing Payments charged to Revenue	18,793	30,113

The minimum lease payments payable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

#### Authority as Lessor

##### Finance Leases

The Authority has no material finance leases for property or equipment.

##### Operating Leases

The Authority leases out property and equipment under operating leases for the following purposes:

- for the provision of public open space, recreation and public conveniences
- to provide for Registrar offices and Citizens Advice Bureau (NB the provision for City Council offices ended in 14/15 and is therefore not included in the 31.03.15 figures)
- to encourage small businesses
- and other minor items.

The future minimum lease payments receivable under non-cancellable leases in future years are:

Minimum Lease Payments time profile	31.03.15	31.03.14
	£	£
Not later than one year	90,184	103,902
Later than one year and not later than five years	195,405	165,828
Later than five years	144,920	164,707
	<u>430,509</u>	<u>434,437</u>

The minimum lease payments receivable include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2014/15 £0. contingent rents were receivable by the Authority (2013/14 £0).

### 36 Impairment Losses

The Code requires disclosure by class of assets of the amounts for impairment losses and impairment reversals charged to the Surplus or Deficit on the Provision of Services and to Other Comprehensive Income and Expenditure. These disclosures are consolidated in Notes 9 and 12 reconciling the movement over the year in the Property, Plant and Equipment and Intangible Asset balances.

### 37 Termination Benefits including Exit Packages

The Authority committed to terminate the contracts of no employees in 2014/15 to take effect during 2015/16, incurring liabilities of £0k (£396k in 2013/14). Also see note 30.

## NOTES TO THE CORE ACCOUNTS continued

### 38 **Defined Benefit Pension Schemes**

The Council is required to disclose certain information concerning assets, liabilities, income and expenditure related to pension schemes for its employees. As explained in the note on pensions in the Accounting Policies the Council participates in the Local Government Superannuation Scheme which is administered by the Cambridgeshire County Council's Pension Fund. In addition the Council has liabilities for discretionary pension payments outside the main scheme.

In 2014/2015 the Council paid an employer's contribution of £883,022 (2013/2014 £821,328 @ 19.5%), representing 21.5% of employees pensionable pay into the Cambridgeshire County Pension Fund. The contribution rate is set to meet 100% of the pension fund's liabilities. The scheme provides members of the Fund with defined benefits related to pay and service. The contribution rate is determined by the Fund's actuary, based on triennial valuations. The last review took place on 31 March 2013.

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 actuary has allowed for future retirements to elect to take 25% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 63% of the maximum for post-April service.

In addition to the above the Council is responsible for all pension payments relating to added years' benefits it has awarded together with the related increases.

In 2014/2015, these amounted to £305,580 (2013/2014 £174,751, 4.15%), representing 7.89% of pensionable pay.

The capital cost of these discretionary increases in pensions payments agreed by the authority is:-

	2014/2015	2013/2014
	£	£
Current year decisions	69,901	0
Earlier year decisions for which payments are still being made	736,000	1,238,000

A creditor provision has been made at 31 March 2015 for the amount due to the Pension Fund as a result of the Council agreeing for staff to receive their pensions early due to redundancy or early retirement.

The amount due for each member of staff is paid in the year of commitment but for agreements prior to 2012/13 they were spread over 5 years. The creditor at 31 March 2015 is £17,326 (31 March 2014 £213,422)

The weighted average duration of the defined benefit obligation for scheme members is:-

	Liability split		Weighted average duration	
	2014/2015	2013/2014	2014/2015	2013/2014
Active members	48.0%	43.1%	25.5	25.5
Deferred members	17.6%	17.4%	23.5	23.5
Pensioner members	34.4%	39.5%	11.3	11.3
Total	100.0%	100.0%	18.9	18.9

### **Participation in pension schemes**

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

The authority participates in the Local Government Pension Scheme for civilian employees, administered by Cambridgeshire County Council. This is a funded defined benefit final salary scheme, meaning that the authority and employees pay contributions into the fund, calculated at a level intended to balance the pensions liabilities with investment assets.

## NOTES TO THE CORE ACCOUNTS continued

### 38 Defined Benefit Pension Schemes Continued

#### Transactions relating to retirement benefits

The cost of retirement benefits is recognised 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 that is required to be made against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive I & E Statement and the General Fund Balance via the Movement in Reserves Statement during the year:-

#### Comprehensive Income & Expenditure Statement

	2014/2015 £000	2013/2014 £000
Cost of services:		
Current service cost	1,016	1,002
Past service costs/(gains)	89	0
Curtailments	0	0
Financing & Investment Income & Expenditure:		
Net Interest cost	841	825
Total Post Employment Benefit charged to the Surplus or Deficit on the Provision of Services	1,946	1,827
Other Post Employment Benefit charged to the Comprehensive I&E Statement		
Return on plan assets (excl. the amount included in the net interest expense)	(2,070)	(989)
Actuarial gains and losses arising on changes in demographic assumptions	0	(868)
Actuarial gains and losses arising on changes in financial assumptions	7,209	1,930
Other	(954)	216
Total Post Employment Benefit charged to the Comprehensive I&E Statement	6,131	2,116
<b>Movement in Reserves Statement</b>		
reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(994)	(864)
Actual amount charged against the General Fund Balance for pensions in the year:		
Employers' contributions payable to the scheme	952	963

## NOTES TO THE CORE ACCOUNTS continued

38

### **Defined Benefit Pension Schemes Continued**

#### **Assets and liabilities in relation to post employment benefits**

Reconciliation of present value of the scheme liabilities

	2014/2015	2013/2014
	£000	£000
1 April	46,977	43,926
Current service cost	1,016	1,002
Interest cost	2,016	1,971
Contributions by scheme participants	275	273
Settlements & curtailments	89	0
Remeasurement (gains) and losses		
Actuarial gains/losses arising from changes in demographic assumptions	0	(868)
Actuarial gains/losses arising from changes in financial assumptions	7,209	1,930
Other	(954)	216
Past service costs	0	0
Estimated unfunded benefits paid	(40)	(92)
Estimated benefits paid	(1,482)	(1,381)
31 March	<u>55,106</u>	<u>46,977</u>

Reconciliation of the movements in the fair value of the scheme assets

	2014/2015	2013/2014
	£000	£000
1 April	27,501	25,603
Interest income	1,175	1,146
Contributions by scheme participants	275	273
Settlements	0	0
Employer contributions	912	871
Contributions in respect of unfunded benefits	40	92
Remeasurements		
Return on plan assets, excluding amount included in net interest expense	2,070	989
Other	0	0
Unfunded benefits paid	(40)	(92)
Benefits paid	(1,482)	(1,381)
31 March	<u>30,451</u>	<u>27,501</u>

## NOTES TO THE CORE ACCOUNTS continued

### 38 Defined Benefit Pension Schemes Continued

#### Breakdown of the fair value of the plan assets

	2014/2015		2013/2014	
	£000	%	£000	%
Equity Securities				
◊ Consumer	3,015.9	10	2,401.3	9
◊ Manufacturing	1,866.8	6	2,269.5	8
◊ Energy & Utilities	857.9	3	974.6	4
◊ Financial Institutions	2,490.4	8	2,774.4	10
◊ Health & Care	1,482.6	5	810.8	3
◊ Information Technology	1,376.8	5	1,644.5	6
◊ Other	0.0	0	76.3	0
Sub Total Equity	11,090.4	37	10,951.4	40
Private Equity	2,158.9	7	1,635.9	6
Investment Funds & Unit Trusts				
◊ Equities	9,380.8	31	8,842.7	32
◊ Bonds	4,642.9	15	4,192.0	15
◊ Other	2,265.5	7	1,512.3	6
Sub Total Other Investment Funds	16,289.2	53	14,547.0	53
Cash and cash equivalents	912.5	3	366.7	1
Total Assets	30,451.0	100	27,501.0	100

#### Pensions Assets and Liabilities Recognised in the Balance Sheet

	2014/2015	2013/2014
	£000	£000
Present value of the defined benefit obligation	(55,106)	(46,977)
Fair value of plan assets	30,451	27,501
Net liability arising from defined benefit obligation	(24,655)	(19,476)

The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The total liability of £24.7m 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.

The total contribution expected to be made to the scheme by the Council in the year to 31 March 2016 is £1,000,000.

## NOTES TO THE CORE ACCOUNTS continued

38

### **Defined Benefit Pension Schemes Continued**

#### **Basis for estimating assets and liabilities**

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 dependent on assumptions about mortality rates, salary levels, etc. The liabilities have been assessed by Hyman Robertson, the independent actuaries. Estimates for the fund are based on the latest full valuation of the scheme as at 31 March 2013.

#### **The principal assumptions used by the actuary have been:**

	2014/2015	2013/2014
Long-term expected rate of return on assets in the scheme		
Equity investments	3.2%	4.3%
Bonds	3.2%	4.3%
Property	3.2%	4.3%
Other	3.2%	4.3%
Mortality assumptions		
Longevity at 65 for current pensioners		
Men	22.5	22.5
Women	24.5	24.5
Longevity at 65 for future pensioners		
Men	24.4	24.4
Women	26.9	26.9
Rate of inflation/Pension increase	2.4%	2.8%
Rate of increase in salaries	4.3%	4.6%
Rate for discounting scheme liabilities	3.2%	4.3%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

#### **Impact on the defined benefit obligation in the scheme**

	2014/2015		2013/2014	
	Increase to Employer Liability		Increase to Employer	Liability
	%	£000	%	£000
Longevity (increase or decrease in 1 year)	3	1,653	3	1,409
Rate of increase in salaries (increase or decrease by 0.5%)	3	1,901	3	1,444
Rate of increase in pensions (increase or decrease by 0.5%)	7	3,648	6	2,995
Rate for discounting scheme (increase or decrease by 0.5%)	10	5,676	10	4,503

## NOTES TO THE CORE ACCOUNTS continued

### 38 Defined Benefit Pension Schemes Continued

Further information may be found in the Cambridgeshire County Pension Fund Annual Report, available from the Director of Resources, Cambridgeshire County Council, Shire Hall, Castle Hill, Cambridge, CB3 0AP.

### 39 Contingent liabilities

There are 3 personal injury cases outstanding. The level of damages has not been ascertained but the amounts are not expected to be material. The Council's insurance company is dealing with the claims.

A group of Property Search Companies are seeking to claim refunds of fees paid to the Council to access land charges data. The Council has been informed that the value of those claims at present is £72,087.91 plus interest. The proposed settlement under the framework is for a cost of £52,719.08 plus interest.

There is an ongoing issue with the cost of the street lighting maintenance contract but this cost is not material.

The Council has been notified of a claim in respect of tree damage in the region of £33,000. The Council and its insurers state that there has been no negligence and the Council is not liable.

### 40 Contingent Assets

There were no material contingent assets at the year end

### 41 Nature and Extent of Risks Arising from Financial Instruments

The Council's activities expose it to a variety of financial risks:

- ◇ credit risk - the possibility that other parties might fail to pay amounts due to the Authority
- ◇ liquidity risk - the possibility that the Authority might not have the funds available to meet its commitments to make payments
- ◇ market risk - the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates and stock market movements

The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a treasury team, under policies approved by the Council in the Annual Treasury Management Strategy.

The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

## NOTES TO THE CORE ACCOUNTS continued

### 41 Nature and Extent of Risks Arising from Financial Instruments continued

#### **Credit risk**

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. Deposits are only made with banks and financial institutions that satisfy the required level of ratings at the time as notified by Sector, the Council's treasury advisors. Some institutions are limited to short term lending up to 3 months. The maximum amount that can be lent to one institution at any particular time is £4m.

In light of the above investment strategy, the Council does not consider there to be any quantifiable credit risk in relation to its investments as at 31 March 2015.

In relation to sums owed by the Council's customers and contractual debtors, prudent provision is made for bad debts based on an assessment of the risks for each type of debt and age of those debts. An analysis of the Council's potential maximum exposure to credit risk in relation to debtors is shown below.

No credit limits were exceeded during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits.

The Council does not generally allow credit for customers, such that £0.116m of the £1.256m (£0.071m of £1.590m 2013/14) is past its due date for payment.

The past due amount can be analysed by age as follows:

	2014/2015	2013/2014
	£000	£000
Less than 3 months	81	36
3 to 6 months	8	10
6 months to 1 year	5	3
More than 1 year	<u>22</u>	<u>22</u>
	<u>116</u>	<u>71</u>

#### **Liquidity risk**

The authority has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. However if unexpected movements happen, the authority has ready access to borrowings from the PWLB and money markets, there is no significant risk that it will be unable to meet its commitments under financial instruments.

All financial liabilities as at 31 March 2015 are due within one year. As there are no long term liabilities there is currently no need to make a provision for repayment. Therefore, there is no current risk of having to borrow at unfavourable rates in the future to replenish borrowings.

#### **Interest Rate Risk**

The Council is exposed to minimal risk in respect of adverse interest rate movements in its investments, because all of its investments are at fixed rates.

The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget on a quarterly basis during the year. This allows any adverse changes to be taken into consideration. The analysis will also advise whether new borrowing taken out is fixed or variable and short term or longer.

A rise in interest rates would have the following effects:

- ◇ borrowings at variable rates - the interest expense charged to the Income & Expenditure Account will rise
- ◇ borrowings at fixed rates - the fair value of the liabilities borrowings will fall
- ◇ investments at variable rates - the interest income credited to the Income & Expenditure Account will rise
- ◇ investments at fixed rates - the fair value of the assets will fall

## NOTES TO THE CORE ACCOUNTS continued

### 41 Nature and Extent of Risks Arising from Financial Instruments continued

A fall in interest rates would create the reverse effect.

If interest rates had been 1% higher with all other variables held constant, the financial effect in 2014/15 would have been:-

An increase in the interest receivable on investments of	£196,429
A reduction in the fair value of fixed rate investments at 31/3/2015 of	£46,794

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Income and Expenditure Account.

#### **Market risk - price**

The Authority invests in shares in 1 company to provide a local service. There is no intention to sell these shares and there is no other source of valuation of them so the risk is minimal.

#### **Market risk - foreign exchange**

The Council has no financial assets or liabilities in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

### 42 Heritage Assets - 5 Year summary of Transactions

	2010/2011 £	2011/2012 £	2012/2013 £	2013/2014 £	2014/2015 £
Cost of Acquisitions of heritage assets					
Themed displays at Oliver Cromwell House	0	840	0	0	0
Total cost of Purchases	0	840	0	0	0
Value of Heritage Assets acquired by donation	0	0	0	0	0
Total Donations	0	0	0	0	0
Disposals of Assets					
Carrying Value	0	0	0	0	0
Proceeds	0	0	0	0	0
Impairment recognised in the period	0	0	0	0	0

### 43 Heritage Assets - Further Information

The Authority's civic regalia is not included above as its insurance valuation which is based on market values is £5,110, which is below the de minimus level. The Civic Regalia includes the Chairman's chain of office and the Vice- Chairman's badge. These items are therefore not reported in the Balance Sheet.

## COLLECTION FUND ACCOUNTS 2014/2015

The Collection Fund (England) is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates.

<u>Revenue Account</u>	2014/2015			2013/2014		
	Council Tax	Business Rates	Total	Council Tax	Business Rates	Total
	£	£	£	£	£	£
<b>Income</b>						
Income from Billpayers	44,492,316		44,492,316	42,904,906		42,904,906
Transitional Protection Payments receivable		-4,565	-4,565		-202,422	(202,422)
Council Tax Benefits	0		0	0		0
Transitional Relief	1,311		1,311	931		931
Income collectable from business ratepayers		18,110,511	18,110,511		17,263,258	17,263,258
Contributions towards previous years' Collection Fund deficit	0	975,820	975,820	90,416	0	90,416
	<u>44,493,627</u>	<u>19,081,766</u>	<u>63,575,393</u>	<u>42,996,253</u>	<u>17,060,836</u>	<u>60,057,089</u>
<b>Expenditure</b>						
Precepts, demands and Shares						
Cambridgeshire County Council	31,276,658	1,561,353	32,838,011	30,449,938	1,543,529	31,993,467
Cambridgeshire Police Authority	5,055,549		5,055,549	4,925,102		4,925,102
Cambridgeshire Fire & Rescue	1,791,395	173,484	1,964,879	1,778,717	171,503	1,950,220
East Cambridgeshire District Council	5,576,347	6,939,347	12,515,694	5,517,203	6,860,129	12,377,332
Payment to Central Government		8,674,184	8,674,184		8,575,161	8,575,161
Charges to Collection Fund						
Costs of collection		91,787	91,787		92,008	92,008
Increase/(decrease) in Bad Debt Provision	198,569	81,761	280,330	66,864	1,367	68,231
Write offs	110,078	37,244	147,322	72,630	34,886	107,516
Increase/(decrease) in Appeals Provision		-431,122	-431,122		950,839	950,839
Renewable Energy		77,408	77,408		0	0
Contributions towards previous years' Collection Fund surplus	123,746	0	123,746	0	0	0
	<u>44,132,342</u>	<u>17,205,446</u>	<u>61,337,788</u>	<u>42,810,454</u>	<u>18,229,422</u>	<u>61,039,876</u>
(Surplus) deficit for year	<u>-361,285</u>	<u>-1,876,320</u>	<u>-2,237,605</u>	<u>-185,799</u>	<u>1,168,586</u>	<u>982,787</u>
<b>Reserve Balance</b>						
Collection Fund deficit (surplus) at 1 April	85,760	1,168,586	1,254,346	271,559	0	271,559
Movement on Fund balance in year	-361,285	-1,876,320	-2,237,605	-185,799	1,168,586	982,787
Collection Fund (surplus) deficit at 31 March	<u>-275,525</u>	<u>-707,734</u>	<u>-983,259</u>	<u>85,760</u>	<u>1,168,586</u>	<u>1,254,346</u>

## NOTES TO THE COLLECTION FUND ACCOUNTS

### **Council Tax**

Council Tax derives from charges raised according to the value of residential properties, which have been classified into eight valuation bands using estimated April 1991 valuations for this purpose. Individual charges are calculated by aggregating the requirements of Cambridgeshire County Council, Cambridgeshire Police & Crime Commissioner, Cambridgeshire Fire & Rescue Authority and East Cambridgeshire District Council.

The basic amount for a 2014/15 Band D property, being £1,509.69. (2013/14 £1,484.40), is multiplied by the proportion specified for the particular band to give an individual amount due, to which must be added any Parish precept.

### **National Non-Domestic Rates**

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### **Council Tax Base**

The calculation of the council tax base, i.e. the number of chargeable dwellings in each valuation band (adjusted for dwellings where discounts apply) converted to an equivalent number of band D dwellings is as follows:

<i>#REF!</i>	<i>2014/2015 Equivalent number of dwellings</i>	<i>2013/2014 Equivalent number of dwellings</i>
A	1,696	1,755
B	6,080	6,158
C	5,471	5,512
D	5,828	5,917
E	4,728	4,713
F	2,564	2,556
G	971	951
H	137	118
Provision for new homes	402	0
	<u>27,877</u>	<u>27,680</u>

## NOTES TO THE COLLECTION FUND ACCOUNTS continued

### **Precepts and Demands- Council Tax**

The names of the authorities which made a significant precept or demand on the fund and the amount included for each were as follows:

	2014/2015 Precept/ Demand	Share of Surplus/ (Deficit) 31.03.14	2014/2015 Total		2013/2014 Precept/ Demand	Share of Surplus/ (Deficit) 31.03.13	2013/2014 Total
	£	£	£		£	£	£
Cambridgeshire County Council	31,276,658	88,305	31,364,963		30,449,938	(64,857)	30,385,081
Cambridgeshire Police & Crime Commissioner	5,055,549	14,283	5,069,832		4,925,102	(10,493)	4,914,609
Cambridgeshire Fire & Rescue	1,791,395	5,158	1,796,553		1,778,717	(3,566)	1,775,151
East Cambridgeshire District Council	5,576,347	16,000	5,592,347		5,517,203	(11,500)	5,505,703

### **Shares of non-domestic rating income to major preceptors - non-domestic rates**

The names of the major preceptors and the amount included for each were as follows:

	2014/2015 Precept/ Demand	Share of Surplus/ (Deficit) 31.03.14	2014/2015 Total		2013/2014 Precept/ Demand	Share of Surplus/ (Deficit) 31.03.13	2013/2014 Total
	£	£	£		£	£	£
Cambridgeshire County Council	1,561,353	-87,824	1,473,529		1,543,529	0	1,543,529
Central Government	8,674,184	-487,910	8,186,274		8,575,161	0	8,575,161
Cambridgeshire Fire & Rescue	173,484	-9,758	163,726		171,503	0	171,503
East Cambridgeshire District Council	6,939,347	-390,328	6,549,019		6,860,129	0	6,860,129

## NOTES TO THE COLLECTION FUND ACCOUNTS continued

### Surplus/deficit on the Fund

The balance on the Collection Fund is split between the relevant authorities in relation to the precepts/demands for Council Tax and by the prescribed percentages for Business Rates.

The figure for this Council is shown in the Balance Sheet as the Collection Fund Adjustment Account.

	2014/2015			2013/2014		
	Council Tax	Business Rates	Total	Council Tax	Business Rates	Total
	£	£	£	£	£	£
Central Government (CG)		353,867	353,867		(584,293)	(584,293)
Cambridgeshire County Council (CCC)	197,724	63,696	261,420	(61,491)	(105,173)	(166,664)
Cambridgeshire Police & Crime Commissioner (CPCC)	31,667		31,667	(10,020)		(10,020)
Cambridgeshire Fire & Rescue (CFA)	11,173	7,077	18,250	(3,432)	(11,686)	(15,118)
East Cambridgeshire District Council	34,961	330,502	365,463	(10,817)	(467,434)	(478,251)
Total Surplus/(Deficit)	275,525	755,142	1,030,667	(85,760)	(1,168,586)	(1,254,346)

The balances for the other precepting authorities are adjusted to remove their portions of the arrears, bad debt provisions and prepayments so that they show as debtors or creditors for the net cash position under an agency basis in the Balance Sheet. These adjustments are also made to the debtors and creditors balances

### Council Tax

	2014/2015 adjustment				2013/2014 adjustment			
	CCC	CPCC	CFA	Agency totals	CCC	CPCC	CFA	Agency totals
Apportionment basis	72.00%	11.40%	4.00%		71.50%	11.60%	4.10%	
Arrears	1,527,835	241,907	84,880	1,854,622	1,399,975	227,129	80,278	1,707,382
Bad debt provision	(771,426)	(122,142)	(42,857)	(936,425)	(624,092)	(101,251)	(35,787)	(761,130)
Over/pre payments	(695,971)	(110,195)	(38,665)	(844,831)	(606,689)	(98,428)	(34,789)	(739,906)
Collection fund (surplus)/deficit	(197,724)	(31,667)	(11,173)	(240,564)	61,491	10,020	3,432	74,943
Adjusted precepting authority balance	137,286	22,097	7,815	167,198	(230,685)	(37,470)	(13,134)	(281,289)

### Business Rates

	2014/2015 adjustment				2013/2014 adjustment			
	CCC	CFA	CG	Agency totals	CCC	CFA	CG	Agency totals
Apportionment basis	9.00%	1.00%	50.00%		9.00%	1.00%	50.00%	
Arrears	46,080	5,120	255,999	307,199	26,072	2,897	144,844	173,813
Bad debt provision	-20,905	-2,323	-116,139	-139,367	-13,547	-1,505	-75,259	(90,311)
Appeals provision	-46,774	-5,197	-259,859	-311,830	-85,575	-9,508	-475,420	(570,503)
Over/pre payments	-20,258	-2,251	-137,063	-159,572	-8,148	-905	-287,663	(296,716)
Collection fund (surplus)/deficit	-63,696	-7,077	-353,867	-424,640	105,173	11,686	584,293	701,152
Adjusted precepting authority balance	105,553	11,728	610,929	728,210	(23,975)	(2,665)	109,205	82,565

## GROUP ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015

In accordance with the Code of Practice, the Council is required to produce a Group Movement in Reserves Statement, Group Comprehensive Income and Expenditure Account, Group Balance Sheet, and a Group Cashflow Statement. The purpose of the group financial statements is to show the overall financial position and the results of the District Council.

The Council's operational property is held at open market value East Cambridgeshire Business Centres Limited Land and Buildings are held at current net value of £784,532 with depreciation to date of £27,736 and a Revaluation Reserve total of £401,407

All buildings are being depreciated over their estimated life.

The group financial statements have been produced on the "acquisition" method of consolidation, in accordance with the accounting policy on page 38. The Council's own accounts have been amended to include the subsidiary's figures and are shown as the following Group Accounts.

The Council has only one statutory investment in the East Cambridgeshire Business Centres Limited as described in note 33 to the core accounts.

	2014/2015	2013/2014
Total net assets incorporated into the Group Accounts	772,024	778,108
Total (Surplus)/Deficit incorporated into the Group Accounts	6,084	-14,403

# GROUP MOVEMENT IN RESERVES STATEMENT FOR THE YEAR ENDED 31 MARCH 2015

	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Grants & Contributions Unapplied Reserve	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£	£	£	£	£	£	£
<b>Balance at 31 March 2013</b>	(1,796,930)	(5,425,437)	(2,183,101)	(193,294)	(9,598,762)	593,994	(9,004,768)
<b><u>Movement in reserves during 2013/2014</u></b>							
(Surplus)/deficit on provision of services	(2,225,797)				(2,225,797)	(14,403)	(2,240,200)
Other Comprehensive Expenditure and Income						593,760	593,760
<b>Total Comprehensive Expenditure and Income</b>	<u>(2,225,797)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(2,225,797)</u>	<u>579,357</u>	<u>(1,646,440)</u>
Adjustments between accounting basis and funding basis under regulations	1,427,870		226,839	(80,645)	1,574,064	(1,574,064)	0
<b>Net (increase)/decrease before transfers to earmarked reserves</b>	<u>(797,927)</u>	<u>0</u>	<u>226,839</u>	<u>(80,645)</u>	<u>(651,733)</u>	<u>(994,707)</u>	<u>(1,646,440)</u>
Transfers to/(from) earmarked reserves	797,927	(642,047)			155,880	(155,880)	0
<b><u>(Increase)/decrease in 2013/2014</u></b>	<u>0</u>	<u>(642,047)</u>	<u>226,839</u>	<u>(80,645)</u>	<u>(495,853)</u>	<u>(1,150,587)</u>	<u>(1,646,440)</u>
<b>Balance carried forward at 31 March 2014</b>	(1,796,930)	(6,067,484)	(1,956,262)	(273,939)	(10,094,615)	(556,593)	(10,651,208)
<b><u>Movement in reserves during 2014/2015</u></b>							
(Surplus)/deficit on provision of services	83,419				83,419	6,084	89,503
Other Comprehensive Expenditure and Income						3,142,679	3,142,679
<b>Total Comprehensive Expenditure and Income</b>	<u>83,419</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>83,419</u>	<u>3,148,763</u>	<u>3,232,182</u>
Adjustments between accounting basis and funding basis under regulations	(499,066)		93,729	(311,849)	(717,186)	717,186	0
<b>Net (increase)/decrease before transfers to earmarked reserves</b>	<u>(415,647)</u>	<u>0</u>	<u>93,729</u>	<u>(311,849)</u>	<u>(633,767)</u>	<u>3,865,949</u>	<u>3,232,182</u>
Transfers to/(from) earmarked reserves	415,647	(415,647)			0	0	0
<b><u>(Increase)/decrease in 2014/2015</u></b>	<u>0</u>	<u>(415,647)</u>	<u>93,729</u>	<u>(311,849)</u>	<u>(633,767)</u>	<u>3,865,949</u>	<u>3,232,182</u>
<b>Balance carried forward at 31 March 2015</b>	(1,796,930)	(6,483,131)	(1,862,533)	(585,788)	(10,728,382)	3,309,356	(7,419,026)

# GROUP COMPREHENSIVE INCOME & EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 MARCH 2015

	2014/2015			2013/2014		
	Expenditure £	Income £	Net £	Expenditure £	Income £	Net £
Central Services to the public	1,673,491	(701,437)	972,054	1,482,739	(691,357)	791,382
Cultural & Related	2,187,873	(836,549)	1,351,324	2,227,634	(388,295)	1,839,339
Environmental	4,935,639	(615,491)	4,320,148	4,817,314	(566,515)	4,250,799
Planning & Development	3,473,616	(2,885,007)	588,609	2,896,707	(2,134,745)	761,962
Transport	412,837	(237,654)	175,183	392,280	(203,179)	189,101
Housing	22,966,180	(22,355,396)	610,784	22,407,901	(21,411,526)	996,375
Corporate & Democratic Core	2,320,786	(259,391)	2,061,395	2,040,485	(42,835)	1,997,650
Non Distributed Costs	89,000	0	89,000	461	0	461
<b>NET COST OF SERVICES</b>	<b>38,059,422</b>	<b>(27,890,925)</b>	<b>10,168,497</b>	<b>36,265,521</b>	<b>(25,438,452)</b>	<b>10,827,069</b>
Parish council precepts	1,613,847			1,582,803		
Internal Drainage Board Levies	436,240			384,897		
Contribution of housing capital receipts to Govt. Pool	0			0		
Loss/(gain) on the disposal of non current assets	128,264			33,980		
<b>OTHER OPERATING EXPENDITURE</b>			<b>2,178,351</b>			<b>2,001,680</b>
Interest payable and similar charges	5,240			10,476		
Interest receivable and Investment Income	(145,056)			(141,052)		
Net interest on the net pension liability (asset)	841,000			825,000		
Income & Exp and changes in fair value of investment properties	0			0		
Corporation Tax	0			0		
<b>FINANCING &amp; INVESTMENT INCOME &amp; EXPENDITURE</b>			<b>701,184</b>			<b>694,424</b>
Council Tax Income	(5,638,125)			(5,529,753)		
Non Domestic Rates income and expenditure	(2,722,662)			(1,827,338)		
Non Ringfenced Government Grants	(4,597,742)			(8,406,282)		
Capital grants & contributions	0			0		
<b>TAXATION &amp; NON-SPECIFIC GRANT INCOME</b>			<b>(12,958,529)</b>			<b>(15,763,373)</b>
<b>DEFICIT/(SURPLUS) ON PROVISION OF SERVICES FOR THE YEAR</b>			<b>89,503</b>			<b>(2,240,200)</b>
(Surplus)/Deficit arising on revaluation of Property, Plant & Equipment	(1,042,321)			328,901		
Actuarial (Gains)/Losses on pension fund assets and liabilities	4,185,000			289,000		
Other (Gains)/Losses	0			(24,141)		
<b>OTHER COMPREHENSIVE INCOME &amp; EXPENDITURE</b>			<b>3,142,679</b>			<b>593,760</b>
<b>TOTAL COMPREHENSIVE INCOME &amp; EXPENDITURE</b>			<b>3,232,182</b>			<b>(1,646,440)</b>

# GROUP BALANCE SHEET AS AT 31 MARCH 2015

NET ASSETS	31.03.15		31.03.14	
	£	£	£	
Property, Plant & Equipment				
Community	837,202		828,573	
Infrastructure	667,679		671,929	
Land and buildings	13,785,831		13,741,741	
Vehicles	1,780,050		2,061,790	
Plant	15,399		23,099	
Equipment	1,483,480		1,666,951	
Surplus Assets	0		9,575	
Assets under construction	988,968		868,290	
		19,558,609		19,871,948
Heritage Assets	105,052		105,052	
Investment Properties	0		0	
Intangible Assets	92,830		97,249	
Long Term Investments	0		0	
Investments in subsidiaries	0		0	
Long-term debtors	285,419		225,988	
		483,301		428,289
<b>Total Long Term Assets</b>		20,041,910		20,300,237
Short term investments	7,524,544		6,533,336	
Inventories and work in progress	38,068		45,610	
Assets held for sale	650,000		0	
Short term debtors	2,404,551		2,818,906	
Cash equivalents	8,013,027		6,201,946	
<b>Total Current Assets</b>		18,630,190		15,599,798
Bank overdraft	0		0	
Short term borrowing	0		0	
Grants Receipts in Advance	(1,344,404)		0	
Short term creditors	(5,000,707)		(5,310,190)	
<b>Total Current Liabilities</b>		(6,345,111)		(5,310,190)
Long Term Creditors	0		(37,261)	
Provisions	(252,963)		(425,376)	
Donated assets account	0		0	
Liability related to defined benefit pension scheme	(24,655,000)		(19,476,000)	
<b>Total Long Term liabilities</b>		(24,907,963)		(19,938,637)
<b>Net Assets</b>		7,419,026		10,651,208

**GROUP BALANCE SHEET CONTINUED AS AT 31 MARCH 2015**

<b><u>RESERVES</u></b>	31.03.15		31.03.14	
	£	£	£	
Usable Reserves				
General fund	(1,796,930)		(1,796,930)	
Earmarked reserves	(6,483,131)		(6,067,484)	
Grants & Contributions Unapplied Reserve	(585,788)		(273,939)	
Capital receipts reserve	<u>(1,862,533)</u>		<u>(1,956,262)</u>	
		(10,728,382)		(10,094,615)
Unusable Reserves				
Revaluation reserve	(6,442,467)		(5,589,234)	
Capital adjustment account	(14,474,479)		(14,939,848)	
Deferred capital receipts	(484,429)		(372,449)	
Collection Fund adjustment account	(365,463)		478,251	
Accumulated Absences Account	112,963		111,088	
Financial Instruments Adjustment Account	139,009		116,461	
Pensions reserve	24,655,000		19,476,000	
(Profit)/Loss on Group Entity	<u>169,222</u>		163,138	
		3,309,356		(556,593)
<b>Total Reserves</b>		<u><u>(7,419,026)</u></u>		<u><u>(10,651,208)</u></u>

## THE GROUP CASH FLOW STATEMENT 2014/2015

### Reconciliation of Cash Flow from Revenue Activity to the Income and Expenditure Account

	2014/2015 £	2013/2014 £	<u>note</u>
Net surplus or (deficit) on the provision of services	(89,503)	2,240,200	
Adjustment to surplus or deficit on the provision of services for noncash movements	2,400,630	3,112,949	1
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(814,222)	(451,170)	1
Net Cash flows from operating activities	<u>1,496,905</u>	<u>4,901,979</u>	
Net Cash flows from Investing Activities	(703,548)	(4,297,215)	2
Net Cash flows from Financing Activities	1,017,724	(1,046,833)	3
Net increase or decrease in cash and cash equivalents	<u>1,811,081</u>	<u>(442,069)</u>	
Cash and cash equivalents at the beginning of the reporting period	6,201,946	6,447,748	
Cash and cash equivalents at the end of the reporting period	8,013,027	6,201,946	

## NOTES TO THE GROUP ACCOUNTS

### 1 Cash Flow statement - Operating Activities

The cash flows for operating activities include the following items:-

	2014/2015	2013/2014
	£	£
Interest received	139,878	156,931
Interest paid	5,240	10,476
Dividends received	0	0

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:-

	2014/2015	2013/2014
	£	£
Depreciation	786,577	656,250
Impairment and downward valuations	0	29,821
Amortisation	46,299	58,583
Increase/(decrease) in creditors	293,441	2,164,047
(Increase)/decrease in debtors	294,371	-1,108,185
(Increase)/decrease in inventories	7,542	8,716
Movement in pension liability	994,000	864,000
Carrying amount of non-current assets sold [property plant and equipment, investment property and intangible assets]	128,264	47,059
Other non-cash items charged to the net surplus or deficit on the provision of services	-149,864	392,658
	<u>2,400,630</u>	<u>3,112,949</u>

The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities

	2014/2015	2013/2014
	£	£
Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	0	0
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	-152,328	-113,326
Any other items for which the cash effects are investing or financing cash flows	-661,894	-337,844
	<u>-814,222</u>	<u>-451,170</u>

## NOTES TO THE GROUP ACCOUNTS continued

### 2 Cash Flow statement - Investing Activities

	2014/2015	2013/2014
	£	£
Purchase of property, plant and equipment, investment property and intangible assets	-256,637	(3,708,993)
Purchase of short-term and long-term investments	-10,200,000	(1,000,000)
Other payments for investing activities	0	0
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	70,348	5,817
Proceeds from short-term and long-term investments	9,200,000	0
Other receipts from investing activities	482,741	405,961
<b>Net cash flows from investing activities</b>	<b>(703,548)</b>	<b>(4,297,215)</b>

### 3 Cash Flow statement - Financing Activities

	2014/2015	2013/2014
	£	£
Cash receipts of short-term and long-term borrowing	0	0
Other receipts from financing activities	0	0
Cash payments for the reduction of the outstanding liabilities relating to finance leases	-76,408	(83,086)
Repayment of short-term and long-term borrowing	0	0
Other payments for financing activities	1,094,132	(963,747)
<b>Net cash flows from financing activities</b>	<b>1,017,724</b>	<b>(1,046,833)</b>

## NOTES TO THE GROUP ACCOUNTS continued

4

### **Property, Plant & Equipment**

Movements for 2014/2015

	Other Land and buildings £	Vehicles Plant and Equipment £	Infra- structure Assets £	Community Assets £	Surplus Assets £	Assets under construction £	Total £
Balance at 1 April 2014	14,587,636	7,915,925	719,642	867,513	9,575	868,290	24,968,581
Additions	(3,429)	84,432	0	0	0	120,678	201,681
Donations	0	0	0	0	0	0	0
Revaluation increase/(decreases) recognised in the Revaluation Reserve	114,476	0	0	0	640,425	0	754,901
Revaluation increase/(decreases) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0
Derecognition - Disposals	(134,360)	(955,133)	0	0	0	0	(1,089,493)
Derecognition - Other	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	(650,000)	0	(650,000)
Impairments	0	0	0	(20,475)	0	0	(20,475)
Other movements in cost or valuation	0	0	0	0	0	0	0
Balance at 31 March 2015	14,564,323	7,045,224	719,642	847,038	0	988,968	24,165,195
<b>Depreciation and impairments</b>							
Balance at 1 April 2014	(845,895)	(4,164,085)	(47,713)	(38,940)	0	0	(5,096,633)
Depreciation	(223,120)	(557,343)	(4,250)	(1,864)	0	0	(786,577)
Depreciation written out to the Revaluation Reserve	276,927	0	0	30,968	0	0	307,895
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0
Impairment losses/(reversals) recognised in the Revaluation Reserve	0	0	0	0	0	0	0
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0
Derecognition - Disposals	13,596	955,133	0	0	0	0	968,729
Reclassifications	0	0	0	0	0	0	0
Balance at 31 March 2015	(778,492)	(3,766,295)	(51,963)	(9,836)	0	0	(4,606,586)
Balance Sheet (NBV) amount at 31 March 2015	13,785,831	3,278,929	667,679	837,202	0	988,968	19,558,609
Balance Sheet (NBV) amount at 1 April 2014	13,741,741	3,751,840	671,929	828,573	9,575	868,290	19,871,948
<b>Nature of asset holding</b>							
Owned	13,456,002	3,264,537	667,679	837,202	0	988,968	19,214,388
Finance Lease	329,829	14,392	0	0	0	0	344,221
	13,785,831	3,278,929	667,679	837,202	0	988,968	19,558,609

# NOTES TO THE GROUP ACCOUNTS continued

4

## Property, Plant & Equipment continued

### Comparative Movements in 2013/2014

	Other Land and buildings £	Vehicles Plant and Equipment £	Infra- structure Assets £	Community Assets £	Surplus Assets £	Assets under construction £	Total £
Balance at 1 April 2013	14,938,723	4,506,685	697,454	867,513	32,652	868,290	21,911,317
Additions	113,776	3,525,401	22,188	0	0	0	3,661,365
Donations	0	0	0	0	0	0	0
Revaluation increase/(decreases) recognised in the Revaluation Reserve	(397,709)	0	0	0	0	0	(397,709)
Revaluation increase/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(64,217)	0	0	0	0	0	(64,217)
Derecognition - Disposals	0	(116,161)	0	0	(23,077)	0	(139,238)
Derecognition - Other	(2,937)	0	0	0	0	0	(2,937)
Reclassifications	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0
Other movements in cost or valuation	0	0	0	0	0	0	0
Balance at 31 March 2014	14,587,636	7,915,925	719,642	867,513	9,575	868,290	24,968,581
<b>Depreciation and impairments</b>							
Balance at 1 April 2013	(720,439)	(3,835,879)	(43,461)	(37,076)	(1,848)	0	(4,638,703)
Depreciation	(228,660)	(421,013)	(4,252)	(1,864)	(461)	0	(656,250)
Depreciation written out to the Revaluation Reserve	68,808	0	0	0	0	0	68,808
Depreciation written out to the Surplus/Deficit on the Provision of Services	34,396	0	0	0	0	0	34,396
Impairment losses/(reversals) recognised in the Revaluation Reserve	0	0	0	0	0	0	0
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0
Derecognition - Disposals	0	92,807	0	0	2,309	0	95,116
Reclassifications	0	0	0	0	0	0	0
Balance at 31 March 2014	(845,895)	(4,164,085)	(47,713)	(38,940)	0	0	(5,096,633)
Balance Sheet (NBV) amount at 31 March 2014	13,741,741	3,751,840	671,929	828,573	9,575	868,290	19,871,948
Balance Sheet (NBV) amount at 1 April 2013	14,218,284	670,806	653,993	830,437	30,804	868,290	17,272,614
<b>Nature of asset holding</b>							
Owned	13,322,229	3,679,846	671,929	828,572	9,575	868,290	19,380,441
Finance Lease	419,512	71,994	0	1	0	0	491,507
	13,741,741	3,751,840	671,929	828,573	9,575	868,290	19,871,948

## NOTES TO THE GROUP ACCOUNTS continued

### 5 Revaluation Reserve

The revaluation reserve records unrealised revaluation gains arising since 1 April 2007 from the holding of property, plant, equipment and intangible assets.

	2014/2015			2013/2014		
	ECDC £	ECBC LTD £	TOTAL £	ECDC £	ECBC LTD £	TOTAL £
Opening balance 1 April	(5,179,945)	(409,289)	(5,589,234)	(5,821,792)	(217,076)	(6,038,868)
Upward revaluation of assets	(1,042,321)	0	(1,042,321)	(47,981)	(200,095)	(248,076)
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	0	0	0	576,977	0	576,977
Difference between Current Value Depreciation and Historic Depreciation	90,691	7,882	98,573	92,083	7,882	99,965
Accumulated gains on assets sold or scrapped	90,515	0	90,515	20,768	0	20,768
Balance at 31 March	<u>(6,041,060)</u>	<u>(401,407)</u>	<u>(6,442,467)</u>	<u>(5,179,945)</u>	<u>(409,289)</u>	<u>(5,589,234)</u>

### 6 Capital adjustment account:

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

# NOTES TO THE GROUP ACCOUNTS continued

	2014/2015			2013/2014		
	ECDC £	ECBC LTD £	TOTAL £	ECDC £	ECBC LTD £	TOTAL £
Opening Balance at 1 April	(14,904,055)	(35,793)	(14,939,848)	-11,783,720	(27,911)	(11,811,631)
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income & Expenditure Statement:-						
Depreciation	772,709	0	772,709	642,382	0	642,382
Impairment	0	0	0	0	0	0
Revaluation losses	0	0	0	29,821	0	29,821
Donated assets	0	0	0	0	0	0
Amortisation of intangible assets	46,299	0	46,299	58,583	0	58,583
Revenue expenditure funded from capital under statute (funded by capital receipts)	230,983	0	230,983	321,670	0	321,670
Revenue expenditure funded from capital under statute (funded by grants)	306,904	0	306,904	266,360	0	266,360
Other transactions	0	0	0	-13,079	0	(13,079)
Carrying value of non current assets disposed of	128,264	0	128,264	47,059	0	47,059
	<u>1,485,159</u>	<u>0</u>	<u>1,485,159</u>	<u>1,352,796</u>	<u>0</u>	<u>1,352,796</u>
Adjusting amounts written out of the Revaluation Reserve	(181,206)	(7,882)	(189,088)	(112,851)	(7,882)	(120,733)
Net written out amount of the cost of non-current assets consumed in the year	1,303,953	(7,882)	1,296,071	1,239,945	(7,882)	1,232,063
Capital financing applied in the year:-						
Use of the Capital Receipts Reserve to finance new capital expenditure	(424,153)	0	(424,153)	(366,995)	0	(366,995)
Capital grants and contributions credited to the CI&E Statement that have been applied to capital financing	0	0	0	0	0	0
Capital grants and contributions used to fund REFCUS	(230,983)	0	(230,983)	(224,360)	0	(224,360)
Application of grants to capital financing from the Capital Grants Unapplied Reserve	(49,380)	0	(49,380)	(188,719)	0	(188,719)
Statutory provision for the financing of capital investment charged against the General Fund	0	0	0	0	0	0
Capital expenditure charges against the General Fund	(84,432)	0	(84,432)	(3,497,120)	0	(3,497,120)
MRP	(41,754)	0	(41,754)	(83,086)	0	(83,086)
Movement in the Donated Assets Account credited to the CI&E Statement	0	0	0	0	0	0
	<u>(830,702)</u>	<u>0</u>	<u>(830,702)</u>	<u>(4,360,280)</u>	<u>0</u>	<u>(4,360,280)</u>
Balance at 31 March	<u>(14,430,804)</u>	<u>(43,675)</u>	<u>(14,474,479)</u>	<u>(14,904,055)</u>	<u>(35,793)</u>	<u>(14,939,848)</u>

## GLOSSARY OF TERMS

### **Accounting Period**

The period of time covered by the accounts, normally 12 months commencing on 1 April for local authorities.

### **Accruals**

Sums included in the final accounts to cover income or expenditure attributable to the accounting period but for which payment has not been made/received at the balance sheet date.

### **Actuarial Gains & Losses**

For a defined pension benefit scheme, the changes in actuarial deficits or surpluses that arise because events have not coincided with the actuarial assumptions made for the last valuation or the actuarial assumptions have changed.

### **Balances**

Working balances are reserves needed to finance expenditure in advance of income from debtors, precepts and grants. Any excess may be applied, at the discretion of the Council, to reduce future demands on the Collection Fund or to meet unexpected costs. Balances on holding accounts and provisions are available to meet expenditure in future years without having an adverse effect on revenue expenditure.

### **Budget**

A statement of the Council's income and expenditure plan over a specified period, for example the annual revenue budget which, besides being expressed in financial terms, may include other physical data, e.g. manpower resources.

### **Capital Charges**

Charges made to revenue accounts as part of the running costs of each service to reflect the value of the non current assets used in providing the service.

### **Capital Expenditure**

Money spent on providing assets of long-term value, e.g. land, buildings and equipment, or on making grants towards such expenditure.

### **Capital Financing**

A global term covering the sources of money to pay for capital spending, e.g. borrowing, sales of non current assets, grants, developers' contributions, leasing, and revenue monies.

### **Capital Receipts**

Money raised from the sale of non current assets, e.g. land. Some other receipts, e.g. Housing Association Grant (HAG), and some loan repayments have to be treated as capital receipts.

### **Community Assets**

Non current assets that the Council intends to hold in perpetuity which have no determinable useful life and which will often have restrictions on their disposal, e.g. parks or historic buildings.

### **Contingent Liabilities**

Potential liabilities which are either dependent on a future event or cannot be reliably estimated.

### **Current Assets**

The day-to-day working assets of the Council, e.g. stores, cash, bank balances, and debtors.

### **Current Liabilities**

Amounts which will or could become payable in the immediate future, e.g. unpaid bills ("creditors"), bank overdrafts.

### **Current Service Cost**

The increase in the present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current period.

## GLOSSARY OF TERMS CONTINUED

**Deferred Charges**

Expenditure which may properly be deferred, but which does not result in, or remain matched with, tangible assets.

**Defined Benefit Scheme**

A pension scheme that defines the benefits independently of the contributions payable

**Depreciation**

The measure of the cost or revalued amount of the benefits of the non current assets that have been consumed during the period.

**Effective Rate of Interest**

The rate of interest that will discount the estimated cash flows over the life of a financial instrument to the amount in the balance sheet at initial measurement.

**Fair Value**

The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arms length transaction.

**Finance Lease**

A lease that transfers substantially all of the risks and rewards of ownership of a non current asset to the lessee.

**Financial Instrument**

Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another.

**General Fund**

The main revenue account of the Council. All the running costs and related income pass through this Fund.

**Government Grants**

Grants made by central government towards Council spending. They may be specific e.g. housing benefit subsidy, or general e.g. revenue support grant.

**Housing Advances**

Sometimes referred to as Housing Act Advances, or HAA. These are loans made to individuals by the Council towards the cost of acquiring or improving their homes.

**Housing Benefit**

A social security benefit administered by the Council which is intended to help claimants to meet their rent liability.

**Impairment**

The term used where the estimated recoverable amount from an asset is less than the amortised cost at which the asset is being carried on the Balance Sheet.

**Infrastructure Assets**

Non current assets that are invaluable, expenditure on which is recoverable only by continued use of the asset. An example would be footpaths

**Interest Cost**

For a defined pension benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

**Minimum Revenue Provision**

The minimum amount which must be charged to the authority's revenue accounts each year and set aside for debt repayment as required by the Local Government and Housing Act 1989.

**Multiplier**

The term used in relation to business rates to describe the number of pence in the pound (set by central government) to be multiplied by the rateable value of a property to work out the amount due.

## GLOSSARY OF TERMS CONTINUED

### **Operating Lease**

A lease under which the ownership of the asset remains with the lessor; for practical purposes it is equivalent to contract hiring.

### **Past Service Cost**

For a defined benefit scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

### **Precepts**

The levy made on a billing authority by a Precepting Authority, requiring collection of income from council taxpayers on their behalf.

### **Precepting Authority**

Those authorities that are not Billing Authorities i.e.. do not collect council tax and non domestic rate. County Councils are "major precepting authorities" and parish, community and town councils are "local precepting authorities".

### **PWLB**

The Public Works Loan Board is a central government agency which provides long and short term loans to local authorities at interest rates only slightly higher than those at which the government itself can borrow.

### **Reserves**

Money held for some broadly specific purpose, e.g. contingencies, but in respect of which no specific commitment has been made.

### **Revenue Expenditure**

Recurring expenditure on day-to-day expenses e.g. employees, running costs of buildings and equipment. Any spending which is not capital expenditure. Sometimes called current expenditure.

### **Revenue Expenditure Funded From Capital Under Statute**

Expenditure which legislation allows to be classified as capital for funding purposes when it does not result in the expenditure being carried on the Balance Sheet as a non current asset. The purpose of this is to enable it to be funded from capital resources rather than be charged to the General Fund and impact on that year's council tax.

### **Revenue Support Grant**

The main annual grant paid by central government. It is intended to meet a proportion of the total local authority expenditure considered by Government to be necessary to provide a standard level of service throughout the country.

### **Scheme Liabilities**

The liabilities of a defined benefit scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

### **Total Cost**

The total cost of a service or activity includes all costs which relate to the provision of the service (directly or bought in) or to the undertaking of the activity. Gross total cost includes employee costs, expenditure relating to premises and transport, supplies and services, third party payments, support services and capital charges. This includes an appropriate share of all support services and overheads, which need to be apportioned.