



Annual Statement of Accounts 2015 - 2016

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NARRATIVES

1 Introduction

The following pages summarise the financial activities of North West Leicestershire District Council for 2015/16.

The Council's Accounts have been produced in accordance with the Code of Practice on Local Authority Accounting 2015/16 and the service reporting code of practice 2015/16, supported by the International Financial Reporting Standards (IFRS). Explanatory notes to the accounts have been included to give further information where appropriate. The layout of the accounts follows the recommendations of the Code.

For 2015/16 the accounts consist of these 'core' Financial Statements:

- Comprehensive Income & Expenditure Account which shows income and expenditure of all main services. This also includes the Statement of Total Recognised Gains & Losses which shows all gains and losses of the Council for the year and the aggregate change in its net worth.
- The Balance Sheet which sets out the overall financial position of the council at 31 March 2016 showing its assets, liabilities and reserves.
- Cash Flow Statement which summarises the movements of cash and cash equivalents into and out of the Council arising from transactions with third parties.
- Movement In Reserves Statement which shows the movement in the year on the different reserves held by the Council analysed into 'usable' reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and unusable reserves (ie those that cannot be used to fund expenditure).
- Notes to the Core Financial statements which provide explanations of key figures within the statement.

Other financial statements:

- The Housing Revenue Account (HRA) Income & Expenditure Account and Statement of Movement on the HRA balance – details income and expenditure on HRA services included in the whole Council Income & Expenditure Account and the latter reconciles the surplus for the year to the movement on the HRA balance.
- The Collection Fund Income and Expenditure Account – this fulfils the Council's statutory requirement as a billing authority to maintain a separate Collection Fund showing transactions for Council Tax and Non-domestic Rates and how these have been distributed to precepting authorities and the General Fund.
- The Special Expenses Account – showing income and expenditure in those areas of the district where special expenses are levied.

2 Changes to the Statement of Accounts introduced in the 2015 Code

The 2015 Code has introduced some changes, mainly relating to presentation of the Financial Statement, and IFRS 13 Financial Instruments. The Council has prepared its Statement of Accounts based on International Financial Reporting Standards (IFRS).

NARRATIVES - continued

3 FINANCIAL SUMMARY 2015/16

a) Revenue – General Fund

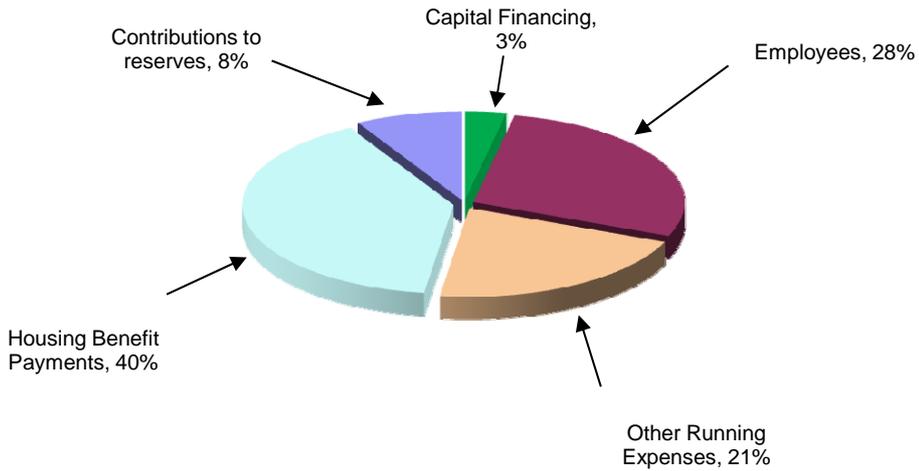
The General Fund summarises expenditure on the Council's main services which are paid for, in part by Council Tax. A summary of General Fund spending is set out below.

	Original Budget	Actual	Variance
District	£000's	£000's	£000's
Net Expenditure on Services	10,610	9,489	(1,121)
Funded by:-			
Collection Fund Precept	4,729	4,729	0
Government Grants: RSG	1,761	1,682	(79)
NNDR	1,939	3,229	1,290
Council Tax Freeze Grant	58	60	2
New Homes Bonus	2,123	2,130	7
Other Grants	0	8	8
	10,610	11,838	1,228
Balance for year - added to/(taken from) General Fund Reserves		0	0
Transferred to Other Reserve	0	(600)	(600)
Balance brought forward	3,325	3,325	0
Balance carried forward	3,325	2,725	(600)
Specials			
Net Expenditure on Services	485	540	55
Funded by:-			
Special Expenses Precept	418	418	0
Localisation of Council Tax support grant	68	68	0
	486	486	0
Balance for year - added to/(taken from) Special Expenses Reserves	1	(54)	(55)
Balance brought forward	140	140	0
Balance carried forward	141	86	(55)

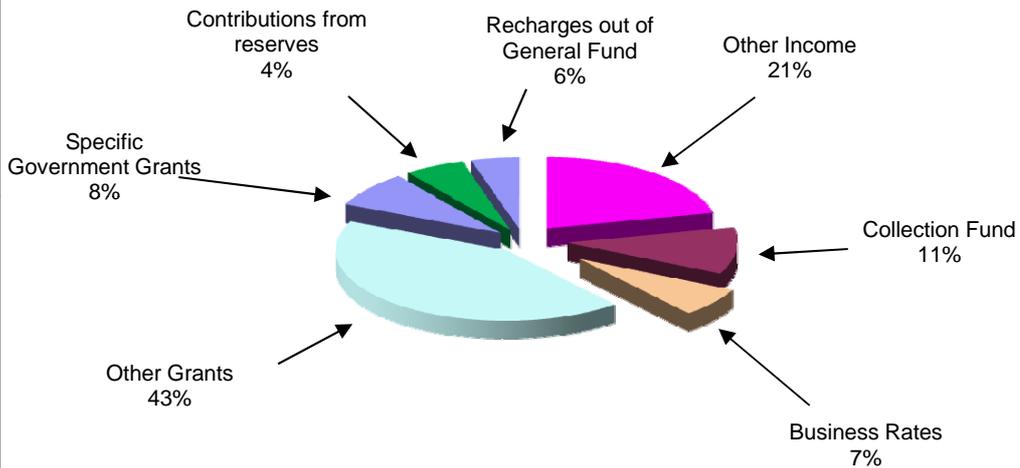
Sound budgetary control allowed the Council to manage spending within available resources and a number of 'earmarked reserves' have been created to carry unspent money forward. These 'earmarked reserves' are shown in the Balance Sheet (see note 5, page 30). Working balances of £2.725m (District) and £0.086m (Special Expenses) were also carried forward.

The money is spent on employees (28%), housing & council tax benefit payments (40%), other running expenses (21%), capital financing (3%) and contributions to reserves (8%). It is paid for by specific government grants (8%), other grants (43%), income from the Collection Fund – business rates and council tax (18%), income from fees and charges and other contributions (21%), recharges out of General Fund (6%) and contributions from reserves (4%). The services provided are Environmental & Regulatory (41%), Cultural and Related Services (19%), Planning Services (7%), Central Services to the Public (9%), Corporate & Democratic Core (9%), Housing Services (14%), Non-Distributed (2%) and Highways, Transport and Roads (-1%). The diagrams on the next page summarise this:

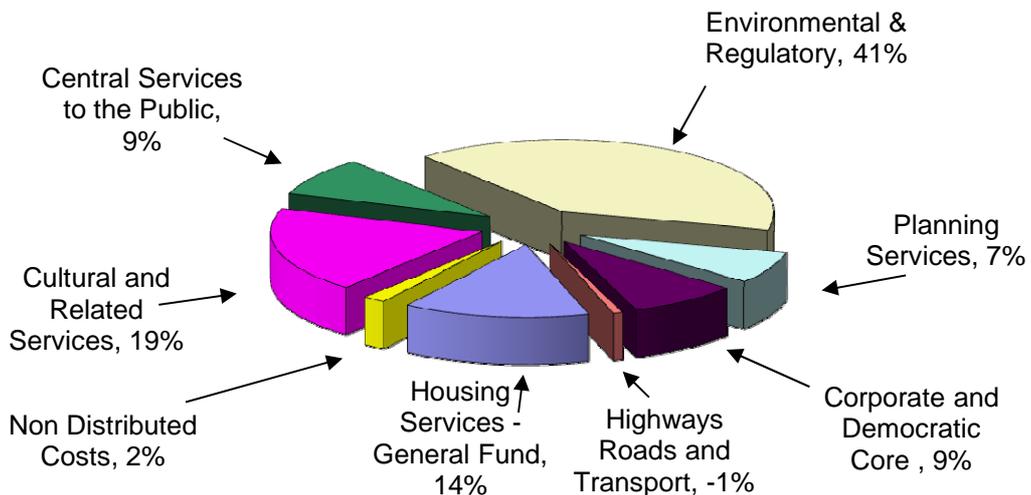
**WHERE THE MONEY IS SPENT
GENERAL FUND 2015/16**



**WHERE THE MONEY COMES FROM
GENERAL FUND 2015/16**



**THE SERVICES PROVIDED
GENERAL FUND 2015/16**



NARRATIVES - continued

b) Revenue – Housing Revenue Account (HRA)

The Housing Revenue Account summarises income and expenditure relating to the rented housing accommodation provided by the Council. The HRA had an operating surplus of £388k. This is summarised below:

	Original Budget	Actual	Variance
	£000's	£000's	£000's
Net Expenditure on Services	15,030	14,718	(312)
Capital Financing - Self Financing Loans	3,257	3,257	0
Total Expenditure	18,287	17,975	(312)
<u>Funded by:-</u>			
Rent Income	17,621	17,596	25
Other	849	767	82
	18,470	18,363	107
Net Operating Expenditure	(183)	(388)	(205)
Balance b/f	5,290	5,290	0
Funding of net operating expenditure	183	388	205
Balance carried forward	5,473	5,678	205

The Government's housing subsidy system ceased on 31st March 2012. The new 'self-financing regime' commenced by the Council taking on debt from the government of nearly £78m financed by loans. The cost of these loans are shown in the table. In return the Council is now able to keep all of its rental income.

NARRATIVES - continued

c) Capital

The Council spent £7.887m on capital schemes in 2015/16. The main area of spending relates to improvements to Council houses. A summary is set out below:

	£'000	%
HOUSING		
Improvements & Modernisations	6,421	81.4%
Housing Improvement Grants	400	5.1%
OTHER SERVICES		
Parks & Recreation Grounds	34	0.4%
Waste Recycling	8	0.1%
IT & Software	253	3.2%
Transport Account Vehicles	466	5.9%
Leisure Services	29	0.4%
Car Parks	40	0.5%
Other Capital Expenditure	236	3.0%
	7,887	100.0%

The capital spending was paid for as follows:

CAPITAL EXPENDITURE	£'000	%
FINANCED:		
Unsupported Borrowing	820	10.4%
Revenue	2,722	34.5%
Contribution/Reserves/Others	1,231	15.6%
Grants	298	3.8%
Major Repairs Allowance (Housing)	2,816	35.7%
	7,887	100.0%

The Council's capital spending and financing was carried out in accordance with our Treasury Management Policy and Treasury Management Strategy Statement. At 31 March 2016 total external debt was £84,482,216 (excluding accrued interest), which was all long term borrowing. The Council has no money invested in Icelandic Banks.

The Council's assets, which were valued at £195,586,678 as at 31 March 2015, were valued at £203,030,997 as at 31 March 2016.

NARRATIVES - continued

4 a) 2015/16

The under spending for the year was achieved as a result of a determined policy of reducing costs wherever possible combined with significant increases in income, particularly Planning Fees. This was also the third year of the new Business Rates Retention Scheme and the Council was in a position to take an extra £1.3M income into its accounts. In addition the Council did not need to utilise its Revenue Budget contingencies.

b) The future

Following the closure of the 2015/16 accounts the Council is updating its Medium Term Financial Strategy. The Council continues to be mindful of planned reductions in

- Revenue Support Grant and the potential impact of consultation on New Homes Bonus.

The Business Rates Retention Scheme which started in 2013/14 presents significant risks and opportunities and will require flexible financial planning in the future. Whilst

- the council has sound financial plans it continues to be exposed to external economic influences and the impact of the action of its funders and partners.

5 Preparation of Accounts

I would like to thank all staff who have been involved in the preparation of these accounts in accordance with IFRS, which has been a challenging task. The skill and forbearance they have shown is greatly appreciated.

Pritesh Padaniya

Financial Planning Manager and Deputy S151 Officer

THE STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority's Responsibilities

The Authority is required: -

- to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Head of Finance.
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its
- to approve the Statement of Accounts.

The Responsibilities of the Head of Finance

The Deputy Section 151 is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom ('the Code of Practice').

In preparing this Statement of Accounts, the Financial Planning Manager has: -

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code of Practice.

The Head of Finance 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 certify that the Statement of Accounts gives a true and fair view of the financial position of the Authority at the accounting date and its income and expenditure for the year ended 31st March 2016.



Pritesh Padaniya
Financial Planning Manager & Deputy Section 151
Officer

30 - 06 - 2016

Date

STATEMENT OF ACCOUNTING POLICIES

1 GENERAL

The Statement of Accounts summarises the Authority's transactions for the 2015/16 financial year and its position at the year-end of 31 March 2016. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2011 which require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 and the Service Reporting Code of Practice 2015/16, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

2 ACCRUALS OF INCOME AND EXPENDITURE

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

Revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.

Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.

Where revenue 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 debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

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.

Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

3 CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in specified period, no more than three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change 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 Authority's cash management.

4 EXCEPTIONAL ITEMS

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Authority's financial performance.

STATEMENT OF ACCOUNTING POLICIES - continued

5 PRIOR PERIOD ADJUSTMENTS, CHANGES IN ACCOUNTING POLICIES & ESTIMATES & ERRORS

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future 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 Authority's financial position or financial performance. Where a change is made, it is applied retrospectively unless stated otherwise 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.

6 EMPLOYEE BENEFITS

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement when the Authority is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, 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.

Post Employment Benefits

Most employees of the Authority are members of the Local Government Scheme administered by Leicestershire County Council. This Scheme is accounted for as a defined benefits scheme:

The liabilities of the pension fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.

STATEMENT OF ACCOUNTING POLICIES - continued

Post Employment Benefits - continued

The assets of Leics. County Council pension fund attributable to the Authority are included in the Balance Sheet at their fair value -

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

The change in the net pensions liability is analysed into seven components:

- 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 Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
- Interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- Expected return on assets – the annual investment return on the fund assets attributable to the Authority, based on an average of the expected long-term return; credited to the Financing and investment Income and Expenditure line in the Comprehensive Income and Expenditure statement
- Gains or losses on settlements and curtailments – the result of actions to relieve the Authority of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
- 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
- Contributions paid to the Leics County Council 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 Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees

Discretionary Benefits

The Authority 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.

7 EVENTS AFTER THE BALANCE SHEET DATE

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified -

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.

- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

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

STATEMENT OF ACCOUNTING POLICIES - continued

8 FINANCIAL INSTRUMENTS

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in 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. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Authority has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge 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.

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 a quoted market price and/or do not have fixed or determinable payments.

Loans and Receivables

Recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in 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 Authority 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.

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 relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

STATEMENT OF ACCOUNTING POLICIES - continued

Available-for-Sale Assets

Recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (eg dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Authority.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles -

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis
- equity shares with no quoted market prices – independent appraisal of company valuations

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain/ loss is recognised in the Surplus or Deficit on Revaluation of Available-for-Sale Financial Assets. The exception is where impairment losses have been incurred – these are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any net gain or loss for the asset accumulated in the year.

Available-for-Sale Reserve.

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 (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any accumulated gains or losses previously recognised in the Available-for-Sale Reserve.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

9 GOVERNMENT GRANTS AND CONTRIBUTIONS

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Authority when there is reasonable assurance that -

- the Authority will comply with the conditions attached to the payments
- the grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

STATEMENT OF ACCOUNTING POLICIES - continued

10 INTANGIBLE ASSETS

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Authority as a result of past events (eg software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Authority.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Authority will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Authority's goods or services. Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible asset held by the Authority meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

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 Movements in reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

11 INVENTORIES AND LONG TERM CONTRACTS

Inventories are included in the Balance Sheet at the lower of cost and 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 and services received under the contract during the financial year.

12 INVESTMENT PROPERTY

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. 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 Income and Expenditure 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 Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements 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 greater than £10,000) the Capital Receipts Reserve.

13 LEASES

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

STATEMENT OF ACCOUNTING POLICIES - continued

13 LEASES CONTINUED

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

The Authority as 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 (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Authority are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the authority at the end of the lease period).

The Authority is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (eg there is a rent-free period at the commencement of the lease).

14 OVERHEADS AND SUPPORT SERVICES

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2015/16 (SERCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Authority's status as a multifunctional, democratic organisation.
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early 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 Expenditure on Continuing Services.

15 PROPERTY PLANT AND EQUIPMENT

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

STATEMENT OF ACCOUNTING POLICIES - continued

PROPERTY PLANT AND EQUIPMENT CONTINUED

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 Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price;
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management;

The Authority does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Authority). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Authority.

We have assumed in arriving at our Fair Values:

- Whilst the Valuer has not inspected all Title Deeds or any Planning Consents, Statutory Notices, licences or other documents relating to the properties (except where indicated) we understand that the information provided to us is correct and as described.
- We have assumed that the assets at a suitable level of condition for service provision and that all internal and external repairs and maintenance have been carried out.
- We have assumed that such investigation would not disclose the presence of any Hazardous or Deleterious Materials in any adverse condition.
- We have assumed that no contaminative or potentially contaminative uses have ever been carried out on the property.

Asset under Construction

Recognised only when it is probable that the future economic benefits will flow to the Council and the cost can be measured reliably. Asset under Construction are capitalised at cost which includes labour and overhead costs arising directly from the construction of the asset. Assets under construction are not depreciated until they are brought into use under the relevant sections of property, plant and equipment.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:

- infrastructure, community assets and assets under construction – depreciated historical cost;
- dwellings – fair value, determined using the basis of existing use value for social housing (EUV-SH);
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

STATEMENT OF ACCOUNTING POLICIES - continued

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

Where decreases in value are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains);
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains);
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (ie freehold land and certain Community Assets) and assets that are not yet available for use (ie assets under construction).

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer.
- vehicles, plant, furniture and equipment – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

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

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

STATEMENT OF ACCOUNTING POLICIES - continued

Depreciation - continued

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale. When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) 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. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals (net of statutory deductions and allowances) is payable to the Government. The proportion payable to the Government for Right to Buy dwelling disposals is calculated on an individual property basis in accordance with the enhanced Right to Buy scheme introduced in April 2012. Receipts for land and other assets are normally repayable at a rate of 50%, but can be reduced as a result of a Capital Allowance approved at Council Cabinet in September 2012 to finance a supplementary capital programme for affordable housing and regeneration purposes. The balance of receipts is required to be credited to the Capital Receipts Reserve and can then only be used for new capital investment (or set aside to reduce the Authority's underlying need to borrow). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

16 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Authority 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 line in the Comprehensive Income and Expenditure Statement in the year that the authority becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (eg from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the authority settles the obligation.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the authority 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 authority. 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 disclosed in a note to the accounts.

STATEMENT OF ACCOUNTING POLICIES - continued

Contingent Assets

A contingent asset arises where an event has taken place that gives the authority 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 authority.

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.

17 RESERVES

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies [not Scotland]. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

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 Authority – these reserves are explained in the relevant policies.

18 REVENUE EXPENDITURE FUNDED UNDER STATUTE

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

19 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.

20 HERITAGE ASSETS

The Authorities Heritage Assets should be shown in the Balance Sheet and are normally classified in four main categories -

- Ceramics, Porcelain Work and Figurines;
- Art Collection;
- Machinery, Equipment and Other Artefacts from the Pottery Industry;
- Archaeology.

The Authority does have some Civic Regalia but it falls under the de-minimus level to be classified as Heritage assets, the Authority also considers that reliable cost or valuation information cannot be obtained for Moira Furnace, this is due to the diverse nature of the Asset held and lack of comparable market values. Consequently the Authority does not recognise this asset on its Balance Sheet.

STATEMENT OF ACCOUNTING POLICIES - continued

21 ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT NOT YET ADOPTED

The Code of Practice on Local Council Accounting in the United Kingdom (the code) requires the disclosure of information in relation to the anticipated impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2016/17 code:

- IAS 1 Presentation of Financial Statements - this standard provides guidance on the format of the financial statements and will result in changes to the presentation of the Comprehensive Income and Expenditure Statement, and the Movement in Reserves Statement, and introduces a new Expenditure and Funding analysis. These changes arise from the "Telling the Story" review of the presentation of local authority financial statements as well as the December 2014 changes to IAS 1 under the International Accounting Standards Board (IASB) Disclosure Initiative.
- Other minor changes due to Annual Improvement to IFRS cycles, IFRS 11 Joint arrangements, IAS 16 Property Plant and Equipment, IAS 38 Intangible Assets and IAS 19 Employee Benefits are not expected to have a material effect on the Councils Statement of Accounts.

The 2016/17 Code will also adopt the measurement requirements of the CIPFA Code of Practice on Transport Infrastructure Assets, as amended in 2013, i.e. measurement on a Depreciated Replacement Cost basis. This represents a change in accounting policy which will apply from 1st April 2016 in IAS8 Accounting Policies, Changes in accounting estimates and errors.

22 CHARGES TO REVENUE FOR NON-CURRENT ASSETS

Services, support services and trading accounts are debited 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 sector,
- 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 Authority is not required to raise council tax to fund depreciation, revaluation and impairment losses on amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement (equal to either an amount calculated on a prudent basis determined by the authority in accordance with statutory guidance.

Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

23 COMPONENTISATION AND MATERIALITY POLICY

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. The council has established a threshold of £1 million for determining whether an asset needs to be componentised, and an individual asset cost of more than 20% to determine whether an asset is considered as a component.

MOVEMENT OF RESERVES STATEMENT

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 Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for council tax setting and dwellings rent setting purposes. The net Increase / Decrease before transfers to Earmarked Reserves line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

	General fund Balance	Earmarked GF reserves	Housing Revenue Account	Earmarked HRA reserves	Capital Receipts reserve	Major repairs reserve	Capital Grants unapplied	Total Usable reserves	Unusable reserves	Total Authority reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1 April 2014	3,254	4,562	5,269	273	2,695	1,996	962	19,010	44,131	63,141
Surplus or (deficit) on provision of services	2,279		7,231					9,510		9,510
Other Comprehensive Expenditure and Income								0	(2,931)	(2,931)
Total Comprehensive Expenditure and Income	2,279	0	7,231	0	0	0	0	9,510	(2,931)	6,579
Adjustments between accounting basis & funding basis under regulations (Note 4)	2,258		(6,987)	0	1,008	(1,352)	(31)	(5,104)	5,104	0
Net Increase/Decrease before Transfers to Earmarked Reserves	4,537	0	244	0	1,008	(1,352)	(31)	4,406	2,173	6,579
Transfers to/from Earmarked Reserves	(4,326)	4,326	(222)	222				0	0	0
Increase/Decrease (movement) in Year	211	4,326	22	222	1,008	(1,352)	(31)	4,406	2,173	6,579
Balance as at 31st March 2015 carried forward	3,465	8,888	5,291	495	3,703	644	931	23,416	46,304	69,720
Balance as at 1 April 2015	3,465	8,888	5,291	495	3,703	644	931	23,416	46,304	69,720
<u>Movement in reserves during 2015/16</u>										
Surplus or (deficit) on provision of services	(1,668)		5,992					4,324		4,324
Other Comprehensive Expenditure and Income								0	23,803	23,803
Total Comprehensive Expenditure and Income	(1,668)	0	5,992	0	0	0	0	4,324	23,803	28,127
Adjustments between accounting basis & funding basis under regulations	1,191		(5,569)	0	334	1,153	187	(2,704)	2,704	0
Net Increase/Decrease before Transfers to Earmarked Reserves	(477)	0	423	0	334	1,153	187	1,620	26,507	28,127
Transfers to/from Earmarked Reserves	(203)	203	(36)	36				0		0
Increase/Decrease in Year	(680)	203	387	36	334	1,153	187	1,620	26,507	28,127
Balance at 31 March 2016 carried forward	2,785	9,091	5,678	531	4,037	1,797	1,118	25,036	72,811	97,847

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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. Authorities 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.

2014/15				NOTES	2015/16		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000			Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
2,286	(1,304)	982	Central Services to the Public		2,416	(1,332)	1,084
3,851	(3,167)	684	Cultural & Related Services		5,610	(3,205)	2,405
7,087	(2,644)	4,443	Environmental & Regulatory Services		7,309	(2,262)	5,047
2,856	(1,777)	1,079	Planning Services		2,762	(1,870)	892
801	(663)	138	Highways Roads and Transport		580	(672)	(92)
20,028	(19,371)	657	Housing Services - General Fund		21,247	(19,461)	1,786
13,263	(24,663)	(11,400)	Housing Services - HRA		9,127	(18,237)	(9,110)
1,033		1,033	Corporate & Democratic Core		1,063	(2)	1,061
173	(63)	110	Non Distributed Costs		222	(7)	215
51,378	(53,652)	(2,274)	Cost of Services		50,336	(47,048)	3,288
		4,782	Other Operating Expenditure	6			2,994
		1,674	Financing and Investment Income and Expenditure	7			4,003
		(13,692)	Taxation and Non-Specific Grant Income	8			(14,609)
		(9,510)	(Surplus)/Deficit on Provision of Services				(4,324)
		(6,355)	(Surplus)/Deficit on revaluation of non current assets				(4,820)
			(Surplus)/Deficit on revaluation of available for sale financial assets				
		9,286	Actuarial gains/losses on pension assets/liabilities				(18,983)
		2,931	Other Comprehensive Income and Expenditure				(23,803)
		(6,579)	Total Comprehensive Income and Expenditure				(28,127)

BALANCE SHEET

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'.

31 March 2015		NOTES	31 March 2016	
£'000			£'000	£'000
180,628	Property Plant & Equipment		187,445	
13,475	Investment Property	10	13,554	
492	Intangible Assets	11	492	
150	Assets Held For Sale	12	0	
853	Surplus Assets		1,540	
5,000	Long Term Investments		12,000	
17	Long Term Debtors		10	
200,615	Long Term Assets			215,041
5,000	Short Term Investments		11,500	
132	Inventories	13	144	
4,863	Short Term Debtors	14	2,533	
11,295	Cash and Cash Equivalents	15	7,883	
21,290	Current Assets			22,060
(1,032)	Short Term Borrowing		(1,055)	
(6,055)	Short Term Creditors	16	(10,118)	
(2,586)	Provisions	33	(2,986)	
(9,673)	Current Liabilities			(14,159)
(85,146)	Long Term Borrowing		(84,087)	
(54,837)	Other Long Term Liabilities		(38,467)	
(171)	Revenue Grants Receipt In Advance		(121)	
(2,358)	Capital Grants Receipt In Advance		(2,420)	
(142,512)	Long Term Liabilities			(125,095)
69,720	Net Assets			97,847
23,416	Usable Reserves		25,036	
46,304	Unusable Reserves	18	72,811	
69,720				97,847

CASH FLOW STATEMENT

The Cash Flow statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority 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 authority. 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 authority.

2014/15 £'000	Indirect Method	NOTES	2015/16 £'000
(9,510)	Net (surplus) or deficit on the provision of services		(4,324)
	Noncash Movements		
(2,826)	Depreciation		(2,787)
(2,910)	Impairment & downward valuations		703
(219)	Amortisations		(193)
(225)	Increase in impairment for provision for bad debts		(30)
290	(Increase)/decrease in creditors		(544)
613	Increase/(decrease) in debtors		(2,095)
3	(Increase)/decrease in stock		(12)
(2,157)	Pension liability		(2,623)
(4,414)	Carrying amount of non-current assets sold		(2,607)
3,135	Other non cash items charged to the net Surplus or Deficit on the Provision of Services		808
(8,710)	Adjust net surplus or deficit on the provision of services for noncash movements		(9,380)
1,590	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		1,952
(16,630)	Net Cash Flows from Operating Activities		(11,752)
21,152	Investing Activities	20	20,138
1,041	Financing Activities	21	(4,974)
5,563	Net increase or decrease in cash and cash equivalents		3,412
16,858	Cash and cash equivalents at the beginning of the reporting period		11,295
11,295	Cash and cash equivalents at the end of the reporting period	15	7,883

NOTES TO CORE FINANCIAL STATEMENT

1 Critical Judgements In Applying Accounting Policies

In applying the accounting policies set out on pages 8 to 19, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. No such critical judgements are have been deemed to be necessary for 2015/16.

2 Assumptions Made About The Future and Other Major Sources of Estimation Uncertainty.

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Authority's Balance Sheet at 31 March 2016 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

	£'000
Pension Liability/Reserve Account	38,467

Item	Uncertainties	Effect if actual results differ from assumptions
Pensions Liability	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 returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions can be measured. The Authority's actuaries provide an annual statement of the pension liabilities and assets. However, the assumptions interact in complex ways. During 2015/16, the Authority's actuaries advised that the net pensions liability had decreased by £16.360m as a result of estimates being corrected.
Asset Life/Maintenance	Assets are depreciated over their useful lives as determined by the Authority's valuer. Property, plant and equipment are reviewed for both economic and price impairment on an annual basis. Any movement in either the assets useful life or the market value of the property will have an impact on the Councils Valuation.	If the useful life of assets is reduced, the depreciation increases and they carrying amount of assets falls. The depreciation charge for buildings would increase by an estimated £32k for every year useful life is reduced. If an asset is impaired the carrying amount of asset is reduced.

This list does not include assets and liabilities that are carried at fair value based on a recently observed market price.

3 Events after the Balance Sheet Date.

There are no Post balance sheet events.

NOTES TO CORE FINANCIAL STATEMENT - continued

4 Adjustments between Accounting Basis and Funding Basis under Regulations.

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure.

2015/16	Usable Reserves					Movement in Unusable reserves
	General fund Balance	Housing Revenue Account	Capital Receipts reserve	Major Repairs reserves	Capital Grants Unapplied	
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Adjustment Account:						
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u>						
Charges for depreciation and impairment of non current assets	877	11		1,899		(2,787)
Revaluation losses on Property Plant and Equipment	31	(735)				704
Movements in the market value of Investment Properties	(9)					9
Amortisation of intangible assets	193					(193)
Capital grants and contributions applied						0
Movement in the Donated Assets Account						
Revenue expenditure funded from capital under statute						0
Principal Repaid on Self Financing Loans		(1,032)				1,032
Amount of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	200	2,407				(2,607)
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>						
Statutory provision for the financing of capital investment	(558)					558
Capital expenditure charged against the General Fund and HRA balances	(246)	(2,610)				2,856
Adjustments primarily involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(187)				187	
Application of grants to capital financing transferred to the Capital Adjustment Account						
	301	(1,959)	0	1,899	187	(428)

NOTES TO CORE FINANCIAL STATEMENT - continued

2015/16 - continued	Usable Reserves					
	General fund Balance	Housing Revenue Account	Capital Receipts reserve	Major Repairs reserves	Capital Grants Unapplied	Movement in Unusable reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Receipts Reserve:	(1,853)					
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(154)	(1,798)	1,952			
Use of the Capital Receipts Reserve to finance new capital expenditure			(995)			995
Contribution from the Capital Receipts Reserve towards administrative costs of non current asset disposals	2	43	(45)			0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	604		(604)			
Transfer from Deferred Capital Receipts Reserve upon receipt of cash		(26)	26			0
Adjustments primarily involving the Deferred Capital Receipts Reserve:						
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement						0
Adjustment involving the Major Repairs Reserve:						
Reversal of Major Repairs Allowance credited to the HRA		(2,070)		2,070		
Use of the Major Repairs Reserve to finance new capital expenditure				(2,816)		2,816
Adjustments involving the Financial Instruments Adjustment Account:						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from the finance costs chargeable in the year in accordance with statutory requirements	(36)					36
Adjustments involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	4,162	686				(4,848)
	4,879	(5,124)	334	1,153	187	(1,429)

NOTES TO CORE FINANCIAL STATEMENT - continued

2015/16 - continued	Usable Reserves					
	General fund Balance	Housing Revenue Account	Capital Receipts reserve	Major Repairs reserves	Capital Grants Unapplied	Movement in Unusable reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Employer's pensions contributions and direct payments to pensioners payable in the year	(1,767)	(458)				2,225
Adjustments involving the Collection Fund Adjustment Account:						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(1,948)					1,948
Adjustments involving the Unequal Pay Back Pay Adjustment Account:						
Amount by which amounts charged for Equal Pay claims to the Comprehensive Income and Expenditure Statement are different from the cost of settlements chargeable in the year in accordance with statutory requirements						
Adjustments involving the Accumulated Absences Account:						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	27	13				(40)
Total Adjustments	1,191	(5,569)	334	1,153	187	2,704

2014/15 comparative figures	Usable Reserves					
	General fund Balance	Housing Revenue Account	Capital Receipts reserve	Major Repairs reserves	Capital Grants Unapplied	Movement in Unusable reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Adjustment Account:						
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</u>						
Charges for depreciation and impairment of non current assets	1,019	27		1,780		(2,826)
Revaluation losses on Property Plant and Equipment	(1,423)	3,994				(2,571)
Movements in the market value of Investment Properties	(2,768)					2,768
Amortisation of intangible assets	219					(219)
	(2,953)	4,021	0	1,780	0	(2,848)

NOTES TO CORE FINANCIAL STATEMENT - continued

2014/15 comparative figures cont'd	Usable Reserves					
	General fund Balance	Housing Revenue Account	Capital Receipts reserve	Major Repairs reserves	Capital Grants Unapplied	Movement in Unusable reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Capital grants and contributions applied		(7,376)				7,376
Movement in the Donated Assets Account						
Revenue expenditure funded from capital under statute						0
Principal Repaid on Self Financing Loans		(1,009)				1,009
Amount of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	1,561	2,858				(4,419)
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>						
Statutory provision for the financing of capital investment	(570)					570
Capital expenditure charged against the General Fund and HRA balances	(583)	(2,100)				2,683
Adjustments primarily involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	31				(31)	0
Application of grants to capital financing transferred to the Capital Adjustment Account						
Adjustments primarily involving the Capital Receipts Reserve:						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(328)	(1,262)	1,590			0
Use of the Capital Receipts Reserve to finance new capital expenditure				(25)		25
Contribution from the Capital Receipts Reserve towards administrative costs of non current asset disposals		30	(30)			0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	527		(527)			0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash						0
	(2,315)	(4,838)	1,008	1,780	(31)	4,396

NOTES TO CORE FINANCIAL STATEMENT - continued

2014/15 comparative figures cont'd	Usable Reserves					
	General fund Balance	Housing Revenue Account	Capital Receipts reserve	Major Repairs reserves	Capital Grants Unapplied	Movement in Unusable reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the Deferred Capital Receipts Reserve:						
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement						0
Adjustment involving the Major Repairs Reserve:						
Reversal of Major Repairs Allowance credited to the HRA		(2,198)		2,198		
Use of the Major Repairs Reserve to finance new capital expenditure				(5,330)		5,330
Adjustments involving the Financial Instruments Adjustment Account:						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from the finance costs chargeable in the year in accordance with statutory requirements	(43)					43
Adjustments involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	3,907	483				(4,390)
Employer's pensions contributions and direct payments to pensioners payable in the year	(1,814)	(419)				2,233
Adjustments involving the Collection Fund Adjustment Account:						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	2,522					(2,522)
Adjustments involving the Unequal Pay Back Pay Adjustment Account:						
Amount by which amounts charged for Equal Pay claims to the Comprehensive Income and Expenditure Statement are different from the cost of settlements chargeable in the year in accordance with statutory requirements						0
	2,257	(6,972)	1,008	(1,352)	(31)	5,090

NOTES TO CORE FINANCIAL STATEMENT - continued

2014/15 comparative figures cont'd	Usable Reserves					
	General fund Balance	Housing Revenue Account	Capital Receipts reserve	Major Repairs reserves	Capital Grants Unapplied	Movement in Unusable reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments involving the Accumulated Absences Account:						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	1	(15)				14
Total Adjustments	2,258	(6,987)	1,008	(1,352)	(31)	5,104

5 Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans into the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2015/16.

	Balance at 31/3/2014	Transfers Out 2014/15	Transfers In 2014/15	Balance at 31/3/2015	Transfers Out 2015/16	Transfers In 2015/16	Balance at 31/3/2016
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
General Fund:							
General reserves	960	(262)	5,464	6,162	(3,524)	3,964	6,602
Value for Money reserve *	2,419	(508)	10	1,921	(347)	77	1,651
Coalville Market Refurb	53	(53)	0	0	0	0	0
Housing & Planning Delivery Grant	11	0	0	11	0	0	11
Leisure Strategy/Project Grants	105	(28)	18	95	(3)	34	126
Ivanhoe Sink Fund	138	(20)	11	129	0	13	142
Hermitage Rec Grd Mtce Fund	21	0	0	21	0	0	21
Asset Protection Fund	224	(40)	62	246	(86)	44	204
Industrial Units Maint Fund	20	(10)	1	11	(21)	30	20
Whitwick Business Centre	369	(342)	27	54	(5)	(1)	48
Capital Reserve	195	0	0	195	0	0	195
Transport Appropriation	42	(4)	0	38	0	28	66
Other	5	0	0	5	0	0	5
Total	4,562	(1,267)	5,593	8,888	(3,986)	4,189	9,091
HRA:							
HRA Shops Sinking Fund	0	0	22	22	(15)	0	7
General Earmarked reserves	273	(99)	299	473	(188)	239	524
Total	273	(99)	321	495	(203)	239	531

* The Value for Money reserve is to support infrastructure investment in assets such as the Council Offices, Leisure Centres and ICT infrastructure and to fund future savings.

NOTES TO CORE FINANCIAL STATEMENT - continued

6 Other Operating Expenditure

2014/15 £'000		2015/16 £'000
1,425	Parish Council Precepts	1,732
527	Payments to the Government Housing Capital Receipts Pool	604
2,830	Gains/losses on the disposal of non current assets	658
4,782	Total	2,994

7 Financing and Investment Income and Expenditure

2014/15 £'000		2015/16 £'000
2,905	Interest payable and similar charges	2,826
1,870	Pensions interest cost and expected return on pensions assets	1,768
(183)	Interest receivable and similar income	(248)
(2,918)	Income and expenditure in relation to investment properties	(343)
1,674	Total	4,003

8 Taxation and Non Specific Grant Income

2014/15 £'000		2015/16 £'000
(6,724)	Council tax income	(6,964)
(2,349)	Non domestic rates	(3,228)
(3,919)	Non-ring fenced government grants	(3,948)
(700)	Capital grants and contributions	(468)
(13,692)	Total	(14,609)

Movements on Balances

Movements in 2015/16	Council dwelling	Other Land & Buildings	Vehicle, Plant, Furniture & Equip	Infra-structure Assets	Community Assets	Surplus Assets	Assets under construction	Total Property Plant & Equip
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation								
At 1 April 2015	157,277	21,247	5,388	0	69	853	0	184,834
Additions	6,421	235	568	0	0	0	0	7,224
Donations		0	0	0	0	0	0	0
Revaluation increases/(decreases) recognised in the Revaluation Reserve	2,079	2,437	0	0	0	(32)	0	4,484
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(1,209)	37	0	0	0	61	0	(1,111)
Derecognition - Disposals	(1,337)	(32)	(49)	0	0	0	0	(1,417)
Derecognition - Other	(988)	0	0	0	0	0	0	(988)
Assets reclassified	(524)	(144)	0	0	0	668	0	0
Other movements in Cost or Valuation	(5)	(76)	1	0	7	(10)	0	(83)
At 31 March 2016	161,714	23,704	5,909	0	76	1,540	0	192,943

NOTES TO CORE FINANCIAL STATEMENT - continued

Accumulated Depreciation and Impairment	Restated Council dwelling	Restated Other Land & Buildings	Vehicle, Plant, Furniture & Equip	Infra-structure Assets	Community Assets	Surplus Assets	Assets under construction	Total Property Plant & Equip
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2015	0	0	3,355	0	0	0	0	3,355
Depreciation charge	1,813	320	638	0	0	16	0	2,787
Depreciation written out to the Revaluation Reserve	0	0	0	0	0	0	0	0
Depreciation written out to the Surplus/Deficit on the Provision of Services	(1,813)	(318)	0	0	0	(18)	0	(2,149)
Impairment losses/(reversals) recognised in the Revaluation Reserve	0	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	0
Derecognition - Disposals	0	0	(36)	0	0	0	0	(36)
Derecognition - Other	0	0	0	0	0	0	0	0
Other movements in Depreciation and Impairment	0	(2)	0	0	0	2	0	0
At 31 March 2016	0	0	3,957	0	0	0	0	3,957
Net Book Value								
At 31 March 2016	161,714	23,704	1,952	0	76	1,540	0	188,986
At 31 March 2015	157,277	21,247	2,033	0	69	853	0	181,479

NOTES TO CORE FINANCIAL STATEMENT - continued

Comparative Movements

Movements in 2014/15	Restated Council dwelling	Restated Other Land & Buildings	Vehicle, Plant, Furniture & Equip	Infra-structure Assets	Community Assets	Surplus Assets	Assets under construction	Total Property Plant & Equip
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation								
At 1 April 2014	148,648	17,774	4,615	0	118	824	0	171,979
Additions	14,807	301	773	0	0	0	0	15,881
Donations	0	0	0	0	0	0	0	0
Revaluation increases/(decreases) recognised in the Revaluation Reserve	2,488	3,822	0	0	0	46	0	6,356
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(5,808)	526	0	0	0	(17)	0	(5,299)
Derecognition - Disposals	(923)	(1,176)	0	0	(49)	0	0	(2,148)
Derecognition - Other	(1,935)	0	0	0	0	0	0	(1,935)
Assets reclassified (to)/from Held for Sale	0	0	0	0	0	0	0	0
Other movements in Cost or Valuation	0	0	0	0	0	0	0	0
At 31 March 2015	157,277	21,247	5,388	0	69	853	0	184,834

NOTES TO CORE FINANCIAL STATEMENT - continued

Comparative Movements

Accumulated Depreciation and Impairment	Council dwelling	Other Land & Buildings	Vehicle, Plant, Furniture & Equip	Infra-structure Assets	Community Assets	Surplus Assets	Assets under construction	Total Property Plant & Equip
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2014	0	0	2,753	0	0	0	0	2,753
Depreciation charge	1,770	444	602	0	0	9	0	2,825
Depreciation written out to the Revaluation Reserve	0	0	0	0	0	0	0	0
Depreciation written out to the Surplus/Deficit on the Provision of Services	(1,770)	(444)	0	0	0	(9)	0	(2,223)
Impairment losses/(reversals) recognised in the Revaluation Reserve	0	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	0
Derecognition - Disposals	0	0	0	0	0	0	0	0
Derecognition - Other	0	0	0	0	0	0	0	0
Other movements in Depreciation and Impairment	0	0	0	0	0	0	0	0
At 31 March 2015	0	0	3,355	0	0	0	0	3,355

NOTES TO CORE FINANCIAL STATEMENT - continued

Fixed Assets Valuation

The fixed assets shown in the Balance Sheet are valued on the basis recommended by CIPFA and in accordance with the Statements of Asset Valuation Principles and Guidance Notes issued by the Royal Institute of Chartered Surveyors (RICS). Fixed assets are classified into the groupings required by the Code of Practice. The different types of assets have been valued on the following basis:

- (i) Operational assets are included in the balance sheet at open market value in existing use or depreciated replacement cost where the asset is of a specialist nature, i.e. there is no market for such an asset.
- (ii) Non-operational assets, including investment properties and assets that are surplus to requirements, are included in the balance sheet at open market value.
- (iii) Infrastructure and community assets are included in the balance sheet at historic cost, net of any depreciation.
- (iv) Council dwellings have been valued using the beacon principal, where a typical property is valued as being representative of a particular house type and location. The valuation for each of the beacon properties selected was on the basis of existing use value – Social Housing.

Category	Date of Last Valuation	Basis of Valuation	Details of Valuers
Council Dwellings	31.03.16	The valuations have been made in accordance with the RICS Appraisal and Valuation manual as published by the Royal Institute of Chartered Surveyors. In the case of housing stock this is based upon Existing Use Value for Social Housing.	Mr G Harbord (MA,MRICS,IRRV) Wilks Head and Eve
Other Land & Building	31.03.16	The valuations have been made in accordance with the RICS Appraisal and Valuation manual as published by the Royal Institute of Chartered Surveyors.	Mr G Harbord (MA,MRICS,IRRV) Wilks Head and Eve

Major fixed assets held at 31st March 2016, are:-

2014/15 No		2015/16 No
	LEISURE SERVICES	
2	Leisure Centres with Pools	2
1	Markets	1
4	Cemeteries	4
	COUNCIL DWELLINGS	
2,584	Houses	2,553
996	Flats & Maisonettes	994
811	Bungalows	811
	LAND	
91	Parks & Open Spaces (acres)	91
	OTHER	
1	Office Properties	1
2	Depots	2
19	Off Street Car Parks	19
9	Public Conveniences	9
9	Industrial Estates/Business Units	9

NOTES TO CORE FINANCIAL STATEMENT - continued

10 Investment Properties

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.

2014/15 £'000		2015/16 £'000
858	Rental income from investment property	871
2,058	Direct operating expenses arising from investment property	(528)
2,916	Net gain/(loss)	343

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.

2014/15 £'000		2015/16 £'000
10,559	Balance at the start of the year	13,475
	Additions:	
	Purchases	
	Construction	
284	Subsequent expenditure	70
(136)	Disposals	
2,768	Net gains/losses from fair value adjustments	9
	Transfers:	
	To/from Inventories	
0	To/from Property, Plant and Equipment	
	Other changes	
13,475	Balance at the end of the year	13,554

11 Intangible Assets

The Authority accounts for its software as intangible assets, to the extent that the software 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 both purchased licences and 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 useful life assigned to the major software suites used by the Authority are:

**Other
Asset**

6 years Revenue System

NOTES TO CORE FINANCIAL STATEMENT - continued

Intangible Assets - continued

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £193k charged to revenue in 2015/16. Most of this amount was charged to the IT Administration cost centre 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.

The movement on Intangible Asset balances during the year is as follows.

	2015/16			2014/15		
	Internally Generated Assets £'000	Other Assets £'000	Total £'000	Internally Generated Assets £'000	Other Assets £'000	Total £'000
Balance at start of year						
- Gross carrying amounts		1,482	1,482		1,361	1,361
- Accumulated amortisation		(990)	(990)		(771)	(771)
Net carrying amount at start of year		492	492		590	590
Additions:						
- Internal development						
- Purchases		193	193		121	121
- Acquired through business combinations						
Assets reclassified as held for sale						
Other disposals						
Revaluations increases or decreases						
Impairment losses recognised or reversed directly in the Revaluation Reserve						
Impairment losses recognised in the Surplus/Deficit on the Provision of Services						
Reversals of past impairment losses written back to the Surplus/Deficit on the Provision of Services						
Amortisation for the period		(193)	(193)		(219)	(219)
Other changes			0			0
Net carrying amount at end of year		492	492		492	492
Comprising:						
- Gross carrying amounts		1,675	1,675		1,482	1,482
- Accumulated amortisation		(1,183)	(1,183)		(990)	(990)
		492	492		492	492

NOTES TO CORE FINANCIAL STATEMENT - continued

12 Assets Held for Sale

The council held the following assets for sale at 31st March 2016.

	Current		Non-Current	
	2015/16 £'000	2014/15 £'000	2015/16 £'000	2014/15 £'000
Balance outstanding at start of year	150	350	0	0
Assets newly classified as held for sale:				
- Property, Plant and Equipment				
- Intangible Assets				
- Other assets/liabilities in disposal groups				
Revaluation losses				
Revaluation gains				
Impairment losses				
Assets declassified as held for sale:				
- Property, Plant and Equipment				
- Intangible Assets				
- Other assets/liabilities in disposal groups				
Assets sold	(150)	(200)		
Transfers from non current to current				
Other movements				
Balance outstanding at year end	0	150	0	0

NOTES TO CORE FINANCIAL STATEMENT - continued

13 Inventories

	Consumable Stores		Maintenance Materials		Total	
	2014/15 £'000	2015/16 £'000	2014/15 £'000	2015/16 £'000	2014/15 £'000	2015/16 £'000
Balance outstanding at start of year	67	49	68	83	135	132
Purchases	623	598	32	32	655	630
Recognised as an expense in the	(641)	(598)	(17)	(20)	(658)	(618)
Written off balances	0	0	0	0	0	0
Reversals of write-offs in previous	0	0	0	0	0	0
Balance outstanding at year end	49	49	83	95	132	144

14 Short-Term Debtors

31 March 2015 £'000		31 March 2016 £'000
880	Central Government bodies	435
522	Other local authorities	618
0	NHS bodies	0
30	Public Corporations and trading funds	11
3,431	Other entities and individuals	1,469
4,863		2,533

15 Cash and Cash Equivalents.

The balance of Cash and Cash Equivalents is made up of the following elements:

31 March 2015 £'000		31 March 2016 £'000
4	Cash held by the Authority	4
1,088	Bank current accounts	(401)
10,203	Short-term deposits with building societies	8,280
11,295	Total Cash and Cash Equivalents	7,883

16 Short-Term Creditors

31 March 2015 £'000		31 March 2016 £'000
1,110	Central Government bodies	3,273
1,426	Other local authorities	3,765
0	NHS bodies	0
232	Public Corporations and trading funds	525
3,287	Other entities and individuals	2,555
6,055		10,118

NOTES TO CORE FINANCIAL STATEMENT - continued

17 Usable Reserves

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

18 Unusable Reserves.

31 March 2015 £'000		31 March 2016 £'000
15,249	Revaluation Reserve	19,755
90,076	Capital Adjustment Account	93,775
(1,403)	Financial Instruments Adjustment Account	(1,368)
(54,827)	Pensions Reserve	(38,467)
(2,563)	Collection Fund Adjustment Account	(616)
(228)	Accumulated Absences Account	(268)
46,304	Total Unusable Reserves	72,811

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment and Intangible Assets. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2014/15 £'000		2015/16 £'000
9,739	Balance at 1 April	15,249
6,355	Upward revaluation of assets	4,820
0	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	
6,355	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	4,820
(96)	Difference between fair value depreciation and historical cost depreciation	(171)
(749)	Accumulated gains on assets sold or scrapped	(143)
(845)	Amount written off to the Capital Adjustment Account	(314)
15,249	Balance at 31 March	19,755

NOTES TO CORE FINANCIAL STATEMENT - 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 posting 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 transactions posted to the Account, apart from those involving the Revaluation Reserve.

2014/15 £'000		2015/16 £'000
79,501	Balance at 1 April	90,076
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(2,826)	• Charges for depreciation and impairment of non-current assets	(2,787)
(2,584)	• Revaluation losses on Property, Plant and Equipment	704
(219)	• Amortisation of Intangible assets	(193)
0	• Revenue expenditure funded from capital under statute	
(4,419)	• Amounts of non current assets written off on disposal or sale as part of the gains/loss on disposal to the Comprehensive Income and Expenditure Statement	(2,607)
(10,048)		(4,883)
846	Adjusting amounts written out of Revaluation Reserve	325
846	Net written out amount of the cost of non current assets consumed in the year	325
	Capital financing applied in the year:	
0	• Use of Capital Receipts Reserve to finance new capital expenditure	995
5,330	• Use of the Major Repairs Reserve to finance new capital expenditure	2,816
7,377	• Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	0
1,009	• Repayment of Debt	1,032
	• Application of grants to capital financing from the Capital Grants Unapplied Account	
570	• Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	558
2,723	• Capital expenditure charged against the General Fund and HRA balances	2,856
17,009		8,257
2,768	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	9
0	Movement in the Donated Assets Account credited to the Comprehensive Income and Expenditure Statement	0
90,076	Balance at 31 March	93,775

NOTES TO CORE FINANCIAL STATEMENT - continued

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 Authority uses the Account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the General Fund Balance to the Account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on council tax. In the Authority's case, this period is the unexpired term that was outstanding on the loans when they were redeemed.

2014/15 £'000		2015/16 £'000
(1,446)	Balance at 1 April	(1,403)
0	Premiums incurred in the year and charged to the Comprehensive Income and Expenditure Statement	
37	Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	29
6	Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	6
(1,403)	Balance at 31 March	(1,368)

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 employee benefits in the Comprehensive Income and Expenditure 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.

2014/15 £'000		2015/16 £'000
(43,381)	Balance at 1 April	(54,827)
(9,286)	Actuarial gains or losses on pensions assets and liabilities	18,983
(4,379)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(5,103)
2,219	Employer's pensions contributions and direct payments to pensioners payable in the year	2,480
(54,827)	Balance at 31 March	(38,467)

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.

NOTES TO CORE FINANCIAL STATEMENT - continued

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council Tax/Rates income in the Comprehensive Income and Expenditure Statement as it falls due from Council Tax/Rates payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

Council Tax

2014/15 £'000		2015/16 £'000
132	Balance at 1 April	172
40	Amount by which Council Tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	186
172	Balance at 31 March	358

Non-Domestic Rates

2014/15 £'000		2015/16 £'000
(173)	Balance at 1 April	(2,735)
(2,562)	Amount by which Non-Domestic Rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	1,761
(2,735)	Balance at 31 March	(974)

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.

2014/15 £'000		2015/16 £'000
(242)	Balance at 1 April	(228)
242	Settlement or cancellation of accrual made at the end of the preceding year	228
(228)	Amounts accrued at the end of the current year	(268)
14	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(40)
(228)	Balance at 31 March	(268)

NOTES TO CORE FINANCIAL STATEMENT - continued

19 Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

2014/15 £'000		2015/16 £'000
(136)	Interest received	(311)
2,918	Interest paid	2,815
0	Dividends received	0
2,782		2,504

20 Cash Flow Statement - Investing Activities

2014/15 £'000		2015/16 £'000
16,742	Purchase of property, plant and equipment, investment property and intangible assets	8,590
8,000	Purchase of short-term and long-term investments	18,500
0	Other payments for investing activities	0
(1,590)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(1,952)
(2,000)	Proceeds from short-term and long-term investments	(5,000)
0	Other receipts from investing activities	0
21,152	Net cash flows from investing activities	20,138

21 Cash Flow Statement - Financing Activities

2014/15 £000		2015/16 £000
0	Cash receipts of short and long-term borrowing	0
(1,748)	Other receipts from financing activities	(6,039)
22	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	0
2,061	Repayments of short and long-term borrowing	1,065
706	Other payments for financing activities	0
1,041	Net cash flows from financing activities	(4,974)

NOTES TO CORE FINANCIAL STATEMENT - continued

22 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 2015/16. However, decisions about resource allocation are taken by the Authority's Cabinet on the basis of budget reports analysed across directorates. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- no charges are made in relation to capital expenditure (whereas depreciation, 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 pension contributions) rather than current service cost of benefits accrued in the year
- expenditure on some support services is budgeted for centrally and not charged to directorates.

The income and expenditure of the Authority's principal directorates recorded in the budget reports for the year is as follows:

Directorate Income and Expenditure 2015/16

	Chief Executive	Director of Services	Corporate Costs	General Fund Total	Housing Revenue Account	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Employee Related Costs	4,804	8,498	172	13,474	3,980	17,454
All Other Controllable Costs	22,510	5,179	49	27,738	9,810	37,548
Total Expenditure	27,314	13,677	221	41,212	13,790	55,002
Controllable Income	(22,646)	(8,377)	(65)	(31,088)	(19,118)	(50,206)
Net Expenditure	4,668	5,300	156	10,124	(5,328)	4,796

Directorate Income and Expenditure 2014/15 Comparative Figures

	Chief Executive	Director of Services	Corporate Costs	General Fund Total	Housing Revenue Account	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Employee Related Costs	4,544	8,256	121	12,921	3,718	16,639
All Other Controllable Costs	22,088	5,080	133	27,301	17,938	45,239
Total Expenditure	26,632	13,336	254	40,222	21,656	61,878
Controllable Income	(22,214)	(8,329)	(64)	(30,607)	(25,493)	(56,100)
Net Expenditure	4,418	5,007	190	9,615	(3,837)	5,778

NOTES TO CORE FINANCIAL STATEMENT - continued

Reconciliation of the Directorate Income and expenditure with the Comprehensive Income and expenditure.

This reconciliation shows how the figures in the analysis of (directorate) income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

2014/15 £000		2015/16 £000
5,778	Net expenditure in the (Directorate) Analysis	4,796
0	Net expenditure of services and support services not included in the Analysis	0
2,446	Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis	336
(10,500)	Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement	(1,844)
(2,276)	Cost of Services in Comprehensive Income and Expenditure Statement	3,288

NOTES TO CORE FINANCIAL STATEMENT - continued

Reconciliation of figures in Directorate Income and expenditure with the Comprehensive Income and expenditure account.

2015/16	Directorate Analysis	Services & support not in Analysis	Amounts not reported to Mgmt	Amount not included in I & E	Allocation of rechgs	Cost of services	Corporate amounts	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fees, charges & other service income	(29,690)		(1,396)	3,300		(27,786)	(871)	(28,657)
Recharge Income	0		(9,198)			(9,198)	0	(9,198)
Interest & Investment Income	(82)		(3)	83		(2)	(248)	(250)
Income from council tax and NDR	0					0	(9,980)	(9,980)
Government	(20,434)		(125)			(20,559)	(4,416)	(24,975)
Contribution from Collection Fund	0					0	(212)	(212)
Total Income	(50,206)	0	(10,722)	3,383	0	(57,545)	(15,727)	(73,272)
Employee expenses	17,454		895	(144)		18,205	144	18,349
Other service expenses	37,548		(894)	(5,257)		31,397	322	31,719
Support Service Recharges			8,734	166		8,900	70	8,970
Depreciation, amortisation and impairment			2,323	8		2,331	(8)	2,323
Interest payments & similar items						0	2,826	2,826
Precepts & Levies						0	1,731	1,731
Payments to Housing Capital Receipts Pool						0	604	604
Net Pension Interest						0	1,768	1,768
Gain or Loss on Disposal of Non Current Assets						0	658	658
Total Expenditure	55,002	0	11,058	(5,227)	0	60,833	8,115	68,948
Surplus or deficit on the provision of services	4,796	0	336	(1,844)	0	3,288	(7,612)	(4,324)

This reconciliation shows how the figures in the analysis of (directorate) income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

NOTES TO CORE FINANCIAL STATEMENT - continued

2014/15 Comparatives	Directorate Analysis	Services & support not in Analysis	Amounts no reported to Mgmt	Amount not included in I & E	Allocation of rechgs	Cost of services	Corporate amounts	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fees, charges & other service income	(28,131)		1,435	(691)		(27,387)	(842)	(28,229)
Recharge Income			(12,992)			(12,992)		(12,992)
Interest & Investment Income	(54)		(9)			(63)	(183)	(246)
Income from council tax and NDR						0	(8,886)	(8,886)
Government	(27,915)		(108)			(28,023)	(3,920)	(31,943)
Contribution from Collection Fund						0	(187)	(187)
Total Income	(56,100)	0	(11,674)	(691)	0	(68,465)	(14,018)	(82,483)
Employee expenses	16,639		92	(137)		16,594	137	16,731
Other service expenses	45,239		1,687	(12,204)		34,722	(378)	34,344
Support Service Recharges			12,992	(85)		12,907	85	12,992
Depreciation, amortisation and impairment			(651)	2,617		1,966	(2,617)	(651)
Interest Payments & similar items						0	2,905	2,905
Precepts & Levies						0	1,425	1,425
Payments to Housing Capital Receipts Pool						0	527	527
Net Pension Interest						0	1,870	1,870
Gain or Loss on Disposal of Non Current Assets						0	2,830	2,830
Total Expenditure	61,878	0	14,120	(9,809)	0	66,189	6,784	72,973
Surplus or deficit on the provision of services	5,778	0	2,446	(10,500)	0	(2,276)	(7,234)	(9,510)

NOTES TO CORE FINANCIAL STATEMENT - continued

23 Agency Services

The Council, in partnership with Leicestershire County Council carries out the Decriminalised Parking Enforcement throughout North West Leicestershire which cost £98,059 in 2015/16 (£103,690 2014/15).

24 Members' Allowances

The total value of Members Allowances paid during the year was £221,884 in 2015/16 (£218,653

25 Officers' Remuneration

The number of employees whose remuneration, including redundancy payments but excluding pension contribution was £50,000 or more in bands of £5,000 were:		
2014/15	Remuneration Band	2015/16
No of employees		No of employees
0	£50,000 - £54,999	0
1	£55,000 - £59,999	2
3	£60,000 - £64,999	3
0	£65,000 - £69,999	1
0	£70,000 - £74,999	0
0	£75,000 - £79,999	1
1	£80,000 - £84,999	0
0	£85,000 - £89,999	1
0	£90,000 - £94,999	0
0	£95,000 - £99,999	0
0	£100,000 - £104,999	0
0	£105,000 - £109,999	0
0	£110,000 - £114,999	0
0	£115,000 - £119,999	0
0	£120,000 - £124,999	0
1	£125,000 - £129,999	1

NOTES TO CORE FINANCIAL STATEMENT - continued

2015/16 Senior Officers emoluments - salary is between £50,000 and £150,000 per year

Post information (Post title)	Note	Salary	Bonus	Compensation (loss of emp)	Other	Total ex pension	Employers Pension	Total inc pension
		£	£	£	£	£	£	£
Chief Executive		120,651	0	0	5,569	126,220	21,717	147,937
Director of Services		81,487	0	0	6,246	87,733	14,691	102,424
Director of Housing		74,493	0	0	1,892	76,385	13,409	89,793
Director of Resources	1	12,415	0	0	321	12,736	2,235	14,971
Director of Resources	2	13,494	0	5,714	476	19,685	2,198	21,882
Head of Finance		64,787	0	0	244	65,031	11,662	76,693
Head of Legal & Support Services		62,586	0	0	0	62,586	11,265	73,852
Head of Community Services		59,526	0	0	4,772	64,298	10,715	75,013
Head of Housing		59,526	0	0	2,562	62,088	10,715	72,803
Head of Regeneration & Planning		56,127	0	0	244	56,371	10,103	66,474
Head of Economic Development	3	27,012	0	0	912	27,924	4,862	32,786
Head of Joint Strategic Planning	4	47,390	0	0	0	47,390	8,530	55,920
		679,494	0	5,714	23,239	708,447	122,101	830,548

Note 1: The Director of Resources started on 01/02/16. The annual salary is £75,237.57.

Note 2: The Director of Resources started on 02/11/16 and finished on 31/12/15. The annual salary was £74,492.64. Compensation was pay in lieu of notice.

Note 3: The Head of Economic Development started on 01/10/15. The annual salary was £54,023.28.

Note 4: The Head of Joint Strategic Planning started on 09/06/15. The annual salary was £58,425.60.

2014/15 Senior Officers emoluments - salary is between £50,000 and £150,000 per year

Post information (Post title)	Note	Salary	Bonus	Compensation (loss of emp)	Other	Total ex pension	Employers Pension	Total inc pension
		£	£	£	£	£	£	£
Chief Executive		120,651	0	0	4,796	125,447	21,899	147,346
Director of Services		81,593	0	0	1,995	83,588	14,469	98,057
Director of Housing	1	37,179	0	0	481	37,660	6,561	44,221
Head of Finance		62,989	0	0	0	62,989	11,295	74,284
Head of Legal & Support Services		60,582	0	0	0	60,582	10,905	71,487
Head of Community Services		57,566	0	0	2,242	59,808	10,362	70,170
Head of Housing		57,566	0	0	4,339	61,905	10,362	72,267
Head of Regeneration & Planning	2	16,370	0	9,752	0	26,122	2,860	28,982
Head of Regeneration & Planning	3	22,732	0	0	0	22,732	4,048	26,780
		517,228	0	9,752	13,853	540,833	92,761	633,594

Note 1: The Director of Housing started on 29/9/14. The annual salary was £71,389.

Note 2: The Head of Regeneration and Planning left on 30/6/14. The annual salary was £63,564. Compensation is pay in lieu of notice.

Note 3: The Head of Regeneration and Planning started on 3/11/14. The annual salary was £54,023.

26 External Audit Costs

In 2015/16 North West Leicestershire District Council incurred the following fees relating to external audit and inspection.

2014/15 £'000		2015/16 £'000
	Fees payable with regard to external audit services:-	
(7)	Audit Commission	0
67	KPMG	51
	Fees payable for the certification of grant claims and returns:-	
21	KPMG	16
81		67

NOTES TO CORE FINANCIAL STATEMENT - continued

27 Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income & Expenditure Statement in 2015/16:

2014/15 £000		2015/16 £000
	Credited to Taxation and Non Specific Grant Income	
6,724	Council Tax Income	6,964
2,348	Non Domestic Rates	3,228
2,453	Revenue Support Grant	1,749
58	Council Tax Freeze Grant	60
1,403	New Homes Bonus	2,130
6	Transparency	8
700	Capital Grants and Contributions	468
13,692	Total	14,609
	Credited to Services	
18,825	Housing Benefit Subsidy	18,981
436	Housing Benefit Admin Grant	395
7,377	Decent Homes Backlog Grant	0
145	Cost of Collection	147
237	Private Sector Grants	298
306	Supporting People Grant	153
0	Assets of Community Value	0
0	Community Rights to Challenge	0
183	Other Grants under £100k each	188
347	Locality Partnerships	0
0	Section 106	114
182	Active Together	178
184	Other Contributions under £100k each	105
28,222	Total	20,559

NOTES TO CORE FINANCIAL STATEMENT - continued

Grant Income - continued

The Authority has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies to be returned to the giver. The balances at the year end are as follows:

31 March 2015 £'000		31 March 2016 £'000
	Capital Grant Receipts in Advance	
358	Affordable Housing	431
645	Recreation/Playground	607
1,285	Healthcare/PCT	1,286
5	CCTV	5
65	Police	91
2,358	Total	2,420

28 Related Parties

The Council 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 Council.

Central Government has effective control over the general operations of the Council - it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and re-distribution of non-domestic rates, and prescribes the terms of many of the transactions that the Council has with other parties (e.g. housing benefits). Details of transactions with the government are shown below.

It is the nature of local government that the majority of Council Members are heavily involved in the local community through various organisations such as voluntary bodies, societies, groups etc., often as an appointed Council representative. Members' interests are formally disclosed in a register of interests, of which details are available on request.

During the year transactions with related parties arose as follows:

2014/15 (Receipts)/ Payments £'000		2015/16 (Receipts)/ Payments £'000
(23,175)	Central Government	
0	Revenue Grants (Benefits/RSG/other grants)	(23,315)
	Capital Grants (Improvement Grants)	0
30,906	Leicestershire County Council - Precept	32,160
1,723	Leicestershire Fire and Rescue	1,793
5,131	Leicestershire Police - Precept	5,339

NOTES TO CORE FINANCIAL STATEMENT - continued

29 Capital Financing Requirement

2014/15 £'000		2015/16 £'000
91,628	Opening Capital Financing Requirement	90,889
	Capital Investment:	
	Housing Capital Finance (REFCUS)	
16,261	Operational assets	7,487
	Non-operational assets	
378	Revenue Expenditure Funded from Capital Under Statute	400
	Sources of Finance:	
0	Capital Receipts	
(8,379)	Government grants and other contributions	(1,529)
(8,999)	Revenue provision (including major repairs allowance)	(7,128)
90,889	Closing Capital Financing Requirement	90,119
	Explanation of movements in the year	
(739)	Decrease in underlying need to borrow (unsupported by Government financial assistance)	(770)
(739)	Increase/(decrease) in Capital Financing Requirement	(770)

NOTES TO CORE FINANCIAL STATEMENT - continued

Leases

Authority as Lessee

Finance Leases - the Authority no longer has any Finance Leases.

Operating Leases:

The Authority has acquired its fleet of refuse collection vehicles by entering into operating leases, with typical lives of seven years.

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

31-Mar-15 £'000		31-Mar-16 £'000
26	Not later than one year	26
12	Later than one year and not later than five years	1
0	Later than five years	0
38		27

The expenditure charged to the Cultural, Environmental, Regulatory and Planning Services line in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

2014/15 £'000		2015/16 £'000
44	Minimum lease payments	51
0	Contingent rents	0
44		51

Authority as Lessor

The Authority is not a lessor.

NOTES TO CORE FINANCIAL STATEMENT - continued

31 Termination Benefits

The authority terminated the contracts of a number of employees in 2015/16, incurring liabilities of £209,972.54 (£36,869.86 in 2014/15).

	No. of compulsory redundancies		No. of other agreed departures		Total no. of exit packages by band		Total cost of exit packages by band	
	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15
£0 - £20,000	10	4	1	5	11	9	£94,669	£36,870
£20,001 - £40,000	3	0	1	0	4	0	£115,303	£0
£40,001 - £60,000	0	0	0	0	0	0	£0	£0
£60,001 - £80,000	0	0	0	0	0	0	£0	£0
£80,001 - £100,000	0	0	0	0	0	0	£0	£0
	13	4	2	5	15	9	£209,973	£36,870

32 Pension Schemes Accounted for as Defined Contribution 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 needs to be disclosed at the time that employees earn their future entitlement.

The authority participates in the Local Government Pension Scheme (LGPS) for employees, which is administered by Leicestershire County Council - this is a funded scheme, meaning that the authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

We recognise the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the Income & Expenditure Account (I & E) after net operating expenditure. The following transactions have been made in the Income and Expenditure Account during the year.

2014/15 £'000		2015/16 £'000
	Net Cost of Services	
2,509	■ current service cost	3,249
3	■ Past service costs	86
0	■ curtailments	0
2,512		3,335
	Net Operating Expenditure	
4,415	■ interest cost	3,964
(2,545)	■ expected return on assets in the scheme	(2,196)
1,870		1,768
4,382	Amount charged to Income and Expenditure Account	5,103
	Amounts to be met from Government Grants and Local	
(73)	■ movement on pension reserve	(73)
	Actual amount charged against General Fund & HRA for pensions in the year	
2,149	■ employers' contributions payable to the scheme	2,407
73	■ unfunded discretionary benefit payments	73

The Annual Report of the Leicestershire County Council Superannuation Fund is available from Leicestershire County Council, County Hall, Glenfield, Leicestershire.

Income & Expenditure Account contains details of the Authority's participation in the Local Government Pension Scheme (LGPS), administered by Leicestershire County Council. The following information was supplied by Hymans Robertson LLP on 20th April 2016.

NOTES TO CORE FINANCIAL STATEMENT - continued

Employers Membership Statistics

	Average Age	Number		Total Salaries/Pension £'000	
	31-Mar-13	27-Feb-16	31-Mar-14	31-Jan-16	31-Mar-14
Actives	50			*	
Deferred Pensioners	50			*	
Pensioners	67			*	

Actuaries have not provided current figures for the amount of pensions in payment and deferred pensions.

PAYROLL

	2015/16 £'000	2014/15 £'000
Assumed total pensionable payroll based on contribution information	10,865	10,542

INVESTMENT RETURNS

The return on the fund in market value terms for the year to 31 March 2016 is estimated based on actual fund returns as provided by the Administering Authority and index returns where necessary.

Return for Period 1 April 2015 to 31 March 2016	(1.8%)
Estimated Return for Period from 1 April 2015 to 31 March 2016	0.7%

UNFUNDED BENEFITS

A summary of the membership data in respect of Unfunded Benefits is shown below.

LGPS Unfunded Pensions	Number at 29 February 2016	Annual Unfunded Pensions (£'000)
Male	28	59
Female	4	3
Dependants	11	11
TOTAL	43	73

PROJECTED PENSION EXPENSE FOR YEAR 31/3/2017

Analysis of Projected Amount to be charged to operating profit for the year to 31 March 2017.

Year Ended	31/03/2017 £'000	% of pay
Projected Current service cost	2,756	25.4%
Interest on Obligation	3,771	34.7%
Expected Return on Plan Assets	(2,421)	(22.30%)
Losses /(Gains) on Curtailment and Settlements	0	0.0%
TOTAL	4,106	37.8%

NOTES TO CORE FINANCIAL STATEMENT - continued

PROJECTED PENSION EXPENSE FOR YEAR 31/3/2017 - continued

The liabilities show the underlying commitments that the authority has in the long-run to pay retirement benefits. The total liability of £38,467,000 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 Council remains healthy. The deficit on the Pension Fund will be made good by increased contributions as assessed by the Actuary.

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 LGPS Fund liabilities have been assessed by Hymans Robertson, an independent firm of actuaries, estimates for the Fund being based on the latest full valuation of the scheme as at 31st March 2016.

The main assumptions used in their calculations have been:

2014/15	Assumptions	2015/16
2.4%	Inflation/Pension Increase Rate	2.2%
4.3%	Salary Increase Rate	3.2%
-	Expected Return on Assets	
3.2%	Discount Rate	3.5%

Assets in the County Council Pension Fund are valued at bid price as required under IAS 19.

Assets Category	2014/15		2015/16	
	Value £'000	Asset Distribution %	Value £'000	Asset Distribution %
Equity Securities	2,128	3.10%	1,891	2.73%
Debt Securities	6,581	9.60%	6,504	9.40%
Private Equity	2,602	3.79%	2,657	3.84%
Real Estate	6,498	9.48%	7,049	10.18%
Investment Funds	50,072	73.03%	49,759	71.89%
Cash & Cash Equivalents	687	1.00%	1,358	1.96%
TOTAL	68,568	100.00%	69,218	100.00%

Mortality

Life Expectancy is based on the Fund's Vitacurves with improvements from CMI2010 in line with the Medium Cohort and a 1.25% p.a. underpin. Based on these assumptions, the future life expectancies at age 65 are summarised below:

	Males	Females
Current pensioners	22.2	24.3
Future pensioners	24.2	26.6

Reconciliation of Present Value of the Scheme Liabilities

2014/15 £'000		2015/16 £'000
102,690	Opening Defined Benefit Obligation	123,395
2,509	Current Service cost	3,249
4,415	Interest cost	3,964
681	Contributions by Members	702
16,171	Actuarial losses/(Gains)	(20,671)
3	Past service costs/(Gains)	86
0	Losses/(Gains) on Curtailments	0
(73)	Estimated Unfunded Benefits Paid	(73)
(3,001)	Estimated Benefits Paid	(2,967)
123,395		107,685

NOTES TO CORE FINANCIAL STATEMENT - continued

Reconciliation of fair value of employer assets

2014/15 £'000	YEAR ENDED	2015/16 £'000
59,309	Opening Fair Value of Employer Assets	68,568
2,545	Expected Return on Assets	2,196
681	Contributions by Members	702
2,149	Contributions by the Employer	2,407
73	Contributions in respect of Unfunded Benefits	73
6,885	Actuarial losses/(Gains)	(1,688)
(73)	Estimated Unfunded Benefits Paid	(73)
(3,001)	Estimated Benefits Paid	(2,967)
68,568		69,218

Scheme History

Amounts for the current and previous accounting periods

The return on the fund in market value terms for	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000
Fair Value of Employer Assets	51,434	58,478	59,309	68,568	69,218
Present Value of Defined Benefit Obligation	(79,242)	(93,224)	(102,690)	(123,395)	(107,685)
Surplus/(Deficit)	(27,808)	(34,746)	(43,381)	(54,827)	(38,467)
Experience Gains/(Losses) on Assets	(3,382)	4,540	(1,547)	6,885	(1,688)
Experience Gains/(Losses) on Liabilities	(875)	132	(632)	837	1,437
Actuarial Gains/ (Losses) on Employer Assets	(3,382)	4,540	(1,547)	6,885	(1,688)
Actuarial Gains/ (Losses) on Obligations	(4,193)	(10,508)	(5,189)	(16,171)	20,671
Actuarial Gains/ (Losses) recognised in SRIE	(7,575)	(5,968)	(6,736)	(9,286)	18,983

Notes to the Statement of Recognised Income and Expense (SRIE)

YEAR ENDED	2014/15 £'000	2015/16 £'000
Actuarial Gains/(Losses) on Plan Assets	6,885	(1,688)
Actuarial Gains/ (Losses) on Obligations	(16,171)	20,671
Actuarial Gain/(Loss) Recognised in SRIE	(9,286)	18,983
Cumulative Actuarial Gains and Losses	(41,010)	(22,027)

Balance Sheet

2014/15 £'000	YEAR ENDED	2015/16 £'000
68,568	Fair Value of Employer Assets	69,218
(122,160)	Present Value of Funded Liabilities	(106,558)
(53,592)	Net (Under)/ Overfunding in Funded Plans	(37,340)
(1,235)	Present Value of Funded Liabilities	(1,127)
0	Unrecognised Past Service Cost	
(54,827)	Net Asset/(Liability)	(38,467)
54,827	Amount in the Balance Sheet	
	Liabilities	38,467
	Assets	
54,827	Net Asset/(Liability)	38,467

33 Provisions

NWLDC holds two specific provisions. One is to cover the possible repayment of litigants and other costs relating to personal search fees £124k. A group of Property Search Companies sought to claim refunds of fees paid to the Council to access land charges data. This was part of a claim against all English and Welsh local authorities for alleged anti-competitive behaviour. The claim has been settled but costs are still outstanding, to be settled from this provision.

The second is for NNDR appeals £2,862k (Business Ratepayers who have appealed against their assessment are still required to pay the rates demanded but should their appeal be successful then any sums overpaid will be refunded.

34 Nature and Extent of Risks Arising from Financial Instruments

The Borrowings and Investments disclosed in the Balance Sheet are made up of the following categories of Financial Instruments:

2014/15 £'000		2015/16 £'000
	<u>FINANCIAL LIABILITIES</u>	
88,569	Financial Liabilities at Amortised Cost	97,334
	<u>FINANCIAL ASSETS</u>	
24,222	Loans and Receivables	33,146

Fair Value of Assets and Liabilities carried at Amortised Cost

Financial Liabilities and Financial Assets represented by Loans 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:

- No early repayment or impairment is recognised.
- Where an Instrument will mature in the next 12 months, the 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.

An analysis of Long-Term Borrowing and Deferred Liabilities outstanding by maturity is shown below:-

2014/15 £000's	Period of Maturity	2015/16 £000's
1,032	Maturity in 1 year	1,055
1,055	Maturity in 1 - 2 years	1,079
3,310	Maturity in 2 - 5 years	3,385
21,535	Maturity in 5 - 10 years	21,672
58,582	Maturity in over 10 years	57,291
85,514		84,482

NOTES TO CORE FINANCIAL STATEMENT - continued

The Fair Values are calculated are as follows:

2014/15			2015/16	
Carrying Amount	Fair Value		Carrying Amount	Fair Value
£'000	£'000		£'000	£'000
88,569	103,754	Financial Liabilities	97,334	103,932
24,296	24,296	Loans and Receivables	33,146	33,146

The Fair Value is represented by the carrying amount as the authority has no material long term investments.

Financial Instruments Gains/Losses

There are no Gains/losses recognised in the Income and Expenditure Account or the Statement of Total Recognised Gains and losses in relation to Financial Instruments.

Financial Instruments - Nature and Extent of Risk

Credit Risk.

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the authority's customers.

Prior to the beginning of each financial year, the Council agrees and publishes an Investment Strategy. The Investment Strategy sets out the minimum credit rating criteria for counterparties who are banks and other financial institutions. The Council relies to some extent on credit ratings and utilises the services of a Treasury Consultant to monitor and advise of changes to these ratings.

The minimum credit rating criteria, set out in the Investment Strategy, are kept under constant review. As a result of liquidity problems (the credit crunch) experienced by banks and financial institutions since Autumn 2007, the minimum criteria were increased to provide additional security to the Council's investments. This action had the effect of removing most of the counterparties who had been on the existing list.

As a result of the Council's prudent approach to investment, which places security and liquidity above yield, the Council has never experienced any losses on investments. Nevertheless, theoretical considerations suggest that an investment with any institution carries some risk, albeit very small. The events which could give rise to these risks are rare or unforeseen and it is therefore very difficult to assess and quantify. Subject to these rare or unforeseen risks, the assessment that the maximum exposure is nil is considered to be a practical and pragmatic assessment.

The Council has £2,532,637 of General Debtors, for which a provision for doubtful debts of £2,319,899 has been made.

Liquidity Risk.

As the Authority has ready access to funds from the Public Works Loan Board, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the authority will be bound to replace a significant proportion of its borrowings at a time of unfavourable interest rates. The Council's strategy is to ensure an even maturity debt profile to mitigate against this risk.

NOTES TO CORE FINANCIAL STATEMENT - continued

Market Risk.

Interest Rate Risk.

The authority is not exposed to significant risk in terms of exposure to interest rate movement on its borrowings. However, a change in interest rates could impact upon the Council's investment income. For example an increase in rates would have the following effect:

- a) investments at variable rates – the interest income credited to the Income and Expenditure Account will rise;
- b) investments at fixed rates – the fair value of the assets will fall.

Price Risk.

The authority does not invest in equities and is therefore not exposed to this risk.

35 Building Control Charges

The Building (Local Authority Charges) Regulations 2010 requires the disclosure of information regarding the setting of charges for the administration of the building control function. However the Building Control service cannot charge for building work solely required for disabled persons. The overriding objective is to ensure the chargeable account recovers costs for the chargeable functions.

2014/15 £'000		2015/16 £'000
	Chargeable Work	
162	Expenditure	160
(172)	Income	(156)
(10)	(Surplus) / Deficit	4
	Non-Chargeable Work	
103	Expenditure	118
(2)	Income	(2)
101	(Surplus) / Deficit	116

36 Jointly Controlled Partnerships

The Council has entered into a partnership with Hinckley and Bosworth Borough Council and Harborough District Council to provide shared administration of Revenues and Benefits. The partners have an agreement in place for funding these services which runs for 5 years from 6th April 2011. The Partnership is currently hosted by Hinckley and Bosworth Borough Council on behalf of the other partners.

All partners contribute towards the operation of the partnership which is classified as a Jointly Controlled Operation. On this basis, each partner accounts for their share of contributions within their Statement of Accounts. The funding provided by North West Leicestershire District Council in 2015/16 was £1.12 million.

HOUSING REVENUE ACCOUNT (HRA)

HOUSING INCOME AND EXPENDITURE ACCOUNT

2014/15			NOTES	2015/16	
£'000	£'000			£'000	£'000
	(16,450)	INCOME			
(83)		Rents - Dwellings	H4		(17,503)
(29)		Rents - Garages / Sites		(77)	
(8)		Rents - Shops		(11)	
		Rents - Other		(5)	
	(120)				(93)
	(411)	Charges for Services and Facilities			(462)
	(306)	Supporting People Grant			(153)
	(7,377)	Decent Homes Backlog Grant			0
	0	Other Income			(27)
	(24,664)	TOTAL INCOME			(18,238)
		EXPENDITURE			
	4,037	Repairs & Maintenance			5,031
		Supervision & Management			
2,193		- General		2,269	
649		- Special		655	
	2,842				2,924
		Capital Charges			
	6,290	- Depreciation & Impairment of Fixed Assets	H8/9		1,108
	93	Increase in provision for Bad or Doubtful Debts			63
	2	Debt Management Expenses			1
	13,264	TOTAL EXPENDITURE			9,127
	(11,400)	NET COST OF HRA SERVICES INCLUDED IN INCOME & EXPENDITURE ACCOUNT			(9,111)
	216	Housing Share of Corporate & Democratic Costs			244
	16	Housing Share of other amounts included in the whole authority cost of services but not allocated to specific services			(8)
	(11,168)	NET COST OF HRA SERVICES			(8,875)
	1,597	(Gain) or Loss on Sale of HRA Fixed Assets			610
	2,388	Interest Payable & Similar Items			2,349
	(62)	Interest on Balances			(83)
	14	Amortisation of Premiums & Discounts			7
	0	Interest on Sale of Council Houses			0
	(7,231)	(SURPLUS)/DEFICIT ON HRA SERVICES			(5,992)

STATEMENT OF MOVEMENT ON THE HRA BALANCE		
2014/15 £'000		2015/16 £'000
(7,231)	Deficit on Housing Income and Expenditure Account	(5,992)
7,209	Amounts Required by Statute to be Taken into Account (detailed below)	5,604
(22)		(388)
(5,268)	HRA Balance Brought Forward	(5,290)
(5,290)	HRA Balance Carried Forward	(5,678)

ANALYSIS OF THE MOVEMENT IN THE HRA BALANCE		
2014/15 £'000		2015/16 £'000
	Amounts Required to be Taken Into Account	
	Items included in the HRA Income and Expenditure Account but excluded from the movement on HRA balance for the year	
(1,597)	Gain or (Loss) on Sale of HRA Fixed Assets	(610)
0	RTB Discounts repaid	26
15	Employee Benefits adjustment	(13)
(483)	Net charges for retirement benefits in accordance with IAS 19	(686)
(4,021)	Impairment/Revaluation of Fixed Assets	724
7,377	Decent Homes Backlog Grant Financing	0
1,291		(559)
	Items not included in the HRA Income and Expenditure Account but included in the movement on HRA balance for the year	
2,198	Transfer To/(From) Major Repairs Reserve	2,070
(30)	Right to Buy Admin Contribution	(43)
419	Employer's contributions payable to Leicestershire County Council Pension Fund	458
1,009	Principal Repaid on Self Financing Loans	1,032
2,100	Capital Expenditure funded by the HRA	2,610
222	Transfer To/(From) Reserves	36
5,918		6,163
7,209	Net additional amount required by statute to be debited or (credited) to the HRA balance for the year	5,604

NOTES TO THE HOUSING REVENUE ACCOUNT (HRA)

H1 MOVEMENT IN DWELLING STOCK

The Council was responsible for managing an average of 4,270 dwellings during 2015/16. The movement in the stock was as follows:-

2014/15		2015/16
4,285	Stock at 1st April	4,273
(23)	Less: Right to buy Sales	(33)
0	Less: Other Sales	0
0	Less: Demolitions	0
(23)	Less: Transfers out of stock	(14)
(1)	Less: Conversions	0
35	Add: Transfers back into stock	41
4,273		4,267

H2 PROPERTY TYPES IN DWELLING STOCK

The properties owned by the Council at 31st March 2016 comprise the following:-

	Flats/Maisonettes	Bungalows	Houses	Total
In stock				
Bed sits	57	4	0	61
1 Bedroom	506	324	0	830
2 Bedroom	335	475	399	1,209
3 Bedroom	6	7	2,007	2,020
4 Bedroom	0	0	143	143
5 Bedroom	0	0	4	4
	904	810	2,553	4,267
Transferred out of				
Bed sits	32	0	0	32
1 Bedroom	46	1	0	47
2 Bedroom	8	0	0	8
3 Bedroom	4	0	0	4
4 Bedroom	0	0	0	0
5 Bedroom	0	0	0	0
	90	1	0	91
Total	994	811	2,553	4,358

The dwellings transferred out of stock are mainly long term empty properties. However, they are still owned by the Council and are included in the value shown in note H3 below.

H3 BALANCE SHEET VALUE OF AUTHORITY'S HOUSING REVENUE ACCOUNT STOCK

2014/15 Balance £'000		2015/16 Balance £'000
158,613	Dwellings (inc garages)	161,714
539	Other Land and Buildings	1,769
159,152	OPERATIONAL ASSETS	163,483
843	Surplus Assets	1,540
843	NON-OPERATIONAL ASSETS	1,540
159,995	TOTAL ASSETS	165,023

The vacant possession value of dwellings within the Authority's HRA and Garages as at 31st March 2016 was £481,152,512 (31st March 2015 £466,385,125). The vacant possession value of the dwellings within the HRA show the economic cost to Government of providing Council Housing at less than open market rents.

NOTES TO THE HOUSING REVENUE ACCOUNT (HRA) - continued

H4 RENT INCOME

This is the total rent income due for the year after an allowance is made for empty properties/voids etc. Average rents were £80.68 per week in 2014/15 (£76.01 2014/15) there being an average increase of 6.14% (5.85% 2014/15) over the previous year. During the year 2.28% (2.75% 2014/15) of rentable properties were vacant.

Rent income can be analysed as follows:-

2014/15 £'000		2015/16 £'000
8,584	Collectable from Tenants	9,286
7,866	Rent Rebates	8,217
16,450		17,503
120	Non - Dwelling Rents	93
16,570		17,596

H5 RENT ARREARS

During the year total rent arrears, as a proportion of gross rent income were 1.94% (2.31% 2014/15). The arrears figures are as follows:-

2014/15 £'000		2015/16 £'000
585	Total Current and Former Tenant Arrears	602
(188)	Less: Accounts in credit	(247)
397	Net Arrears	355

Amounts written off during the year were £111,527 (£12,369 - 2014/15). At 31st March the Provision for doubtful debts stood at £426,776 (£456,703 - 2014/15).

H6 MAJOR REPAIRS RESERVE

2014/15 £'000		2015/16 £'000
(1,996)	Balance at 1st April	(644)
(1,780)	Amounts transferred to Reserve during year	(1,899)
	Amounts transferred from Reserve to finance Capital	
	Expenditure:	
5,330	Dwellings	2,816
0	Other Property	0
(2,198)	Depreciation in excess of / (less than) MRA	(2,070)
(644)	Balance at 31st March	(1,797)

NOTES TO THE HOUSING REVENUE ACCOUNT (HRA) - continued

H7 CAPITAL EXPENDITURE & RECEIPTS

Total Capital Expenditure within the authority's HRA during the financial year was £6,421,161 (dwellings £6,421,161 and Other Property £0) . The sources of funding are shown below:

2014/15 £'000		2015/16 £'000
5,330	Major Repairs Reserve	2,816
7,377	Decent Homes Backlog Grant 2014/15	0
2,100	Revenue Contribution	2,610
0	Other Contributions	995
14,807		6,421

Total Capital Receipts from disposals of Council Dwellings within the authority's HRA. stock during the financial year were £ 1,721,840.

H8 DEPRECIATION OF HRA FIXED ASSETS

2014/15 £'000		2015/16 £'000
1,780	Dwellings (excl. garages)	1,829
28	Other Land and Buildings	10
1,808	OPERATIONAL ASSETS	1,839

H9 IMPAIRMENT OF HRA FIXED ASSETS

2014/15 £'000		2015/16 £'000
3,993	Dwellings (excl. garages)	(731)
489	Other Land and Buildings	0
4,482	OPERATIONAL ASSETS	(731)

COLLECTION FUND

COLLECTION FUND INCOME AND EXPENDITURE ACCOUNT

2014/15 £'000		2015/16	
		£'000	£'000
	INCOME		
(45,898)	Council Tax (Net of benefits, discounts for prompt payment and transitional relief)		(47,879)
	Transfers from General Fund:-		
23	- Council Tax Benefit		9
(19)	- CTLS Discretionary		(28)
(49,418)	Business Ratepayers		(52,158)
(95,312)			(100,056)
	EXPENDITURE		
	Council Tax Precepts and Demands:-		
30,906	Leicestershire County Council	32,160	
5,131	Leicestershire Police	5,339	
1,723	Leicestershire Fire and Rescue	1,793	
6,537	N.W.L.D.C. (including Parish and Special Expenses)	6,753	
1,012	Contribution towards previous year's surplus	170	
224	Provision for bad/doubtful debts:- Write Offs	49	
100	Provision for bad/doubtful debts:- Provision	357	
45,633			46,621
	Non-Domestic Rates (NDR):		
0	Share of NDR - Leicestershire Pool	21,854	
24,947	Share of NDR - Government	25,106	
4,491	Payment to Leicestershire County Council	0	
499	Payment to Leicestershire Fire and Rescue Service	0	
19,958	Share of NDR - N.W.L.D.C.	3,253	
2,917	Contribution towards previous year's deficit	(3,510)	
379	Provision for bad/doubtful debts:- Write Offs	174	
(238)	Provision for bad/doubtful debts:- Provision	(285)	
2,725	Provision for appeals	1,018	
145	Costs of Collection	146	
55,823			47,756
101,455.84			94,377
(261)	Movement on fund - (Surplus)/Deficit for the year - Council Tax		(1,277)
6,405	Movement on fund - (Surplus)/Deficit for the year - NDR		(4,402)
(908)	Collection Fund Balance at 1st April 2015 - Council Tax		(1,169)
433	Collection Fund Balance at 1st April 2015 - NDR		6,838
(1,169)	Collection Fund Balance at 31st March 2016 - Council Tax		(2,446)
6,838	Collection Fund Balance at 31st March 2016 - NDR		2,436

NOTES TO THE COLLECTION FUND

C1 GENERAL

This Collection Fund 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.

C2 COUNCIL TAX

The Council's tax base i.e. the number of chargeable dwellings in each valuation band (adjusted for dwellings where discounts apply) converted to an equivalent of band D dwellings, was calculated as follows:-

Band	Estimated number of taxable properties after effect of discount	Ratio	Band 'D' Equivalent dwellings
A	6,637	6/9	4,425
B	10,092	7/9	7,849
C	6,046	8/9	5,374
D	5,167	9/9	5,167
E	3,373	11/9	4,123
F	1,314	13/9	1,898
G	811	15/9	1,351
H	41	18/9	82
	33,481		30,269
Less: 2% Allowance for Valuation Appeals & irrecoverables			605
COUNCIL TAX BASE for 2015/16			29,664

C3 INCOME FROM BUSINESS RATEPAYERS

The Council collects Non-Domestic Rates for its area which are based on local rateable values multiplied by a uniform rate. The total amount, less certain reliefs and other deductions, is paid to a central pool (the NNDR pool) managed by Central Government, which in turn redistributes the pool back to local authorities general fund.

The total Non-Domestic Rateable Value at the 31st March 2016 was £117,552,209 (£116,821,343 - 31st March

The National Non-Domestic multiplier for the year was 49.3p (48.2p - 2014/15).

The Small Business Rate Multiplier was 48p (47.1p - 2014/15).

C4 PROVISIONS

The provision for the Council's share of potential cost of settling outstanding business rates appeals, was created as a result of the introduction of the Business Rates Retention scheme. As part of this scheme, billing authorities acting as agents on behalf of major preceptors (10%), Central Government (50%) and themselves are required to make a provision for refunding ratepayers who have appealed against the rateable value of their properties. Although under the scheme, the Council is able to retain a larger share of the business rates locally, it also now bears the risks and uncertainties linked to the level of rateable value appeals. The Council has made a provision of £2.9m in its accounts (£2.4m - 31 March 2015).

SPECIAL EXPENSES ACCOUNT

2014/15 £		2015/16	
		£	£
	COALVILLE URBAN DISTRICT AREA		
81,072	Balance brought forward	96,895	
358,373	Collection Fund Precept	363,327	
61,971	Localisation Grant	62,020	
501,416			522,242
	EXPENDITURE		
342,756	Parks, Rec Grds, Open Spaces & Verge Mtce	351,534	
19,236	Burial Grounds	33,791	
60,979	Events & Grants	65,363	
10,000	R.C.C.O.	0	
(28,347)	Asset Management Revaluation Account	(26,367)	
(9,424)	Impairment	3,699	
(1,328)	Other Adjustments	(7,114)	
10,649	Contribution to Ear-Marked Reserves	18,000	
404,521			438,906
96,895	Balance carried forward		83,336
	HUGGLESCOTE		
15,078	Balance brought forward	19,930	
60,922	Collection Fund Precept	22,446	
11,426	Localisation Grant	2,210	
87,426			44,586
	EXPENDITURE		
50,031	Parks, Rec Grds, Open Spaces & Verge Mtce	452	
17,566	Burial Grounds	22,789	
750	Other Expenses	750	
0	Transfer to Parish Council	18,060	
(6,287)	Asset Management Revaluation Account	0	
829	Impairment	0	
(341)	Other Adjustments	(647)	
4,948	Contribution to Ear-Marked Reserves	1,770	
67,496			43,174
19,930	Balance carried forward		1,412
	WHITWICK		
23,280	Balance brought forward	20,997	
152,065	Collection Fund Precept	19,688	
20,286	Localisation Grant	1,795	
195,631			42,480
	EXPENDITURE		
142,530	Parks, Rec Grds, Open Spaces & Verge Mtce	641	
24,405	Burial Grounds	23,357	
0	Transfer to Parish Council	20,037	
(671)	Asset Management Revaluation Account	0	
4,110	Impairment	0	
(699)	Other Adjustments	(646)	
4,959	Contribution to Ear-Marked Reserves	150	
174,634			43,539
20,997	Balance carried forward		(1,059)
	COLEORTON PARISH AREA		
63	Balance brought forward	61	
2,751	Collection Fund Precept	2,809	
438	Localisation Grant	438	
3,252			3,308
	EXPENDITURE		
1,141	Parks & Open Spaces	1,158	
2,050	Burial Grounds	2,081	3,239
61	Balance carried forward		69
	MEASHAM PARISH AREA		
100	Balance brought forward	98	
1,577	Collection Fund Precept	1,606	
239	Localisation Grant	239	
1,916			1,943
	EXPENDITURE		
1,818	Burial Grounds		1,845
98	Balance carried forward		98

SPECIAL EXPENSES ACCOUNT CONT'D

2014/15 £		2015/16	
		£	£
	STRETTON-EN-LE-FIELD		
37	Balance brought forward	35	
1,084	Collection Fund Precept	1,084	
217	Localisation Grant	217	
1,338			1,336
	EXPENDITURE		
1,303	Burial Grounds		1,323
35	Balance carried forward		13
	OSGATHORPE		
322	Balance brought forward	322	
319	Collection Fund Precept	320	
24	Localisation Grant	24	
665			666
	EXPENDITURE		
343	Parks & Open Spaces		348
322	Balance carried forward		318
	LOCKINGTON / HEMINGTON		
303	Balance brought forward	321	
1,690	Collection Fund Precept	1,683	
116	Localisation Grant	116	
2,109			2,120
	EXPENDITURE		
1,788	Burial Grounds		2,000
321	Balance carried forward		120
	KEGWORTH		
278	Balance brought forward	638	
360	Collection Fund Precept	0	
0	Localisation Grant	0	
638			638
	EXPENDITURE		
0	Parks & Open Spaces		0
638	Balance carried forward		638
	RAVENSTONE		
244	Balance brought forward	244	
305	Collection Fund Precept	313	
38	Localisation Grant	38	
587			595
	EXPENDITURE		
343	Parks & Open Spaces		348
244	Balance carried forward		247
	OAKTHORPE & DONISTHORPE		
456	Balance brought forward	450	
3,224	Collection Fund Precept	3,258	
477	Localisation Grant	478	
4,157			4,186
	EXPENDITURE		
3,707	Parks & Open Spaces		3,963
450	Balance carried forward		223
	APPLEBY MAGNA		
0	Balance brought forward	14	
1,470	Collection Fund Precept	1,470	
110	Localisation Grant	108	
1,580			1,592
	EXPENDITURE		
1,566	Parks & Open Spaces		1,589
14	Balance carried forward		3

GLOSSARY OF MAIN FINANCIAL TERMS

AMORTISATION – a reduction in the value of an intangible asset over time, due to wear and tear.

BUDGET - a statement defining the council's policies over a specified period in terms of finance. Budgets usually include statements about the use of other resources (e.g. numbers of staff) and provide some information on performance measures.

BUDGET REQUIREMENT - the estimated revenue expenditure on general fund services that needs to be financed from the council tax after deducting income from fees and charges, certain specific grants and any funding from reserves. It is used to decide the criteria for capping local authority revenue expenditure.

CAPITAL EXPENDITURE (or capital spending) - section 40 of the *Local Government and Housing Act 1989* defines 'expenditure for capital purposes'. This includes spending on the acquisition of assets either directly by the local authority or indirectly in the form of grants to other persons or bodies. Expenditure that does not fall within this definition must be charged to a revenue account.

CAPITAL RECEIPTS - the proceeds from the disposal of land or other assets. Capital receipts can be used to finance new capital expenditure within rules set down by the Government, but they cannot be used to finance revenue expenditure.

COLLECTION FUND - a statutory fund maintained by a billing authority, which is used to record local taxes and non-domestic rates collected by the authority, along with payments to precepting authorities, the national pool of non-domestic rates and its own general fund.

CONTINGENCY - money set aside in the budget to meet the cost of unforeseen items of expenditure, or shortfalls in income, and to provide for inflation where this is not included in individual budgets.

CONTINGENT LIABILITY – Money that may be owed, but the exact amount is unclear.

COUNCIL TAX - the main source of local taxation to local authorities. Council tax is levied on households within its area by the billing authority and the proceeds are paid into its Collection Fund for distribution to precepting authorities and for use by its own General Fund.

COUNCIL TAX BENEFIT - assistance provided by billing authorities to adults on low incomes to help them pay their council tax bill. The cost to authorities of council tax benefit is largely met by government grant.

CURRENT EXPENDITURE - running costs, including employee costs, premises costs and supplies and services, but not including debt charges.

DEFERRED CHARGE – Spending on an asset that has a lasting value but is not owned e.g. improvement grants.

DEPRECIATION – A measure of the wearing out, consumption, or other reduction in the useful life of a fixed asset.

EARMARKED RESERVE – Money set aside for a specific purpose.

ESTIMATES - the amounts expected to be spent, or received as income, during an accounting period. The term is also used to describe detailed budgets, which are either being prepared for the following year, or have been approved for the current year.

original estimate - the estimates for a financial year approved by the council before the start of the financial year.

revised estimate - an updated revision of the estimates for a financial year.

supplementary estimate - an amount, which has been approved by the authority, to allow spending to be increased above the level of provision in the original or revised estimates.

EXTERNAL AUDIT - the independent examination of the activities and accounts of local authorities to ensure the accounts have been prepared in accordance with legislative requirements and proper practices and to ensure the authority has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

FEES AND CHARGES - income raised by charging users of services for the facilities. For example, local authorities usually make charges for the use of leisure facilities, the collection of trade refuse, etc.

FINANCE LEASE - a lease, usually of land, or land and buildings, which is treated in the Government's capital control system as a credit arrangement as if it were similar to borrowing. Other types of lease are termed 'operating leases'.

FINANCIAL REGULATIONS - a written code of procedures approved by the authority, intended to provide a framework for proper financial management. Financial regulations usually set out rules on accounting, audit, administrative procedures and budgeting systems.

GENERAL FUND - the main revenue fund of a billing authority. Day-to-day spending on services is met from the fund. Spending on the provision of housing, however, must be charged to a separate Housing Revenue Account.

HOUSING BENEFIT - an allowance to persons on low income (or none) to meet, in whole or part, their rent. Benefit is allowed or paid by local authorities but central government refunds part of the cost of the benefits and of the running costs of the service to local authorities. Benefit paid to the authority's own tenants is known as **rent rebate** and that paid to private sector tenants as **rent allowance**. See also **Council Tax Benefit**.

HOUSING REVENUE ACCOUNT (HRA) - local authorities are required to maintain a separate account - the HRA - which sets out the expenditure and income arising from the provision of housing. Other services are charged to the General Fund.

HRA SUBSIDY - a government grant paid to some housing authorities towards the cost of providing, managing and maintaining dwellings and paying housing benefits to tenants.

IAS 19 – A statement of recommended practice to account for the cost of pensions.

IFRS – International Financial Reporting Standards

IMPAIRMENT – A reduction in the value of an asset, arising (for example) from a significant reduction in Market Value.

LOBO – A commercial loan method of borrowing, which gives options for both parties – ("Lenders options; borrowers options").

MINIMUM REVENUE PROVISION (MRP) - the minimum amount which must be charged to an authority's revenue account each year and set aside as provision for credit liabilities, as required by the *Local Government and Housing Act 1989*.

NATIONAL NON-DOMESTIC RATE (NNDR) - a levy on businesses, based on a national rate in the pound set by the Government multiplied by the 'rateable value' of the premises they occupy. NNDR is collected by billing authorities on behalf of central government and then redistributed among all local authorities and police authorities on the basis of population. Also known as 'business rates', the 'uniform business rate' and the 'non-domestic rate'.

NET EXPENDITURE - gross expenditure less specific service income, but before deduction of Revenue Support Grant.

NON-RECURRING - items that are in a budget for one year only.

OPERATING LEASE - a type of lease, usually of computer equipment, office equipment, furniture, etc which is similar to renting and which does not come within the Government's capital control system. Ownership of the asset must remain with the lessor for a lease to be classed as an operating lease.

OUTTURN - actual income and expenditure in a financial year.

PENSION FUND - an employees' pension fund maintained by an authority, or group of authorities, in order to make pension payments on retirement of participants. It is financed from contributions from the employing authority, the employee and investment income.

PRECEPT - the levy made by precepting authorities on billing authorities, requiring the latter to collect income from council tax payers on their behalf.

PRECEPTING AUTHORITIES - those authorities which are not billing authorities, i.e. do not collect the council tax and non-domestic rate. County councils, police authorities and joint authorities are 'major precepting authorities' and parish, community and town councils are 'local precepting authorities'.

PROVISIONS AND RESERVES - amounts set aside in one year to cover expenditure in the future. Provisions are for liabilities or losses which are likely or certain to be incurred, but the amounts or the dates on which they will arise are uncertain. Reserves are amounts set aside which do not fall within the definition of provisions and include general reserves (or 'balances'), which every authority must maintain as a matter of prudence.

PUBLIC WORKS LOAN BOARD (PWLB) - a central government agency which provides long- and medium-term loans to local authorities at interest rates only slightly higher than those at which the Government itself can borrow. Local authorities are able to borrow a proportion of their requirements to finance capital spending from this source.

REVENUE SUPPORT GRANT (RSG) - a grant paid by central government to aid local authority services in general, as opposed to specific grants, which may only be used for a specific purpose. The grant makes up the difference between expenditure at SSA and the amount which would be collected in council tax for that level of expenditure (CTSS) and the amount of non-domestic rate redistributed.

SECTION 137 EXPENDITURE - under Section 137 of the *Local Government and Housing Act 1972*, local authorities are allowed to spend a limited amount to do things they are not otherwise empowered to do, but which they consider to be in the interests of residents.

SPECIFIC GRANTS - the term used to describe all government grants - including supplementary and special grants - to local authorities other than RSG, capital grants and HRA subsidy. Not to be confused with specified capital grants.

SPECIFIED CAPITAL GRANT (SCG) - certain government grants towards capital spending, for example house renovation grants. Local authorities must apply a special accounting treatment to these grants, i.e. reduce their credit approvals by the amount of the grant received. SCGs all relate to housing.

ULTRA VIRES - local authorities are empowered to do only those things authorised by statute. If they do anything not authorised by statute, that action is said to be ultra vires (i.e. beyond their powers).

VALUE FOR MONEY (VFM) - a much-used term that describes a service or product that demonstrates a good balance between its cost, quality and usefulness to the customer. A VFM audit takes into account the economy, efficiency and effectiveness (known as the 'three Es') of a local authority service, function or activity.

VIREMENT - the permission to spend more on one budget head when this is matched by a corresponding reduction on some other budget head, i.e. a switch of resources between budget heads. Virement must be properly authorised by the appropriate committee or by officers under delegated powers.

COUNCIL'S VISION

North West Leicestershire will be a place where people and businesses feel they belong and are proud to call home

North West Leicestershire District Council,
Council Offices, Whitwick Road, Coalville,
Leicestershire, LE67 3FJ.

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