AUDIT COMMITTEE 30 JUNE 2015 -
AGENDA ITEM 4 (APPENDIX A)

Mole Valley
District Council

DRAFT

STATEMENT OF ACCOUNTS

2014/15

STATEMENT OF ACCOUNTS

For the year ended 31 March 2015

CONTENTS

EXPLANATORY FOREWORD

Introduction

Mole Valley's finances, in common with all other local authorities, are complex. Although the Council attempts to present the Accounts in an understandable way, a large amount of the detail and the format is prescribed by law. The Statement of Accounts for the year ended 31st March 2015 has been prepared and published in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) 'Code of Practice on Local Authority Accounting in the UK' and the Accounts and Audit Regulations 2011.

The purpose of this Foreword is to provide a guide to the most significant matters reported in the Accounts and an explanation, in overall terms, of the Authority's financial position. Its purpose is also to assist the reader in the interpretation of the accounting statements.

Overview

Robust budget control and monitoring during the year enabled the Council to report a net revenue underspend at year end. This performance was both helped and hindered by the ongoing economic conditions – helped by the low and stable level of inflation, hindered by the disappointing returns on investments. However, despite the low interest rates, budgeted interest income was exceeded.

Mole Valley's capital spending was £3.824m for the year. This was funded through internal resources and the Council remains a debt-free Authority, though more ambitious plans for capital investment in the near future may impact on this.

Budgeted Income & Expenditure

The budget for the revenue expenditure of Mole Valley's business units was £10.064m for 2014/15. At 31st March 2015, the total net spend of the businesses was £9.797m, leaving the Council with an underspend of £267,000 against budgeted costs.

The main variations contributing to this underspend were:-

- Successful completion for a lease of Curtis Road, Dorking premises which underpinned a total underspend on Property of £115,000.
- Underspends on staffing, hardware and software costs which accumulated to produce a £77,000 saving on IT
- An overspend on central, corporate costs of £62,000 resulting from the need to make provision for insurance claims and bad debts
- Additional income from the high levels of usage and income at the Leatherhead Leisure Centre, contributing to an underspend on the Partnerships budget of £57,000

The bulk of the variations listed above against budget had already been picked up and identified in the monthly monitoring undertaken by budget managers. The position reported at the end of January was a total spend of £9.809m which was within £12,000 of the outturn position.

The way the Council's finances are reported to management for resource allocation and budgetary control is different to the main presentation in these pages. NFS28 shows the Authority's income and expenditure in the style reported throughout the year. The difference is due to a range of substantial adjustments which are outside of the day-to-day control of budget managers but required to be included in the year-end Statement of Accounts. These include such items as pension fund transfers and depreciation of assets and equipment.

The Council is funded through a combination of council tax, government grants, non-domestic rates and investment income. The successful collection of 99% of the collectable council tax and non domestic rates by the Authority's Revenues Team places it among the top performers in the country. The Council received the anticipated Revenue Support Grant (RSG) and New Homes Bonus, based on the net number of new homes in the District in the preceding year. The retention of a proportion of non-domestic rates gives the Council an extra incentive to maintain high collection rates and maximise the yield on properties within the District. On the overall collection of around £35m rates and the retention of Mole Valley's 'share', outturn is in line with expectations. The recessionary economic climate continued to restrict returns on the Council's standard investments to between 1% and 1.5% though the transfer of £5m in the previous year to a property fund continued to produce a higher yield and contributed to an excess of investment income over target of £30,000.

Levels of Reserves and Balances

The policy of the Council, on the recommendation of the s151 Officer, is to maintain a specified level of balances, in highly liquid form, to counter emergencies. The stipulated amounts are £1.3m revenue balances and £8m capital.

Revenue balances stood at £3.424m at the beginning of the year and are £4.384m at the end of the year – as the Movement in Reserves Statement shows.

Capital Expenditure

The expenditure on capital projects during 2014/15 was £3.824m at year end. Of this, £3.255m was spent on major schemes (over £50,000) and £0.569m on minor works. Major scheme highlights include contributions to affordable housing (£0.735m), the purchase of emergency accommodation for the homeless (£0.759m) and the funding of housing adaptations for the disabled (£0.523m).

It is good accounting practice for a contribution to be made from the revenue budget each year towards the maintenance and upkeep of capital assets. This has been done in Mole Valley in the past where budgetary pressures have allowed. A budgeted contribution of £0.321m was reinstated this year towards the cost of wear and tear on our capital assets. The Medium Term Financial Strategy anticipates that this will feature as part of the regular, annual budget.

Pension Fund Update

The triennial Actuarial Valuation of the Surrey Pension Fund took place on 31 March 2013, the next is due in 2016. Assumptions have been updated to reflect each of the two years that have passed since the last full valuation. At the end of 2014/15, the assessed net deficit on the Fund (the amount by which liabilities of £98.1m outweigh assets of £63.0m) was £35.1m. The movement since last year was an increase of £6.5m on assets and £13.2m on liabilities.
The report of the Actuary pinpointed the cause of the increase in net liabilities as due to the change is market conditions in the last year, in particular the reduced bond yields. Although this was, to some extent, offset by strong asset returns, the low bonds yields contributed to a reduction in the discount rate which increased the assessed value of the Pension Fund liabilities.

Looking Forward

The current economic conditions and Government attempts to reduce public sector spending were influential factors in the decisions taken by the Council in relation to setting its 2015/16 budget.

Prospects for Revenue Support Grant from the Government look poor. The level of Council Tax increase is constrained by law and the controls are likely to get tighter.

A major theme of the Medium Term Financial Strategy and 2015/16 budget is therefore to pursue policies that will help Mole Valley to generate its own funding. The Government has pointed the way in this respect by pinning increased amounts of funding to the level of non domestic rates and new houses that are, to some extent, responsive to the Council's policies and actions. The importance of commercial or residential development in the District to ensure that the Council retains or increases its share of resources distributed through the retention of non domestic rates and the New Homes Bonus was recognised in the budget and reflected in the future funding projections. Other initiatives to generate funds are emerging as the Council strives to make best use of its assets. A variety of land and property based projects have been launched which, over the course of the next 5 to 7 years, are designed to generate significant capital or revenue funding for the Council and ensure its financial stability with or without Government grant support. These projects include the transformation of Leatherhead Town Centre (with the support of the Government's Coast To Capital Local Economic Partnership), the refurbishment of Pippbrook HQ and the development of the Meadowbank Football Ground.

Accounting Statements

The main statements contained within the Accounts are listed below with a brief explanation of their purpose and inter-relationship.

(i) Comprehensive Income & Expenditure Statement (CIES)

The CIES consolidates all of the gains and losses experienced by the Authority during the financial year. As Local Authorities do not include any equity in their Balance Sheets, these gains and losses should reconcile to the overall movement in net worth. The CIES comprises two sections:-

- The surplus or deficit on the provision of services
- Other CIES – movements such as gains and losses on pension assets and liabilities or changes in the fair value of assets

The Statement also 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.

(ii) Balance Sheet

The Balance Sheet shows the value at 31 March 2015 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 is '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 limitation on their use (for example, the Capital Receipts Reserve may only be used to fund capital expenditure or repay debt). The second category of reserves is 'Unusable Reserves'. These cannot be used to provide services. They include reserves that hold unrealisable 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 regulation'.

(iii) Movement in Reserves Statement

The Movement in Reserves Statement is a summary of the changes that have taken place in the bottom half of the Balance Sheet under 'Usable and Unusable Reserves'. It analyses:

- the increase or decrease in the net worth of the Authority as a result of incurring expenditure and generating income
- the increase or decrease in the movement of the fair value of its assets
- the movements between reserves in order to reduce or increase resources available to the Authority in accordance with statutory provisions

This Statement shows the movement in the year on the different reserves held by the Authority, analysed as 'Usable Reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and 'Unusable 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 & Expenditure Statement. This is different from the statutory amounts required to be charged to the General Fund Balance for Council Tax setting purposes. The 'Net Increase/Decrease before Transfers to Earmarked Reserves' line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Authority.

(iv) Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period. It 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 recipients of the 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.

(v) Collection Fund Statement

The Collection Fund Statement reflects the statutory obligation for billing authorities to maintain a separate collection fund. It shows transactions in relation to collection from taxpayers and distribution to local authorities and the Government of council tax and non domestic rates.

Nick Gray
Deputy Chief Executive and Section 151 Officer
30th June 2015

Further information can be found on the Authority's website by following the link below

http://www.molevalley.gov.uk/index.cfm?articleid=8936

or obtained from:
Nick Gray
Deputy Chief Exective
Mole Valley District Council
Pippbrook
Dorking, Surrey RH4 1SJ

Audit opinion

INDEPENDENT AUDITORS REPORT

INDEPENDENT AUDITORS REPORT

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authorities Responsibilities

The Authority is required to:

- make arrangements for proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. That officer is the Chief Financial Officer.
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- approve the Statement of Accounts

The Chief Financial Officer's Responsibilities

The Chief Financial Officer is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code). That officer is the Deputy Chief Executive and Section 151 Officer, Nick Gray.

In preparing this Statement of Accounts the Chief Finance Officer has:

- selected suitable accounting policies and applied them consistently
- made judgments and estimates that were reasonable and prudent
- complied with the Local Authority Code.
- kept proper accounting records which were up to date
- taken reasonable steps for the prevention and detection of fraud and other irregularities

Certification of Chief Finance Officer and Chair of Audit Committee

We declare that the Statement of Accounts present a true and fair view of the financial position of the Authority as at 31 March 2015 and its income and expenditure for the year ended on that date.

Nick Gray
Deputy Chief Executive and Section 151 Officer

Date :

Councillor Stella Brooks
Audit Committee (Chair)

Date

ANNUAL GOVERNANCE STATEMENT 2015

The Annual Governance Statement provides assurance to MVDC's stakeholders, external auditors and assessors, as well as the community that we have put in place good business practices, high standards of conduct and sound governance arrangements. It provides assurance that the processes in place to achieve these are satisfactory and are monitored to ensure continuous improvement.

1. Scope of Responsibility

Mole Valley District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards. It must also ensure that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. MVDC also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, MVDC is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

MVDC has approved and adopted a Local Code of Corporate Governance, which is consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) / Society of Local Authority Chief Executives (SOLACE) Framework '*Delivering Good Governance in Local Government'*.

The purpose of this Annual Governance Statement (AGS) is to explain how MVDC has complied with the Code. It also meets the requirements of Regulation 4(3) of the Accounts and Audit (England) Regulations 2011 which requires all relevant bodies to prepare an Annual Governance Statement. Where there is scope to improve current arrangements when compared with the Code, the actions have been identified and are contained in the action plan at the end of this Statement.

The Annual Governance Statement underpins the Corporate Strategy and other key strategies, including the Medium Term Financial Strategy. It has been prepared with the assistance of MVDC's Strategic Management Team (SMT). The evidence for this Statement is drawn from Council, Executive, Strategic Management Team and Business Unit Managers' work. The work of internal and external audit has also been taken into account.

2. The Purpose of the Governance Framework

The governance framework comprises the systems and processes, culture and values, by which the Authority is directed and controlled. It also includes the activities through which it accounts to, engages with and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide a reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of MVDC's policies, aims and objectives. This enables MVDC to evaluate the likelihood of those risks being realised, and the impact should they be realised, and to manage them efficiently, effectively and economically.

3. The Governance Framework

The key elements of the systems and processes that comprise MVDC's governance framework, all of which were in place in 2014/15, are summarised below:

- The Head of Paid Service (Chief Executive) has a duty to monitor and review the operation of the Constitution to ensure its aims and principles are given full effect. MVDC keeps the appropriateness of the Constitution under review.

- MVDC's financial management arrangements conform with the governance requirements of the CIPFA Statement on '*The Role of the Chief Financial Officer in Local Government (2010)*'.

- MVDC has in place a Responsible Finance Officer and Deputy under Section 151 of the Local Government Act 1972. The Deputy Chief Executive (Section 151 Officer) has statutory responsibility for the proper management of MVDC's finances. This role ensures lawfulness and financial prudence of decision making, has responsibility for the administration of the financial affairs of MVDC and provides advice on the scope of powers and authority to take decisions, maladministration, financial impropriety, probity and budget and policy framework issues.

- The management of MVDC's finances within departments is devolved to business managers through the Scheme of Delegation to Officer, in Part 3 of the Constitution.

- The Financial Services Team provides detailed finance protocols, procedures, guidance and training for managers and staff. The structure of the team ensures segregation of duties and all committee reports are reviewed by the appropriate Finance staff. A Section 151 commentary is a mandatory element in all committee reports.

- MVDC has a Monitoring Officer who has a duty to report on any actual or likely decision which would result in an unlawful act or maladministration. All decisions to be taken by Members are supported by a legal assessment provided by the appropriate officer.

- Corporate Heads are responsible for ensuring that the systems of control used in their functions are robust and that they regularly review their risks.

..

- The Executive makes decisions on strategy and policy as set out in the Terms of Reference in Part 3 of the Constitution.

- MVDC has both a Scrutiny Committee and an Audit Committee which have a range of powers as set out in their Terms of Reference as laid down in Part 3 of the Constitution.

- The role of the Audit Committee is set out in the Constitution and one of its key roles is to provide independent assurance of the adequacy of the risk management framework and the associated control environment. It is a committee comprising seven non executive council members, and oversees the internal audit function and considers all relevant reports of the external auditor.

- The terms of reference for the Audit Committee are prepared in line with '*CIPFA's Audit Committees – Practical Guidance for Local Authorities*' and are reviewed annually whilst undertaking the self assessment into the committee's effectiveness and achievements against its terms of reference.

- The Standards Committee agrees the adoption of the Codes of Conduct and advises MVDC on matters relating to the ethical conduct of MVDC officers and its Members as set out in its Terms of Reference in Part 3 of the Constitution.

- Internal Audit (provided by Baker Tilly) monitors the quality and effectiveness of the systems of internal control. The work they undertake forms the basis for the work performed by external audit when assessing the reliance they can place on the system of internal control. The Authority is subject to a statutory Annual Audit which reports on MVDC's Governance, performance and accountancy arrangements.

- The reporting process requires the Internal Audit Contract Manager to submit a report for each audit to the relevant manager and Financial Services Manager. The report identifies recommendations for improvements that are included within an action plan to be agreed with the relevant officer. The reporting requirements also include a quarterly report and an Annual Report to Audit Committee giving the Head of Internal Audit's Annual Opinion Statement. The Internal Audit contract includes improvements to monitoring, for example a set of performance indicators and audit quality feedback questionnaires.

- The Authority is subject to a statutory annual External Audit which reports on MVDC's Governance, performance and accountancy arrangements.

4. Review of Effectiveness

MVDC has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the senior managers within the Authority who have responsibility for the development and maintenance of the governance environment, the annual report of Internal Audit and also advice given by the external auditors and other review agencies and inspectorates.

The effectiveness review assesses how far our processes and documentation meet the criteria contained in our local Code of Corporate Governance. We do this by scoring our arrangements from non-compliance to full compliance, using a checklist. For 2014/15 we have assessed that the majority of elements are fully compliant and in line with best practice and the Audit Committee (March 2015) continues to regard our arrangements as fit for purpose in accordance with the governance framework. Areas where we have assessed our arrangements as having scope for some improvement are identified in Section 7, along with actions to address these.

Our Code of Corporate Governance is based around the six principles identified by CIPFA as the principles of good governance. For each of these principles, elements that have been reviewed/updated during 2014/15 are highlighted in the text below.

Principle 1: Focusing on the purpose of Mole Valley District Council and on outcomes for the community and creating and implementing a vision for the local area

The Corporate Plan 2011-15 set out MVDC's purpose and vision. 2014/15 was the last year of the four year plan which was arranged around the themes of Access to Services, Environment and Value for Money. Business plans for individual business units contained actions that enabled the objectives set out in the Corporate Plan to be delivered. Progress was reported on a regular basis to the Senior Management Team and the Executive.

Work was undertaken in 2014-15 to develop a new Corporate Strategy 2015-19. This was agreed by Council in March 2015. In addition, a new set of core values for the organisation for 2015/16 onwards were developed in 2014/15.

MVDC is focussed on ensuring that its customers receive a high quality of service, regardless of whether it is provided directly, in partnership or commissioned by MVDC. As well as monitoring performance against priorities in the Corporate Plan, effective arrangements were in place to ensure that customers are able to give feedback on the service they have received. There is a complaints policy in place and the annual complaints report was taken to Scrutiny in September 2014, highlighting areas for improvement as identified through this feedback.

We produced a 2013/14 Annual Report, published in June 2014, which highlighted achievements and progress in delivering against its corporate priorities. The Statement of Accounts 2013/14 was published in September 2014.

MVDC's approach to value for money is set out in the Financial Regulations and Contract Standing Orders in the Constitution. The annual Audit Letter for 2013/14 was considered by the Audit Committee in November 2014. It gave an unqualified conclusion in respect of our arrangements for securing economy, efficiency and effectiveness in our use of resources.

Principle 2: Members and officers working together to achieve a common purpose with clearly defined functions and roles

Senior Members and officers work closely together to deliver the Council's priorities.

Roles and responsibilities for the Executive and Committees, along with officer functions are defined and documented, with clear delegation arrangements and protocols for effective communication within the Constitution. Councillor roles and duties are also defined and documented. The Constitution is regularly reviewed and updated. The most recent changes were agreed by Council in February 2015.

Contract Standing Orders were revised by Council in February 2015. They set out the rules governing the procurement process to ensure that value for money is achieved whilst meeting all legal and statutory requirements and minimising the risk of fraud or corruption.

Partnership working is governed by agreements, protocols or memoranda of understanding relevant to the type of work or relationship involved. There are rules for establishing joint arrangements with other local authorities and the appointment of Members to joint committees, as well as rules for consortium and joint contracts. The Constitution sets out our approach to Joint Arrangements and a protocol for appointments to outside organisations (both were updated in February 2015).

Principle 3: Promoting values for the Authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour

The Authority's leadership sets the tone for the organisation by creating a climate of openness, support and respect. The Chief Executive and Senior Management Team hold regular staff briefings, which include a slot for questions and answers. These have been well-attended. Updates from the Chief Executive are published on the intranet, and there is a page where all staff can ask a direct question to the Chief Executive. Staff-side meetings are held regularly and attended by the Deputy Chief Executive.

MVDC's new core values of Listen, Care, Respect, Trust and Lead, were developed with staff in 2014/15. All business units contributed to this exercise to ensure staff buy-in. Each value has an underpinning statement to explain what it means to the organisation and how this shapes our approach to our residents and customers.

Codes of Conduct defining the standards of behaviour for members and staff have been developed and communicated and are available on MVDC's website and intranet site. These include the Code of Conduct for Officers and Members, Anti Fraud and Corruption Policy and protocols for Officers and Members. A Respect at Work Policy states that it is expected that all managers will role model positive and inclusive behaviours.

The Standards Committee is responsible for promoting and maintaining a high standard of conduct by Councillors and co-opted Members.

Arrangements are in place to ensure that Members and staff are not influenced by prejudice, bias or conflicts of interest. There are sections on gifts and hospitality and declaring interests in both the Members and Officers Codes of Conduct. Members declarations of interest are posted on the website and both Members and Senior Managers declarations of interest are published in the Final Accounts.

The Customer Charter sets out what can be expected of MVDC by customers and vice versa.

Principle 4: Taking informed and transparent decisions which are subject to effective scrutiny and managing risk

MVDC operates the Executive model. In 2014/15 significant matters were brought to Council for consideration prior to determination by the Executive, thus maximising Member engagement and scrutiny of major decisions. Decisions relating to the appointment of councillors to outside organisations were also made by Council.

Scrutiny Committee has an established Standing Budget Panel which engages with the annual budget setting process.

The Medium Term Financial Strategy and the Corporate Strategy provide the context for the annual budget, which is laid before the Executive then Council. Regular budget and performance monitoring takes place throughout the year and is reported to the Senior Management Team and the Executive. This highlights variations and provides information on changes in trends and circumstances.

Throughout 2014/15, regular monthly review of the progress on capital programme projects was undertaken, alongside revenue budget monitoring, with the involvement of the Strategic Management Team. This review process ensures that, using the appropriate mechanisms, set out the Constitution, funds can be re-allocated to high priority projects that meet corporate objectives.

Internal Audit is responsible for monitoring the quality and effectiveness of our governance arrangements, our risk management arrangements and our systems of internal control. A risk model is used to formulate the five-year internal audit plan, approved by the Strategic Management Team, from which the annual work plan is identified.

The 2013/14 annual Internal Audit report was taken to Audit Committee in June 2014. Our governance arrangements were assessed as sound throughout the year and risk management processes were considered to be effective and fit for purpose. Overall, our systems of internal control were assessed as adequate with effective arrangements in place.

MVDC is subject to a statutory annual external audit which reports on our governance, performance and accountancy arrangements. The Annual Audit Letter 2013/14 gave an unqualified opinion on the accounts and our income and expenditure for the year, and an unqualified conclusion in respect of our arrangements for securing economy, efficiency and effectiveness in our use of resources. Areas for attention were highlighted for consideration during 2014/15.

The risk management framework has the objective of embedding effective risk management practices at both strategic and operational levels. The Risk Management Policy is reviewed every three years and approved by the Executive. It was last reviewed in March 2015. The Risk Management Annual Report was taken to Audit Committee in March 2015 where the Committee confirmed that they were satisfied with the risk management arrangements. Both internal and external audit reports have confirmed that our arrangements are sound. It is mandatory for the risk implications of policies, plans and decisions to be assessed for all committee reports.

Principle 5: Developing the capacity and capability of members and officers to be effective

Briefing sessions are regularly programmed to ensure that Members are properly equipped to effectively fulfil their responsibilities in the governance of MVDC's operations. Mandatory training to equip Members participating in regulatory decisions such as planning and licensing is provided, together with discretionary training such as media handling.

A Members' Handbook is made available to newly elected Members and an induction programme is held in the first few weeks following an election, supplemented with additional training through the municipal year. A Members Development Programme has been developed which sets out a number of key modules to assist Councillors in their day to day roles as elected Members.

Members are offered the opportunity to participate in the Local Government Association Leadership Academy.

There are a range of programmes, courses and e-learning packages available for staff and managers. Employees have access to Surrey Learn. This has recently been reviewed to ensure that the development offerings keep pace with our changing needs, and there is an increasing focus on comprehensive management cohorts for both new and more experienced managers. The latter stages of the programme increasingly feature Surrey wide perspectives. All new employees undertake an induction programme of e-learning modules and other mandatory and local training elements.

There is a development programme in place for business managers, which has been extended to include all managers within the organisation. As part of the ongoing Personal Development Review process, training and development needs of all employees are continually identified and a development plan is drawn up to meet those needs.

There is a strong culture of promoting career development. This is achieved in a variety of ways, including shared service opportunities, encouraging and facilitating shadowing and mentoring with colleagues in neighbouring authorities, utilising Surrey County Council's specialist pool of trained coaches and training offerings such as the high performance development programme, hosting work experience for young people, including apprenticeships and graduate management trainees, encouraging and facilitating volunteering initiatives and participation in the Youth Enterprise Development Fund. Staff are encouraged to consider secondments and to participate in professional training where there are organisational benefits of doing so. As opportunities arise, such as those presented by the District Council Network's staff development programme, these are promoted and applicants from MVDC are encouraged and supported. Two applicants were successful in achieving a place on the programme in 2015/16. MVDC also hosts graduates from the LGA National Graduate Programme and a variety of professional and strategic management qualifications are being progressed by individuals across the Council.

Principle 6: Engaging with local people and other stakeholders to ensure robust accountability

Key areas of work are consulted on, for example the development of the Corporate Strategy 2015-19. The public consultation involved a programme of stakeholder events and a Have Your Say survey which was open from 20th October to 30th November 2014.

The Scrutiny Annual Report summarised work undertaken in 2013/14 and work planned for 2014/15 and was reported to Scrutiny Committee in September 2014.

The Council's website was re-launched in October 2014. The site uses design features that allow visitors who use assistive technologies to successfully navigate the site. The refreshed website achieved 3* from SOCITM and was ranked 19^{th} in the country (Q3 2014/15) by SiteMorse.

All committee reports have a consultation section to ensure that effective channels of communication are in place, as part of all key decisions.

There is a presumption to hold committee meetings in public unless confidential information is being discussed e.g. financial affairs of an individual. All committee, Council and Executive meetings are webcast.

We undertake Equality Impact Assessments when introducing or reviewing services and policies to find out whether what is proposed to be done, affects different groups of people in different ways. This helps the Council shape decisions that are made in relation to improvements for residents, service users and staff.

We have complied with all requirements under the 2015 Transparency Code and have an Open Data page on our website where we have published the required data within the deadlines set by DCLG.

5. Progress to address recommendations from the Annual Audit Letter 2013/14

The Annual Audit Letter 2013/14 made a number of minor recommendations for improving internal controls and addressing other issues. An action plan to address these recommendations was formulated and presented to both the external auditor and the Audit Committee in November 2014 and these actions have all been completed.

6. Progress to address the areas of focus identified for 2014/15

During 2014/15, the following progress was made on the seven areas that were identified for specific focus in the previous year's Annual Governance Statement:

- **Business continuity** - An Organisational Resource Strategy and an Incident Management Plan were presented to Corporate Board in July 2014 and our business continuity arrangements were tested in March 2015

- **Website modernisation** - The new MVDC website went live in October 2014

- **Review of Constitution** - Technical revisions across the whole Constitution (including Financial Regulations and Contract Standing Orders) were approved by Council in February 2015

- **Review of HR policies** - We have streamlined many of our local conditions, in consultation with staff representatives and employees. HR policies are reviewed periodically on an ongoing basis as legislative and organisational change demand.

- **Review of appointments to outside bodies** - Scrutiny Committee reviewed appointments to outside bodies during 2014/15 and a new Protocol for Appointments to Outside Organisations was approved by the Council in February 2015 as part of the review of the Constitution

- **Vision and values -** MVDC's vision and values have been refreshed as part of the development of the new Corporate Strategy 2015-2019. MVDC agreed its four year Corporate Strategy 2015-19 in March 2015. It is based around a clear vision for Mole Valley, three priority outcomes of Environment, Prosperity and Community Wellbeing, and three guiding principles (sustainability, cost effectiveness, and openness and accessibility).

  MVDC's new core values of Listen, Care, Respect, Trust, and Lead, were developed with staff in 2014/15. All business units contributed to this exercise in order to build staff buy-in and to develop values that are meaningful to all services. Each value has an underpinning statement to explain its application to the organisation and how this shapes our approach to our residents and customers. Each team has responsibility to demonstrate and promote the values. Managers, in particular, are expected to be role models. Future work will be done to ensure we find ways to look for, promote, retain and encourage people who can demonstrate these values.

- **Partnerships** - We have begun work to establish overarching principles governing MVDC's partnership activity and more work will be undertaken to embed this in 2015/16 (see section 7)

7. Areas of focus for 2015/16

Arising from the effectiveness review (see section 4) of MVDC's internal control and corporate governance arrangements, the following areas have been identified for specific focus during 2015/16.

Action	Timescale	Benefits
Develop a forward plan for community engagement, consultation and communication in line with our corporate priorities	September 2015	To embed an approach which delivers our guiding principle to engage with communities in an open and accessible manner
Review and update the Whistle Blowing Policy and the Anti Fraud and Corruption Policy	December 2015	To ensure that arrangements are in place which are up to date and in line with current best practice
Review and update the Procurement Strategy	December 2015	To set a clear framework for procurement that reflects current legislation, recent developments and best practice
Review and update the Asset Management Strategy and Plan	September 2015	To ensure the Authority makes the best use of resources by managing its assets in the most cost effective way
Embed principles for working in partnership	March 2016	To ensure we have robust governance arrangements for our shared services

We propose over the coming year to take steps to address the above matters to further enhance MVDC's governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in the review of effectiveness and we will monitor the planned implementation and operation as part of our next annual review.

Signed : ___________________________________ Date : _______________

Chief Executive – Yvonne Rees

Signed : ___________________________________ Date : _______________

Leader of the Council – Councillor James Friend

FS1 - Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in 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.

2013/14 Gross Expenditure £'000	2013/14 Gross Income £'000	2013/14 Net Expenditure £'000		Note	2014/15 Gross Expenditure £'000	2014/15 Gross income £'000	2014/15 Net Expenditure £'000
1,391	(549)	842	Central services to the public		1,755	(530)	1,225
5,710	(2,162)	3,548	Cultural and related services		11,197	(2,651)	8,546
7,492	(2,394)	5,098	Environmental and regulatory services		7,338	(2,773)	4,565
2,731	(1,006)	1,725	Planning Services		3,108	(1,105)	2,003
1,019	(1,965)	(946)	Highways and transport services		1,024	(1,881)	(857)
24,269	(22,873)	1,396	Other housing services		25,355	(24,111)	1,244
2,371	(1,381)	990	Adult social care		2,277	(1,532)	745
1,671	(24)	1,647	Corporate and democratic core		2,457	(57)	2,400
54	0	54	Non distributed costs		(12)	0	(12)
46,708	**(32,354)**	**14,354**	**Cost Of Services**		**54,499**	**(34,640)**	**19,859**
182	(1,616)	(1,434)	Other Operating Expenditure	9	185	(817)	(632)
1,917	(2,122)	(205)	Financing and Investment Income and Expenditure	10	1,413	(2,275)	(862)
0	(6,256)	(6,256)	Council Tax Grant	11	0	(6,411)	(6,411)
13,138	(14,368)	(1,230)	NNDR Income & Expenditure	11	13,651	(14,797)	(1,146)
0	(2,673)	(2,673)	Other Taxation and Non-Specific Grant Income	11	0	(2,535)	(2,535)
61,945	**(59,389)**	**2,556**	**(Surplus) or Deficit on Provision of Services**		**69,748**	**(61,475)**	**8,273**
3,495	(3,732)	(237)	(Surplus) or deficit on revaluation of Property, Plant and Equipment assets	24.1	22,470	(23,070)	(600)
0	(77)	(77)	(Surplus) or deficit on revaluation of Available for Sale Financial assets	24.2	0	(605)	(605)
1,135		1,135	Actuarial (gains) / losses on pension assets / liabilities	38.1	5,609	0	5,609
4,630	**(3,809)**	**821**	**Other Comprehensive Income and Expenditure**		**28,079**	**(23,675)**	**4,404**
66,575	**(63,198)**	**3,377**	**Total Comprehensive Income and Expenditure**		**97,827**	**(85,150)**	**12,677**

FS2 - Balance Sheet

The Balance Sheet shows the value 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 under regulations'.

2013/14 31 March 2014 £'000		Note	2014/15 31 March 2015 £'000
	Non-Current Assets		
90,800	Property, Plant & Equipment	12	86,181
715	Heritage Assets	13	734
25,024	Investment Property (including Assets Held for Sale)	14	22,860
261	Intangible Assets	15	276
7,077	Long Term Investments	16	5,682
897	Long Term Debtors	16	854
124,774	**Long Term Assets**		**116,587**
13,501	Short Term Investments	16	16,001
4	Inventories	17	44
4,297	Short Term Debtors	19	4,116
5,490	Cash and Cash Equivalents	20	5,035
23,292	**Current Assets**		**25,196**
(9,057)	Short Term Creditors	21	(7,935)
(807)	Current Provisions	22	(1,850)
(386)	Grants Receipts in Advance-Revenue	32	(349)
(375)	Grants Receipts in Advance-Capital	32	(375)
(10,625)	**Current Liabilities**		**(10,509)**
(2,933)	Long Term Creditors	16	(2,697)
0	Non-current Provisions	22	(41)
(28,414)	Other Long Term Liabilities	38	(35,116)
(31,347)	**Long Term Liabilities**		**(37,854)**
106,094	**Net Assets**		**93,420**
20,082	Usable Reserves	23	20,787
86,012	Unusable Reserves	24	72,633
106,094	**Total Reserves**		**93,420**

FS3 - Movement in Reserves Statement 2014/15

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. This is different from the statutory amounts required to be charged to the General Fund Balance for council tax setting. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the Statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Authority.

Movement in Reserves Statement 2013/14	Note	General Fund Balance £'000	Earmarked General Fund Reserves £'000 (Note 8)	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Authority Reserves £'000
Balance at 31 March 2013		2,557	6,448	9,088	646	**18,739**	90,731	**109,470**
Movement in reserves during 2013/14								
Surplus or (deficit) on the provision of services		(2,556)	0	0	0	**(2,556)**	0	**(2,556)**
Other Comprehensive Income and Expenditure		0	0	0	0	**0**	(821)	**(821)**
Total Comprehensive Income and Expenditure		(2,556)	0	0	0	**(2,556)**	**(821)**	**(3,377)**
Adjustments between accounting basis & funding basis under regulations	7	5,092	(805)	(385)	(12)	**3,890**	(2,890)	**0**
Net Increase/Decrease before Transfers to Earmarked Reserves		2,536	(805)	(385)	(12)	**1,334**	(4,711)	**(3,377)**
Transfers to/from Earmarked Reserves	8	(1,669)	1,672	6	0	**9**	(8)	**1**
Increase/Decrease in 2013/14		**867**	**867**	**(379)**	**(12)**	**1,343**	**(4,719)**	**(3,376)**
Balance at 31 March 2014 carried forward		**3,424**	**7,315**	**8,709**	**634**	**20,082**	**86,012**	**106,094**
Movement in Reserves during 2014/15								
Surplus or (deficit) on provision of services		(8,270)	0	0	0	**(8,270)**	**0**	**(8,270)**
Other Comprehensive Income and Expenditure		0	0	0	0	**0**	(4,404)	**(4,404)**
Total Comprehensive Income and Expenditure		(8,270)	0	0	0	**(8,270)**	**(4,404)**	**(12,674)**
Adjustments between accounting basis & Funding basis under regulations	7	11,386	(932)	(1,515)	32	**8,971**	(8,972)	**(1)**
Net Increase/Decrease before Transfers to Earmarked Reserves		3,117	(932)	(1,515)	32	**702**	(13,376)	**(12,674)**
Transfers to/from Earmarked Reserves	8	(2,157)	2,157	3	0	**3**	(3)	**0**
Increase/Decrease in 2014/15		960	1,225	(1,512)	32	**705**	(13,379)	**(12,674)**
Balance at 31 March 2015 carried forward		**4,384**	**8,540**	**7,197**	**666**	**20,787**	**72,633**	**93,420**

FS4 - Cash-Flow Statement 2014/15

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 classifiying 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, grant income or from 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 (ie borrowing) to the Authority.

2013/2014 £'000		Note	2014/2015 £'000
2,556	**Net (Surplus)/Deficit on the Provision of Services**		**8,273**
(6,537)	Adjustments to net surplus or deficit on the provision of services for non-cash movements		(11,357)
1,939	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities		1,677
(2,042)	**Net cash flows from Operating Activities**	**25**	**(1,407)**
7,791	**Investing Activities**	26	1,906
(307)	**Financing Activities**	27	(44)
5,442	**Net (increase)/decrease in Cash and Cash Equivalents ***		**455**
10,932	Cash and Cash Equivalents at the beginning of the reporting period		5,490
5,490	**Cash and Cash Equivalents at the end of the reporting period**	**20**	**5,035**

* The cash and cash equivalents decreased over the two periods mainly due to the purchase of CCLA investments totalling £5m - please see Note 16.1 (Note 2 - Available for Sale Financial Assets for further details).

1. Introduction

The Statement of Accounts summarises the Authority's transactions for the 2014/15 financial year and its position at the year-end of 31 March 2015. The Authority is required to prepare an annual Statement of Accounts and the Accounts and Audit (England) Regulations 2011 require them to be prepared in accordance with proper accounting practices. These practices primarily comprise the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and the CIPFA Service Reporting Code of Practice 2014/15, 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

The Authority adopts Accruals Accounting in accordance with the Code. Therefore, 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.

- 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.

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 highly liquid investments 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. Prior Period Adjustments, Changes in Accounting Policies and 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. However, where the error may not reflect a true and fair representation of the Accounts an adjustment may be made that is non-material.

There are no such changes affecting the 2014/15 financial statements.

5. Charges to Revenue for Non-current Assets and Minimum Revenue Provision (MRP)

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

The Authority is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to 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 (minimum revenue provision or loans fund principal), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two. The Authority has no borrowing requirement and MRP is therefore reflected in the Finance Leases (Lessee arrangement) and for Lessor arrangements in the General Fund retained as income.

6. Employee Benefits

6.1 Benefits Payable during Employment

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as wages and salaries, paid annual and 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.

6.2 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 appropriate service or, where applicable, to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement at the earlier of when the Authority is unable to withdraw the offer or when the Authority recognises restructuring costs.
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.

6.3 Post-employment Benefits

The Authority provides for the payment of pensions and other defined benefits to its employees by making contributions to the Surrey County Council Pension Fund. The contributions are based on rates determined by the Fund's actuary that in turn are based on triennial valuations of the Fund. The most recent valuation took place on 31st March 2013.

The Fund is accounted for as a defined benefit scheme:

- The liabilities of the Fund which are 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 cost of future payments made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates and projected future earnings for current employees)
- Liabilities are discounted to give their value at current prices using a discount rate based on the indicative rate of return on high quality corporate bonds.
- The assets of the Pension Fund that are 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)

Changes in the net pensions liability is analysed into the components, Service Cost comprising:

- Current service cost - the increase in liabilities as a result 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 as a result of a scheme amendment or curtailment 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.
- Net interest on the net defined liability – the change during the period in the net defined liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement – calculated by applying a discount rate used to measure the defined benefit obligation to the net defined liability at the opening of the period taking into account any changes in the net defined liability as a result of contribution and benefit payments. The discount rate is derived using a corporate bond yield curve constructed from yields on high quality bonds.

Re-measurements comprising:

- The return on plan assets – excluding amounts included in the net interest on the net defined liability charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Actuarial gains and losses – changes in the net pension's liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Contributions paid to the Surrey County Council Pension Fund - cash paid as employers' 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 any such amounts payable but unpaid at the year-end.
The negative balance that arises on the Pension 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 benefits are earned by employees.

6.4 Discretionary Benefits

The Authority 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 Reporting Period

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 Statements are 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.

8. Financial Instruments

8.1 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 any 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 purchase/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.

8.2 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.

8.2.1 Loans and Receivables

Loans and receivables 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. 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.

However, the Authority has made a number of loans to voluntary organisations and individuals at less than market rates (soft loans). When soft loans are made and are material, a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

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.

8.2.2 Available-for-Sale Financial Assets

Available-for-Sale Assets are recognised on the Balance Sheet and are measured at fair value. The Authority holds Available for Sale Assets that have no fixed or determinable payments and therefore the dividend income is credited to the Comprehensive Income and Expenditure Statement when received (usually quarterly).

Assets are maintained in the Balance Sheet at fair value. Values are based on Instruments with no fixed and determinable payments – Property unit funds based on a bid price/dividend yield (net of fees).

Changes in fair value are taken to the Available-for-Sale Financial Instruments Reserve and the gain or loss is recognised in the surplus or deficit on revaluation of Available-for-Sale Financial Assets. The exception is where impairment losses occur; these are debited to the Financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement along with any accumulated net gain or loss in the Available-for-Sale Financial Instruments Reserve.

Where assets are identified as impaired because of the likelihood arising from a past event that payments due under the contract cannot be made or the fair value falls less than the cost, the asset will be written down and charged to the Financing and Investment income and expenditure account in the Comprehensive Income and Expenditure Statement. Gains or losses that arise upon 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 impairment losses.

9. Foreign Currency Translation

Where the Authority has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling automatically by the Authority's bankers at the exchange rate applicable on the date the transaction was effective.

10. 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, and the grants or contributions will be received.

Amounts recognised as due to the Authority 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 in the form of 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-ring fenced 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.

11. Heritage Assets

Tangible Heritage Assets

Financial Reporting Standard 30 (FRS 30) contains the accounting requirements for the separate recognition and depreciation of Heritage Assets. Heritage assets are defined as assets which have historical, artistic, scientific, technological, geographical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture.

Heritage assets include historical buildings, historic motor vehicles, Civic Regalia, museum and gallery collections and works of art.

Recognition and Measurement:

Where the Council has information on the cost or value of a Heritage Asset the Council will include that value in its 2014/15 Balance Sheet. Where this information is not available and the historical cost information cannot be obtained the asset can be excluded from the balance sheet. A de-minimis level will be set in accordance with our policy for Capitalisation of assets currently set at £10,000.

Heritage assets will normally be measured at fair value. Where, exceptionally, it is not practicable to obtain a fair value, heritage assets shall be measured at historical cost (less any accumulated depreciation, amortisation and impairment losses).

Valuations may be made by any method that is appropriate and relevant. There is no requirement for valuations to be carried out or verified by external valuers, nor is there any prescribed minimum period between valuations. However, where heritage assets are measured at fair value, the carrying amount shall be reviewed with sufficient frequency to ensure the valuations remain current.

Depreciation, Amortisation and Impairment:

Depreciation or amortisation is not required on heritage assets which have indefinite lives. The carrying amount of an asset shall be reviewed where there is evidence of impairment, for example, where it has suffered physical deterioration or breakage or new doubts arise as to its authenticity. Any impairment recognised shall be dealt with under the recognition and measurement requirements of the Code.

12. 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 (e.g. 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 ‘Movement in Reserves Statement’ and posted to the Capital Adjustment Account and (for any sales proceeds greater than £10,000) the Capital Receipts Reserve.

13. Interests in Companies and Other Entities

The Authority has no material interests in companies and other entities that have the nature of subsidiaries, associates and jointly controlled entities and require it to prepare group accounts. In the Authority’s own single-entity accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for losses.

14. Inventories and Long-term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the (FIFO/weighted average) costing formula. 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.

15. 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.

16. 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. 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.

16.1 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).

16.2 The Authority as Lessor

Finance Leases
Where the Authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset 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. A gain, representing the Authority's net investment in the lease, is

credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

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

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts.

When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

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

Operating Leases

Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

16.3 Sale and Leaseback

For properties that are determined as a sale and leaseback arrangement, the following treatment shall apply:

- it de-recognises the existing property, plant and equipment asset
- it recognises the leased asset measured in accordance with the Code, ie at the lower of the fair value of the asset or the present value of the minimum lease payments
- it recognises a corresponding finance lease liability, and
- any gain on disposal of the asset is deferred and recognised over the life of the lease
- Subsequent lease payments are split between a finance charge and repayment of the liability.

Although one part of the transaction is accounted for as a sale, it is not considered to represent a sale in substance. This has two important consequences:

- prior to disposal, the asset does not qualify for reclassification into Assets Held for Sale per Section 4.9 of the Code and
- any existing balance in the Revaluation Reserve in respect of the asset is retained in that reserve and is not transferred to the Capital Adjustment Account balance when the disposal is recognised – the transfer will not take place until the 'new' asset is eventually derecognised.

16.4 Headlease and sublease arrangements

For properties subject to contracts involving head-lease and sublease arrangements, the Authority leases out assets on a finance lease and then subleases all or part of it to another party on identical terms and conditions.

The Authority will recognise the finance leases on a gross basis in its accounts treating them as two individual arrangements as both Lessor and Lessee under a sublease/headlease arrangement.

17. 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 2014/15 (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.

18. 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.

Recognition

Expenditure on the acquisition, creation or subsequent expenditure 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 initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

- Assets with a de minimis of £10,000 or above to be recognised in the Balance Sheet

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.

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

- 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. 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. Exceptionally, gains might be credited to the Surplus or Deficit on the Provision of Services where they arise from the reversal of a loss previously charged to a service.

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.

19. Impairment

Assets are assessed at each year-end, as part of a five year rolling programme, and to determine 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:

- Writing down the carrying amount of the asset against the balance of revaluation gains for the asset in the Revaluation Reserve, up to the amount of the accumulated gains; or

- Writing down the carrying amount of the asset against the relevant service line in the Comprehensive Income and Expenditure Statement where there is an insufficient, or no balance, in the Revaluation Reserve.

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.

20. 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 (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. 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.

- Financed Leased Assets Vehicles, Plant, furniture and equipment or Buildings – the lower of the estimated useful life or the lease term.

- Infrastructure – straight-line allocation over 25 years.

Where an item of Property, Plant and Equipment asset has major components whose value is significant in relation to the total value of the item, the components are depreciated separately. The authority's policy is to consider componentisation for assets with a valuation exceeding £1,000,000.

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.

21. Disposals and Non-current Assets Held for Sale

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.

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 (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government. 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 (the capital financing requirement).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 noncurrent 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.

22. 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 (e.g. 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.

23. 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.

24. 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.

25. Reserves

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. 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, Collection Fund surpluses/deficits, retirement and employee benefits and do not represent usable resources for the Authority.

26. Revenue Expenditure Funded from Capital 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.

27. VAT

VAT that is 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.

28. Collection Fund

The Collection Fund Statement is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund in accordance with Section 89 of the Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992). The Collection Fund shows the transactions of the billing authority in relation to the collection from local taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates. There is no requirement for a Collection Fund Balance Sheet since the assets and liabilities arising from collecting non-domestic rates and council tax belong to the bodies i.e. major preceptors (Surrey County Council and Surrey Police Authority), the billing Authority and the Government, on behalf of which the billing Authority collects these taxes. As a result of the Local Government Finance Act 2012, and the introduction of the Business Rate Retention Scheme, the Authority will maintain separate surpluses and deficits for Council Tax and Business Rates.

29. Council Tax Income

Council Tax income included in the Comprehensive Income and Expenditure Statement for the year shall be the accrued income for the year. Council Tax is accounted for under an agency arrangement, so that cash collected from Council Tax debtors belongs not only to Mole Valley as the billing authority, but also to Surrey County Council and Surrey Police & Crime Commissioner as major preceptors. There will therefore be a debtor or creditor position between the billing authority and each major preceptor to be recognised since the net cash paid to each major preceptor in the year will not be its share of cash collected from council taxpayers.

The amount by which Council Tax income is credited to the Comprehensive Income and Expenditure Statement is different from the amount taken to the General Fund in accordance with regulation will be posted to the Collection Fund Account via the Movement in Reserves Statement.

30. Accounting for National Non Domestic Rates (NNDR) and Business Rate Retention schemes

Billing authorities collect NNDR under what is in substance an Agency Arrangement with the Government and major preceptors.

- NNDR income will be allocated between the billing Authority 'Mole Valley', major preceptors 'Surrey County Council' and the government 'Department for Communities and Local Government' (DCLG) applying the Agency/Principal treatments as necessary.

- NNDR income shall be included in its Comprehensive Income and Expenditure Statement as accrued income.

- A debtor/creditor position will be shared between the Authority and its major preceptors for cash paid/cash collected.

- Separate surpluses/deficits will be calculated in relation to Council tax and NNDR on the Authority's Collection Fund Account.

- Bad debt write-offs or movements in the provision will be share proportionately between the billing authority, major preceptors and Central Government (Mole Valley District Council, Surrey County Council and the Department for Communities and Local Government).

- For NNDR, tariffs and top-ups, safety net and levy payments will be made to/from the General Fund. These transactions will be recognised in the Comprehensive Income and Expenditure Statement (CIES) on an accruals basis. The cost of collection allowance is income of the authority and shall be included in this statement.

- The Cashflow Statement for the Authority will include in 'Operating activities' the share of NNDR net cash collection from Debtors and amounts paid shall exclude the amounts paid over to the DCLG and Surrey County Council (SCC). Differences between cash collected/paid to/from the DCLG and SCC from the previous years surplus or deficits shall be included within financing activities in the Cash Flow Statement. (Not applicable for the first year)

- The Movement in Reserves Statement will include a reconciling transaction for the timing difference between the prior and current year, with the Collection Fund Adjustment Account, for the difference between the amounts credited to the CIES under statutory provisions in the proportionate shares.

NFS 2 – Accounting Standards issued but not adopted

The Code requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified, along with disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code. The standards introduced in the 2015/16 Code that are relevant are:

- IFRS 13 'Fair Value measurement' – standard expected to apply prospectively.

- Annual Improvements to IFRSs 2011–2013 Cycle: impact on IFRS 1 'First Time Adoption of IFRS'; IFRS 3 'Business Combinations' - and its interrelationship with IAS40 'Investment Property'; and IFRS 13 (see above).

- IFRIC 21 'Levies'.

It is not anticipated that application of these standards would have a material impact on the financial statements of the authority.

NFS 3 – Critical Judgments in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events.

A critical judgement made in the Statement of Accounts concerns the high degree of uncertainty about future levels of funding for local government. However, the Authority has determined that this uncertainty is not yet sufficient to indicate the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.

NFS 4 - 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 2015 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant & Equipment (PPE)	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £100,000 for every year that useful lives had to be reduced.
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	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.5% decrease in the discount rate assumption would

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
	assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.	result in an estimated increase in the pension liability of £9.3 million; an increase in life expectancy of 1 year would increase the pension liability by £2.9 million; and a 0.5% increase in the rate of salary or pension increase would increase the pension liability by £2.4 million or £5.6 million, respectively.

NFS 5 – Material items of Income and Expense

The purpose of this note is to disclose material items of income and expenditure which were not incurred in the ordinary course of Council business and are therefore deemed extraordinary.

The value of the Leatherhead Leisure Centre was assessed by the Council's appointed Valuer, Wilks, Head & Eve at £28.9m - significantly lower than determined by a different Valuer in 2013/14. An impairment charge of £3.281m was therefore required, in line with currently applicable accounting standards, against Cultural & Related Services on the Comprehensive Income & Expenditure Account..

NFS 6 – Events after the Balance Sheet Date

In April 2015, two adjoining properties on the river front in Leatherhead, Claire House and James House, became available for purchase. They were considered strategically important in the context of the project to 'Transform Leatherhead', which the Council started in 2014/15. An offer was made for the properties on 2nd April, subject to due diligence, and was accepted. The purchase had not been completed at the time the Statement of Accounts was authorised but a price in the region of £3.25m, excluding VAT, is likely. No adjustment to the Statement of Accounts is required or has been made to reflect this event.

NFS 7 – Adjustments between Accounting 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. The following sets out a description of the reserves that the adjustments are made against.

General Fund Balance

The General Fund is the statutory fund into which all the receipts of an authority are required to paid and out of which all liabilities of the authority are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Authority is required to recover) at the end of the financial year.

Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

Capital Grants Unapplied

The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which the Authority has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

NFS 7: Adjustments between Accounting and Funding Basis Under Regulation 2014/15

	USABLE RESERVES				
	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Earmarked General Fund Reserves £'000	Movement in Unusable Reserves £'000
Adjustments involving the Capital Adjustment Account:					
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:					
Charges for depreciation and impairment of non current assets	4,284	0	0	0	(4,284)
Revaluation losses on Property Plant and equipment	5,588	0	0	0	(5,588)
Movements in the Fair Value of Investment Properties	(353)	0	0	0	353
Amortisation of Intangible assets	53	0	0	0	(53)
Revenue expenditure funded from capital under statute	1,545	0	0	0	(1,545)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement	131	0	0	0	(131)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:					
Statutory Provision for financing of Capital investment (MRP)	(295)	0	0	0	295
Capital Grant and contributions unapplied Account:					
Application of Capital Grants & Contributions to capital financing transferred to the CAA	0	0	(370)	(932)	1,302
Capital Grants and Contributions unapplied credited to the CIES	(402)	0	402	0	0
Transfer in respect of Community Infrastructure levy receipts					0
Adjustments involving the Capital Receipts Reserve:					0
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(948)	948	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	(2,461)	0	0	2,461
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	2	(2)	0	0	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	48	3	0	0	(51)
Adjustment primarily involving the Financial Instruments Adjustment Account:					
Amount by which Finance costs charged to the Comprehensive Income & Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	0	0	0	0	0
Adjustments involving the Pensions Reserve:					
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 38)	2,885	0	0	0	(2,885)
Employer's pensions contributions and direct payments to pensioners payable in the year	(1,792)	0	0	0	1,792
Adjustments involving the Collection Fund Adjustment Account:					
Amount by which Council Tax credited to the Comprehensive Income and Expenditure Statement is different from Council Tax income calculated for the year in accordance with Statutory requirements	(87)	0	0	0	87
Amount by which NNDR credited to the Comprehensive Income and Expenditure Statement is different from NNDR income calculated for the year in accordance with Statutory requirements	712	0	0	0	(712)
Adjustment involving the Accumulating Compensated Absences Adjustment 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	15	0	0	0	(15)
Total Adjustments 2014/15	**11,386**	**(1,512)**	**32**	**(932)**	**(8,974)**

NFS 7: Adjustments between Accounting and Funding Basis Under Regulation 2013/14 Comparative	USABLE RESERVES General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Earmarked General Fund Reserves £'000	Movement in Unusable Reserves £'000
Adjustments involving the Capital Adjustment Account:					
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:					
Charges for depreciation and impairment of non current assets	4,471	0	0	0	(4,471)
Revaluation losses on Property Plant and equipment	0	0	0	0	0
Movements in the Fair Value of Investment Properties	211	0	0	0	(211)
Amortisation of Intangible assets	0	0	0	0	0
Revenue expenditure funded from capital under statute	1,420	0	0	0	(1,420)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement	(1,615)	1,667	0	0	(52)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:					
Statutory Provision for financing of Capital investment (MRP)	(307)	0	0	0	307
Capital Grant and contributions unapplied Account:					
Application of Capital Grants & Contributions to capital financing transferred to the CAA	0	0	(412)	(805)	1,217
Capital Grants and Contributions unapplied credited to the CIES	(400)	0	400	0	0
Transfer in respect of Community Infrastructure levy receipts					
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	0	0	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	(2,047)	0	0	2,047
Contribution from the Capital Receipts Reserve to finance the payments to the Government Capital Receipts Pool	4	(4)	0	0	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	46	0	0	0	(46)
Adjustment primarily involving the Financial Instruments Adjustment Account:					
Amount by which Finance costs charged to the Comprehensive Income & Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	0	0	0	0	0
Adjustments involving the Pensions Reserve:					
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 38)	2,662	0	0	0	(2,662)
Employer's pensions contributions and direct payments to pensioners payable in the year	(1,569)	0	0	0	1,569
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	(50)	0	0	0	50
Amount by which NNDR credited to the Comprehensive Income and Expenditure Statement is different from NNDR income calculated for the year in accordance with Statutory requirements	211	0	0	0	(211)
Adjustment involving the Accumulating Compensated Absences Adjustment 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	7	0	0	0	(7)
Total Adjustments 2013/14	**5,091**	**(384)**	**(12)**	**(805)**	**(3,890)**

NFS 8.Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet expenditure in 2014/15.

	Balance at 31 March 2013 £'000	Transfers In 2013/2014 £'000	Transfers Out 2013/2014 £'000	Balance at 31 March 2014 £'000	Transfers In 2014/2015 £'000	Transfers Out 2014/2015 £'000	Balance at 31 March 2015 £'000
Benefits Administration	0	0	0	0	145	0	145
Homelessness Initiatives	112	0	0	112	0	0	112
Housing Act Advances	28	2	0	30	1	0	31
Insurance Fund	323	0	0	323	0	0	323
Minor Works Fund	4,365	459	0	4,824	321	0	5,145
New Homes Bonus	0	0	0	0	102	0	102
Pension Shortfall	67	122	0	189	116	0	305
Pippbrook House Dilapidations	325	0	0	325	0	0	325
Planning Tariff	790	1,559	(1,275)	1,074	1,494	(954)	1,614
Property Initiatives	200	0	0	200	0	0	200
Subsidence*	238	0	0	238	0	0	238
Total	**6,448**	**2,142**	**(1,275)**	**7,315**	**2,179**	**(954)**	**8,540**

* In line with the decision of Council 17.2.15, the amount in this reserve will move to the General Fund from 1.4.15.

NFS 9. Other Operating Expenditure

	2013/14 £'000	2014/15 £'000
Parish council precepts	178	183
Payments to the Government Housing Capital Receipts Pool	4	2
(Gains)/losses on the disposal of non current assets	(1,291)	(403)
Other (VAT Shelter)	(325)	(414)
Total	**(1,434)**	**(632)**

NFS 10. Financing and Investment Income and Expenditure

	2013/14 £'000	2014/15 £'000
Interest payable and similar charges	167	153
Net interest on the net defined liability (asset)	1,176	1,218
Interest receivable and similar income	(461)	(541)
Income & Expenditure in relation to investment properties and changes in their fair value	(1,087)	(1,692)
Total	**(205)**	**(862)**

NFS11: Taxation and Non Specific Grant Income

This item consolidates non-specific revenue and capital grants and contributions that cannot be identified with particular services. The Council's proportion of local taxation income and expenditure is shown relating to council tax and the business rates retention scheme.

2013/14 £'000		2014/15 £'000
(6,256)	Council Tax income	(6,411)
(1,230)	Business Rate Retention Scheme (see below)	(1,147)
(1,475)	Revenue Support Grant & Council Tax Freeze Grant	(1,297)
(1,102)	Non-ring fenced government grants	(1,114)
(96)	Capital grants and contributions	(124)
(10,159)	**Total Taxation and Non Specific Grant Income**	**(10,093)**

2013/14 £'000	Business Rate Retention Scheme - NNDR income and expenditure comprises:-	2014/15 £'000
(14,033)	Mole Valley Share of income (NNDR1)	(14,227)
12,821	Tariff paid to Central Government	13,071
106	Levy payable	0
(336)	Section 31 grants	(571)
212	Mole Valley Share of Collection Fund deficit as per Note 42	580
(1,230)		**(1,147)**

2013/14 £'000	Business Rate Retention - reconciling to income	2014/15 £'000
(34,550)	Total Billing NNDR	(34,116)
(841)	Section 31 grant reliefs (NNDR1)	(1,227)
(35,391)	**Sub total**	**(35,343)**
(14,157)	Authority Share at 40%	(14,137)
12,821	Tariff paid to Central Government	13,071
(1,336)	**Total Retained Income**	**(1,066)**
0	Additional Section 31 grants	(81)
106	Levy payable	0
(1,230)		**(1,147)**

2013/14 £'000	Business Rate Retention Scheme - Calculation of Levy	2014/15 £'000
1,336	Retained Income	1,066
(1,124)	Funding Baseline as per Statute	(1,146)
212	Growth Amount	0
50%	Levy rate	50%
106	**Levy Payable**	**0**

Note: Transfers to General Fund from the Collection Fund include proportionate share of MVDC NNDR income less tariff and levy

NFS12 - Property Plant & Equipment (PPE) Movements on Balances

Movements in 2014/15	Other Land and Buildings £'000	Vehicles, Plant, furniture & Equipment £'000	Infra-structure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total Property, Plant and Equipment £'000
Cost or Valuation							
At 1 April 2014	**110,599**	**11,723**	**299**	**3,277**	**126**	**0**	**126,024**
Additions	1,314	180	23	137	159		**1,813**
Donations							
Revaluation increases/(decreases) recognised in the Revaluation Reserve	600						**600**
Revaluation Increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(5,588)						**(5,588)**
Derecognition - Disposals							**0**
Derecognition - Other		6					**6**
Assets reclassified (to)/from Held for Sale							**0**
Other movements in cost or valuation	2,713			54			**2,767**
At 31 March 2015	**109,638**	**11,909**	**322**	**3,468**	**285**	**0**	**125,622**
Accumulated Depreciation and Impairment							
At 1 April 2014	**24,793**	**9,780**	**180**	**471**	**0**	**0**	**35,224**
Depreciation charge	3,357	851	9				**4,217**
Depreciation written out to the Revaluation Reserve							
Depreciation written out to the Surplus/Deficit on the Provision of Services							
Impairment losses/(reversals) recognised in the Revaluation Reserve							
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services							
Derecognition - Disposals							**0**
Derecognition - Other							
Other movements in Depreciation and Impairment							**0**
At 31 March 2015	**28,150**	**10,631**	**189**	**471**	**0**	**0**	**39,441**
Net Book Value							
At 31 March 2015 Totals	**81,488**	**1,278**	**133**	**2,997**	**285**	**0**	**86,181**
At 31 March 2014 Totals	**85,806**	**1,943**	**119**	**2,806**	**126**	**0**	**90,800**

Prior Year Comparators 2013/14	Other Land and Buildings £'000	Vehicles, Plant, furniture & Equipment £'000	Infra-structure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total Property, Plant and Equipment £'000
Cost or Valuation							
At 1 April 2013	**109,128**	**11,589**	**284**	**3,181**	**101**	**0**	**124,283**
Additions	1,290	344	15	96	25		**1,770**
Donations							**0**
Revaluation increases/(decreases) recognised in the Revaluation Reserve	237						**237**
Revaluation Increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(230)						**(230)**
Derecognition - Disposals							**0**
Derecognition - Other							**0**
Assets reclassified (to)/from Held for Sale							**0**
Other movements in cost or valuation	174	(210)					**(36)**
At 31 March 2014	**110,599**	**11,723**	**299**	**3,277**	**126**	**0**	**126,024**
Accumulated Depreciation and Impairment							
At 1 April 2013	**21,552**	**8,949**	**165**	**471**	**0**	**0**	**31,137**
Depreciation charge	3,138	956	15				**4,109**
Depreciation written out to the Revaluation Reserve							**0**
Depreciation written out to the Surplus/Deficit on the Provision of Services							**0**
Impairment losses/(reversals) recognised in the Revaluation Reserve							**0**
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services							**0**
Derecognition - Disposals							**0**
Derecognition - Other							**0**
Other movements in Depreciation and Impairment	103	(125)					**(22)**
At 31 March 2014	**24,793**	**9,780**	**180**	**471**	**0**	**0**	**35,224**
At 31 March 2014 Totals	**85,806**	**1,943**	**119**	**2,806**	**126**	**0**	**90,800**

NFS 12.2: PPE Depreciation, Capital Commitments, Valuation Other Land and Buildings

Movements on Balances in 2014/15	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Surplus Assets	Total
	£,000	£,000	£,000	£,000
Carried at Historical Cost	50,425	2,889	989	54,303
Valued at Fair value as at				
31 March 2009	(67)	645	(39)	539
31 March 2010	365	(249)	(25)	91
31 March 2011	10,681	1,319	225	12,225
31 March 2012 (not included in Totals)	5,930	(98)	(1,048)	4,784
31 March 2012 Restated	6,242	(410)	(1,048)	4,784
31 March 2013	19,930	(1,554)	(1)	18,375
31 March 2014	(1,770)	(697)	25	(2,442)
31 March 2015	(4,318)	(665)	159	(4,824)
Total Cost or Valuation	**81,488**	**1,278**	**285**	**83,051**

Revaluations

The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment (PPE) required to be measured at fair value is revalued at least every five years. All valuations were carried out by an external valuer. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, plant, furniture and equipment are based on current prices where there is an active second-hand market or latest list prices adjusted for the condition of the asset.

We are working in conjunction with our Valuers 'Wilks, Head and Eve' to co-ordinate a planned programme of Valuations, in order to ensure that the Carrying Value of our Assets does not differ materially from Fair Value. Subject to any assumptions that the 'Code' requires, Fair Value is the same as Market Value. Our Valuer has prepared the valuations for our report based on the RICS (Royal Institute of Chartered Surveyors) 'Red Book' using IFRS 13 definition. In respect of Operational, Non Specialised Properties, including PPE Assets, the Fair Value has been interpreted as the amount that would be paid for the asset in its existing use. The Valuer has met this requirement on the basis of EUV (Existing Use Value) in accordance with UKVS1.3 in the RICS 'Red Book'.

The following useful lives and depreciation rates have been used in the calculation of depreciation:	Years
Other Land & Buildings	30 to 50
Vehicles, Plant, Furniture & Equipment	10% to 35% of Carrying Value
Infrastructure	25

NFS 13.1 Heritage Assets

Reconciliation of the Carrying value of Heritage Assets held by the Authority	Art Collection £'000	Heritage Land £'000	Heritage Buildings £'000	Total Assets £'000
Cost or Valuation				
1 April 2013	**91**	**115**	**537**	**743**
Additions	0	29	9	**38**
Depreciation	0	0	(66)	**(66)**
Balance at 31 March 2014	**91**	**144**	**480**	**715**
Cost or Valuation				
1 April 2014	**91**	**144**	**480**	**715**
Additions	0	88	0	**88**
Depreciation	0	0	(69)	**(69)**
Balance at 31 March 2015	**91**	**232**	**411**	**734**

Art Collection & Artefacts

The Authority's collection of Art and Artifacts is reported in the Balance Sheet at insurance valuation which is based on market values.These insurance valuations are updated annually. Additionally Work of Art at King George V Playing Field is reported at cost.

Heritage Land

The Authority's collection of Heritage Land is reported in the Balance Sheet at cost.

Heritage Buildings

The Authority's Heritage Buildings are reported in the Balance Sheet at discounted replacement cost valuation which is based on market values.

Additions of Heritage Assets

Subsequent costs were incurred during 2014/15 on existing assets.

Subsequent costs on Heritage Assets in 2014/15 included:	£'000
Deepdene Terrace	88

NFS 13.2: Heritage Assets not Included in the Balance Sheet - continued

The Authority holds several heritage assets which are not recorded on the Balance Sheet. It has been considered impracticable to obtain valuations for these assets as the cost would not be commensurate with the benefits to users of these financial statements.

Heritage assets not recorded in the Authority's Balance Sheet include:

- Public Art in Dorking and Leatherhead
- Painting in Park House
- Ashtead Gates
- War Memorials
- Cemetery Archive of Burials
- Deepdene Mausoleum
- Various Statues

NFS 14.1: Investment Properties CIES

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

	2013/14 £'000	2014/15 £'000
Rental income from investment property	1,696	1,784
Direct operating expenses arising from investment property	(398)	(444)
Net gain/(loss) on financing and investment in CIES	**1,298**	**1,340**

NFS 14.1: Investment Properties CIES - continued

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.

	2013/14 £'000	2014/15 £'000
Balance at start of the year	25,221	25,024
Additions		
- Purchases	0	0
- Subsequent expenditure	14	251
Disposals		
- Net gains / losses from the fair value adjustments	(211)	352
Transfers		
- to / from Property, Plant and Equipment	0	(2,767)
Balance at end of the year	**25,024**	**22,860**

NFS: 15 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 lives assigned to the major software suites used by the Authority are:

	Other Assets
3 years	None
5 years	All Software
10 years	None

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £52,000 was charged to revenue in 2014/15. £6,000 was charged to 'Central Services to the Public' and the remaining £46,000 was charged to various internal cost centres and then absorbed as an overhead across all the service headings in the 'Cost of Services'. It is not possible to quantify exactly how much of this remaining amortisation is attributable to each service heading.

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

	2013/14		2014/15	
	Other Assets £'000	Total £'000	Other Assets £'000	Total £'000
Balance at start of year:				
• Gross carrying amounts	1,160	1,160	1,216	1,216
• Accumulated amortisation	(867)	(867)	(955)	(955)
Net carrying amount at start of year	**293**	**293**	**261**	**261**
Additions:				
• Internal development	0	0	0	0
• Purchases	20	20	67	67
Amortisation for the period	(66)	(66)	(52)	(52)
Other changes	14	14		
Net carrying amount at end of year	261	261	276	276
Comprising:				
• Gross carrying amounts	1,216	1,216	1,283	1,283
• Accumulated amortisation	(955)	(955)	(1,007)	(1,007)
	261	**261**	**276**	**276**

NFS 16-1: Categories of Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet

	Long-term		Current		
	31 March 2014 £'000	31 March 2015 £'000	31 March 2014 £'000	31 March 2015 £'000	Note
Investments					
Loans and receivables	2,000	0	13,501	16,001	1
Available-for-Sale Financial Assets	5,077	5,682	0	0	2
Total Investments	**7,077**	**5,682**	**13,501**	**16,001**	
Debtors					
Loans and receivables	0	0	3,392	3,504	
Finance assets carried at contract amounts	897	854	0	0	
Total Debtors	**897**	**854**	**3,392**	**3,504**	
Borrowings	0	0	0	0	
Total borrowings	**0**	**0**	**0**	**0**	
Other Long-term Liabilities					
PFI and Finance Lease Liabilities	(2,933)	(2,697)	(283)	(289)	
Total Other long-term liabilities	**(2,933)**	**(2,697)**	**(283)**	**(289)**	
Creditors					
Financial liabilities at amortised cost	0	0	(4,617)	(3,931)	
Total Creditors	**0**	**0**	**(4,617)**	**(3,931)**	
Soft Loans					
Soft Loans	(17)	(24)	0	0	3
Total Soft Loans	**(17)**	**(24)**	**0**	**0**	

Note 1 - The Code requires the carrying amount of financial instruments to be included in the Balance Sheet. However, this inclusion will be in two separate parts. For long-term investments, the Balance Sheet carrying amount will be split to exclude accrued interest due in the next 12 months. This will be shown and separately identified in current assets. Short-term financial investments carrying amounts will be shown in current assets with accrued interest identified separately as above.

Note 2 - Available for Sale Financial assets are carried at fair value on the Balance Sheet in accordance with the CIPFA Code and IAS 39. Dividends are recognised in Financing and Investment Income & Expenditure as incurred. The Authority will accrue the dividends for the quarter ending 31 March that will be paid in April each year. An Available for Sale Reserve shows the gains or losses for the year in respect of the number of units held multiplied by its published 'bid' selling price.

Note 3 - Authorities will sometimes make loans at less than market rates, where a service objective would justify the Authority making a concession. Examples include loans to voluntary organisations to facilitate the Authority's own responsibilities for service provision, loans to organisations for economic regeneration purposes, loans to employees eg car loans and income from rent deposits. The Authority has a record of all soft loans issued and received and having calculated the value, has not applied the accounting convention that would require the difference being between the soft loan interest rate and market rates to be applied to the Comprehensive Income and Expenditure Accounts the amounts involved would not create a material difference in the Accounts.

NFS 16.2: Income, Expenses, Gains and Losses on Financial Instruments

	2013/14 Financial Assets			2014/15 Financial Assets		
	Loans and receivables £'000	Available for Sale Assets £'000	Total £'000	Loans and receivables £'000	Available for Sale Assets £'000	Total £'000
Interest income	267	194	461	229	312	541
Total income in Surplus or Deficit on the Provision of Services	**267**	**194**	**461**	**229**	**312**	**541**
Net gain/(loss) for the year	**267**	**194**	**461**	**229**	**312**	**541**

NFS 16.3: Fair Values of Assets and Liabilities

Financial liabilities, financial assets represented by loans and receivables, available for sale assets and long-term debtors and creditors 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:

- For loans and receivables the prevailing benchmark market rates have been used to provide the fair value.
- For available for sale assets the 'bid' price (the price that a dealer would be willing to pay for an instrument) has been used.
- No early repayment or impairment is recognised
- Where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value
- the fair value of trade and other receivables is taken to be the invoiced or billed amount. The fair values calculated are as follows:
- The fair value of trade and other receivables is taken to be the invoiced or billed amount

NFS 16.3: Fair Values of Assets and Liabilities / cont…

Liabilities	31 March 2014 Carrying amount £'000	31 March 2014 Fair Value £'000	31 March 2015 Carrying amount £'000	31 March 2015 Fair Value £'000
Financial liabilities	0	0	0	0
Current creditors	4,617	4,617	3,931	3,931
Long-term creditors	2,933	2,933	2,697	2,697

Assets	31 March 2014 Carrying amount £'000	31 March 2014 Fair Value £'000	31 March 2015 Carrying amount £'000	31 March 2015 Fair Value £'000
Loans and receivables	15,501	15,501	16,001	16,001
Available for sale assets	5,077	5,077	5,682	5,682
Current Debtors	3,392	3,392	3,504	3,504
Long-term Debtors	897	897	854	854

The fair values for loans and receivables have been determined by reference to similar practices which provide a reasonable approximation for the fair value of a financial instrument and include accrued interest (shown in debtors). The comparator market rates prevailing have been taken from indicative investment rates at each Balance Sheet date. In practice rates will be determined by the size of the transaction and the counter party, but it is impractical to use these figures and the difference is likely to be immaterial.

The Code requires the carrying amount of financial instruments to be included in the Balance Sheet. However, this inclusion will be in two separate parts. For long-term investments, the Balance Sheet carrying amount will be split to exclude accrued interest due in the next 12 months. This will be shown and separately identified in current assets. Short-term financial investments carrying amounts will be shown in current assets with accrued interest identified separately as above.

Short-term debtors and creditors are carried at cost as this is a fair approximation of their value. Available for sale assets have been valued at fair value through profit or loss and are carried in the Balance Sheet at their fair value. These fair values are based on selling price ('bid' price) quotations where there is an active market for the instrument. Exceptions to this treatment are as follows: Where impairment losses have been incurred or when the asset is derecognised.

NFS 17: Inventories

	2013/14 £'000	2014/15 £'000
Balance outstanding at start of year	4	4
Purchases	1	63
Recognised as an expense in the year	(1)	(21)
Written off balances	0	(2)
Balance outstanding at 31 March 2015	**4**	**44**

NFS 18 : Construction Contracts

The Authority had no material construction contracts as at the 31 March 2015 or any onerous contracts as defined by IAS 37.

NFS 19 : Debtors

	31 March 2014 £'000	31 March 2015 £'000
Short Term Debtors		
Central Government bodies	1,130	935
Other Local Authorities	400	445
NHS Bodies	1	14
Other entities and individuals	2,766	2,722
Total Short Term Debtors	**4,297**	**4,116**

NFS 20: Cash and Cash Equivalents

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

	31 March 2014 £'000	31 March 2015 £'000
Cash held by the Authority	5	4
Bank current accounts	5,485	5,031
Total Cash and Cash Equivalents	**5,490**	**5,035**

NFS 21: Creditors

	31 March 2014 £'000	31 March 2015 £'000
Short Term Creditors		
Central Government Bodies	3,239	2,010
Other Local Authorities	2,141	2,903
Other Entities and Individuals	3,677	3,022
Total Short Term Creditors	**9,057**	**7,935**

NFS 22: Provisions

Non-current Provisions	Outstanding Legal Cases £'000	Personal Search Refund Claims £'000	Profit Share Contract £'000	NNDR Appeals £'000	Total £'000
Balance at 1 April 2014	**0**	**0**	**0**	**0**	**0**
Additional provisions made in 2014/15	41	0	0	0	**41**
Unwinding of discounting in 2014/15	0	0	0	0	**0**
Balance at 31 March 2015	**41**	**0**	**0**	**0**	**41**

Current Provisions	Outstanding Legal Cases £'000	Personal Search Refund Claims	Profit Share Contract	NNDR Appeals £'000	Total £'000
Balance at 1 April 2014	**8**	**77**	**58**	**664**	**807**
Additional provisions made in 2014/15	0	0	0	1,064	**1,064**
Amounts used in 2014/15	0	(2)	(19)	0	**(21)**
Subtotal at 31 March 2015	**8**	**75**	**39**	**1,728**	**1,850**
Unused amounts reversed in 2014/15	0	0	0	0	**0**
Unwinding of discounting in 2014/15	0	0	0	0	**0**
Balance at 31 March 2015	**8**	**75**	**39**	**1,728**	**1,850**

1. A MMI long-term provision of £0.41m has been made in 2014/15 following a November 2014 report that recommended that the total levy could potentially be as high as 50% having already been paid over to Ernst & Young (the Scheme Administrator) in 2013/14. This provision therefore represents a further 35% of the net liability.
2. Personal search claims of £0.002m have been settled in 2014/15. Further claims are expected to be settled in 2014/15.
3. In 2014/15 a 5-year reconciliation exercise for a head rent profit share contract was completed. The results did not support the potential claim of £0.019m and therefore the provision made in 2013/14 was reversed. The reconciliation of the car park profit share contract is still on-going so the provision of £0.039m remains.
4. The Police investigation into possible fraudulent activity in 2013/14 was still awaiting a court date as at 31st March 2015 so the provision of £0.008m remained.
5. The NNDR appeals provision was calculated as £1.728m in 2014/15, an increase of £1.064m.

NFS 23: Usable Reserves

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement and Note 7 (Adjustments between accounting and funding basis).

Reserve		Opening Balance 01/04/2014 £'000	2014/15 Movement £'000	Closing Balance 31/03/2015 £'000
General Fund	Resources available to meet future running costs for Non-HRA services	(3,424)	(960)	(4,384)
Earmarked Reserves	Specific resources held against earmarked expenditure.	(7,315)	(1,225)	(8,540)
Capital Grants Unapplied	Capital resource available to finance capital expenditure when incurred	(634)	(32)	(666)
Capital Receipts Reserve	Proceeds of fixed assets sales that can only be used to fund capital expenditure.	(8,709)	1,512	(7,197)
Total Usable Reserves		**(20,082)**	**(705)**	**(20,787)**

NFS 24: Unusable Reserves

2013/14 £'000		Note	2014/15 £'000
42,666	Revaluation Reserve	24.1	43,266
77	Available for Sale Financial Instruments Reserve	24.2	682
71,079	Capital Adjustment Account	24.3	63,888
863	Deferred Capital Receipts Reserve	24.4	812
(28,414)	Pensions Reserve	24.5	(35,116)
(111)	Collection Fund Adjustment Account	24.6	(736)
(148)	Accumulating Compensated Absences	24.7	(163)
86,012	**Total Unusable Reserves**		**72,633**

NFS 24-1: 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.

2013/14 £'000		2014/15 £'000	2014/15 £'000
42,429	**Balance at 1 April**		**42,666**
3,732	Upward revaluation of assets	23,070	
(3,495)	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(22,470)	
237	**Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services**		**600**
0	Difference between fair value depreciation and historical cost depreciation	0	
0	Accumulated gains on assets sold or scrapped	0	
0	**Amount written off to the Capital Adjustment Account**		**0**
42,666	**Balance at 31 March**		**43,266**

NFS 24.2: Available for Sale Financial Instruments Reserve

The Available for Sale Financial Instruments Reserve contains the gains made by the Authority arising from increases in the value of its investments that have quoted market prices or otherwise do not have fixed or determinable payments. The balance is reduced when investments with accumulated gains are :

- revalued downwards or impaired and the gains are lost
- disposed of and the gains are realised

2013/14 £'000		2014/15 £'000	2014/15 £'000
0	**Balance at 1 April 2014**		**77**
77	Upward revaluation of investments	605	
0	Downward revaluation of investments not charged to the Surplus/Deficit on the Provision of Services	0	
			605
77	**Totals**		**682**
0	Accumulated gains on assets sold and maturing assets written out to the Comprehensive Income and Expenditure Statement as part of Other Investment Income	0	
77	**Balance at 31 March**		**682**

NFS 24.3: Capital Adjustment Account

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

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

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

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

2013/14 £'000		2014/15 £'000	
73,663	Balance at 1 April		**71,079**
(4,175)	Charges for depreciation and impairment of non current assets	(4,284)	
(230)	Revaluation losses on Property, Plant and Equipment	(5,588)	
(66)	Amortisation of intangible assets	(52)	
(1,420)	Revenue expenditure funded from capital under statute	(1,545)	
(53)	Amounts 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	(131)	
(5,944)			**(11,600)**
0	Adjusting amounts written out of the Revaluation Reserve		0
(5,944)	**Net written out amount of the cost of non current assets consumed in the year**		**(11,600)**
	Capital financing applied in the year:		
2,047	Use of the Capital Receipts Reserve to finance new capital expenditure	2,460	
1,077	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	1,211	
140	Application of grants to capital financing from the Capital Grants Unapplied Account	91	
307	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	295	
3,571			**4,057**
(211)	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement		352
71,079	**Balance at 31 March**		**63,888**

NFS 24.4: 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.

2013/14 £'000		2014/15 £'000
915	**Balance at 1 April**	**863**
(46)	Transfer of deferred sale proceeds credited as part of gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(48)
(6)	Transfer to the Capital Receipts Reserve upon receipt of cash	(3)
863	**Balance at 31 March**	**812**

NFS 24.5: Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post-employment benefits in the 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.

2013/14 £'000		2014/15 £'000
(26,186)	**Balance at 1 April**	**(28,414)**
(1,135)	Remeasurements of the net defined benefit liability/(asset)	(5,609)
(2,662)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income	(2,885)
1,569	Employer's pensions contributions and direct payments to pensioners payable in the year	1,792
(28,414)	**Balance at 31 March**	**(35,116)**

NFS 24-6: Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and Business rates income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers and business rate payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2013/14 £'000		2014/15 £'000
51	**Balance at 1 April - Council Tax**	**101**
	Balance at 1 April - Business Rates	**(212)**
	Balance at 1 April - Total	**(111)**
50	Amount by which Council Tax income credited/(debited) to the Comprehensive Income and Expenditure Statement is different from Council Tax income calculated for the year in accordance with statutory requirements	87
(212)	Amount by which Business Rates income credited/(debited) to the Comprehensive Income and Expenditure Statement is different from Business Rate income calculated for the year in accordance with statutory requirements	(712)
101	**Balance at 31 March - Council Tax**	**188**
(212)	**Balance at 31 March - Business Rates**	**(924)**
(111)	**Balance at 31 March - Total**	**(736)**

NFS 24-7: 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, eg 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.

2013/14 £'000		2014/15 £'000
(141)	**Balance at 1 April**	**(148)**
141	Settlement or cancellation of accrual made at the end of the preceding year	148
(148)	**Amounts accrued at the end of the current year**	(163)
(7)	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	(15)
(148)	**Balance at 31 March**	**(163)**

NFS 25: Cash Flow - Operating Activities

The cash flows for operating activities include the following items:

2013/14 £'000		2014/15 £'000
267	Interest received	229
(167)	Interest paid	
194	Dividends received	312

2013/14 £'000		2014/15 £'000
4,175	Depreciation	
230	Impairment and downward valuations	
66	Amortisation	
(1)	Adjustments for effective interest rates	2
(48)	Increase/(decrease) in creditors	
52	Increase/(decrease) in Interest and Dividend Debtors	
329	Increase/(decrease) in debtors	
0	Increase/(decrease) in inventories	
1,093	Movement in pension liability	
430	Contribution to/from Provisions	
211	Movement in Investment Property Values	
6,537	**Adjustment to net surplus/deficit on provision of Services from Non-cash movements**	**2**

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

2013/14 £'000		2014/15 £'000
(400)	Capital Grants credited to Surplus deficit on provision of services	
77	Other Comprehensive Income & Expenditure Surplus on Revaluation of Investments	605
(1,616)	Proceeds from the Sale of PPE, investment property & intangibles	
(1,939)	**Adjustments for items included in the Net surplus/deficit on provision of Services - Investing & Financing activities**	**605**

NFS 26: Cash Flow - Investing Activities

2013/14 £'000		2014/15 £'000
1,844	Purchase of property, plant and equipment, investment property and intangible assets	
(1,301)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	
7,077	Purchase of short and long term investments	3,105
171	Other receipts from investing activities	
7,791	**Net cash flows from investing activities**	**3,105**

NFS 27: Cash Flow - Financing Activities

2013/14 £'000		2014/15 £'000
(614)	Other receipts from financing activities	
307	Cash payments for the reduction of the outstanding liabilities relating to finance leases	
(307)	**Net cash flows from financing activities**	**0**

NFS 28.1 Amounts Reported for Resource Allocations

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice
However, decisions about resource allocation are taken by the Authority's Executive on the basis of budget reports analysed across the Authority's service units and grouped into po
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 amo 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 services

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

2014/15 Service Income and Expenditure	Environment Portfolio £'000	Wellbeing Portfolio £'000	Community Engagement & Resident Services Portfolio £'000	Assets Portfolio £'000	Planning Portfolio £'000	Finance & Corporate Portfolio £'000
Fees, charges & other service income	(2,513)	(2,525)	(1,027)	(5,349)	(1,274)	(301)
Government grants	(88)	(310)	(21,549)	0	(20)	(152)
Total Income	**(2,601)**	**(2,835)**	**(22,576)**	**(5,349)**	**(1,294)**	**(453)**
Employee expenses	871	1,529	1,555	1,389	1,693	3,216
Other service expenses	5,402	1,582	22,495	2,199	377	1,780
Support service recharges	(6)	(26)	(22)	(148)	0	(189)
Total Expenditure	**6,267**	**3,085**	**24,028**	**3,440**	**2,070**	**4,807**
Net Expenditure	**3,666**	**250**	**1,452**	**-1,909**	**776**	**4,354**

Service Income and Expenditure 2013/14 Comparatives (reprofiled on revised portfolios)	Environment Portfolio £'000	Wellbeing Portfolio £'000	Community Engagement & Resident Services Portfolio £'000	Assets Portfolio £'000	Planning Portfolio £'000	Finance & Corporate Portfolio £'000
Fees, charges & other service income	(2,276)	(2,119)	(920)	(5,058)	(1,201)	(119)
Government grants	(94)	(222)	(20,785)	0	(38)	(153)
Total Income	**(2,370)**	**(2,341)**	**(21,705)**	**(5,058)**	**(1,239)**	**(272)**
Employee expenses	819	1,377	1,519	1,223	1,657	3,038
Other service expenses	5,169	1,486	21,747	2,178	434	1,700
Support service recharges	(24)	(44)	(22)	(176)	0	(185)
Total Expenditure	**5,964**	**2,819**	**23,244**	**3,225**	**2,091**	**4,553**

NFS 28-2 : Reconciliation of Service Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement

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

	2013/14 £'000	2014/15 £'000
Net Expenditure in the Service Analysis	8,911	8,589
Net Expenditure of services and support services not included in the Analysis	0	0
Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis	4,139	9,923
Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement	1,304	1,347

NFS 28-3: Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of service 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.

2014/15	Service Analysis £'000	Amounts not reported to management for decision making £'000	Amounts not included in CIES £'000	Allocation of Recharges £'000	Cost of Services £'000	Corporate Amounts £'000	Total £'000
Fees, charges & other service income	(12,989)	(1,750)	1,768	450	(12,521)	(414)	(12,935)
Surplus or deficit on associates and joint ventures	0	0	0	0	0	0	0
Gain or Loss on Disposal of Fixed Assets	0	0	0	0	0	(403)	(403)
Interest and investment income	0	0	0	0	0	(2,275)	(2,275)
Income from NNDR	0	0	0	0	0	(14,797)	(14,797)
Income from council tax	0	0	0	0	0	(6,411)	(6,411)
Government grants and contributions	(22,119)	0	0	0	(22,119)	(2,535)	(24,654)
Total Income	**(35,108)**	**(1,750)**	**1,768**	**450**	**(34,640)**	**(26,835)**	**(61,475)**
Employee expenses	10,253	544	0	(5,131)	5,666	0	5,666
Other service expenses	33,835	1,204	(147)	(1,692)	33,200	0	33,200
Support Service recharges	(391)	0	(274)	7,961	7,296	0	7,296
Depreciation, amortisation and impairment	0	4,337	0	(1,588)	2,749	0	2,749
Revaluation Losses	0	5,588	0		5,588	0	5,588
Expenditure NNDR	0	0	0	0	0	13,651	13,651
Interest Payments	0	0	0	0	0	1,413	1,413
Precepts & Levies	0	0	0	0	0	183	183
Payments to Housing Capital Receipts Pool	0	0	0	0	0	2	2
Total expenditure	**43,697**	**11,673**	**(421)**	**(450)**	**54,499**	**15,249**	**69,748**

Surplus or deficit on the provision of services	**8,589**	**9,923**	**1,347**	**0**	**19,859**	**(11,586)**	**8,273**

2013/14	Service Analysis £'000	Amounts not reported to management for decision making £'000	Amounts not included in CIES £'000	Allocation of Recharges £'000	Cost of Services £'000	Corporate Amounts £'000	Total £'000
Fees, charges & other service income	(11,693)	(273)	1,696	(792)	(11,062)	(325)	(11,387)
Gain or Loss on Disposal of Fixed Assets	0	0	0	0	0	(1,290)	(1,290)
Interest and investment income	0	0	0	0	0	(2,122)	(2,122)
Income from NNDR	0	0	0	0	0	(14,368)	(14,368)
Income from council tax	0	0	0	0	0	(6,256)	(6,256)
Government grants and contributions	(21,292)	0	0	0	(21,292)	(2,674)	(23,966)
Total Income	**(32,985)**	**(273)**	**1,696**	**(792)**	**(32,354)**	**(27,035)**	**(59,389)**
Employee expenses	9,633	0	0	(4,187)	5,446		5,446
Other service expenses	32,714	920	(392)	(1,634)	31,608		31,608
Support Service recharges	(451)	0	0	5,729	5,278		5,278
Depreciation, amortisation and impairment	0	4,242	0	(96)	4,146		4,146
Revaluation Losses	0	230	0	0	230		230
Expenditure NNDR	0	0	0	0	0	13,138	13,138
Interest Payments	0	0	0	0	0	1,917	1,917
Precepts & Levies	0	0	0	0	0	178	178
Payments Housing Capital Receipts Pool	0	0	0	0	0	4	4
Total expenditure	**41,896**	**5,392**	**(392)**	**(188)**	**46,708**	**15,237**	**61,945**
Surplus or deficit on the provision of services	**8,911**	**5,119**	**1,304**	**(980)**	**14,354**	**(11,798)**	**2,556**

NFS 29: Members Allowances

The Authority paid the following amounts to Members of the Authority during the year.

	2013/14 £'000	2014/15 £'000
Allowances	204	207
Expenses	6	7
Total	**210**	**214**

NFS 30.1: Officers' Remuneration

The remuneration paid to the Authority's senior employees is as follows:

Post Holder Information		Salary, Fees and Allowances	Bonuses	Expense Allowances	Compensation for Loss of Office	Benefits in Kind	Total Remuneration excluding pension contributions	Pension Contribution	Total
		£	£	£	£	£	£	£	£
Deputy Chief Executive (formerly Strategic Director)	**2014/15**	**89,563**	**-**	**6,774**	**-**	**-**	**96,337**	**14,745**	**111,082**
	2013/14	89,231	-	5,610	-	-	94,841	14,420	109,261
Corporate Head of service - Property, Revenues, Parking etc	**2014/15**	**72,765**	**-**	**1,739**	**-**	**2,640**	**77,144**	**11,443**	**88,587**
	2013/14	73,313	-	**-**	-	3,552	76,865	11,123	87,988
Corporate Head of Service - Democratic Services, Legal etc	**2014/15**	**72,765**	**-**	**4,456**	**-**	**2708**	**79,929**	**11,478**	**91,407**
	2013/14	74,424	-	-	-	3552	77,976	11,123	89,099
Corporate Head of Service - Housing, Benefits, Telecare etc	**2014/15**	**72,765**	**-**	**498**	**-**	-	**73,263**	**11,279**	**84,542**
	2013/14	72,425	-	1,239	-	-	73,664	11,123	84,787
Corporate Head of Service - Environmental, Communications etc	**2014/15**	**57,362**	**-**	**1,507**	**-**	**-**	**58,869**	**9,018**	**67,887**
	2013/14	51,741	-	1,239	**-**	**-**	52,980	7,566	60,546
Corporate Head of Service - Planning	**2014/15**	**11,474**	**-**	**189**	**77,102**	**-**	**88,765**	**940**	**89,705**
	2013/14	73,906	-	0	**-**	3,744	77,650	11,123	88,773
Legal Services Manager - Statutory Monitoring Officer	**2014/15**	**57,135**	**-**	**677**	**-**	**-**	**57,812**	**8,947**	**66,759**
	2013/14	56,481	-	1,239	**-**	**-**	57,720	8,894	66,614
Financial Services Manager	**2014/15**	**33,460**	**-**	**734**	**-**	**-**	**34,194**	**5,309**	**39,503**
	2013/14	-	-	-	-	-	0	-	0
Total	**2014/15**	**467,289**	**-**	**16,574**	**77,102**	**5,348**	**566,313**	**73,159**	**639,472**
	2013/14	491,521	-	9,327	-	10,848	511,696	75,372	587,068

Seconded & Agency Appointments

The Chief Executive and the Financial Services Manager were on secondment from Surrey County Council for all or part of 2014/15. Their remuneration is therefore disclosed by Surrey County Council for these periods. For information, the figures are set out below, along with payments for Returning Officer duties at local elections. Payment was also made, via an employment agency, for an Interim Head of Planning.

Seconded & Agency Officers' Remuneration	Total £
Chief Executive	136,685
Financial Services Manager (part year)	23,616
Interim Head of Planning (part year)	92,455
Total	**252,756**

NFS 30.2: Remuneration Bands

The Authority's employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

Remuneration band	2013/14 Number of employees Total	2013/14 Number of employees Left during the year	2014/15 Number of employees Total	2014/15 Number of employees Left during the year
£50,000 - £54,999 *	7	0	10	1
£55,000 - £59,999	3	0	4	0
£60,000 - £64,999 **	0	0	0	0
£65,000 - £69,999	0	0	0	0
£70,000 - £74,999	1	0	2	1
£75,000 - £79,999	3	0	1	0
£80,000 - £84,999	0	0	1	0
£85,000 - £89,999	0	0	0	0
£90,000 - £94,999	1	0	0	0
£95,000 - £99,999	0	0	1	0
£100,000 - £104,999	0	0	0	0
£105,000 - £109,999	0	0	0	0
£110,000 - £114,999	0	0	0	0
£115,000 - £119,999	0	0	0	0
TOTAL	**15**	**0**	**19**	**2**

The 'Total' column includes for those members of staff that have left during the year.

* Two of the officers shown here worked part time hours. One of the officers has left during the year. Their salaries have been annualised for this exercise.

** One of the officers shown here is on a secondment to another Authority for part of their working week. For this exercise, their salary has been annualised.

The Chief Executive (wef 10/09/12) and the Financial Services Manager (wef 08/10/12) were on secondment from Surrey County Council for all (Chief Executive) or part (Financial Services Manager) of 2014/15. The Financial Services Manager is now employed by Mole Valley District Council (wef 11/08/14) and his salary (annualised) has been included in the remuneration banding exercise above.

As Surrey County Council is the employing Authority the Chief Executive's remuneration in this case will be disclosed in Surrey County Council's Accounts. Payment was also made, for part of the year via an employment agency, for an Interim Head of Planning. These two positions are included separately in the table below.

Seconded Officers Potential Bandings if included in above bandings	Numbers/Full time equivalents
£90,000 - £94,999	1.0
£135,000 - £139,999	1.0

NFS 30.3: Exit Packages

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

Exit package cost band (including special payments)	Number of compulsory redundancies 2013/14	Number of compulsory redundancies 2014/15	Number of other departures agreed 2013/14	Number of other departures agreed 2014/15	Total number of exit packages by cost band 2013/14	Total number of exit packages by cost band 2014/15	Total cost of exit packages in each band 2013/14 £	Total cost of exit packages in each band 2014/15 £
£0 - £20,000	0	0	3	0	3	0	17,858	0
£20,001 - £40,000	0	0	0	0	0	0	0	0
£40,001 - £60,000	0	0	0	0	0	0	0	0
£60,001 - £80,000	0	0	0	1	0	1	0	77,102
£80,001 - £100,000	0	0	0	0	0	0	0	0
£100,001 - £150,000	0	0	0	0	0	0	0	0
Total cost included in the bandings & in the CIES	**0**	**0**	**5**	**1**	**3**	**1**	**17,858**	**77,102**

NFS 31: External Audit Costs

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services, provided by the Authority's external auditors - Grant Thornton.

	2013/14 £'000	2014/15 £'000
Fees payable to Grant Thornton with regard to external audit services carried out by the appointed auditor for the year	61	61
Fees payable to Audit Commission for NFI initiatives	1	2
Fees payable to Grant Thornton for the certification of grant claims and returns for the year	16	15
Fees payable in respect of other services provided by Grant Thornton during the year	9	6
Total	**87**	**84**

NFS 32.1: Grant Income

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

Credited to Taxation and Non Specific Grant Income	2013/14 £'000	2014/15 £'000
Revenue Support Grant	1,321	1,297
New Homes Bonus	762	956
New Burdens Grants	26	28
Localising Council Tax Support Grant	164	0
Transparency Grant	3	0
Capitalisation Grant	9	0
Flood Relief Grants	70	132
Small Business Rate Relief Grant	271	379
Other Business Support Scheme Grants	18	0
Non Ring-fenced Government Grants	50	53
Other Business Rates Relief Grants	0	137
Capital Grants and Contributions	96	124
Sub Total	**2,790**	**3,106**
Council Tax Freeze Grant	154	0
Total	**2,944**	**3,106**

Credited to Services	2013/14 £'000	2014/15 £'000
Housing Benefit Allowance subsidy	20,088	20,714
Discretionary Housing Payments	94	83
Localising Council Tax Support Grant	36	126
Housing Benefit Specific Grant	33	24
Housing Benefit Rent Rebate subsidy	176	156
Housing Benefit Admin Grant	358	423
PPP funding	75	122
NNDR Cost of Collection Allowance	153	151
Other Grants	147	177
Total	**21,160**	**21,976**

NFS 32.2: Grants - Current Liabilities

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 or property to be returned to the donator. The balances at the year-end are as follows:

	31 March 2014 £'000	31 March 2015 £'000
Grants Receipts in Advance-Capital Grants		
- s106 (Developer infrastructure) contributions	375	375
Total	**375**	**375**

	31 March 2014 £'000	31 March 2015 £'000
Grants Receipts in Advance-Revenue Grants		
- grants received from government departments	386	349
Total	**386**	**349**

NFS 33: Related Parties

The Authority is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Authority or to be controlled or influenced by the Authority. Disclosure of these transactions allows readers to assess the extent to which the Authority might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Authority. It has been agreed with our Auditors that material transactions would be those in excess of £15,000.

Central Government

Central government has significant influence over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (eg council tax bills, housing benefits). Grants received from government departments are set out in the subjective analysis in Note 28 on reporting for resources allocation decisions. Grant receipts outstanding at 31 March 2015 are shown in Note 32.

NFS 33: Related Parties cont….

Members

Members of the Council have direct control over the Authority's financial and operating policies. The total of members' allowances paid in 2014/15 is shown in Note 29. Members received a schedule of MVDC grant funded bodies, in excess of £15,000, and confirmed or otherwise that they or any close member of their family held no positions of influence over the awarding of these grants. During 2014/15 the Council awarded grant payments, in excess of £15,000, of £941,948 (£996,822 in 2013/14) to 6 voluntary and community organisations (7 in 2013/14) in which 7 Council Members (6 in 2013/14) had, or family members had, positions on the Organisation's governing body.
In all instances, the grants were made with proper consideration of declarations of interest. The relevant Members did not take part in any discussion or decision relating to the grants. Details of those transactions are recorded in the Register of Members' Interest, open to public inspection at the Council Offices during office hours.
The payment to Circle Housing Mole Valley were by way of contributions towards the building of affordable housing and social rent properties in Dorking and Beare Green.
Please note: In accordance with the policy for Related Parties i.e. the declaration of Voluntary Organisation grants payable, a de minimis level of £15,000 or above has been applied for both 2013/14 and 2014/15.
* Note - Valerie Homewood was no longer a representative on MVHA post mid-year during 2013/14.

2013/14 Grant Paid (£)	Member	Voluntary Organisation	2014/15 Grant Paid (£)	Member
560,000	David Mir Philippa Shimmin Valerie Homewood *	Circle Housing Mole Valley (Mole Valley Housing Association)	735,000	Sarah Seed Philippa Shimmin
240,000	-	Mount Green Housing Association	0	-
125,500	Bridget Lewis-Carr Lynne Brooks	Leatherhead and Dorking Citizens Advice Bureaux	131,000	Bridget Lewis-Carr Lynne Brooks
0	-	Dorking Rugby Football Club	27,848	John Muggeridge
21,750	-	Brockham Village Hall	0	-
17,500	John Northcott	Voluntary Action Mid Surrey	17,500	John Northcott
17,000	-	Oakwood Hill Village Hall	15,600	Vivienne Michael
15,072	Valerie Homewood	Beare Green Village Hall Community Association	0	-
0	-	Buckland Reading Room	15,000	-
996,822			**941,948**	

Officers

The Strategic Management Team (comprising of the Chief Executive, Deputy Chief Executive and six Corporate Heads of Service) and the Business Managers Group (comprising 24 Officers) were requested to complete a declaration in respect of themselves and any close member of their family stating that they know of no relationship which requires a related party disclosure. There were no disclosed related party transactions during the year.

Other Public Bodies (subject to common control by central government)

The Authority has significant transactions with both Surrey County Council and Surrey Police Authority and these are included in the Collection Fund.

Entities Controlled or Significantly Influenced by the Authority

The Authority has no dealings with entities that are controlled or significantly influenced by the Authority.

NFS 34: Capital Expenditure and Capital Financing

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

	2013/14 £'000	2014/15 £'000
Opening Capital Financing Requirement	3,392	3,085
Capital investment		
Property, Plant and Equipment *	1,770	1,813
Heritage Assets *	38	88
Investment Properties *	15	251
Intangible Assets *	21	67
Revenue Expenditure Funded from Capital under Statute	1,420	1,545
Sources of finance		
Capital receipts	(2,047)	(2,461)
Government grants and other contributions	(412)	(370)
Sums set aside from revenue:		
• Developer contributions	(805)	(932)
• MRP	(307)	(295)
Closing Capital Financing Requirement	**3,085**	**2,791**
Explanation of movements in year		
Increase in underlying need to borrowing (supported by government financial assistance)	0	0
Increase in underlying need to borrowing (unsupported by government financial assistance)	(307)	(295)
Assets acquired under finance leases	0	0
Increase/(decrease) in Capital Financing Requirement	**(307)**	**(295)**

* These figures match to the Additions lines in the notes detailing movements on the non-current asset. The list is not exhaustive and may include eg. Heritage Assets (Notes 12 to 15 refer).

NFS 35-1.1: Leases - Authority as Lessee - Finance Leases

Finance Leases

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

	2013/14 £'000	2014/15 £'000
Other Land and Buildings	1,898	1,822
Vehicles, Plant, Furniture and Equipment	297	76
Finance Leased Assets	**2,195**	**1,898**

Finance Leases - Minimum Lease Payments

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

	2013/14 £'000	2014/15 £'000
Finance lease liabilities (net present value of minimum lease payments):		
• current	283	289
• non current	3,101	2,849
Finance costs payable in future years	(167)	(152)
Minimum lease payments	**3,217**	**2,986**

The minimum lease payments will be payable over the following periods:

	Minimum Lease Payments		Finance Lease Liabilities	
	31-Mar-14 £'000	31-Mar-15 £'000	31-Mar-14 £'000	31-Mar-15 £'000
Not later than one year	283	289	283	289
Later than one year and not later than five years	1,209	1,111	968	890
Later than five years	1,892	1,738	1,966	1,807
Minimum Lease payments payable	**3,384**	**3,138**	**3,217**	**2,986**

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2014/15 there were no contingent rents payable by the Authority (2013/14 nil).

The Authority has sub-let some of the office accommodation held under these finance leases.

NFS 35-1.2: Authority as Lessor - Finance Leases

Finance Leases

The Council has leased out property to the Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC) on a finance lease with a remaining term of 21 years. There is also a 'head lease' arrangement whereby it is leased back to Mole Valley District Council for the lease of the Swan Centre Buildings. These are also shown within the 'Lessee' section and are subject to separate arrangements. The present value of lease payments receivable under the finance lease arrangements is recognised as a receivable and included in both short and long term debtors. The difference between the gross amount receivable and the present value of the amounts receivable is recognised as unearned finance income. The gross investment is made up of the following amounts:

	31 March 2014 £'000	31 March 2015 £'000
Gross receivables - Finance lease debtor (net present value of minimum lease payments)	1,764	1,680
Unguaranteed residual value of property :		
• current	(46)	(48)
• non current	(884)	(848)
Unearned finance income	(930)	(896)
Gross investment in the lease	**834**	**784**

The gross investment in the lease and the minimum lease payments will be received over the following periods

	Gross Investment in the Lease		Minimum Lease Payments	
	31 March 2014 £'000	31 March 2015 £'000	31 March 2014 £'000	31 March 2015 £'000
Not later than one year	46	48	46	48
Later than one year and not later than five years	184	193	184	193
Later than five years	1,580	1,487	650	591
Gross Investment in the Lease payments	**1,810**	**1,728**	**880**	**832**

NFS 35-2.1: Leases - Authority as Lessee - Operating Leases

Operating Leases

The Council has an operating lease for a site in Leatherhead which is used for car parking and a room in the library in Leatherhead used as a Help Shop. The Council also negotiated a new lease vehicle for the courier which is on a 4 year contract hire agreement.

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

	31 March 2014 £'000	31 March 2015 £'000
Not later than one year	13	17
Later than one year and not later than five years	36	34
Total	**49**	**51**

NFS 35-2.2: Leases - Authority as Lessor - Operating Leases

Operating Leases

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

- for the provision of community services, such as sports facilities, allotments and community centres
- for economic development purposes to provide suitable affordable accommodation for local businesses

The Council as 'lessor' retains the assets on its Balance Sheet and the rental income is credited to revenue as it becomes due.

	31 March 2014 £'000	31 March 2015 £'000
Not later than one year	2,199	2,172
Later than one year and not later than five years	7,912	7,880
Later than five years	56,899	61,513
Total	**67,010**	**71,565**

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2014/15 no contingent rents were receivable by the Authority.

NFS 36: Impairment Losses

The Code (paragraph 4.7.4.2(1) requires disclosure by class of assets of the amounts for impairment losses and impairment reversals charged to the Surplus or Deficit on the Provision of Services and to the 'Other Comprehensive Income and Expenditure'. These disclosures are consolidated in Notes 12 and 15 reconciling the movement over the year in Property, Plant & Equipment and Intangible Asset balances.

NFS 37: Capitalisation of Borrowing Costs

Mole Valley became debt free on the 1st April 1997 and has not had an underlying need to borrow, it therefore does not have a current requirement to capitalise borrowing costs. However the Authority has a number of Finance Leases that will have the attribute of notional borrowing.

NFS 38.1: Defined Benefit Pension Schemes

Participation in pension schemes

As part of the terms and conditions of employment of its officers, the Authority makes contributions towards the cost of post employment benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments for those benefits and to disclose them at the time that employees earn their future entitlement.

The Authority participates in one post employment scheme:

- The Local Government Pension Scheme, administered locally by Surrey County Council – this is a funded defined benefit final salary 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.

Transactions relating to post employment benefits

The Authority recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Authority is required to make against council tax is based on the cash payable in the year, so the real cost of post employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

NFS 38.1: Defined Benefit Pension Schemes cont….

Comprehensive Income & Expenditure Statement - Cost of Services	Local Government Pension Scheme 2013/14 £'000	Local Government Pension Scheme 2014/15 £'000
Cost of Services:		
• Current service cost	1,486	1,667
• Past service costs	0	0
• (Gain)/Loss from settlements	0	0
Financing and Investment Income and Expenditure		
• Net interest cost expense	1,176	1,218
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	**2,662**	**2,885**
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement		
Remeasurement of the net defined liability comprising		
• Return on Plan Assets (excluding the amount included in the net interest expense)	(1,085)	5,216
• Actuarial gains and losses arising on changes in demographic assumptions	(1,608)	0
• Actuarial gains and losses arising on changes in financial assumptions	(203)	(11,699)
• Other Experience	1,761	874
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	**(1,135)**	**(5,609)**
Movement in Reserves Statement		
• Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	(2,662)	(2,885)
Actual amount charged against the General Fund Balance for pensions in the year:		
• Employers' contributions payable to scheme	1,569	1,792
Net Charge to the General Fund	**(1,093)**	**(1,093)**

NFS 38-2: Pension Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Authority's obligation in respect of its defined benefit plans is as follows:

	2013/14 £'000	2014/15 £'000
Present value of the defined benefit obligation	(84,904)	(98,108)
Fair value of plan assets	56,490	62,992
Sub-Total	**(28,414)**	**(35,116)**
Other movements in the liability (asset)	0	0
Net Liability arising from defined benefit obligation	**(28,414)**	**(35,116)**

NFS 38.3: Reconciliation of the movements in the Fair Value of Scheme (Plan) Assets

In accordance with the Code (6.4.3.42 (6 and 7) the Authority shall provide a reconciliation of the movements in Fair Value of the Scheme's Assets as follows:

	Local Government Pension Scheme	
	2013/14 £'000	2014/15 £'000
Opening Fair Value of Scheme Assets 1 April 2014	56,093	56,490
Interest income	2,500	2,404
Remeasurement (gains) and losses:		
The Return on plan assets, excluding the amount included in the net interest expense	(1,085)	5,216
Other		
The effect of changes in foreign exchange rates	0	0
Contributions from Employer	1,515	1,742
Contributions from Employees into the scheme	405	521
Benefits paid	(2,938)	(3,381)
Other	0	0
Closing fair value of scheme Assets 31 March 2015	**56,490**	**62,992**

Extract from Actuary report 31.03.14 and 31.03.15.

The recommended expected return on scheme assets is taken from the Actuary's proprietary asset model. The model parameters are calibrated to market conditions on a monthly basis.

The actual return on scheme assets in the year was £2.4m (2013/14 : £2.5m).

NFS 38.4: Reconciliation of present value of the Scheme Liabilities (Defined Benefit Obligation)

	Funded liabilities: Local Government Pension Scheme	
	2013/14 £'000	2014/15 £'000
Opening balance at 1 April	82,279	84,904
Current service cost	1,486	1,667
Interest cost	3,676	3,622
Contributions by scheme participants	405	521
Remeasurement (gains) and losses:		
Actuarial gains/losses arising from changes in demographic assumptions	1,608	0
Actuarial gains/losses arising from changes in financial assumptions	203	11,699
Other	(1,761)	(874)
Actuarial gains and losses prior year		
Benefits paid	(2,992)	(3,431)
Closing balance at 31 March 2015	**84,904**	**98,108**

The liabilities show the underlying commitments that the Authority has in the long run to pay post-employment (retirement) benefits. The total liability of £98.1m has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet (Long-term Liabilities). However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy:

- the deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the Scheme Actuary
- finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

The total contributions expected to be made to the Local Government Pension Scheme by the Authority in the year to 31 March 2016 is £1,872,000.

NFS 38-5 : Local Government Pensions Scheme Assets

The Local Government Pension Scheme Assets comprised :

Fair Value of Scheme Assets - Note 1	2013/14 £'000	% of total assets	2014/15 £'000	% of total assets
Cash and Cash Equivalents	464	1%	1,177	2%
Equity Instruments				
By Industry type (Note 2) :				
• Consumer	4,765	8%	4,719	8%
• Manufacturing	3,864	7%	3,411	5%
• Energy and Utilities	2,741	5%	2,064	3%
• Financial Institutions	3,687	7%	4,036	6%
• Health and Care	2,064	4%	2,216	4%
• Information Technology	3,073	5%	3,009	5%
Sub-total : Equity	**20,657**	**37%**	**20,632**	**33%**
Bonds:				
• Corporate investment grade	2,158	4%	2,293	4%
• Corporate non-investment grade	96	0%	253	0%
• Uk government	1,298	2%	1,418	2%
• Other	366	1%	586	1%
Sub-total : Bonds	**3,918**	**7%**	**4,550**	**7%**
Property - by Type:				
• UK	1,203	4%	3,975	6%
• Overseas	1,929	1%	30	0%
Sub-Total : Property	**3,132**	**5%**	**4,005**	**6%**
Private Equity:				
• UK and Overseas *(1)	2,147	4%	2,364	4%
Sub-Total : Private Equity	**2,147**	**4%**	**2,364**	**4%**
Investment Funds and unit trusts:				
• Equities	15,748	28%	18,348	29%
• Bonds	5,064	9%	5,888	9%
• Other	5,555	10%	7,265	12%
Sub-Total : Other Investment Funds	**26,367**	**47%**	**31,501**	**50%**
Derivatives:				
• Interest Rate	4	0%	(9)	0%
• Foreign exchange contracts	265	0%	(50)	0%
Sub-Total : Derivatives	**269**	**0%**	**(59)**	**0%**
Total Financial Assets	**56,490**	**100%**	**62,993**	**100%**

Note 1 * - All Scheme Assets have quoted prices in active markets with the exception of Private Equity units - quoted prices not in active markets.
Note 2 - The risks relating to assets in the scheme with quoted prices not in active markets are as per below:

Fair Value of Scheme Assets - Note 2	2013/14 £'000	% of total assets	2014/15 £'000	% of total assets
Equity Instruments:				
• UK and Overseas * (1)	2,147	4%	2,364	4%
Sub-Total Private Equity Instruments	**2,147**		**2,364**	

NFS 38-6: Financial Assumptions

Local Government Pension Scheme liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries. Liabilities have been assessed by reference to market yields on high quality corporate bonds in line with the relevant Accounting Standards. The Actuary has derived the discount rate yield based on a corporate bond yield curve. Estimates have been based on the latest valuation exercise for the Scheme as at 31st March 2015. Other assumptions relating to mortality and pension, salary and discount rate increases have been included in their report and outlined below:

The principal assumptions used by the actuary have been:

Mortality assumptions:	**Local Government Pension Scheme**	
	2013/14	**2014/15**
Longevity at 65 for current pensioners:		
- Men	22.5 yrs	22.5 yrs
- Women	24.6 yrs	24.6 yrs
Longevity at 65 for future pensioners:		
- Men	24.5 yrs	24.5 yrs
- Women	26.9 yrs	26.9 yrs
Rate of increase in salaries	4.10%	3.80%
Rate of increase in pensions	2.80%	2.40%
Rate for discounting scheme liabilities	4.30%	3.20%
Service to April 2008 - Percentage cash convertible as lump sum	25.00%	25.00%
Service post April 2008 - Percentage cash convertible as lump sum	63.00%	63.00%

In order to quantify the impact of a change in financial assumptions used (in accordance with the revised IAS 19 rules) the Actuary has calculated and compared the value of the Scheme liabilities as at 31 March 2015 on varying bases.

To quantify the uncertainty around life expectancy, the Actuary has calculated the difference in cost to the Employer of a one year increase in life expectancy. The assumption is that the cost of benefits is broadly 3%, in practice the actual cost will depend on the structure of the revised assumption (ie if improvements to survival rates predominantly apply at younger or older ages).

The figures below have been derived based on membership profile at the date of the latest actuarial valuation.

Sensitivity Analysis - changes in assumptions as at 31.03.15	Impact on the Defined Benefit Obligation in the	
	Approximate % increase to Employer liability	Approximate Monetary Amount £'000
0.5% increase in real discount rate	9%	9,251
1 year increase in member life expectancy	3%	2,943
0.5% increase in Salary increase Rate	2%	2,356
0.5% increase in Pension increase Rate	7%	5,586

NFS 38-7: Impact on the Local Authority's Cash Flows

Impact on the Authority's Cash Flows

The Scheme endeavours to keep employers' contributions at a constant and stable rate with a view to achieving a funding level of 100% over the next 20 years. Funding levels are monitored annually, with full actuarial valuations taking place every three years. The next triennial valuation is due to be completed on 31st March 2016.

The Authority expected to pay £1.7m in contributions to the Scheme in 2014/2015.

The weighted average duration of the defined benefit obligation for scheme members is 17.2 years in 2014/15.

NFS 39: Contingent Liabilities

In 2014/15 Mole Valley entered into a 3 year step-in agreement to continue HP payments in regards to gym equipment at Dorking Sports Centre in the event of DC Leisure defaulting on thier payments to Lombard Finance. This was to ensure continuity of service provision.

Mole Valley is due to defend a claim at an Employment Tribunal . The claim was made in 2014/15 but is scheduled to be heard in 2015/16.

In 2013/14 MVDC became aware of a potential Chancel Church Repair Liability. No claim has been made as yet , and the property in question is currently in a good state of repair, however if a liability is proved then MVDC may be subject to costs in the future.

NFS 40: Contingent Assets

In 2013/14 the Council agreed, in conjunction with the adjoining owner, to appoint Barratt Developments Plc to promote an area of its land adjacent to the motorway in Leatherhead through the planning process for residential purposes. This is still on-going.

NFS 41. Trust Funds

The Authority acts as a custodian trustee for three trust funds. As a custodian trustee the Authority holds the property and monies but takes no decision on its use. The funds do not represent the assets of the Authority and therefore they have not been included in the Balance Sheet.

Funds for which the Authority acts as a custodian trustee:

For the Year 2014/15	Income £'000	Expenditure £'000	Assets £'000	Liabilities £'000
Mayflower fund raising and endowment fund	0	0	4	0
Fairfield fund raising and endowment fund	16	18	22	0
Thomas Flack fund				0
- Net Carrying Value Assets	28	18	535	0
Total	**44**	**36**	**561**	**0**

Funds for which the Authority acts as a custodian trustee:

For the Year 2013/14	Income £'000	Expenditure £'000	Assets £'000	Liabilities £'000
Mayflower fund raising and endowment fund	0	0	4	0
Fairfield fund raising and endowment fund	17	14	23	0
Thomas Flack fund				
- Net Carrying Value Assets	31	17	535	0
Total	**48**	**31**	**562**	**0**

NFS 42: Collection Fund

Introduction

This Account reflects the statutory requirement to maintain a separate Collection Fund, which shows the transactions of the Council as a billing authority in relation to National Non-Domestic Rates (NNDR) and Council Tax. It illustrates the way in which these have been distributed to precepting authorities and the Council's own General Fund. The introduction to Business Rates Retention requires Local Authorities to maintain separate Collection Fund Accounts for Business Rates and Council Tax as follows:

Collection Fund for the Year Ended 31 March 2015

2014/15 Notes		Business Rates NNDR 3 £'000	Council Tax £'000	TOTALS £'000
Income	**Notes**			
Council Tax Receivable	1	0	62,133	62,133
Business Rates Receivable	3	36,962	0	36,962
Total Income		36,962	62,133	99,095
Charges to the Collection Fund:				
Less write offs of uncollectable amounts		(123)	0	(123)
Less increase (-)/Decrease in provision for Bad Debts		50	44	94
Less increase (-)/Decrease in provision for appeals*		45	40	85
Less Disregarded amounts		2662	0	2,662
Contribution to Collection Fund Surplus		0	570	570
Total Charges to the Collection Fund		2,634	654	3,288
Collectable Rates and Tax		**34,328**	**61,479**	**95,807**
Less Other Charges :				
Transitional Protection sums due from the Authority		61	0	61
Cost of Collection allowance		151	0	151
NNDR and Council Tax income for 2014/15		**34,116**	**61,479**	**95,595**
Demands, Precepts and Proportionate Shares				
DCLG /Central Government 50% Share NNDR	2	17,058	0	17,058
Mole Valley share of NNDR (40%) & Council Tax	2	13,646	6,266	19,912
Surrey County Council share of NNDR (10%) & Council Tax	2	3,412	46,196	49,608
Surrey Police share of Council Tax	2	0	8,177	8,177
NNDR and Council Tax Income as at 31.3.2015 *		**34,116**	**60,639**	**94,755**
Less NNDR1 and NNDR 3 Reconciliation Amounts	3	(1,781)	0	(1,781)
Surplus/Deficit (-) arising during the year		**(1,781)**	**840**	**(891)**
Surplus /Deficit (-)b/f 1st April 2014		**(529)**	**977**	**448**
Surplus/Deficit (-) c/f 31st March 2015		**(2,310)**	**1,817**	**(443)**

Collection Fund Surplus/(Deficit)		Business Rates £'000	Council Tax £'000	2014/15 Total £'000
DCLG /Central Government 50% Share NNDR		(1,155)	0	(1,155)
Mole Valley Share 40% Share NNDR		(924)	188	(736)
Surrey County Council 10% Share NNDR		(231)	1,384	1,153
Surrey Police (Council Tax only)		0	245	245
Surplus/Deficit (-) c/f 31st March 2015		**(2,310)**	**1,817**	**(493)**

Memorandum Note - Debtors and Prepayments		Business Rates £'000	Council Tax £'000	Total £'000
Sums outstanding from Ratepayers (Arrears/Debtors)		1,067	1,036	2,103
Prepayments and Overpayments		774	702	1,476

* Please see NFS 11 for General Fund NNDR allocations

Comparative Information - Collection Fund 2013/14

2013/14 Notes		Business Rates NNDR 3 £'000	Council Tax £'000	TOTALS £'000
Income	**Notes**			
Council Tax Receivable	1	0	60,584	60,584
Business Rates Receivable	3	36,637	0	36,637
Total Income		36,637	60,584	97,221
Charges to the Collection Fund:				
Less write offs of uncollectable amounts		91	42	133
Less increase (-)/Decrease in provision for Bad Debts		50	20	70
Less increase (-)/Decrease in provision for appeals*		1,659	0	1,659
Less Disregarded amounts		0	0	0
Contribution to Collection Fund Surplus		0	545	545
Total Charges to the Collection Fund		1,800	607	2,407
Collectable Rates and Tax		**34,837**	**59,977**	**94,814**
Less Other Charges :				
Transitional Protection sums due from the Authority		134	0	134
Cost of Collection allowance		153	0	153
NNDR and Council Tax income for 2014/15		**34,550**	**59,977**	**94,527**
Demands, Precepts and Proportionate Shares				
DCLG /Central Government 50% Share NNDR	2	17,275	0	17,275
Mole Valley 40% Share NNDR	2	13,820	6,150	19,970
Surrey County Council 10% Share NNDR	2	3,455	45,319	48,774
Surrey Police (Council Tax only)	2	0	8,022	8,022
NNDR and Council Tax Income as at 31.3.2014 *		**34,550**	**59,491**	**94,041**
Less NNDR1 and NNDR 3 Reconciliation Amounts	3	(529)	0	(529)
Surplus/Deficit (-) arising during the year		**(529)**	**486**	**(43)**
Surplus /Deficit (-)b/f 1st April 2013		**0**	**491**	**491**
Surplus/Deficit (-) c/f 31st March 2014		**(529)**	**977**	**448**

Collection Fund Surplus/(Deficit)		Business Rates £'000	Council Tax £'000	2013/14 Total £'000
DCLG /Central Government 50% Share NNDR		(265)	0	(265)
Mole Valley Share 40% Share NNDR		(211)	101	(110)
Surrey County Council 10% Share NNDR		(53)	745	692
Surrey Police (Council Tax only)		0	131	131
Surplus/Deficit (-) c/f 31st March 2014		**(529)**	**977**	**448**

Memorandum Note - Debtors and Prepayments		Business Rates £'000	Council Tax £'000	Total £'000
Sums outstanding from Ratepayers (Arrears/Debtors)		1,148	1,023	2,171
Prepayments and Overpayments		2,541	699	3,240

* Please see NFS 11 for General Fund NNDR allocations

NFS 42.1: Council Tax Base

NOTES TO THE COLLECTION FUND

1. Council Tax

Council Tax income derives from charges raised according to the value of residential properties, which have been classified into 8 valuation bands. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund in the forthcoming year by the Council and its preceptors (Authorities we collect Council Tax for).

The Council's preceptors are:
- Surrey County Council
- Surrey Police Authority
- 13 Parish Councils

The total Council Tax requirement is then divided by the Council Tax Base.

The Council Tax Base is calculated before the start of the year by estimating the number of dwellings in each valuation band (adjusted for discounts where applicable) and converting this into an equivalent number of 'Band D' dwellings.

The significant difference in the Band D Equivalent figures between 2013/14 and 2014/15 is as a result of the introduction of the Council Tax Support Scheme. The Scheme is now administered through the Council Tax Collection Fund and benefit payments are effectively treated as discounts to peoples council tax charge. The accounting rules, that have been nationally set, for this new system require the Council to reduce their Council Taxbase to reflect the consequent reduction in Council Tax collected.

The calculation of the Council Tax Base for 2014/15 (with comparative figures for 2013/14) is set out below:

Valuation Band	Range of Values	Estimated Number of Properties	Multiplier	2013/14 Band D Equivalent	2014/15 Band D Equivalent
A	Up to £40,000	864	6/9	806	576
B	£40,000 to £52,000	1,326	7/9	1,512	1,031
C	£52,001 to £68,000	2,631	8/9	2,849	2,339
D	£68,001 to £88,000	6,305	9/9	7,033	6,305
E	£88,001 to £120,000	5,999	11/9	7,688	7,332
F	£120,001 to £160,000	5,542	13/9	8,130	8,005
G	£160,001 to £320,000	6,938	15/9	11,557	11,564
H	More than £320,000	893	18/9	1,807	1,786
				41,382	**38,938**
	Less Allowance for Non-collection			(414)	(389)
	Add Crown properties (in lieu)			82	82
	Council Tax Base			**41,050**	**38,631**

The average 'Band D' Council Tax for 2014/15, excluding parishes was £1,564.98, (£1,534.60 in 2013/14). Property values are as at 01/04/1991 prices.

NFS 42.2 Preceptors

The total Demand on the Collection Fund's Council Tax element by the Authority and its preceptors is set out below.

Note 2 - Council Tax	2013/14 £'000	2014/15 £'000
Surrey County Council	45,319	46,196
Surrey Police Authority	8,022	8,177
Mole Valley District Council	5,972	6,083
Parish Councils	178	183
Total Council Tax Demand on the Collection Fund	**59,491**	**60,639**

Note 2 - NNDR income apportionments 31.3.2015	Note No.	£'000
NNDR Income as at 31.3.2015		34,116
Split as follows:-		
Central Government (DCLG) 50%	42	17,058
Surrey County Council 10% Share	42	3,412
Mole Valley District Council 40% Share	42	13,646
Reconciliation to NFS 11 income Figure (General Fund) :		
Add half of Small Business Rate Relief X 40% MVDC Share	-	364
Add Discretionary Reliefs (thru' S31 Grant) x 40% (MVDC share)	-	129
Authority Share MVDC for Safety Net and Levy Calculation	11	14,137

Parish Council Precepts are set out below:

	2013/14 £'000	2014/15 £'000
Abinger	21	22
Betchworth	8	9
Brockham	16	16
Buckland	8	9
Capel	32	32
Charlwood	31	32
Headley	12	13
Holmwood	12	12
Leigh	11	11
Mickleham	5	5
Newdigate	9	9
Ockley	10	10
Wotton	3	3
Total Parish Council Precepts	**178**	**183**

NFS 42.3 NNDR Rateable Values

The Council collects Business Rates for the district, which are based on rateable values multiplied by a uniform rate (or 'poundage') set by central government. Information on rateable values and the poundage rates are set out below. NNDR 1 is the estimated income return to the Government and NNDR 3 is the actual outturn reported to Central Government (DCLG). (See Table on Note 42 - Page 82).

Note 3	2013/14	2014/15
Non-Domestic Rateable Value Gross	£90.09m	£89.28m
Standard Business Rate	47.1p	48.2p
Small Business Rate	46.2p	47.1p

Business Rates Receivable after reliefs & transition	£36.64m	£36.96m

NFS 43 : Nature and Extent of Risks Arising from Financial Instruments

Key Risks

The Council's activities expose it to a variety of financial risks. The Council does not require debt financing and currently does not have any debt exposure. As such the key risks are in relation to financial assets and are:

Credit risk : the possibility that other parties might fail to pay amounts due to the Council;

Liquidity risk : the possibility that the Council might not have funds available to meet its commitments to make payments;

Re-financing risk : the possibility that the Council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms or the possibility that the Council might not have funds available to meet its commitments to make payments;

Market risk : the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates movements or fluctuations in property values (see below in Notes).

Overall Procedures for Managing Risk

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. The procedures for risk management are set out through a legal framework based on the Local Government Act 2003 and associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and investment guidance issued through the Act. Overall, these procedures require the Council to manage risk in the following ways:

- by formally adopting the requirements of the CIPFA Treasury Management in the Public Services Code of Practice;
- by the adoption of a Treasury Policy Statement and treasury management clauses within its financial regulations/standing orders/constitution;
- by approving annually in advance prudential and treasury indicators for the following three years limiting:

    - The Council's overall borrowing;
    - Its maximum and minimum exposures to fixed and variable rates;
    - Its maximum and minimum exposures to the maturity structure of its debt;
    - Its maximum annual exposures to investments maturing beyond a year
    - by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with Government guidance.

These are required to be reported and approved at or before the start of the new financial year. These items are reported with the Annual Treasury Management Strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported annually to Members (a report will be presented to Audit Committee in September) with a mid-year update being presented to Audit Committee in November each year.

The Annual Treasury Management Strategy which incorporates the prudential indicators was approved by Council on 18th February 2014 and is available on the Council website. The key issues within the Strategy were:

- The Authorised Limit for 2014/15 was set at £5.5m. This is the maximum limit of external borrowings or other long term liabilities. This represents a limit beyond which external debt is prohibited.
- The Operational Boundary was expected to be £4m in 2014/15. This is the expected maximum level of external debt during the course of the year and focuses on day-to-day treasury management activity. This limit is lower than the Authorised Limit because cash flow activities may lead to occasional, but not sustained, breaches of the Operational Boundary.
- The maximum amounts of fixed and variable interest rate exposure (upper limit), investments only, were set at 100% and 35% respectively.
- The maximum and minimum exposures to the maturity structure of debt were both set at 0% for 2014/15.

Risk management is carried out by the central treasury team, under policies approved by the Council in the annual treasury management strategy. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. This risk is minimised through the calculation and monitoring of Prudential Indicators 2014/15 – 2016/17 and adoption of the Treasury Management Strategy and Plan 2014/15 (approved by Council on 18th February 2014), which requires that deposits are not made with financial institutions unless they meet the minimum requirements of the investment criteria, in accordance with Fitch, Moody's and Standard and Poor's ratings services, contained in the above report.

The key criteria in respect of financial assets held by the Council are detailed below:

- The Council will only use banks which are UK banks and/or are non-UK and domiciled in a country which has a minimum Sovereign long- term rating of AAA.
- And have, as a minimum, the following Fitch, Moody's and Standard and Poor's credit ratings (where rated);
- Credit ratings of Short Term of F1/P-2/A-1 (Fitch, Moody's and Standard and Poor's), Long Term A/A3/A (Fitch, Moody's and Standard and Poor's), and Viability/Financial Strength BBB/D category (Fitch/Moody's only) and Support 3 (Fitch only), with the lowest available rating being applied to the criteria.
- UK institutions provided with support from the UK Government;
- Building societies with assets in excess of £1bn

Customers are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with parameters set by the Council.

The Council's maximum exposure to credit risk in relation to its investments in financial institutions of £7.5m cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of non recoverability applies to all of the Council's deposits, but there was no evidence at the 31st March 2015 that this was likely to occur.

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

The Council does not generally allow credit for its customers, such that £1.473m of the 2014/15 £3.499m balance is past its due date for payment. The past due amount can be analysed by age as follows:

	2013/14 £'000	2014/15 £'000
Within payment terms	144	147
Less than three months	745	1,005
Three to six months	57	62
Six months to nine months	6	70
More than nine months	158	189
Total	**1,110**	**1,473**

Collateral

The Council has not either pledged collateral for liabilities or contingent liabilities, or held collateral which it is permitted to sell or re-pledge the collateral even if there has been no default.

Liquidity Risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through cash flow management procedures as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when it is needed. In the event of unexpected cash requirements, the Council has ready access to borrowings from the money markets to cover any day to day cash flow need and the Public Works Loans Board (PWLB) and money markets for access to longer term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The Council has no long-term financial liabilities. The maturity analysis of financial assets, excluding sums due from customers, is as follows:

	2013/14 £'000	2014/15 £'000
Less than 1 year	13,501	16,001
Between 1 and 2 years	2,000	0
Between 2 and 3 years	0	0
Other – greater than 1 year	5,077	5,682
Total	**20,578**	**21,683**

Refinancing and Maturity Risk

The Council maintains an investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer-term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to the maturing of longer-term financial assets.

The approved prudential indicator limiting investments placed for greater than one year in duration is the key parameter used to address this risk. The Council's approved treasury and investment strategies address the main risks and the Council's Finance Team address the operational risks within the approved parameters. This includes monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day-to-day cash flow needs, and the spread of investments provide stability of maturities and returns in relation to future cash flow needs.

The Council has no long-term financial liabilities and has in fact been debt free since 1st April 1997.

Market Risk

Risks of investing in Property Funds:

The value of units will rise and fall and there is an inherent risk from fluctuations in property values that may impair returns on investment. There is also the possibility that an investor may not get back the amount originally invested. Past performance is no guarantee of future returns. However, the units are only intended for long-term investment and are not highly liquid and a period of notice may be imposed for redemption of units. Yields may vary and are not guaranteed.

Interest rate risk - The Council is exposed to interest rate movements on its investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and
- Investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy and Plan draws together the Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a prudential indicator is set which provides maximum limits for fixed and variable interest rate exposure. The Council monitors market and forecast interest rates within the year to adjust exposures appropriately. For instance during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns.

If all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

Interest Rate Risk	£'000
Increase in interest payable on variable rate borrowings	0
Increase in interest receivable on variable rate investments	(195)
Impact on Surplus or Deficit on the Provision of Services	(195)
Decrease in fair value of fixed rate investment assets	0
Impact on Other Comprehensive Income and Expenditure	0
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	**0**

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed.

Price risk - The Council does not invest in equity shares or marketable bonds and is therefore not exposed to losses arising from movements in the prices of such shares.

Foreign exchange risk - The Council has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates.

GLOSSARY

For the purpose of compiling the Statement of Accounts, the following definitions have been adopted:

Accounting Policies

Those principles, bases, conventions, rules and practices applied by an entity that specify how the effects of transactions and other events are to be reflected in its financial statements through:

(i) Recognising
(ii) Selecting measurement bases for, and
(iii) Presenting assets, liabilities, gains, losses and changes to reserves.

Accounting policies define the process whereby transactions and other events are reflected in financial statements. For example, an accounting policy for a particular type of expenditure may specify whether an asset or a loss is to be recognised; the basis on which it is to be measured; and where in the revenue account or balance sheet it is to be presented.

Accounting Standards

Accounting Standards is a set of rules explaining how accounts are to be prepared. By law, local authorities must follow 'proper accounting practices', which are set out in an Act of Parliament and in professional codes and statements of recommended practices. These standards make comparability, among other things, possible.

Accrual

The recognition of income and expenditure as it is earned or incurred, as opposed to when cash is received or paid.

Actuarial Gains and Losses

For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because:

(a) Events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses), or
(b) The actuarial assumptions have changed.

Assets

These can either be:

• Non-current assets, tangible assets that give benefits to the Authority for more than one year.
• Community assets, assets that the local authority intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples include parks and historic buildings.
• Council dwellings, these are owned by the Authority providing services to the communities. e.g leisure centres, libraries and museums.
• Vehicles, these assets are used by the Authority for the direct delivery of services, eg Refuse Freighters

• Equipment, held by the local authority in the delivery of those services for which it has either a statutory or discretionary responsibility or for the service or strategic objective of the Authority.
• Infrastructure assets, non-current assets that are inalienable, expenditure on which is recoverable only by continued use of the asset created. Examples of such non-current assets are highways and footpaths that cannot be transferred to another owner.
• Investment property includes land and buildings held by the Authority that are awaiting sale or development. This category also includes some property let on a commercial basis as well as some property that is for the good of the community.
• Non-operational assets, non-current assets held by an Authority but not used or consumed in the delivery of services or for the service or strategic objectives of the Authority. Examples of nonoperational assets include investment properties and assets that are surplus to requirements, pending their sale. It should be noted that the incidence of rental income does not necessarily mean that the asset is an investment property; it would be deemed an investment property only if the asset is held solely for investment purposes and does not support the service or strategic objectives of the Authority and the rental income is negotiated at arm's length.
• Intangible assets, these are usually stand alone intellectual property rights such as software licences that, although they have no physical substance are right to be shown on the Balance Sheet where they have been capitalised as being of benefit for more than the year of account. Where software is integral to the running of hardware it is properly included in the value of the hardware.

Balance Sheet

The Balance Sheet is a statement of the recorded assets, liabilities and other balances at the end of an accounting period.

Benefits

Benefits can be received in the form of future economic benefits or in the form of service potential. Assets that are used to deliver goods and services in accordance with the reporting Authority's objectives but which do not directly generate net cash inflows can be described as embodying 'service potential'. Assets that are used to generate net cash inflows can be described as embodying 'future economic benefits'.

Billing Authority

A local authority empowered to set and collect council tax, and manage the Collection Fund, on behalf of itself and local authorities in its area.

Business Rate Retention (BRR)

A scheme issued by statute (Local Government Finance Act 2012 and Non-Domestic Rates Retention 2013) to calculate retained business rate earnings after calculation of levies, tariffs and top-ups and after sharing out the retained income amongst the preceptors.

Capital Expenditure

Capital Expenditure is the acquisition of a non-current asset or expenditure which adds to and not merely maintains the value of an existing asset. It is not necessary for the asset to be owned by the Authority e.g. renovation grants.

Capital Receipts

Proceeds from the sale of non-current assets (land, buildings and plant).

Collection Fund

The Fund, administered by a billing Authority, into which council taxes are paid, and from which payments were made to the general fund of billing and major precepting authorities. NNDR collected by a billing Authority is also paid into the Fund before being passed on to central government for distribution to local authorities.

Community Assets

Assets that a local authority intends to hold in perpetuity, that have no determinable useful life, and may have restrictions on their disposal. Examples of community assets are parks and historical buildings.

Contingent Liability

A contingent liability is a possible obligation that arises from past events but whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the organisation's control. It can also be a present obligation arising from past events but where a transfer of economic benefits to settle the obligation is not probable or where the amount of the obligation cannot be measured with sufficient reliability.

Corporate and Democratic Core

The corporate and democratic core comprises all activities that local authorities engage in specifically because they are elected, multi-purpose authorities. The cost of these activities are thus over and above those which would be incurred by a series of independent, single-purpose, nominated bodies managing the same services. There is therefore no logical basis for apportioning these costs to services.

Deferred Capital Receipts

These represent amounts derived from the sale of assets, which will be received in instalments over agreed periods of time, such as payments from mortgages on the sale of council houses.

Defined Benefit Scheme

A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

Defined Contribution Scheme

A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employees benefits relating to employee service in the current year and prior periods.

Depreciation

The measure of the cost or revalued amount of the benefits of a non-current asset that have been consumed during the period. Consumption includes wearing out, using up or other reduction in the useful life of a non-current asset whether arising from use, effluxion of time or obsolescence through either changes in technology or demand for the goods and services produced by the asset.

Direct Revenue Financing

Resources provided from the revenue account to finance capital expenditure.

Events after the Balance Sheet Date (Post Balance Sheet Events)

Events after the balance sheet date are those events, favourable or unfavourable, that occur between the balance sheet date and the date when the statement of accounts is authorised for issue.

General Fund

The General Fund is the principal fund of the Authority. The balance on the General Fund compares the Authority's spending against the Council Tax that it raised for the year but also takes into account the use of reserves built up in the past and contributions to reserves earmarked for future expenditure.

Government Grants

The amounts of money the Authority receives from the Government and inter-government agencies to help fund both general and specific activities.

Heritage Assets

Heritage assets are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations. Heritage assets include historical buildings, archaeological sites, military and scientific equipment of historical importance, civic regalia, museum and gallery collections and works of art.

Historic Cost

The actual cost of an asset in terms of past consideration as opposed to its current value.

GLOSSARY

Housing Revenue Account (HRA)

The account which shows the income from and expenditure on the provision of council housing. Other services are charged to the General Fund.

Impairment

A reduction in the value of a non-current asset, greater than normal depreciation, below its carrying amount in the balance sheet.

International Accounting Standards (IAS)

International Accounting Standards issued by the Accounting Standards Board and EU adopted. Where the 'Code' does not explicitly deal with a transaction reference would have to be made against any relevant IAS or other interpretation of the standard such as SIC/IFRIC, IPSAS or other GAAP reference

International Financial Reporting Standards (IFRS)

(International) Financial Reporting Standards issued by the Accounting Standards Board requiring information to be shown in accounts.

Infrastructure Assets

Non-current assets that are inalienable, expenditure on which is recoverable only by continued use of the asset created. Examples of infrastructure are highways and footpaths.

Inventories

The amount of unused or unconsumed stocks held in expectation of future use. When use will not arise until after a later period, it is appropriate to carry forward the amount to be matched to the use or consumption when it arises.

Joint Venture

A joint venture is where a parent local authority holds an interest on a long term basis in an organisation and that organisation is jointly controlled by the local authority and one or more other entities under a contractual arrangement.

Leases

These may be finance leases that transfer the risks and rewards of ownership of an asset to the Authority. Alternatively they may be operating leases that are more akin to a hire agreement.

Liabilities

Amounts the Authority either owes or anticipates owing to others, whether they are due for immediate payment or not.

GLOSSARY

Construction Contracts

A contract entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or a combination of assets or services which together constitute a single project), where the time taken substantially to complete the contract is such that the contract activity falls into different accounting periods. Some contracts with a shorter duration than one year should be accounted for as long-term contracts if they are sufficiently material to the activity of the period.

Minimum Revenue Provision (MRP)

The minimum amount that the Authority must charge to the revenue account in the year in respect of the repayment of principal of borrowing for capital purposes.

National Non-Domestic Rates (NNDR)

The rates paid by businesses. These rates are collected by local authorities under what is, in substance, an Agency Arrangement with the government. They are then redistributed to local authorities on the basis of relevant population. Often referred to as Business Rates.

Net Book Value (NBV)

The amount at which non-current assets are included in the Balance Sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation. The NBV should not be taken to represent a current market value.

Non-Distributed Costs

These are defined as certain past pension costs, the costs associated with unused shares of IT facilities and the costs of shares of other long-term, unused but unrealisable assets. They cannot be charged to service revenue accounts.

Operational assets

Non-current assets held and occupied, used and consumed by the local authority in the direct delivery of those services for which it has either a statutory or discretionary responsibility or for the service or strategic objectives of the Authority.

Outturn

Actual income and expenditure in a financial year.

Pension Funds

For the Local Government Pension Scheme, these are the funds that invest employers' and employees' pension contributions in order to provide pensions for employees on their retirement and pensions for employees' dependants in the event of death of the employee.

Prior Period Adjustments

Those material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors. A fundamental error is one that is of such significance as to destroy the validity of the financial statements. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

Precept

The amount of income demanded of the Collection Fund by an Authority entitled to such income. Council Tax collected on behalf of non-charging authorities i.e. Surrey County Council, Surrey Police, and Parish Councils.

Preceptor

An Authority entitled to demand money of the Collection Fund. The preceptors on Mole Valley District Council's Collection Fund are the Authority itself and the Authorities above.

Property, Plant & Equipment

Tangible assets that yield benefits to the Authority and its services for a period of more than one year.

Provisions

Amounts held in reserve against specific potential liabilities or losses where there is uncertainty as to amounts and/or due dates. Payment to a provision is counted as service expenditure; expenditure against a provision is therefore not charged to revenue as this would be double counting.

Prudential Borrowing

Borrowing by local authorities without government financial support, but in accordance with the CIPFA Prudential Code for Local Authority Borrowing.

Prudential Code

A professional code of practice prepared by CIPFA, for the prudential system introduced on 1 April 2004. Local authorities are required by legislation to have regard to the 'Code'.

Public Works Loans Board (PWLB)

A Government body that lends money to local authorities for periods in excess of one year, often at preferential interest rates.

Rateable Value

Assessment by the Valuation Office Agency (an Executive Agency of HM Revenue and Customs) of a property's value from which rates payable is calculated.

Related Parties

Two or more parties are related parties when at any time during the financial period:
(i) one party has direct or indirect control of the other; or
(ii) the parties are subject to common control from the same source; or
(iii) one party has influence over the financial and operational policies of the other party to the extent that the other party might be inhibited from pursuing at all times its own separate interests; or
(iv) the parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interest.

Related Party Transactions

A related party transaction is the transfer of assets or liabilities or the performance of services by, to or for a related party irrespective of whether a charge is made.

Reserves

Amounts prudently held to cover potential liabilities. Payments to reserves are not counted as service expenditure. Payments from reserves are passed through service revenue accounts, as against provisions, where it is not. Earmarked reserves are allocated for a specific purpose. Unallocated reserves are described as balances.

Revenue Expenditure

The day-to-day costs of running Authority services.

Revenue Support Grant (RSG)

A general grant payable to support local authorities' revenue expenditure. A local authority's RSG entitlement is intended to make up the difference between expenditure and income from the NNDR pool and council tax. Revenue support grant is distributed as part of formula grant.

Service Reporting Code of Practice (SeRCOP)

The CIPFA SeRCOP replaced the previous Best Value Accounting Code of Practice (BVACOP) in order to reflect the requirements of the Transparency Agenda and the different legislative frameworks in each UK Administration. SeRCOP establishes proper practices with regard to consistent financial reporting for services. It is an official CIPFA statement. All the local authorities in the UK are expected to adopt its mandatory requirements and detailed recommendations. The structure is as follows:

- the definition of total cost
- service expenditure analysis
- recommended standard subjective analysis

Subsidiary

An organisation is a subsidiary of a parent local authority if the authority has either a majority share in the organisation or exercises a dominant influence over it.

Support Services

The provision of technical, organisational and administrative support to front-line services.

Useful life

The period over which the local authority will derive benefits from the use of a non-current asset.

Produced By

Mole Valley District Council
Finance Department,
Pippbrook,
Dorking, Surrey
RH4 1SJ