

INDEX

Item	Note
Accounting Standards that Have Been Issued But Have Not Yet Been Adopted	1
Accumulating Compensating Absences Adjustment Account	49
Acquired and/or Discontinued Activities	18
Adjustments between Accounting Basis and Funding Basis under Regulations - GF	5
Adjustments between Accounting Basis and Funding Basis under Regulations - HRA	61
Assets Held for Sale	35a
Available for Sale Financial Instruments Reserve	50
Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty	4
Bad Debt Provision - HRA	71
Balance Sheet	
Calculation of Council Tax Base	79
Capital Adjustment Account	45
Capital Expenditure - HRA	66
Capital Grants Unapplied	
Capital Receipts - HRA	68
Capital Receipts Reserve	
Capital Reserves	
Cash and Cash Equivalents	38
Cash Flow - Adjustment for items in the net surplus or deficit on the provision of services that are investing or financing activities	52
Cash Flow Statement	
Cash Flow Statement - Financing Activities	55
Cash Flow Statement - Investing Activities	54
Cash Flow Statement - Operating Activities	53
Cash Movements	51
Collection Fund Adjustment Account - Council Tax	48
Collection Fund Income and Expenditure Account - Council Tax	
Collection Fund Income and Expenditure Account - Non Domestic Rates	
Commitments under Capital Contracts	28
Comprehensive Income and Expenditure Statement	
Contingent Liabilities	57
Critical Judgements in Applying Accounting Policies	2
Deferred Capital Receipts Reserve	46
Depreciation & Impairment of Non Current Assets - GF	19
Depreciation & Impairment of Non Current Assets - HRA	74
Earmarked General Fund Reserves	
Earmarked HRA Reserves	
External Audit Costs	15
Expenditure and Funding Analysis	
Financial Instruments	32
Financing and Investment Income and Expenditure	9
General Fund Balance	

General Notes to the Collection Funds	77
Grant Income	56
Group Accounts	
Heritage Assets	26
Housing Revenue Account (HRA) Income and Expenditure Account	
Housing Stock	62
HRA Arrears	70
HRA Dwelling Valuation	64
HRA Dwelling Rents	73
HRA Non-Current Asset Values	65
Impairment Losses and Reversals	59
Income from Business Rates	78
Insurance	21
Intangible Assets	27
Interest payable and similar charges - HRA	75
Inventories	36
Leases	58
Long Term Creditors (amounts due in more than 12 months)	40
Long Term Debtors (amounts due in more than 12 months)	34
Long Term Investments	33
Major Repairs Reserve	67
Material Items of Income and Expense	3
Members Allowances and Expenses	17
Minimum Revenue Provision	20
Movement in Reserves Statement	
Movement on the HRA Statement	
Non Current Asset Valuation	29
Non-Adjusting Post Balance Sheet Events	60
Number of dwellings by type	63
Officers' Emoluments	13
Operating Leases	12
Other Operating expenditure	8
Pension Liability: Current Year Costs HRA	69
Pensions	22
Pensions Reserve	47
Precepting Authorities	80
Prior Period Adjustment	
Property, Plant and Equipment	23
Provisions	41
Related Party Transactions	16
Rents Paid in Advance - HRA	72
Revaluation Reserve	44
Revenue Expenditure Funded From Capital Under Statute (REFCUS)	24
Revenue Reserves	
Self Financing Settlement Payment - HRA	76
Short Term and Long Term Borrowing	30
Short Term Creditors (amounts due in more than 12 months)	39

Short Term Debtors (amounts due in less than 12 months)	37
Short Term Investments	35
Summary of Capital Expenditure and Financing	25
Surplus or deficit on revaluation of available for sale financial assets	11
Taxation and Non Specific Grant Income	10
Termination Benefits	14
Total Usable Reserves	
Transfers to/from Capital Grants Unapplied	7
Transfers to/from Earmarked Reserves	6
Trusts for which the Council is the Sole Trustee	31
Unusable Reserves	43
Usable Reserves	42

Mid Devon District Council Financial Statements 2017-18



Movement in Reserves Statement

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

2017/18		USABLE RESERVES							Total Usable Reserves	Unusable Reserves	Total Authority Reserves
		REVENUE RESERVES				CAPITAL RESERVES					
		General Fund Balance	Earmarked General Fund Reserves	Housing Revenue Account	Earmarked HRA Reserves	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied			
Notes	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
		(2,602)	(10,029)	(2,000)	(12,453)	(2,438)	-	(2,162)	(31,684)	(75,160)	(106,844)
Movement in Reserves during 2017/18											
		799		(9,864)					(9,065)		(9,065)
		0							-	(8,653)	(8,653)
		799	-	(9,864)	-	-	-	-	(9,065)	(8,653)	(17,718)
	5	(1,506)		7,090		(1,104)	-	(773)	3,708	(3,707)	(0)
		(707)	-	(2,774)	-	(1,104)	-	(773)	(5,357)	(12,361)	(17,718)
	6	619	(619)	2,774	(2,774)				(0)		
		(88)	(619)	0	(2,774)	(1,104)	0	(773)	(5,357)	(12,361)	(17,718)
		(2,690)	(10,648)	(2,000)	(15,227)	(3,542)	0	(2,935)	(37,041)	(87,521)	(124,562)
		(2,690)	(10,648)	(2,000)	(15,227)				(30,565)		
						(3,542)	0	(2,935)	(6,477)		

Mid Devon District Council Financial Statements 2017-18



Movement in Reserves Statement continued

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 and the Housing Revenue Account for council tax setting and dwellings rent setting purposes. The net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

2016/17		USABLE RESERVES									
		REVENUE RESERVES				CAPITAL RESERVES			Restated Total Usable Reserves	Restated Unusable Reserves	Total Authority Reserves
		General Fund Balance	Earmarked General Fund Reserves	Housing Revenue Account	Earmarked HRA Reserves	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied			
Notes	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
		(2,321)	(8,366)	(2,000)	(9,737)	(1,442)	-	(1,720)	(25,586)	(69,677)	(95,263)
Movement in Reserves during 2016/17											
		39		(23,326)					(23,286)		(23,286)
									-	11,700	11,700
		39	0	(23,326)	0	0	0	0	(23,286)	11,700	(11,585)
	5	(1,983)		20,610		(996)	-	(442)	17,188	(17,183)	5
		(1,944)	0	(2,716)	0	(996)	0	(442)	(6,098)	(5,483)	(11,578)
	6	1,663	(1,663)	2,716	(2,716)				-		
		(281)	(1,663)	(0)	(2,716)	(996)	0	(442)	(6,098)	(5,483)	(11,578)
		(2,602)	(10,029)	(2,000)	(12,453)	(2,438)	0	(2,162)	(31,684)	(75,160)	(106,841)
		(2,602)	(10,029)	(2,000)	(12,453)				(27,084)		
						(2,438)	0	(2,162)	(4,600)		

Comprehensive Income and Expenditure Statement

This section is a summary of our spending on services and where we got the money from to do so.

2016/17			Notes	2017/18		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
613	(147)	466	Community Development	546	(144)	402
1,370	(21)	1,349	Corporate Management	2,064	-	2,064
536	(800)	(264)	Car Parks	604	(749)	(145)
24	-	24	Customer Services	28	-	28
2,169	(652)	1,517	Environmental Services	2,227	(462)	1,765
(12)	(8)	(20)	Finance And Performance	14	(9)	5
52	(35)	17	Grounds Maintenance	203	(103)	100
403	(314)	89	General Fund Housing	490	(313)	177
(9,314)	(13,825)	(23,139)	Housing Revenue Account	3,568	(13,575)	(10,007)
161	-	161	Human Resources	75	-	75
76	(4)	72	I.T. Services	103	(1)	102
1,328	(359)	969	Legal & Democratic Services	1,310	(385)	925
2,509	(1,730)	779	Planning And Regeneration	2,753	(1,911)	842
1,078	(761)	317	Property Services	1,490	(1,076)	414
19,174	(18,685)	489	Revenues And Benefits	18,377	(17,751)	626
3,697	(2,459)	1,238	Recreation And Sport	3,963	(2,613)	1,350
5,085	(2,239)	2,846	Waste Services	5,454	(2,653)	2,801
28,949	(42,039)	(13,090)	Costs of Services	43,269	(41,745)	1,524
		825	Other Operating Expenditure			1,013
		2,713	Financing and Investment Income and Expenditure			2,634
		(13,733)	Taxation and Non-Specific Grant Income			(14,236)
		(23,285)	(Surplus) or Deficit on Provision of Services			(9,065)
		250	(Surplus) or deficit on revaluation of available for sale financial assets			(220)
		14,697	Remeasurements of the net defined benefit liability			(6,729)
		(3,247)	(Surplus) or deficit on revaluation of Property, Plant and Equipment			(1,704)
		11,700	Other Comprehensive Income and Expenditure			(8,653)
		(11,585)	Total Comprehensive Income and Expenditure			(17,718)

Balance Sheet

This section shows our financial position at the end of the financial year.

31 March 2016 Restated £'000	31 March 2017 Restated £'000		Notes	31 March 2018 Restated £'000
169,120	189,011	Property, Plant & Equipment	23	196,656
491	454	Heritage Assets	26	330
-	-	Intangible assets	27	-
2,390	4,639	Long-term Investments	33	4,860
158	176	Long-term Debtors	34	1,065
172,159	194,280	Non-Current Assets		202,911
13,500	18,000	Short-term Investments	35	19,000
-	419	Assets held for sale	35a	240
195	200	Inventories	36	227
2,596	2,762	Short-term Debtors	37	4,171
6,387	3,746	Cash and Cash Equivalents	38	6,892
22,678	25,127	Current Assets		30,530
(5,397)	(4,230)	Short-term Creditors	39	(5,314)
(41)	(28)	Provisions	41	(28)
(1,683)	(1,731)	Short-term Borrowing	30	(1,731)
(7,121)	(5,989)	Current Liabilities		(7,073)
(641)	(627)	Long-term Creditors	40	(968)
(43,973)	(42,242)	Long-term Borrowing	30	(40,718)
(47,032)	(63,534)	Other Long Term Liabilities	47	(60,009)
(807)	(171)	Capital Grants Receipts in Advance	40	(111)
(92,453)	(106,574)	Long Term Liabilities		(101,806)
95,263	106,844	Net Assets		124,562
25,586	31,684	Usable Reserves	42	37,041
69,677	75,160	Unusable reserves	43	87,521
95,263	106,844	Total Reserves		124,562

Cash Flow Statement

This section shows what cash we spend and receive

Restated		Notes	2017/18
2016/17			£'000
£'000			£'000
23,285	Net surplus or (deficit) on the provision of services		9,065
(12,443)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	51	4,756
(2,338)	Adjustments for items included in the net surplus on the provision of services that are investing and financing activities (See note references)	52	(4,314)
8,504	Net cash flows from Operating Activities		9,507
(9,373)	Investing Activities	54	(4,752)
(1,772)	Financing Activities	55	(1,609)
(2,641)	Net increase or (decrease) in cash and cash equivalents		3,146
6,387	Cash and cash equivalents at the beginning of the reporting period	38	3,746
3,746	Cash and cash equivalents at the end of the reporting period	38	6,892

SUPPLEMENTARY STATEMENT

Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis is to demonstrate to council tax and rent payers how the funding available to the authority has been used. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes. Therefore, the top half shows expenditure on the same basis as in our CIES and the bottom half shows how this impacts on our reserves.

2016/17				2017/18		
Net expenditure chargeable to the GF and HRA balances	Adjustments between funding and accounting basis	Net expenditure in the CIES		Net expenditure chargeable to the GF and HRA balances	Adjustments between funding and accounting basis	Net expenditure in the CIES
£'000	£'000	£'000		£'000	£'000	£'000
466	(1)	465	Community Development	402	-	402
1,349	-	1,349	Corporate Management	2,064	-	2,064
(264)	-	(264)	Car Parks	(145)	-	(145)
24	(1)	23	Customer Services	28	-	28
1,517	-	1,517	Environmental Services	1,765	-	1,765
(20)	-	(20)	Finance And Performance	5	-	5
17	-	17	Grounds Maintenance	100	-	100
89	-	89	General Fund Housing	177	-	177
(23,328)	189	(23,139)	Housing Revenue Account	(9,862)	(145)	(10,007)
161	(1)	160	Human Resources	75	-	75
72	1	73	I.T. Services	102	-	102
969	-	969	Legal & Democratic Services	925	-	925
779	-	779	Planning And Regeneration	842	-	842
317	-	317	Property Services	414	-	414
489	-	489	Revenues And Benefits	626	-	626
1,238	1	1,239	Recreation And Sport	1,350	-	1,350
2,846	1	2,847	Waste Services	2,801	-	2,801
(13,279)	189	(13,090)	Costs of Services	1,669	(145)	1,524
8,619	(18,814)	(10,195)	Other Income and Expenditure	(5,150)	(5,439)	(10,589)
(4,660)	(18,625)	(23,285)	(Surplus) or Deficit on Provision of Services	(3,481)	(5,584)	(9,065)
(22,424)			Opening balance (combined General Fund and HRA reserves) as at 31/03/17	(27,084)		
(4,660)			Plus (surplus) or deficit on General Fund and HRA in year	(3,481)		
(27,084)			Closing balance (combined General Fund and HRA reserves) as at 31/03/18	(30,565)		

Expenditure and Income Analysed by Nature

Paragraph 3.4.2.43 of the Code requires that we report the authority's expenditure and income analysed by the nature of the expenditure or income. Thus, the following shows the amounts that make up the surplus or deficit on the provision of services on the CIES, but categorised by nature instead of service segment.

	Notes	2016/17	2017/18
		Restated	
		£'000	£'000
Expenditure			
Employee benefits		14,391	16,168
Other services		30,050	29,831
Depreciation, amortisation and impairment		(13,390)	(754)
Interest payments	9	1,347	1,302
Precepts and levies	8	1,358	1,454
Total expenditure		33,756	48,001
Income			
Fees, charges and other service income		(42,225)	(41,776)
Interest and investment income	9	(318)	(382)
Income from council tax, NNDR, RSG and other government grants including NHB	10	(13,733)	(14,236)
Gain on the disposal of assets	8	(766)	(672)
Total income		(57,042)	(57,066)
Surplus or deficit on the provision of services		(23,286)	(9,065)

Mid Devon District Council Financial Statements 2017-18

Prior Period Adjustment - Reclassification of CCLA Fund Investment

During the compilation of the 2017/18 Statement of Accounts, the Council discovered that the advice previously received from the External Auditors in relation to the classification of the CCLA Fund investment as "Cash and Cash Equivalents" was not consistent with the treatment by other authorities and was contrary to the Council's own accounting policies. Following discussions with the External Auditors it was felt that the correct classification for the CCLA Fund was as a long term investment rather than "Cash and Cash Equivalents" as previously reported.

The change in classification moves the cumulative fair value loss on this investment from a "real cost" to the General Fund Reserve to a "notional cost" which is held in the Available for Sale Financial Instruments Adjustment Account.

We made our first investment in the Fund in 2015/16 and therefore for transparency purposes we have restated the Balance Sheets for 2015/16 and 2016/17.

There is no effect on the Comprehensive Income and Expenditure Statement for previous years although we have changed the classification of the revaluation to fall under "Other Comprehensive Income and Expenditure" rather than "Surplus/Deficit on Provision of Services. The bottom line is therefore unchanged.

The CIPFA Code of Practice on Local Authority Accounting in the United Kingdom requires that an authority present a Balance Sheet at the beginning of the preceding period when an authority makes a retrospective restatement. The reclassification impacted on the figures for Cash and Cash Equivalents; Long Term Investments; Usable Reserves and Unusable Reserves (General Fund Balance)

The following table demonstrates the effects on the following line items in the Balance Sheets at 31 March 2016 and 31 March 2017. The restated prior period Balance Sheet is provided with the current year information of the Financial Statements.

The effect on the Balance Sheet 31 March 2016

	As Originally Stated 2015/16 £'000	As Restated 2015/16 £'000	Amount of Restatement £'000
Long Term Investments	0	2,390	2,390
Non-Current Assets	169,769	172,159	2,390
Cash and Cash Equivalents	8,777	6,387	(2,390)
Current Assets	25,068	22,678	(2,390)
Usable Reserves	25,476	25,586	110
Unusable Reserves	69,787	69,677	(110)

The effect on the Balance Sheet 31 March 2017

	As Originally Stated 2016/17 £'000	As Restated 2016/17 £'000	Amount of Restatement £'000
Long Term Investments	0	4,639	4,639
Non-Current Assets	189,641	194,280	4,639
Cash and Cash Equivalents	8,385	3,746	(4,639)
Current Assets	29,767	25,128	(4,639)
Usable Reserves	31,323	31,684	361
Unusable Reserves	75,521	75,160	(361)

The following restatement was also required for the Movement in Reserves Statement for Usable and Unusable Reserves.

The restated (for the relevant line items) prior period Movement in Reserves Statement is provided with the current year information .

Movement in Reserves Statement - Usable Reserves 31 March 2016 and 31 March 2017

	Usable Reserves As Originally Stated 2015/16 £'000	Usable Reserves As Restated 2015/16 £'000	Difference £'000	Unusable Reserves As Originally Stated 2015/16 £'000	Unusable Reserves As Restated 2015/16 £'000	Difference 2015/16 £'000
Balance at 31 March 2015 carried forward	(20,482)	(20,482)	0	(66,858)	(66,858)	0
Total Comprehensive Income and Expenditure (15/16)	(788)	(898)	(110)	(7,135)	(7,025)	110
Balance at 31 March 2016 carried forward	(25,476)	(25,586)	(110)	(69,787)	(69,677)	110

	Usable Reserves As Originally Stated 2016/17 £'000	Usable Reserves As Restated 2016/17 £'000	Difference £'000	Unusable Reserves As Originally Stated 2016/17 £'000	Unusable Reserves As Restated 2016/17 £'000	Difference 2016/17 £'000
Balance at 31 March 2016 carried forward	(25,476)	(25,586)	(110)	(69,787)	(69,677)	110
Total Comprehensive Income and Expenditure (16/17)	(23,036)	(23,287)	(251)	11,452	11,702	250
Balance at 31 March 2017 carried forward	(31,323)	(31,684)	(361)	(75,521)	(75,160)	361

Overall this means that the opening balance as at 1 April 2017 is £361k higher in the General Fund Balance (Usable Reserves) and £361k lower in Unusable Reserves

Notes to the Accounts

1 Accounting Standards That Have Been Issued But Have Not Yet Been Adopted

Paragraph 3.3.4.3 of the Code of Practice requires that the Authority discloses 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. The requirement applies to accounting standards that come into effect for financial years commencing on or before 1 January of the financial year in question (i.e. on or before 1 January 2018 for 2017/18).

In compiling the 2017/18 accounts the following accounting policies would have been treated as not yet adopted:

- **IFRS 9** Financial Instruments
- **IFRS 15** Revenue from contracts with Customers (including amendments to IFRS 15: Clarifications to IFRS15 Revenue from Contracts with Customers)

IFRS 9 Financial Instruments has been adopted by the 2018/19 Accounting Code, with an application date of 1 April 2018. IFRS 9 was devised to correct weaknesses in accounting practices that contributed to the global financial crisis. In particular it:

- changes the default accounting treatment for investments from one where gains and losses in value are not recognised as income or expenditure until an investment matures or is disposed of to one where income or expenditure is recognised as fair value gains and losses arise
- changes the model for impairment loss allowances for financial assets from one based on incurred losses to one based on expected losses.

Under the new treatment we will be required to restate the balance of £140k in our Available-for-Sale Financial Instruments Reserve as a charge to the General Fund - Revenue section of our Usable Reserves (if no statutory override is granted).

IFRS 15 Revenue from Contracts with Customers has been adopted by the 2018/19 Accounting Code, with an application date of 1 April 2018. IFRS 15 introduces a new model for the recognition of contractual income, based on allocating the overall transaction price for the goods and/or services to be provided against the satisfaction of the various performance obligations in the contract. The new model has the potential to change the date at which revenue is recognised compared to the current accounting requirements. Since both of these relate to pension fund authorities only, they are not applicable for this set of accounts. The analysis carried out to date indicates that there will be no material impact on the revenue recognised in relation to the significant

2 Critical Judgements in Applying Accounting Policies

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

- a) estimates for accrued expenditure/income - based on service managers' and accountants' calculations at year end;
- b) bad debt provision - based on historic trends, adjusted for any material movements during 2017/18;
- c) asset lives for the calculation of depreciation charges - based on service managers' experience of previously used assets.
- d) Estimating the total amount of the housing benefit subsidy claim for the year prior to its final determination after 31 March using data for the first eleven months.

The Council has also placed reliance on technical estimates supplied by third parties for the following:

Property valuations made by the District Valuer;

Pension valuations supplied by Barnett Waddingham - Actuary engaged by Devon County Council.

The Council has received very detailed reports from both of these sources outlining overall valuations and all of the key assumptions made in arriving at these final figures. These reports will be examined by Grant Thornton during their audit of the Council's Accounts.

There is a 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 provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.