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Mid Devon District Council Financial Statements 2015-16

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.

	Notes	USEABLE 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	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2015		(2,380)	(6,953)	(2,000)	(6,730)	(985)	0	(1,434)	(20,482)	(66,858)	(87,340)
Movement in Reserves during 2015/16											
(Surplus) or deficit on the provision of services		2,302		(3,090)					(788)		(788)
Other Comprehensive Income and Expenditure	21/22								0	(7,135)	(7,135)
Total Comprehensive Income and Expenditure		2,302	0	(3,090)	0	0	0	0	(788)	(7,135)	(7,923)
Adjustments between accounting basis and funding basis under regulations	5	(3,545)		84		(457)	0	(288)	(4,206)	4,206	0
Net Increase/Decrease before Transfers to Earmarked Reserves		(1,243)	0	(3,006)	0	(457)	0	(288)	(4,994)	(2,929)	(7,923)
Transfers (to) / from Earmarked Reserves	6	1,412	(1,412)	3,006	(3,006)				0		
(Increase)/Decrease in 2015/16		169	(1,412)	0	(3,006)	(457)	0	(288)	(4,994)	(2,929)	(7,923)
Balance at 31 March 2016 Carried forward		(2,211)	(8,365)	(2,000)	(9,736)	(1,442)	0	(1,722)	(25,476)	(69,787)	(95,263)
Held for Revenue Purposes		(2,211)	(8,365)	(2,000)	(9,736)				(22,312)		
Held for Capital Purposes						(1,442)	-	(1,722)	(3,164)		1

Mid Devon District Council Financial Statements 2015-16

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.

2014/15	USEABLE RESERVES													
	REVENUE RESERVES							CAPITAL RESERVES						
	General Fund Balance	General Fund Balance	Earmarked General Fund Reserves	Housing Revenue Account	Earmarked HRA Reserves	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves			
	Original	As Restated												
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2014	(2,460)	(2,460)	(5,843)	(2,004)	(4,613)	(1,071)	-	(1,357)	(17,348)	(70,032)	(87,380)			
Movement in Reserves during 2014/15														
Surplus on the provision of services	(3,471)	(479)		(8,233)					(8,712)		(8,712)			(8,712)
Other Comprehensive Income and Expenditure											0	8,752		8,752
Total Comprehensive Income and Expenditure	(3,471)	(479)	0	(8,233)	0	0	0	0	(8,712)	8,752	40			
Adjustments between accounting basis and funding basis under regulations	5	2,441	(551)	6,120		86	0	(77)	5,578	(5,578)	0			
Net Increase/Decrease before Transfers to Earmarked Reserves		(1,030)	(1,030)	0	(2,113)	0	86	0	(77)	3,174	40			
Transfers (to) / from Earmarked Reserves	6	1,110	1,110	(1,110)	2,117	(2,117)			0		0			
(Increase) / Decrease in 2014/15		80	80	(1,110)	4	(2,117)	86	0	(77)	3,174	40			
Balance at 31 March 2015 Carried forward		(2,380)	(2,380)	(6,953)	(2,000)	(6,730)	(985)	0	(1,434)	(66,858)	(87,340)			
Held for Revenue Purposes		(2,380)	(2,380)	(6,953)	(2,000)	(6,730)								
Held for Capital Purposes							(985)	0	(1,434)		(2,419)			

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.

2014/15					Notes	2015/16		
Original			As Restated					
Gross Expenditure	Gross Income	Net Expenditure	Net Expenditure			Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000	£000			£000	£000	£000
3,497	(745)	2,752	2,752	Central Services to the Public		4,380	(791)	3,589
3,283	(2,460)	823	823	Cultural		4,272	(2,449)	1,823
5,824	(2,074)	3,750	3,750	Environment and Regulatory Services		6,301	(2,618)	3,683
3,019	(1,758)	1,261	1,261	Planning Services		3,871	(1,955)	1,916
443	(710)	(267)	(267)	Highways and Transport Services		562	(742)	(180)
6,123	(13,731)	(7,608)	(7,608)	Local Authority Housing (HRA)		10,078	(13,880)	(3,802)
20,083	(19,681)	402	402	Housing		19,772	(19,393)	379
42,272	(41,159)	1,113	1,113	Costs of Services		49,236	(41,828)	7,408
		1,042	1,042	Other Operating Expenditure	8			980
		(37)	2,955	Financing and Investment Income and Expenditure	9			2,777
		(13,822)	(13,822)	Taxation and Non-Specific Grant Income	10			(12,063)
		0	0	Surplus or deficit on revaluation of available for sale financial assets	11			110
		(11,704)	(8,712)	(Surplus) or Deficit on Provision of Services				(788)
		80	80	(Surplus) or deficit on revaluation of Property, Plant and Equipment	44			(1,340)
		11,664	8,672	Remeasurement of the net defined benefit liability	22			(5,795)
		11,744	8,752	Other Comprehensive Income and Expenditure				(7,135)
		40	40	Total Comprehensive Income and Expenditure				(7,923)

Balance Sheet

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

31 March 2015 £000		Notes	31 March 2016 £000
170,321	Property, Plant & Equipment	23	169,120
491	Heritage Assets	26	491
0	Intangible assets	27	0
500	Long-term investments	33	0
158	Long-term Debtors	34	158
171,470			169,769
9,500	Short-term Investments	35	13,500
184	Inventories	36	195
3,340	Short-term Debtors	37	2,596
5,349	Cash and Cash Equivalents	38	8,777
18,373	Current Assets		25,068
(3,775)	Short-term Creditors	39	(5,397)
(82)	Provisions	41	(41)
(1,637)	Short-term Borrowing	30	(1,683)
(5,494)	Current Liabilities		(7,121)
(725)	Long-term Creditors	40	(641)
(45,656)	Long-term Borrowing	30	(43,973)
(50,628)	Other Long Term Liabilities	47	(47,032)
0	Capital Grants Receipts in Advance	40	(807)
(97,009)	Long Term Liabilities		(92,453)
87,340	Net Assets		95,264
20,482	Usable Reserves	42	25,476
66,858	Unusable reserves	43	69,787
87,340	Total Reserves		95,263

Cash Flow Statement

This section shows what cash we spend and receive

2014/15 Original £000	2014/15 As Restated £000		Notes	2015/16 £000
11,704	8,712	Net surplus or (deficit) on the provision of services		788
(365)	2,627	Adjustments to net surplus or deficit on the provision of services for non-cash movements	50	12,421
(1,123)	(1,123)	Adjustments for items included in the net surplus on the provision of services that are investing and financing activities (See note references)	51	(554)
10,216	10,216	Net cash flows from Operating Activities		12,655
(8,920)	(8,920)	Investing Activities	53	(7,479)
(1,695)	(1,695)	Financing Activities	54	(1,748)
(399)	(399)	Net increase or decrease in cash and cash equivalents		3,428
5,748	5,748	Cash and cash equivalents at the beginning of the reporting period	38	5,349
5,349	5,349	Cash and cash equivalents at the end of the reporting period	38	8,777

Notes to the Accounts

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

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 2016 for 2015/16). The disclosure requirements are expected to be included in a subsequent edition of the Code.

In compiling the 2015/16 accounts the following accounting policies have not been adopted:

- Amendments to IAS 19 Employee Benefits (Defined Benefit Plans: Employee Contributions)
- Annual Improvements to IFRSs 2010 – 2012 Cycle
- Amendment to IFRS 11 Joint Arrangements (Accounting for Acquisitions of Interests in Joint Operations)
- Amendment to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets (Clarification of Acceptable Methods of Depreciation and Amortisation)
- Annual Improvements to IFRSs 2012 – 2014 Cycle
- Amendment to IAS 1 Presentation of Financial Statements (Disclosure Initiative)
- The changes to the format of the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement and the introduction of the new Expenditure and Funding Analysis
- The changes to the format of the Pension Fund Account and the Net Assets Statement

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/incomes - based on service managers and accountants calculations at year end;
- b) bad debt provision - based on historic trends, adjusted for any material movements during 2014/15;
- 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.

Notes to the Accounts

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.

3 Material Items of Income and Expense

There were no material items this year.

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 relevant factors. However because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

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

Note	Item	Uncertainties	Effect if Actual results Differ from Assumptions
23	Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent upon 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 an asset is reduced, depreciation increases and the carrying amount of the asset falls. It is estimated that the annual depreciation charge for buildings and plant based on a gross value of £47,429k (excl. Council Houses) would increase by £231k for every year that useful lives had to be reduced.
22	Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied. The value of pension assets is estimated based upon information available at the Balance Sheet date, but these valuations may be earlier than the Balance Sheet date. The actual valuations at the Balance Sheet date, which may not be available until some time later, may give a different value of pension assets, but this is not considered to be material.	The effects on the closing defined benefit obligation of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the closing defined benefit obligation to £97,335k and a 1 year increase in mortality rates would increase the closing defined benefit obligation to £102,163k. However the assumptions interact in complex ways.

Notes to the Accounts

37	Arrears	At 31 March 2016, the Authority had a gross sundry debtors balance of £553k. A review of significant balances suggested that a provision for doubtful debts of 46% or £257k was appropriate (£234k of which relates to DARS). However, in the current economic climate it is not certain whether such an allowance would be sufficient.	An increase of 1% in the provision would lead to an increased bad debt provision of £3k from £234k to £237k.
	Housing Benefit Subsidy Claim	To help meet the earlier preparation of the accounts the Housing Benefit Subsidy claim has been estimated at 27 March, having regard to the financial ledger and expectation of the final annual figure.	Estimating before the year end has led to an immaterial amount of £2k which will now be accounted for in 2016/17.
	Fair Value Asset Valuation	The Authority engages the District Valuer, a qualified RICS surveyor, to provide valuations of land and property assets at the year end. The values of assets are adjusted to their current values by reviewing the sales of similar assets in the region, applying indexation and considering impairment of individual assets. The District Valuer works closely with the finance staff on all valuation matters.	Significant changes in the assumptions of future income streams/growth, occupancy levels, ongoing property maintenance and other factors would result in a significantly higher or lower fair value measurement for these assets.
	Impairments	All non current assets need to be reviewed for possible impairment. A review with service managers is undertaken each year to consider the possible impairment of assets. The District Valuer also considers possible impairment when undertaking his valuations.	If a significant impairment of an asset were not to be adjusted then the non current assets would be materially overstated in the financial statements.
	Accruals	Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. A de minimis level of £10k is normally applied to adjust for timing differences between accounting years.	Although a review of cash payments and cash received after the year end is performed if significant unrecorded liabilities were not identified then material misstatement of our liabilities in the balance sheet of the accounts would occur.
	NNDR GP surgery appeals	A number of GP surgeries in the district have lodged appeals in respect of their NNDR. The extent of any repayments of NNDR will be dependent on the outcome of the appeals process which could exceed a year. A provision of £1,555k has been made in relation to this. (This is the major element of the total increase in appeals provision of £1,581k that has been made in the accounts).	The provision may be insufficient or exceed the claims determined. In any event the amount is unlikely to be material.

5 Adjustments between Accounting Basis and Funding Basis under Regulations

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

General Fund Balance

The General Fund is the statutory fund into which all of the receipts of an authority are required to be paid and out of which all liabilities are to be met, except for the Housing Revenue Account (HRA) see below and where statutory rules 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 at the end of the financial year. However the General Fund balance is not available to fund the HRA services (see below).

Housing Revenue Account Balance

The Housing Revenue Account Balance reflects the statutory obligation to maintain a revenue account for local authority council housing provision in accordance with Part VI of the Local Government and Housing Act 1989. It contains the balance of income and expenditure as defined by the 1989 Act that is available to fund future expenditure in connection with the Council's landlord function.

Major Repairs Reserve

The authority is required to maintain a Major repairs Reserve, which controls an element of the capital resources limited to being used on capital expenditure on HRA assets or the financing of historical capital expenditure by the HRA. The balance shows the capital resources that have yet to be applied at the year-end.

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 historic 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 holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance may be 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.

Notes to the Accounts

5 Adjustments between Accounting Basis and Funding Basis under Regulations

This section shows the adjustments we have to make to arrive at the final charge to Council tax

2015/16	Usable Reserves						Movement in Unusable Reserves
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	
	£000	£000	£000	£000	£000	£000	£000
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u>							
<u>Adjustments involving the Capital Adjustment Account:</u>							
Charges for depreciation and impairment of non current assets	(1,679)	(2,153)					3,832
Revaluation losses on Property, Plant and Equipment	(228)	(2,157)					2,385
Amortisation of intangible assets	(25)						25
Capital grants and contributions applied							
Income in relation to donated assets							0
Revenue expenditure funded from capital under statute	(306)						306
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	(20)	(809)					829
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>							
Statutory provision for the financing of capital investment	370	993					(1,363)
Capital expenditure charged against the General Fund and HRA balances	835	590					(1,425)
<u>Adjustments primarily involving the Capital Grants Unapplied Account</u>							
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	644	97			(741)		
Application of grants to capital financing transferred to the Capital Adjustment Account					453		(453)
<u>Adjustments involving the Capital Receipts Reserve:</u>							
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	26	1,259	(1,285)				
Use of the Capital Receipts Reserve to finance new capital expenditure			568				(568)
Contribution from the Capital Receipts Reserve towards administrative costs of non current asset disposals		(25)	25				
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(235)		235				
Right to Buy Discounts repaid							
<u>Adjustments involving the Deferred Capital Receipts Reserve:</u>							
Transfer of deferred sale proceeds as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(1)						1
Balance carried forward	(619)	(2,205)	(457)	0	(288)	0	3,569

Notes to the Accounts

5 Adjustments between Accounting Basis and Funding Basis under Regulations

This section shows the adjustments we have to make to arrive at the final charge to Council tax							
2015/16	Usable Reserves						Movement in Unusable Reserves
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	
	£000	£000	£000	£000	£000	£000	£000
Balance brought forward	(619)	(2,205)	(457)	0	(288)	0	3,569
<u>Adjustment involving the Major Repairs Reserve:</u>							
Reversal of Major Repairs Allowance credited to the HRA		2,390		(2,390)			
Use of the Major Repairs Allowance to finance new capital expenditure				2,390			(2,390)
Interest credited to the Major Repairs Reserve							
<u>Adjustments involving the Financial Instruments Adjustment Account:</u>							
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements							
<u>Adjustment involving the Pensions Reserve:</u>							
Actuarial past service gain adjustment							
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(4,406)	(88)					4,494
Employer's pension contributions and direct payments to pensioners payable in the year.	2,295						(2,295)
<u>Adjustment involving the Collection Fund Adjustment Account:</u>							
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statements is different from council tax income calculated for the year in accordance with statutory requirements	(25)						25
Amount by which NNDR income credited to the Comprehensive Income and Expenditure Statements is different from NNDR income calculated for the year in accordance with statutory requirements	(755)						755
<u>Adjustment involving the Accumulating Compensated Absences Adjustment Account:</u>							
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.	(35)	(13)					48
Total Adjustments	(3,545)	84	(457)	0	(288)	0	4,206

Notes to the Accounts

5 Adjustments between Accounting Basis and Funding Basis under Regulations

This section shows the adjustments we have to make to arrive at the final charge to Council tax

2014/15	Usable Reserves							Movement in Unusable Reserves
	General Fund Balance	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	
	Original £000	As Restated £000	£000	£000	£000	£000	£000	
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u>								
<u>Adjustments involving the Capital Adjustment Account:</u>								
Charges for depreciation and impairment of non current assets	(1,353)	(1,353)	(2,165)					3,518
Revaluation losses on Property, Plant and Equipment	987	987	1,944					(2,931)
Amortisation of intangible assets	(118)	(118)						118
Income in relation to donated assets	9	9						(9)
Revenue expenditure funded from capital under statute	(536)	(536)						536
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			(386)					386
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>								
Statutory provision for the financing of capital investment	262	262	947					(1,209)
Capital expenditure charged against the General Fund and HRA balances	1,453	1,453	984					(2,437)
<u>Adjustments primarily involving the Capital Grants Unapplied Account</u>								
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	566	566	1,634			(2,200)		
Application of grants to capital financing transferred to the Capital Adjustment Account						2,123		(2,123)
<u>Adjustments involving the Capital Receipts Reserve:</u>								
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	10	10	659	(669)				
Use of the Capital Receipts Reserve to finance new capital expenditure				535				(535)
Contribution from the Capital Receipts Reserve towards administrative costs of non current asset disposals			(13)	13				
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(207)	(207)		207				
Balance carried forward	1,073	1,073	3,604	86	0	(77)	0	(4,686)

Notes to the Accounts

5 Adjustments between Accounting Basis and Funding Basis under Regulations

This section shows the adjustments we have to make to arrive at the final charge to Council tax

2014/15	Usable Reserves							Movement in Unusable Reserves
	General Fund Balance	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	
	Original £000	As Restated	£000	£000	£000	£000	£000	
Balance brought forward	1,073	1,073	3,604	86	0	(77)	0	(4,686)
<u>Adjustment involving the Major Repairs Reserve:</u>								
Reversal of Major Repairs Allowance credited to the HRA			2,496		(2,496)			
Use of the Major Repairs Allowance to finance new capital expenditure					2,496			(2,496)
Interest credited to the Major Repairs Reserve								
Balance brought forward								
<u>Adjustments involving the Financial Instruments Adjustment Account:</u>								
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements								
<u>Adjustment involving the Pensions Reserve:</u>								
Actuarial past service gain adjustment								
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(835)	(3,827)	20					3,807
Employer's pension contributions and direct payments to pensioners payable in the year.	2,156	2,156						(2,156)
<u>Adjustment involving the Collection Fund Adjustment Account:</u>								
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statements is different from council tax income calculated for the year in accordance with statutory requirements	(66)	(66)						66
Amount by which NNDR income credited to the Comprehensive Income and Expenditure Statements is different from NNDR income calculated for the year in accordance with statutory requirements	111	111						(111)
<u>Adjustment involving the Accumulating Compensated Absences Adjustment Account:</u>								
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.	2	2						(2)
Total Adjustments	2,441	(551)	6,120	86	0	(77)	0	(5,578)

Notes to the Accounts

6 Transfers to/from Earmarked Reserves

This section shows movements in these reserves

General Fund - Revenue Earmarked Reserves	Balance at 1/4/14	Transfers In	Transfers Out	Reclassification	Balance at 31/03/15	Transfers In	Transfers Out	Reclassification	Balance at 31/3/16
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Capital Earmarked Reserves	963	375	(215)		1,123		(218)	(338)	567
Maintenance & Amenity Reserve	1,260	113	(136)		1,237	289	(608)		918
Misc. General Fund Reserves	1,027	667	(310)		1,384	524	(447)	1,325	2,786
Vehicle and plant sinking funds	695	635	(304)	(135)	891	580			1,471
New Homes Bonus	1,224	1,281	(618)		1,887	1,619	(918)	(987)	1,601
General Vehicle Replacement	158		(293)	135	0				0
Insurance excess claims fund	155		(34)		121		(35)		86
Statutory Development Plan	111	60	(111)		60				60
NNDR Reserve	250				250	726	(100)		876
									0
Total Revenue Earmarked Reserves	5,843	3,131	(2,021)	0	6,953	3,738	(2,326)	0	8,365

The £1.6m held in the New Homes Bonus will be used to help fund the Private Sector Housing and Economic Development components of the future capital programme. The capital contingency reserve makes provision for an identified funding cap for future capital programmes shown in the medium term financial plan. The maintenance reserve is a collection of Section 106 contributions being used to fund revenue costs of additional play parks and amenity provision included in various planning provisions. Miscellaneous General Fund items are a large number of items that relate to specific projects that will be delivered in 2016/17. A full breakdown of the constituents is provided in the outturn report for the Cabinet meeting of 12 May 2016.

Housing Revenue Account - Revenue Earmarked Reserves	Balance at 1/4/14	Transfers In	Transfers Out	Reclassification	Balance at 31/03/15	Transfers In	Transfers Out	Reclassification	Balance at 31/3/16
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Sewage Treatment Works	16		(16)		0	25			25
Solar Panel Income - Renewables	345	183	(158)		370	136	(164)		342
HRA Affordable Rent surplus	0				0	65	(65)		0
30yr Maintenance Programme	4,252	2,892	(784)		6,360	3,291	(765)		8,886
HRA _ PWLB Loan premium	0				0	483			483
Total Revenue Earmarked Reserves	4,613	3,075	(958)	0	6,730	4,000	(994)	0	9,736

7 Transfers to/from Capital Grants Unapplied

This note details the receipt and utilisation of various capital grants over the last two years.

	Balance at 1/4/14	Transfers In	Transfers Out	Reclassification	Balance at 31/03/15	Transfers In	Transfers Out	Reclassification	Balance at 31/3/16
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Total Funds Unapplied	£000	£000	£000	£000	£000	£000	£000	£000	£000
Regional Housing Pot	159	0	(159)	0	0	23	0	0	23
Afford Housing Contributions	566	142	(26)	0	682	164	(25)	0	821
Tiverton Enhancement Scheme	14	0	0	0	14	0	0	(14)	0
Air Quality Fund - Cullompton	44	10	0	0	54	8	0	0	62
Air Quality Fund - Crediton	298	110	0	0	408	118	0	0	526
Planning Delivery Grant	198	0	0	0	198	0	0	0	198
Cap Grants Unapplied Nonspecific	78	1,905	(1,905)	0	78	(104)	54	14	42
DCC Funding	0	33	(33)	0	0	20	0	0	20
DCLG DFG grant	0	0	0	0	0	311	(281)	0	30
HCA						200	(200)		0
Total Capital Grants Unapplied	1,357	2,200	(2,123)	0	1,434	740	(452)	0	1,722

Notes to the Accounts

8 Other Operating Expenditure

2014/15 £000		2015/16 £000
1,119	Parish Council precepts	1,201
206	Payments to the Government Housing capital receipts pool	235
(283)	(Gains)/Losses on the disposal of non current assets	(456)
1,042	Total	980

9 Financing and Investment Income and Expenditure

2014/15 Original £000	2014/15 As Restated £000		2015/16 £000
1,374	1,374	Interest payable and similar charges	1,336
(1,238)	1,754	Net interest on the net defined benefit liability (Please see note 22)	1,655
0	0	Heritable dividend	(44)
(173)	(173)	Interest receivable and similar income	(170)
(37)	2,955	Total	2,777

10 Taxation and Non Specific Grant Income

2014/15 £000		2015/16 £000
(5,946)	Council tax income	(6,126)
(2,289)	Non domestic rates	(2,034)
(2,271)	Revenue Support Grant	(1,705)
(1,392)	Non-ringfenced government grants	(1,738)
(1,924)	Capital grants and contributions	(460)
(13,822)	Total	(12,063)

Further details of specific grant income are shown at note 57.

11 Surplus or deficit on revaluation of available for sale financial assets

2014/15 £000		2015/16 £000
0	Deficit on revaluation of available for sale financial assets	110
0	Total	110

Notes to the Accounts

The Council invested £2.5m in the Church Charities and Local Authority (CCLA) Local Authorities' Mutual Investment Trust (LAMIT) Property Fund, which is carried in the Balance Sheet at its fair value of £2,390k. It is anticipated that this investment, which is intended to be held for the long term, will provide a return equal or superior to those achieved by the Council's other current investments. The fair value is based upon public price quotations in an active market for this financial instrument and without this investment counting as capital expenditure.

12 Operating Leases

Authority as Lessee

Vehicles, Plant, Furniture and Equipment

The Authority holds a number of plant and equipment items under terms of operating leases (e.g. photocopiers, a franking machine, various IT equipment and fitness equipment).

Payments under Operating Leases

The Authority has made payments of £66k under operating leases in 2015/16 (£38k in 2014/15) comprising of the following elements:

2014/15		2015/16
£000		£000
36	Land & Buildings	46
2	Vehicles, Plant & Equipment	20
38	Total	66

For future years liabilities for Finance and Operating Leases see note 59.

Authority as Lessor

The gross value of assets held for use in operating leases as at 31 March 2016 was £12,097k (£7,136k in 2014/15)

	2014/15			2015/16		
	Gross Value	Net Book Value	Rental Income	Gross Value	Net Book Value	Rental Income
	£000	£000	£000	£000	£000	£000
HRA Shops	1,209	1,209	(108)	1,189	1,189	(108)
General Fund Shops	3,745	3,745	(33)	3,775	3,775	(436)
Other GF Land & Buildings	865	865	(68)	5,796	5,796	(106)
Industrial Units	1,317	1,317	(93)	1,337	1,337	(87)
Total	7,136	7,136	(302)	12,097	12,097	(737)

The increase in General Fund land & buildings gross value and net book value is due to the inclusion of some of our corporate buildings, which have some areas leased to third parties.

The Council also received £13,168k from the rental of 1,146 Garages Rents and 3,060 Council Houses (£12,953k 2014/15). For more information see the Housing Revenue Account notes.

Notes to the Accounts

13 Officers' Emoluments

This table includes all statutory and non-statutory posts whose overall remuneration exceeds £50k excluding pension contributions and non taxable allowances.

Remuneration Band	2014/15		2015/16	
	Number of Employees	Left During Year	Number of Employees	Left During Year
£50,000 - £54,999	1	0	0	0
£55,000 - £59,999	1	0	0	0
£60,000 - £64,999	2	0	2	0
£65,000 - £69,999	1	0	1	0
£70,000 - £74,999	0	0	2	0
£75,000 - £79,999	0	0	0	0
£80,000 - £84,999	0	0	1	1
£95,000 - £99,999	1	0	0	0
£115,000 - £119,999	1	1	0	0
£135,000 - £139,999	1	1	1	1

The above table includes one employee who received a termination payment in 2015-16. The remuneration includes payments received for loss of office and pension strain. This employee is also included in the termination benefits note.

All of the employees in the above table are included in the Senior Officers table.

In completing the 2015/16 Accounts we have complied with the statutory instrument regarding officer emoluments. The statutory instrument requires the individual naming of any officers with an annual salary of £150,000 or more and the post title of any officers earning £50,000 or more who occupy statutory roles or are responsible for managing the strategic direction of services.

The Council had no officers earning at or in excess of £150,000 in 2015/16

Notes to the Accounts

13 Officers' Emoluments

Senior Officers Earning in Excess of £50,000

Post Title	Financial Year	Salary (Including Allowances)	Compensation for Loss of Employment	Expenses	Benefits in Kind	Total Remuneration excluding pension contributions	Pension Contributions	Total Remuneration including pension contributions
Chief Executive. Note 1	2015/16	82,183				82,183	15,214	97,397
	2014/15	97,637				97,637	18,356	115,993
Chief Executive. Note 2	2015-16	11,333				11,333	2,131	13,464
Head of Business Information Services. Note 3	2015/16	56,742	79,630			136,372	10,668	147,040
	2014/15	54,175				54,175	10,185	64,360
Head of Planning and Regeneration. Note 4	2015/16	60,261				60,261	11,312	71,573
	2014/15	62,819	73,471			136,290	11,810	148,100
Head of Financial Services	2015/16	63,850				63,850	12,004	75,854
	2014/15	62,819				62,819	11,810	74,629
Head of HR & Development	2015/16	66,481				66,481	12,498	78,979
	2014/15	62,819				62,819	11,810	74,629
Head of Communities and Governance	2015/16	71,878				71,878		71,878
	2014/15	58,034				58,034		58,034
Head of Environmental Services. Note 5	2015/16							
	2014/15	46,857	71,890			118,747	8,809	127,556
Head of Housing & Property Services	2015/16	71,228				71,228	12,635	83,863
	2014/15	66,453				66,453	12,423	78,876

Note - the amounts included in the two above tables are shown gross of any related tax which would be levied.

The pension contribution figures have been restated to 18.8% which is the common contribution rate applicable from 1st April 14 to 31st March 17.

Note 1. The former Chief Executive left this Authority on the 8-1-16. The Returning Officer fee for the District Election is included in the salary figure.

Note 2. The new Chief Executive started on the 15-2-16.

Note 3. The Head of Business Information Services left this Authority on the 31-3-16. Reimbursement of £33,244.54 was received from NDDC under a shared arrangement. The remuneration above reflects the full amounts paid by the Authority. Loss of office and the pension strain have been included.

Note 4. The former Head of Planning left this Authority on the 31-3-15.

Note 5. The Head of Environmental Services left this Authority on the 31-12-14.

Notes to the Accounts

14 Termination Benefits

2015/16				
Exit Package Cost Band	Number of Compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Total cost of exit packages in each band £000
£0 - £19,999	6	7	13	62
£20,000 - £39,999	11	1	12	349
£40,000 - £59,999	1	0	1	44
£60,000 - £79,999	1	0	1	80
				535

A number of redundancies associated with service restructures were agreed during 2015/16 in order to reduce future employee costs to match ongoing expenditure against the well documented cuts in central government funding.

2014/15				
Exit Package Cost Band	Number of Compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Total cost of exit packages in each band £000
£0 - £19,999	1	6	7	38
£20,000 - £39,999	1		1	29
£40,000 - £59,999				0
£60,000 - £79,999	2		2	145
				212

15 External Audit Costs

Fees paid to Mid Devon's appointed external auditor, Grant Thornton, were as follows.

2014/15		2015/16	
£'000		£'000	
64	Fees payable with regard to the annual audit fee	48	
9	Fees payable for the certification of claims and returns	10	
4	Fees payable for the local elector challenges	0	
77	Total	58	

Notes to the Accounts

16 Related Party Transactions

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

Central Government has significant influence over the general operations of the Council. It is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. housing benefits). Details of transactions with government departments are set out in a note to the Cash Flow Statement and note 57 relating to all grant income.

Members of the Council have direct control over the Council's financial and operating policies. The Council's constitution requires members to declare their interests in related parties in a register of interests. In addition, members are asked to declare separately any transactions with the Authority. The Head of Finance has reviewed these existing declarations and has decided none warrant disclosure in this years Accounts.

Officers of the Council are bound by the Council's Code of Conduct. Senior Officers (which encompasses all members of Management Team) are required to declare any related party transactions with the Council. No transactions have required disclosure.

17 Members Allowances

2014/15 £000		2015/16 £000
267	Allowances	272
24	Expenses	26
291	Total	298

18 Acquired and/or Discontinued Activities

The Council did not acquire any new activities or discontinue any existing ones during 2015/16.

Notes to the Accounts

19 Depreciation and Impairment of Non Current Assets

2014/15 £000		2015/16 £000
3,518	Depreciation	3,831
118	Amortisation of intangible assets	25
(2,931)	Net reversal of impairment of non current assets	(2,385)
£705	Total	£1,471

20 Minimum Revenue Provision

The Council is required by statute to set aside a minimum revenue provision for the repayment of our capital financing requirement.

2014/15 £000		2015/16 £000
	Housing Revenue Account - Minimum Revenue Provision	
916	HRA self financing settlement	916
	Housing developments after 1/4/13	61
31	Finance leases	16
947		993
	General Fund - Minimum Revenue Provision	
78	Assets acquired prior to 1/4/13	75
100	Assets acquired after 1/4/13	200
84	Finance leases	95
262		370
£1,209	Total	£1,363

21 Insurance

All major risks have been identified and are insured with applicable excesses. There were no major claims outstanding as at the 31/3/16. However there is a £34k accrual that has been made in respect of our liability going back some years with Municipal Mutual Limited (MMI).

22 Pensions

All of the pension figures included in the 2015/16 Accounts are prepared in accordance with International Accounting Standard 19 (IAS 19). This complies with all generic Technical Actuarial Standards (TASs) and the Pensions TAS. The data provided by the Pension Fund's Actuary (Barnett Waddingham) also fully complies with their understanding of Financial Reporting Standard 17 and International Financial Reporting Standards.

Notes to the Accounts

22 Pensions continued

Participation in the Pension Scheme

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

The Council participates in the Local Government Pension Scheme (LGPS) administered by Devon County Council - this is a (defined benefit final salary scheme) and is fully funded, meaning that the Council and its employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with the investment assets. Governance of the scheme is the responsibility of the pensions committee of Devon County Council. Policy is determined in accordance with the Pension Fund Regulations.

The principal risks to the authority of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General fund and Housing revenue Account the amounts required by statute as described in the accounting policies note.

Arrangements for the award of discretionary post-retirement benefits upon early retirement .

This is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There are no investment assets built up to meet these pension liabilities and cash has to be generated to meet actual pension payments as they eventually fall due.

Discretionary Post-retirement Benefits

Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There are no plan assets built up to meet these pension liabilities.

Transactions relating to Retirement Benefits

The Council recognises the cost of retirement benefits in the Net Cost of Services when they are earned by employees rather than when the benefits are eventually paid as pensions. However, the charge the Council is required to make against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out in the note titled Adjustments between Accounting Basis and Funding Basis under Regulations (AABFBR). The following transactions have been made in the Income and Expenditure Account and the AABFBR:

Prior Year Adjustment

Upon review it has been discovered that last year the expected return on the pension fund, £2.992m, was incorrectly included in the "Net interest on the defined benefit liability" within the Comprehensive Income and Expenditure Account. Although this does not affect the cash balances or reserves of the Authority the figure has been corrected and accounting adjustments made. As a result of the changes there are restated figures for the following documents/notes:

Movement in Reserves Statement, page 2

Comprehensive Income and Expenditure Statement , page 3

Cash Flow Statement, page 5

Adjustments between Accounting Basis and Funding Basis Under Regulations, page 13

Financing and Investment Income and Expenditure note, page 15

Pensions Reserve note 47, page 42

Cash Flow Statement note 50, page 45

Notes to the Accounts

22 Pensions continued

Pension Assets and Liabilities Recognised in the Balance Sheet

	Local Government Pension Scheme		Discretionary Benefit	
	2014/15	2015/16	2014/15	2015/16
	£000	£000	£000	£000
Present value of the defined benefit obligation	101,722	97,897	1,285	1,168
Fair value of plan assets	52,379	52,033	-	-
Sub-total	49,343	45,864	1,285	1,168
Other movements in the liability (asset)				
Net liability from defined benefit obligation	49,343	45,864	1,285	1,168

Comprehensive Income and Expenditure Statement

	Local Government Pension Scheme		Discretionary Benefit	
	2014/15	2015/16	2014/15	2015/16
	£000	£000	£000	£000
<i>Cost of Services</i>				
<i>Service cost comprising:</i>				
Current service cost	2,053	2,742	0	0
Past service costs	0	97	0	0
(Gain) / loss from settlements			0	0
<i>Expenditure</i>				
Net interest expense	1,727	1,634	0	0
Administrative expenses	27	21	0	0
<i>to the Surplus or Deficit on the Provision</i>	3,807	4,494	0	0
<i>to the Comprehensive Income and</i>				
Remeasurement of the net defined benefit liability comprising:				
Return on plan assets (excluding the amount included in the net interest expense)	(2,992)	1,307	0	0
Actuarial gains and losses arising on changes in demographic assumptions	0	0	0	0
Actuarial gains and losses arising on changes in financial assumptions.	11,664	(7,102)	0	0
<i>to the Comprehensive Income and</i>	8,672	(5,795)	0	0
<i>Movement in Reserves Statement</i>				
Reversal of net charges made to the surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code.	(10,323)	3,596	0	0
<i>Actual amount charged against the General Fund Balance for pensions in the year:</i>	0	0	0	0
Employers' contributions payable to the scheme	2,156	2,295	0	0
Retirement benefits payable to pensioners	0	0	(3,388)	(3,598)

Notes to the Accounts

22 Pensions continued

Reconciliation of the Movements in the Fair Value of Scheme Assets

	Local Government Pension			Discretionary Benefit Arrangements	
	2014/15	2015/16		2014/15	2015/16
	£000	£000		£000	£000
Opening fair value of scheme assets	47,998	52,379		0	0
Interest income	2,097	1,716		0	0
Remeasurement gain / (loss):	0			0	0
- The return on plan assets, excluding	2,992	(1,307)		0	0
- Other	(27)	(21)		0	0
Contributions from employer	2,156	2,295		0	0
Contributions from employees into the scheme	551	569		0	0
Benefits paid	(3,388)	(3,598)		0	0
Other	0			0	0
Closing fair value of scheme assets	52,379	52,033		0	0

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

	Funded Liabilities: Local Government Pension Scheme			Unfunded Liabilities: Discretionary Benefits	
	2014/15	2015/16		2014/15	2015/16
	£000	£000		£000	£000
Opening balance at 1 April	88,395	103,190		(92)	(183)
Current service cost	2,053	2,742		0	0
Interest cost	3,824	3,350		0	0
Contributions from scheme participants	551	569		0	0
Remeasurement (gains) and losses:					
- Actuarial gains and losses arising on changes in demographic assumptions	0	0		0	0
- Actuarial gains and losses arising on changes in financial assumptions.	11,639	(7,075)		0	0
- Other		0			
Past service cost	0	97		0	0
Losses / (gains) on curtailment	0	0		0	0
Experience loss / (gain) on defined benefit obligation	25	(27)		0	0
Benefits paid	(3,297)	(3,508)		(91)	(90)
Closing balance at 31 March	103,190	99,338		(183)	(273)

Notes to the Accounts

22 Pensions continued

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using their projected unit credit method, an estimate of the pensions that will be payable in future years dependent upon assumptions about mortality rates, salary levels, etc.

Both the Local Government Pension scheme and discretionary benefits liabilities have been estimated by Barnett Waddingham, an independent firm of actuaries, estimates for the Local Government Pension Scheme being based upon the latest full valuation of the scheme as at 31 March 2013 and has then been updated for estimated fund returns, asset statement, market returns, income and expenditure or as at the 31 March 2016.

The significant assumptions used by the actuary have been:

	Local Government Pension Scheme		Discretionary Benefit	
	2014/15	2015/16	2014/15	2015/16
Mortality assumptions:				
Longevity at 65 for current pensioners				
- Men	22.8	22.9		
- Woman	26.1	26.2		
Longevity at 65 for future pensioners				
- Men	25.1	25.2		
- Woman	28.4	28.6		
Rate of inflation	2.4%	2.3%		
Rate of increase in salaries	4.2%	4.1%		
Rate of increase in pensions	2.4%	2.3%		
Rate for discounting scheme liabilities	3.3%	3.6%		

Local Government Pension Scheme assets comprised:

	Fair value of scheme assets	
	2014/15 £000	2015/16 £000
Cash and cash equivalents	903	965
Equities:		
UK	12,912	12,511
Overseas	18,068	16,896
Sub-total equities	30,980	29,407
Bonds:		
- Gilts	3,332	1,711
- Other Bonds	1,821	1,495
Sub-total bonds	5,153	3,206
Other investments:		
- Infrastructure	1,452	2,167
- Property	5,236	5,753
- Target Return Portfolio	7,724	7,538
- Alternative Assets	931	2,997
Sub-total other investment funds	15,343	18,455
Total assets	52,379	52,033

Notes to the Accounts

22 Pensions continued

Estimation of Assets and Liabilities

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table on page 25. The sensitivity analyses shown below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on the actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Impact on the Defined Benefit Obligation in the Scheme

	Increase in Assumption £000	Decrease in Assumption £000
Longevity (increase or decrease in 1 year)	102,163	96,064
Rate of inflation (increase or decrease by 0.1 %)	n/a	n/a
Rate of increase in salaries (increase or decrease by 0.1%)	99,266	98,865
Rate of increase in pensions (increase or decrease by 0.1%)	100,647	97,511
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	97,335	100,827

Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. Funding levels are monitored on an annual basis and the next triennial valuation is due to be completed on 31 March 2016. The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31 March 2014. The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to be pay pensions and other benefits to certain public servants.

The authority anticipates paying £2,120k expected contributions to the scheme in 2016/17

The weighted average duration of the defined benefit obligation for scheme members is 18 years. (2014/15 18 years)

Notes to the Accounts

23 Property, Plant and Equipment

Movements in Balances

2015/16	Assets Under Construction	Council Dwellings	Other Land & Buildings	Vehicles Plant & Equip	Community Assets	Infra-structure Assets	Surplus Assets	Total Property, plant and Equipment
Cost or Valuation	£000	£000	£000	£000	£000	£000	£000	£000
At 1 April 2015	1,376	123,746	41,335	5,425	516	292	0	172,690
Additions	923	2,957	106	547				4,533
Revaluation increases/(decreases) recognised in the Revaluation reserve		(2,127)	420					(1,707)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services		(2,153)	(234)					(2,387)
Derecognition - Disposals	(3)	(809)		(667)				(1,479)
Reclassification	(1,790)	1,874	(109)					(25)
At 31 March 2016	506	123,488	41,518	5,305	516	292	0	171,625

Accumulated Depreciation and Impairment

At 1 April 2015			(5)	(2,297)	(67)			(2,369)
Depreciation charge		(1,959)	(1,095)	(757)	(10)	(11)		(3,832)
Depreciation written out to the Revaluation Reserve		1,959	1,070					3,029
Depreciation written out to the Surplus/Deficit on the Provision of Services								0
Impairment losses/(reversals) recognised in the Revaluation Reserve		0						0
Impairment losses/(reversals) recognised in the Provision of Services		0						0
Derecognition - Disposals				667				667
At 31 March 2016	0	0	(30)	(2,387)	(77)	(11)	0	(2,505)
Net Book Value								
At 31 March 2016	506	123,488	41,488	2,918	439	281	0	169,120
At 31 March 2015	1,376	123,746	41,330	3,128	449	292	0	170,321

Notes to the Accounts

23 Property, Plant and Equipment

Nature of asset holding	Assets Under Construction	Council Dwellings	Other Land & Buildings	Vehicles Plant & Equip	Community Assets	Infra-structure Assets	Surplus Assets	Total Property, plant and
	£000	£000	£000	£000	£000	£000	£000	£000
Owned	£506	£123,488	£41,488	£2,348	£439	£281	£0	£168,550
Subject to Finance Leases	£-	£-	£-	£570	£-	£-	£-	£570

(See note 59 for finance lease information.)

At 31 March 2016 the Council had £505k of assets under construction - £61k in respect of Council House building at Birchen Lane, 12k in respect of Council House building at Burlescombe, £240k for Council house building at Palmerston Park, Tiverton, £57k relating to the town hall redevelopment project, £61k on digital transformation projects and £74 k in respect of a number of smaller projects.

Revaluations

The Council carries out a full valuation of all land and buildings each year. Valuations of land and buildings were carried out by the District Valuer and Valuation Office. Valuations were carried out in accordance with methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

	Assets Under Construction	Council Dwellings	Other Land & Buildings	Vehicles Plant & Equip	Community Assets	Infra-structure Assets	Surplus Assets	Total Property, plant and Equipment
	£000	£000	£000	£000	£000	£000	£000	£000
Valued at Historical Cost	506			2,918	£439		0	3,863
Valued at fair value in year								
2015/16		139,422	41,489			238		181,149
2014/15		123,747	41,063			292		165,102
2013/14		119,320	36,749			291		156,360
2012/13		112,475	6,924			26		119,425
2011/12			5,237			84		5,321

Notes to the Accounts

23 Property, Plant and Equipment

Movements in Balances

2014/15	Assets Under Construction	Council Dwellings	Other Land & Buildings	Vehicles Plant & Equip	Community Assets	Infra-structure Assets	Surplus Assets	Total Property, plant and Equipment
Cost or Valuation	£000	£000	£000	£000	£000	£000	£000	£000
At 1 April 2014	624	119,320	36,752	4,413	516	291		161,916
	1,785	4,206	4,286	1,264				11,541
Revaluation increases/(decreases) recognised in the Revaluation reserve		(1,960)	(1,039)			(4)		(3,003)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services		1,944	1,110					3,054
Derecognition - Disposals	(14)	(386)				(71)		(471)
Derecognition - Other				(252)				(252)
Reclassification	(1,019)	622	226			76		(95)
At 31 March 2015	1,376	123,746	41,335	5,425	516	292	0	172,690

Accumulated Depreciation and Impairment

At 1 April 2014			(3)	(1,924)	(58)			(1,985)
Depreciation charge		(1,959)	(1,020)	(513)	(9)	(11)		(3,512)
Depreciation written out to the Revaluation Reserve		1,959	1,018			11		2,988
Derecognition - Disposals				140				140
At 31 March 2015	0	0	(5)	(2,297)	(67)	0	0	(2,369)

(See note 59 for finance lease information.)

Nature of asset holding

Owned	£1,376	£123,746	£41,330	£2,447	£449	£292	£0	£169,640
Subject to Finance Leases	£-	£-	£-	£681	£-	£-	£-	£681

Notes to the Accounts

At 31 March 2015 the Council had £1,376k of assets under construction - £1,272k in respect of Council House building in St Andrew's Street, £41k for Council house building at Palmerston Park, Tiverton, £25k relating to the Web transformation project and £38k in respect of a number of smaller projects.

24 Revenue Expenditure Funded From Capital Under Statute (REFCUS)

This is expenditure that does not result in, or remain matched with assets controlled by the Council. Examples of this would include financial assistance towards capital investment incurred by other parties, works on properties not owned by the basis of the benefit that the service received as a result of the expenditure net of any capital grants received.

	Balance at 1/4/14	Expend	Transfer in Year	Amount Financed or Written Off	Balance at 31/03/15	Expend	Transfer in Year	Amount Financed or Written Off	Balance at 31/3/16
Description	£000	£000	£000	£000	£000	£000	£000	£000	£000
Affordable housing	0	27		(27)	0	25		(25)	0
Private Sector Housing Grants & DFG's	0	476		(476)	0	281		(281)	0
Other REFCUS	0	33		(33)	0			0	0
Total	0	536	0	(536)	0	306	0	(306)	0

Capital grants received to finance these projects amounted to £306k (2014/15 £287k).

25 Summary of Capital Expenditure and Financing

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

2014/15 £000		2015/16 £000
50,020	Opening Capital Financing Requirement	53,320
	Capital investment	
11,541	Property, Plant and Equipment	4,533
23	Intangible assets	0
536	Revenue Expenditure Funded from Capital under Statute	306
	Sources of Finance	
(535)	- Capital receipts applied	(568)
(2,496)	Use of Major Repairs Allowance to finance HRA new capital expenditure	(2,390)
(2,123)	- Government grants and contributions	(453)
	Sums set aside from revenue:	
(2,437)	Direct revenue contributions	(1,425)
(1,209)	Statutory provision for the financing of capital investment	(1,363)
53,320	Closing Capital Financing Requirement	51,960
	Explanation of movements in year	
(3,300)	Increase in underlying need to borrowing (unsupported by government financial assistance)	(1,360)
(3,300)	(Decrease)/Increase in Capital Financing Requirement	(1,360)

Notes to the Accounts

26 Heritage Assets

The Authority's accounting policies for recognition and measurement of heritage assets are set out in the Authority's summary of accounting policies (See note 4.15 page xlv).

Art Collection Movements

2014/15		2015/16
£000		£000
	Cost or Valuation	
475	At 1 April 2015	491
	Additions	
10	Additions (Donated assets)	0
	Disposals	0
6	Revaluation increases/(decreases) recognised in the Revaluation reserve	0
0	Revaluation increases/(decreases) recognised in the Surplus/Deficit on the	0
491	At 31 March 2016	491

Heritage Assets: Summary of Transactions

	2011/12	2012/13	2013/14	2014/15	2015/16
	£000	£000	£000	£000	£000
Value of Heritage Assets Acquired by Donation					
Art Collection	925	925	475	491	491
Carrying Value of assets at 31 March	925	925	475	491	491

Art Collection

The Authorities art collection includes paintings (oil on canvas, oil on board), statues and busts and some furniture, most of which are contained within the Town Hall at Tiverton. The assets which were donated in years past have been valued for insurance purposes by Chilcotts professional Fine Art Valuers and Auctioneers at 31 March 2012.

The collection is relatively static and acquisitions and donations are rare. Purchases would be initially recognised at cost and donations recognised at valuations provided by the external valuers, with reference to the most relevant and recent information from sales at auctions and other commercial markets.

Notes to the Accounts

26 Heritage Assets

Civic Regalia

The civic regalia was valued by G W Pack Jewellers for the sum of £23.2k on 23 May 2013.

Heritage Assets of Particular Importance

The most significant items identified in the collection are as follows:

An oil painting on canvas of George III by Sir Joshua Reynolds, (British, 1723 - 1792)

A full length portrait in ornate giltwood and plaster frame.

2014/15 £000	2015/16 £000
250	250

Preservation and Management

The Council's Property Management Team are responsible for the ongoing maintenance and security of these assets.

27 Intangible Assets

The Authority accounts for its software 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 carrying amount of intangible assets is amortised in full in the first year. The amortisation of £25k charged to revenue in 2015/16 was charged to the following service headings:

	2014/15 £000	2015/16 £000
IT Software Support & Maintenance	118	25
Total	118	25

Movements in Balances

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

	2014/15 Other Assets £000	2015/16 Other Assets £000
Balance at start of year:		
- Gross carrying amounts	271	389
- Accumulated amortisation	(271)	(389)
Net carrying amount at start of year	0	0
Additions		
- Internal development		
- Purchases	23	0
Reclassification	95	25
Derecognition - Disposals		
Amortisation charge for the period	(118)	(25)
Net carrying amount at the end of year	0	0

Notes to the Accounts

27 Intangible Assets

Comprising:	2014/15 £000	2015/16 £000
Gross carrying amounts	389	414
Accumulated amortisation	(389)	(414)
	0	0

Amortisation of intangible assets has been charged to the following services in the Comprehensive income and expenditure account:

	2014/15 £000	2015/16 £000
Central Services - IT Software Support and Maintenance	(118)	(25)
Total	(118)	(25)

28 Commitments under Capital Contracts

	2014/15 £000	2015/16 £000
Various MRA works	1,240	1,200
St Andrews Street Council House building project	1,324	0
Palmerston Park & Birchen Lane Council House Building Project	0	4,006
	2,564	5,206

Notes to the Accounts

29 Non Current Asset Valuation

The Council instructed the District Valuer to complete a full property valuation exercise for 1/5 of its freehold properties and a review of all other freehold properties. Where applicable property assets are therefore included in the 2015/16 accounts at their 31/3/16 valuation. The District Valuer has made his valuation in accordance with the Statements of Asset Valuation Practice and Guidance Notes of the Royal Institution of Chartered Surveyors.

Andrew Doak, a Senior Surveyor, with the District Valuer's Office, and MRICS FAAV qualified, undertook a valuation exercise to reassess the value of the housing stock as at 31 March 2016. These revised values have been incorporated into the Council's balance sheet. This valuation was undertaken based on a beacon basis, where a standard valuation was applied across the Council's housing stock against similar groups of property. The adjustment factor of 31% to adjust the value of Council House values to EUV - SH has been used as the discount factor for 2015/16.

Properties regarded by the Council as operational were valued on the basis of open market value for the existing use or, where this could not be assessed because there was no market for the subject asset, the depreciated replacement cost. Properties regarded by the Council as non-operational have been valued on the basis of open market value. The District Valuer has undertaken a comprehensive impairment review of the Council's assets as at the 31 March 2016.

30 Short-Term and Long-Term Borrowing

As at the 31/3/16 the Council had 5 long term loans outstanding from the Public Works Loan Board (PWLb) comprising:

- 1 - £41.22m to fund the Housing Revenue Account stock purchase - 25 year loan @ 2.94% maturing 28/3/37
- 2 - £175k to fund new gym equipment and 2 refuse vehicles - 5 year loan @ 1.32% maturing 28/3/18
- 3 - £74k to fund a new street sweeper - 7 year loan @ 2.18% maturing 11/3/21
- 4 - £134k to fund a recycling baler - 10 year loan @ 2.68% maturing 25/3/24
- 5 - £4,053k to fund the purchase of properties at Market Walk Tiverton and 32-34 Fore Street Tiverton - 25 year loan @ 2.61% maturing 27/3/40

The overall maturity profile for these loans is shown in the table below:-

Lender	Maturity Date	Balance at	Balance at
		31/03/2015 £000	31/03/2016 £000
Public Works Loan Board	< 1 year	1,637	1,683
	2 - 5 years	6,845	6,954
	Over 5 years	38,811	37,019
Total loan value outstanding		47,293	45,656

Notes to the Accounts

31 Trusts for which the Council is the Sole Trustee

Mid Devon is the sole trustee for the Peoples Park and Recreation Grounds charity. The purpose of the Trust is to provide recreational open space for the people of Tiverton. The net assets of the trust were £250k at 31 March 2016 and comprised land and buildings.

32 Financial Instruments

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

2015/16	Financial Liabilities		Financial Assets			Total
	Liabilities measured at amortised cost	Finance lease assets	Loans and receivables	Financial assets carried at contract amounts	Available - for-sale assets	
	£000	£000	£000		£000	£000
Interest payable	1,304				0	1,304
Interest payable on finance leases		32				32
Interest payable and similar charges	1,304	32	0	0	0	1,336
Interest income	0		(148)		(66)	(214)
Interest and investment income	0	0	(148)	0	(66)	(214)
Impairment charge	0	0	0		110	110
Net (gain)/loss for the year	1,304	32	(148)	0	44	1,232

2014/15	Financial Liabilities		Financial Assets			Total
	Liabilities measured at amortised cost	Finance lease assets	Loans and receivables	Financial assets carried at contract amounts	Available - for-sale assets	
	£000	£000	£000		£000	£000
Interest payable	1,336					1,336
Interest payable on finance leases		38				38
Impairment losses						0
Interest payable and similar charges	1,336	38	0	0	0	1,374
Interest income						
Interest and investment income	0	0	(173)			(173)
Interest and investment income	0	0	(173)	0	0	(173)
Impairment charge	0	0	0		0	0
Net (gain)/loss for the year	1,336	38	(173)	0	0	1,201

Fair Value of Assets and Liabilities Carried at Amortised Cost

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

- an estimated interest rate of 0.74% for loans receivable (this percentage is based on an average rate of interest on all fixed term deposits outstanding)
- where an instrument will mature in the next 12 months, the carrying amount is assumed to approximate the fair value. The Authority only deals in these kind of instruments.
- the fair value of trade and other receivables is taken to be the invoiced or billed amount less any bad debt provision.

Notes to the Accounts

The fair values calculated are as follows:

	31/03/2015		31/03/2016	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial Assets	£000	£000	£000	£000
Long term investments	500	500	0	0
Short term investment	9,500	9,500	13,500	13,500
Cash and cash equivalents	5,349	5,349	8,777	8,777
Loans and trade receivables	470	470	322	322
Total	15,819	15,819	22,599	22,599
Financial Liabilities				
Long term borrowing	(47,293)	(53,756)	(45,656)	(52,558)
Finance leases	(681)	(681)	(570)	(570)
Trade payables	(637)	(637)	(694)	(694)
Total	(48,611)	(55,074)	(46,920)	(53,822)

Disclosure of Nature and Extent of Risks Arising from Financial Instruments

- liquidity risk - 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 and stock market movements.

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. A treasury management strategy is formally approved annually by the Executive. This identifies all treasury risks and forms the basis of the day to day operating guidance applied by the Treasury Accountant when making decisions on placing any surplus funds (i.e. to whom, for how long, for how much, etc.). This treasury strategy can be found on the Council's website.

Credit Risk

Credit risk arises from deposits with banks and building societies as well as credit exposure to the Council's customers. The treasury policy has evolved to the present where the use of the main UK Banks and Building Societies (with a FITCH rating of F1 or higher) up to a maximum deposit value of £5m with any one institution. Once again this evidences our prudent approach to lending of surplus funds. The Council has continued to apply this lending strategy during the whole of 2015/16.

Fair Value Disclosure of PWLB Loans

The fair value of Public Works Loan Board (PWLB) loans of £52,558k measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date (Level 2 fair value hierarchy input). The difference between the carrying amount and the fair value measures the reduced interest that the authority will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates.

Notes to the Accounts

However, the authority has a continuing ability to borrow at concessionary rates for the PWLB rather than from the markets. A supplementary measure of the reduced interest that the authority will pay as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates available from the PWLB. If a value is calculated on this basis, the carrying amount of £45,656k would be valued at £52,558k. If the authority were to seek to avoid the projected loss/realise the projected gain by repaying the loans to the PWLB, the PWLB would raise a penalty charge for early redemption in addition to charging a premium for the additional interest that will not now be paid. The exit price for the PWLB loans including the penalty charge would be £52,546k.

Income, Expense, Gains and Losses

Financial Assets: Available for Sale (CCLA LAMIT Property Fund)

	31/03/2015 £000			31/03/2016 £000
Interest income	0			(66)
Total income in Surplus or Deficit on the Provision of Services	0			(66)
Losses on revaluation	0			110
Surplus/Deficit arising on revaluation of financial assets in other Comprehensive Income and Expenditure	0			110
Net Gain/Loss for the year	0			44

33 Long Term Investments

	31/03/2015 £000			31/03/2016 £000
	500	Lloyds Bank		0

	Term		Fixed Interest	31/03/2015 £000	31/03/2016 £000
Bank/Building Society	From	To	Rate %		
Barclays	06/02/2015	08/02/2016	0.38%	500	0
Total				500	0

Notes to the Accounts

34 Long Term Debtors (amounts due in more than 12 months)

31/03/2015 £000		31/03/2016 £000
158	Other entities and individuals	158
158	Total	158

35 Short Term Investments

31/03/2015 £000		31/03/2016 £000
9,500		13,500

	Term		Fixed Interest	31/03/2015	31/03/2016
Bank/Building Society	From	To	Rate %	£000	£000
Sumitomo	10/03/2016	10/06/2016	0.58%		1,000
Sumitomo	15/03/2016	15/06/2016	0.58%		1,500
Nationwide	04/01/2016	21/04/2016	0.53%		2,500
Sumitomo	22/01/2016	27/05/2016	0.62%		1,000
Barclays	19/01/2016	04/07/2016	0.66%		1,500
Lloyds	17/03/2016	19/09/2016	0.80%		500
Lloyds	17/09/2015	16/09/2016	1.05%		1,000
Lloyds	01/10/2015	30/09/2016	1.05%		500
Santander	01/10/2015	30/09/2016	1.00%		1,000
Lloyds	15/10/2015	14/10/2016	1.05%		1,000
Lloyds	03/11/2015	02/11/2016	1.05%		500
Lloyds	15/02/2016	14/02/2017	1.05%		500
Lloyds	01/03/2016	01/03/2017	1.05%		1,000
	Total			0	13,500

36 Inventories

	31/03/2015 £000	31/03/2016 £000
Raw materials	184	195

37 Short Term Debtors (amounts due in less than 12 months)

31/03/2015 £000		31/03/2016 £000
1,051	Central government bodies	460
148	Other local authorities	201
8	NHS bodies	0
0	Public corporations and trading funds	0
3,165	Other entities and individuals	2,800
(1,032)	Less: bad debt provisions	(865)
3,340	Total	2,596

Notes to the Accounts

38 Cash and Cash Equivalents

31/03/2015 £000		31/03/2016 £000
3	Cash held by the Authority	3
4,846	Bank current accounts	4,884
500	Short-term deposits with financial institutions	1,500
0	CCLA LAMIT Property Fund	2,390
5,349		8,777

In August 2015 the Council made a £2.5m investment into the CCLA Local Authorities' Mutual Investment Trust Commercial Property Fund and purchased 828,610 units in the fund. During 2015/16 the income received amounted to £66k, a 4.5% return for the 7 months. The carrying value of the investment in the Balance Sheet is based upon the fair value. The fair value at 31 March 2016 amounted to £2,390k (828,610 x £2.8836, the level one fair value hierarchy input quoted bid price at 31 March 2016). The Council has treated any investment holding with a duration of less than 3 months when placed as a cash equivalent.

39 Short Term Creditors (amounts due in less than 12 months)

31/03/2015 £000		31/03/2016 £000
(694)	Central government bodies	(1,421)
(291)	Other local authorities	(992)
(8)	NHS bodies	0
0	Public corporations and trading funds	0
(2,782)	Other entities and individuals	(2,984)
(3,775)	Total	(5,397)

40 Long Term Creditors (amounts due in more than 12 months)

31/03/2015 £000		31/03/2016 £000
(45,774)	Central government bodies	(43,973)
	Other local authorities	
	NHS bodies	
	Public corporations and trading funds	
(607)	Other entities and individuals	(641)
(46,381)		(44,614)
(50,628)	Other Long Term Liabilities	(47,032)
	Capital Grants Receipts in Advance (Note 57)	(807)
(97,009)	Total	(92,453)

41 Provisions

31/03/2015 £000		31/03/2016 £000
(82)	Local land charges provision	(41)

Notes to the Accounts

The land charges case has now been resolved and payment of the principal of £59k has been made. A new provision of £41k has now been made for the outstanding costs associated with the case.

42 Usable Reserves

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

43 Unusable Reserves

31/03/2015 £000		31/03/2016 £000
(10,418)	Revaluation reserve (note 44)	(11,466)
(107,071)	Capital Adjustment Account (note 45)	(106,185)
(40)	Deferred Capital Receipts Reserve (note 46)	(39)
50,628	Pensions Reserve (note 47)	47,032
(77)	Collection Fund Adjustment Account (note 48)	703
120	Accumulating Compensated Absences Adjustment Account (note 49)	168
(66,858)	Total Unusable Reserves	(69,787)

44 Revaluation Reserve

The revaluation reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment. 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 Capital Adjustment Account.

31/03/2015 £000		31/03/2016 £000
(10,692)	At 1 April 2015	(10,418)
(1,086)	Upward revaluation of assets	(2,041)
1,166	Downward revaluation of assets and impairment losses not posted to the Surplus on the Provision of Services	701
(10,612)	Surplus or deficit on revaluation of non-current assets not posted to the Surplus on the Provision of Services	(11,758)
	Accumulated gains on assets sold	20
194	Difference between fair value depreciation and historical cost depreciation	272
(10,418)	At 31 March 2016	(11,466)

Notes to the Accounts

45 Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from 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 the 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 or enhancement.

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

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

31/03/2015 £000		31/03/2016 £000
(99,695)	At 1 April 2015	(107,071)
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement	
3,518	Charges for Depreciation and impairment of non current assets	3,832
(2,931)	Revaluation losses on Property, Plant and Equipment	2,385
118	Amortisation of intangible assets	25
536	Revenue expenditure funded from capital under statute	306
386	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	809
(98,068)		(99,714)
(194)	Adjusting amounts written out of the Revaluation Reserve	(272)
(98,262)	Net written out amount of the cost of non current assets consumed in the year	(99,986)
	Capital financing applied in the year:	
(535)	Use of the Capital Receipts Reserve to finance new capital expenditure	(568)
(2,496)	Use of the Major Repairs Reserve to finance new capital expenditure	(2,390)
	Capital grants and contributions credited to Comprehensive Income and Expenditure Statement that have been applied to capital financing	0
(9)	Donated assets funding	0
(2,123)	Application of grants to capital financing from the Capital Grants Unapplied Account	(453)
(1,209)	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(1,363)
(2,437)	Capital expenditure charged against the General Fund and HRA balances	(1,425)
(107,071)	At 31 March 2016	(106,185)

Notes to the Accounts

46 Deferred Capital Receipts Reserve

31/03/2015		31/03/2016
£000		£000
(40)	At 1 April 2015	(40)
0	Transfer to the Capital Receipts Reserve upon receipt of cash	1
(40)	At 31 March 2016	(39)

This deferred capital receipts reserve relates to the rent to mortgage scheme that operated some time ago. Under the scheme home owners were helped with the provision of a mortgage which was secured on the property by way of a legal charge registered at the Land Registry. In the future when the property is sold Mid Devon will receive the balance outstanding, although part of the proceeds will be payable to the Department of Communities and Local Government under the Pooling legislation.

47 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 the 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.

31/03/2015 Original £000	31/03/2015 As Restated £000		31/03/2016 £000
40,305	40,305	At 1 April 2015	50,628
11,664	8,672	Remeasurement of net defined liability. (Please see note 22 in respect of the prior year restatement)	(5,795)
815	3,807	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	4,494
(2,156)	(2,156)	Employer's pension contributions and direct payments to pensioners payable in the year	(2,295)
50,628	50,628	At 31 March 2016	47,032

Notes to the Accounts

48 Collection Fund Adjustment Account - Council Tax

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

31/03/2015 £000		31/03/2016 £000
(99)	At 1 April 2015	(33)
66	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	25
(33)	At 31 March 2016	(8)

The (£8k) represents MDDC's share (13.71%) of the overall Collection Fund Surplus of (£60k) at 31/03/16 (£33k 31/03/15) (see page 66).

The NNDR Adjustment Account manages the differences arising from the recognition of the NNDR income in the Comprehensive Income and expenditure Statement as it falls due from NNDR payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection fund

31/03/2015 £000		31/03/2016 £000
67	At 1 April 2015	(44)
(111)	Amount by which NNDR income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	755
(44)	At 31 March 2016	711

This balance is made up of £741k ((£44k) at 31/03/15) which represents MDDC's share (40%) of the overall NNDR Deficit of £1,852k (see page 67) and (£30k) which represents additional income from renewable energy schemes making the total of £711k.

Notes to the Accounts

49 Accumulating Compensating Absences Adjustment Account

31/03/2015 £000		31/03/2016 £000
122	At 1 April 2015	120
(122)	Settlement or cancellation of accrual made at the end of the preceding year	(120)
(2)	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable on the year in accordance with statutory requirements.	0
120	Amounts accrued at the end of the current year	168
120	At 31 March 2016	168

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

Notes to the Accounts

Notes to support cashflow statement

50 Cash Movements

31/03/2015 Original £000	31/03/2015 As Restated £000		31/03/2016 £000
3,518	3,518	Depreciation	3,832
118	118	Amortisation	25
(3,054)	(3,054)	Impairment	2,387
87	87	Bad debts written off	54
611	611	(Decrease)/increase in creditors	2,456
(800)	(800)	Decrease /(increase) in debtors	744
15	15	(Increase)/decrease in inventories	(11)
386	386	Carrying amount of non-current assets sold	829
(1,341)	1,651	Pension liability reversal (Please see note 22)	2,199
-	-	Deficit on revaluation of available for sale financial assets	110
95	95	Other adjustments	(204)
(365)	2,627		12,421

51 Cash Flow - Adjustment for items in the net surplus or deficit on the provision of services that are investing or financing activities

31/03/2015 £000			31/03/2016 £000
(2,191)		Other receipts from financing activities	(741)
536		REFCUS adjustment	306
(669)		Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(1,285)
1,374		Interest paid	1,336
(173)		Interest received	(170)
		Difference between preceptors share and amount of NNDR paid to them	
(1,123)			(554)

Notes to the Accounts

Notes to support cashflow statement

52 Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

31/03/2015 £000		31/03/2016 £000
(173)	Interest received	(170)
1,374	Interest paid	1,336
1,201		1,166

53 Cash Flow Statement - Investing Activities

31/03/2015 £000		31/03/2016 £000
(11,554)	Purchase of property, plant and equipment, investment property and intangible assets	(4,533)
(536)	Other cash payments (REFCUS)	(306)
669	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	1,285
2,191	Capital grants received	741
0	Sale of long-term investments	500
(2,986)	Purchase of temporary investments	(4,000)
4,497	Other investing activities	-
173	Interest received	170
(1,374)	Interest paid	(1,336)
(8,920)	Net cash flows from investing activities	(7,479)

54 Cash Flow Statement - Financing Activities

31/03/2015 £000		31/03/2016 £000
(221)	Cash payments for the reduction of the outstanding liabilities relating to finance leases	(111)
(1,474)	PWLB debt repayment	(1,637)
(1,695)	Net cash flows from financing activities	(1,748)

Notes to the Accounts

55 Amounts Reported for Resource Allocation Decisions

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

- 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

The income and expenditure of the Authority's principal services for the year is as follows:

Service Income and Expenditure

2014/15				2015/16		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000		£000	£000	£000
560	(168)	392	Community Development	569	(154)	415
1,183	-	1,183	Corporate Management	1,208	-	1,208
455	(677)	(222)	Car Parks	531	(717)	(186)
(2)	(2)	(4)	Customer Services	173	(1)	172
1,760	(412)	1,348	Environmental Services	1,852	(421)	1,431
-	-	-	Finance And Performance	40	(6)	34
67	(75)	(8)	Grounds Maintenance	91	(38)	53
406	(146)	260	General Fund Housing	326	(95)	231
83	(2)	81	Human Resources	46	(1)	45
6	(28)	(22)	I.T. Services	60	(45)	15
1,099	(220)	879	Legal & Democratic Services	1,299	(241)	1,058
2,582	(1,735)	847	Planning And Regeneration	2,445	(1,348)	1,097
595	(204)	391	Property Services	688	(774)	(86)
20,317	(19,795)	522	Revenues And Benefits	20,101	(19,543)	558
3,244	(2,354)	890	Recreation And Sport	3,509	(2,383)	1,126
3,993	(1,380)	2,613	Waste Services	4,307	(1,892)	2,415
14,936	(15,028)	(92)	HRA	11,540	(14,546)	(3,006)
51,284	(42,226)	9,058		48,785	(42,205)	6,580

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

2014/15 £000		2015/16 £000
9,058	Net expenditure in the service Analysis	6,580
0	Net expenditure of services and support services not included in the Analysis	-
(7,945)	Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis	828
0	Amounts included in the analysis not included in the Comprehensive Income and Expenditure Statement	-
1,113	Cost of services in Comprehensive Income and Expenditure account	7,408

Notes to the Accounts

56 Reconciliation to Subjective Analysis

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

2015/16	Service Analysis	Support Services not in Analysis	Amounts not reported for management decision making	Amounts not included in the I and E	Allocation of recharges	Cost of services	Corporate Amounts	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Fees and charges	(21,991)		(111)			(22,102)		(22,102)
Interest and investment income							(214)	(214)
Income from Council Tax							(6,126)	(6,126)
Government grants and contributions	(20,214)		0			(20,214)	(5,937)	(26,151)
Total Income	(42,205)	0	(111)	0	0	(42,316)	(12,277)	(54,593)
Employees	14,503		545			15,048		15,048
Other expenses	33,114		91			33,205	1,655	34,860
Support Services			0			0		0
Depreciation, amortisation & impairment	1,168		303			1,471	110	1,581
Interest payments							1,336	1,336
Payments to Housing Pool							235	235
Parish Council Precepts							1,201	1,201
Loss on disposal of assets							(456)	(456)
Total Expenditure	48,785	0	939	0	0	49,724	4,081	53,805
Surplus deficit on the provision of services	6,580	0	828	0	0	7,408	(8,196)	(788)

Mid Devon District Council Financial Statements 2015-16

Notes to the Accounts

56 Reconciliation to Subjective Analysis continued

2014/15	Service Analysis	Support Services not in Analysis	Amounts not reported to management for decision making	Amounts not included in the I and E	Allocation of recharges	Cost of services	Corporate Amounts Original	Corporate Amounts As Restated	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Fees and charges									
Interest and investment income	(20,131)		(1,068)			(21,199)			(21,199)
Income from Council Tax							(173)	(173)	(173)
Government grants and contributions	(22,095)		1,633			(20,462)	(5,946)	(5,946)	(5,946)
							(7,876)	(7,876)	(28,338)
Total Income	(42,226)	-	565	0	0	(41,661)	(13,995)	(13,995)	(55,656)
Employees	13,503		(101)			13,402			13,402
Other expenses	37,781		(9,115)			28,666	(1,238)	1,754	30,420
Support Services			0			0			0
Depreciation, amortisation & impairment			706			706			706
Interest payments							1,374	1,374	1,374
Payments to Housing Pool							206	206	206
Parish Council Precepts							1,119	1,119	1,119
Loss on disposal of assets							(283)	(283)	(283)
Total Expenditure	51,284	-	(8,510)	0	0	42,774	1,178	4,170	46,944
Surplus deficit on the provision of services	9,058	-	(7,945)	0	0	1,113	(12,817)	(9,825)	(8,712)

Notes to the Accounts

57 Grant Income

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

Credited to Taxation and Non Specific Grant Income

2014/15 £000		2015/16 £000
(5,946)	Council Tax	(6,126)
(2,289)	Non Domestic Rates	(2,034)
(2,271)	Revenue Support Grant	(1,705)
(54)	Council Tax Freeze Grant	(54)
(1,281)	New Homes Bonus	(1,619)
(1,530)	Homes and Communities Agency	(200)
(451)	Other	(325)
(13,822)	Total	(12,063)

Credited to Services

2014/15 £000		2015/16 £000
(18,890)	Housing Benefit Subsidy	(18,672)
(300)	Section 106s	(266)
(56)	Homelessness	0
(391)	Housing Benefit Admin Grant + Additional Grant	(346)
(106)	Business Rates - Cost of Collection Grant	(108)
(682)	Others	(707)
(20,425)	Total	(20,099)

The Authority has received a number of grants, contributions and donations that cannot be recognised as income as there are conditions attached to them that will require the monies or property to be returned to the donor. The balances at the year-end are as follows:

Capital Grants Receipts in Advance due in less than one year

2014/15 £000	2015/16 £000
0	0

Capital Grants Receipts in Advance due in more than one year

2014/15 £000	2015/16 £000
0	(807)

Revenue Grants Receipts in Advance due in less than one year

2014/15 £000	2015/16 £000
0	0

Notes to the Accounts

Revenue Grants Receipts in Advance due in more than one year

2014/15 £000	2015/16 £000
0	0

58 Contingent Liabilities

There are no contingent liabilities at 31 March 2016.

59 Leases

Authority as Lessee

The Council has acquired a number of vehicles and items of equipment under finance leases. The assets acquired under these leases are carried as Property Plant and Equipment in the Balance sheet at the net amounts below.

2014/15 £000	2015/16 £000
681	570

Vehicles, Plant and Equipment

Notes to the Accounts

59 Leases continued

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:

Finance lease liabilities (net present value of minimum lease payments):

2014/15 £000		2015/16 £000
(111)	- current	(89)
(570)	- non current	(481)
0	Finance costs payable in future years	0
(681)	Minimum lease payments	(570)

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

Minimum Lease Payments

2014/15 £000		2015/16 £000
111	Not later than one year	89
323	Later than one year and not later than five years	284
247	Later than five years	197
681		570

Finance Lease Liabilities

2014/15 £000		2015/16 £000
111	Not later than one year	89
323	Later than one year and not later than five years	284
247	Later than five years	197
681		570

Notes to the Accounts

59 Leases continued - Operating

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

2014/15 £000		2015/16 £000
48	Not later than one year	119
47	Later than one year and not later than five years	441
1	Later than five years	551
96		1,111

Minimum Lease Payments incurred during the year

2014/15 £000		2015/16 £000
38	Operating Leases for vehicles, equipment, land and buildings	66
70	Hire payments for vehicles, plant and equipment	112
108		178

Authority as Lessor

Finance Leases

The Authority has no material finance leases as a lessor.

Operating Leases

The Authority leases out land and buildings under operating leases for the following purposes:

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

2014/15 £000		2015/16 £000
590	Not later than one year	571
1,249	Later than one year and not later than five years	1,025
690	Later than five years	672
2,529		2,268

Notes to the Accounts

59 Leases continued

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. For HRA income from Council Dwellings and Garage rents please see page 55.

60 Impairment Losses and Reversals

Where property valuations fall, if there is no revaluation reserve, the fall in value is charged to the relevant service in the Comprehensive Income and Expenditure Statement. This is then reversed out in the Adjustments between Accounting Basis and Funding Basis under Regulations so that the Council taxpayer is not charged. Where property prices subsequently rise in later years then the Comprehensive Income and Expenditure Statement can only be credited to the sum of the maximum charged to the Comprehensive Income and Expenditure Statement in earlier years, with any excess then being credited to the revaluation reserve.

The following amounts have been charged or credited (negative figures represent impairments following a decrease in value) to the Comprehensive Income and Expenditure Statement following the revaluation of certain properties. See note 29 for further details of the non current asset valuation.

2014/15		2015/16
£000		£000
1,944	Council Dwellings	(2,152)
1,110	Other Land & Buildings	(233)
3,054		(2,385)

The net £2,385k impairment (decrease in value) across a number of Council property assets (shops, toilets etc.) has primarily arisen as a result of improvements to Council houses not increasing their market values.

61 Non-Adjusting Post Balance Sheet Events

With the vote to leave the EU confirmed on 24 June 2016, global stock markets have, as expected, responded with some significant fluctuations. Whilst these fluctuations are expected to ease in the coming weeks, the Council will need to consider the impact of these events on its financial statements at the time of their approval. As we hold a CCLA commercial property fund investment in the financial statements at valuation, these events may have an impact. It is unclear as to the extent this will affect the Council given its current volatility, however the value reported may be significantly lower than the position reported at 31 March 2016. This matter is a non-adjusting post balance sheet event.

Housing Revenue Account (HRA) Income and Expenditure Statement

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

2014/15		Note	2015/16	
£'000			£'000	£'000
	Expenditure			
2,679	Repairs and Maintenance		2,417	
3,008	Supervision and Management		2,985	
67	Depreciation and impairment of non-current assets	75	4,310	
(11)	Increase/(Decrease) in bad debt provision		(3)	
5,743	Total Expenditure			9,709
	Income			
(12,422)	Dwelling rents	74	(12,780)	
(531)	Non-dwelling rents		(550)	
(778)	Charges for services and facilities		(550)	
(13,731)	Total Income			(13,880)
(7,988)	Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement			(4,171)
184	HRA services share of Corporate and Democratic Core			146
196	HRA share of other amounts included in the whole Authority Net Cost of Services but not allocated to specific services			223
(7,608)	Net Cost / (Income) of HRA Services			(3,802)
(273)	(Gain) on sale of HRA fixed assets			(450)
	Other operating income			
1,330	Interest payable and similar charges	76		1,301
(48)	Interest and investment income			(42)
(1,634)	Capital grants and contributions receivable			(97)
(8,233)	(Surplus) for the year on HRA Services			(3,090)

Movement on the HRA Statement

This Account shows in more detail the income and expenditure on HRA services included in the whole authority Income and Expenditure Account (comprising as well as the amounts included in the whole authority Net Cost of Services for the HRA, the HRA's share of amounts included in the whole authority Net Service Cost but not allocated to individual services and the HRA's share of operating income and expenditure such as Pension Interest Costs and Expected Return on Pension Assets).

2014/15 £'000		Note	2015/16	
			£'000	£'000
(2,004)	Balance on the HRA at the end of the previous year			(2,000)
(8,233)	Deficit / (Surplus) for the year on the HRA Income and Expenditure Statement		(3,090)	
6,120	Adjustments between accounting basis and funding basis under statute	62	84	
(2,113)	Net (increase) or decrease before transfers to or from reserves		(3,006)	
2,117	Transfers (to) or from reserves		3,006	
4	(Increase) or decrease in year on the HRA			0
(2,000)	Balance on the HRA at the end of the current year			(2,000)

Notes to the Accounts

62 Adjustments between Accounting Basis and Funding Basis under Regulations

This section shows the statutory adjustments we have to make to arrive at the final charge for Council Housing.

2015/16	Usable Reserves					Movement in Unusable Reserves
	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	
	£000	£000	£000	£000	£000	£000
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u>						
<u>Adjustments involving the Capital Adjustment Account:</u>						
Charges for depreciation and impairment of non current assets	(2,153)					2,153
Revaluation losses on Property, Plant and Equipment	(2,157)					2,157
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	(809)					809
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>						
Statutory provision for the financing of capital investment	993					(993)
Capital expenditure charged against the General Fund and HRA balances	590					(590)
<u>Adjustments primarily involving the Capital Grants Unapplied Account</u>						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	97			(97)		
Application of grants to capital financing transferred to the Capital Adjustment account						
<u>Adjustments involving the Capital Receipts Reserve:</u>						
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	1,259	(1,259)				
Transfer of capital mortgage repayments to Capital Receipts Reserve						
Use of the Capital Receipts Reserve to finance new capital expenditure						
Contribution from the Capital Receipts Reserve towards administrative costs of non current asset disposals	(25)	25				
Balance carried forward	(2,205)	(1,234)	0	(97)	0	3,536

Notes to the Accounts

62 Adjustments between Accounting Basis and Funding Basis under Regulations

This section shows the statutory adjustments we have to make to arrive at the final charge for Council Housing.						
2015/16	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Movement in Unusable Reserves
	£000	£000	£000	£000	£000	£000
Balance brought forward	(2,205)	(1,234)	0	(97)	0	3,536
<u>Adjustment involving the Major Repairs Reserve:</u>						
Reversal of Major Repairs Allowance credited to the HRA	2,390		(2,390)			
<u>Adjustments involving the Financial Instruments Adjustment Account:</u>						
<u>Adjustment involving the Pensions Reserve:</u>						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(88)					88
<u>Adjustment involving the Accumulated Absences Account:</u>						
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	(13)					13
Total Adjustments	84	(1,234)	(2,390)	(97)	0	3,637

Notes to the Accounts

61 Adjustments between Accounting Basis and Funding Basis under Regulations

This section shows the statutory adjustments we have to make to arrive at the final charge for Council Housing.

2014/15	Usable Reserves					Movement in Unusable Reserves
	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	
	£000	£000	£000	£000	£000	£000
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u>						
<u>Adjustments involving the Capital Adjustment Account:</u>						
Charges for depreciation and impairment of non current assets	(2,165)					2,165
Revaluation losses on Property, Plant and Equipment	1,944					(1,944)
Amortisation of intangible assets						
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	(386)					386
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>						
Statutory provision for the financing of capital investment	947					(947)
Capital expenditure charged against the General Fund and HRA balances	984					(984)
<u>Adjustments primarily involving the Capital Grants Unapplied Account</u>						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	1,634			(1,634)		
Application of grants to capital financing transferred to the Capital Adjustment account						
Balance carried forward	2,958	0	0	(1,634)	0	(1,324)

Notes to the Accounts

61 Adjustments between Accounting Basis and Funding Basis under Regulations

This section shows the statutory adjustments we have to make to arrive at the final charge for Council Housing.

2014/15	Usable Reserves					Movement in Unusable Reserves
	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	
	£000	£000	£000	£000	£000	£000
Balance brought forward	2,958	0	0	(1,634)	0	(1,324)
<u>Adjustments involving the Capital Receipts Reserve:</u>						
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	659	(659)				
Contribution from the Capital Receipts Reserve towards administrative costs of non current asset disposals	(13)	13				
Transfer of deferred sale proceeds as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement						
<u>Adjustments involving the Deferred Capital Receipts Reserve:</u>						
Transfer of deferred sale proceeds as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement						
<u>Adjustment involving the Major Repairs Reserve:</u>						
Reversal of Major Repairs Allowance credited to the HRA	2,496		(2,496)			
Use of the Major Repairs Allowance to finance new capital expenditure			2,496			(2,496)
Interest credited to the Major Repairs Allowance						
<u>Adjustment involving the Pensions Reserve:</u>						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	20					(20)
<u>Adjustment involving the Accumulated Absences Account:</u>						
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						
Total Adjustments	6,120	(646)	0	(1,634)	0	(3,840)

Notes to the Accounts

63 Housing Stock

The Housing Revenue Account owned the following property:

	Council Housing	Other Land & Buildings	Total
At 1 April 2015	3,065	1,198	4,263
Additions	16		16
Sales	(19)		(19)
Improvement changes	(2)		(2)
Disposals		(11)	(11)
Transfers			-
At 31 March 2016	3,060	1,187	4,247

The figures above include 14 newly built properties on St Andrews St, Tiverton, one property purchased, one whose use has changed from an office, 19 RTB sales and four small properties converted into two larger properties.

The Authority has previously sold 3 properties under the **Rent to Mortgage** Scheme whereby the tenants were able to purchase the property, the treatment of these is that the authority has an assigned debt when these properties are sold. Therefore a debtor exists in the Balance Sheet for **£158k** that represent MDDC's share due when these are sold. A Creditor has also been created for **£119k** to represent the Pooling Liability (at 75%) that will be due to be paid to central government when these properties are sold.

64 Number of dwellings by type

31 March 2015		31 March 2016
1,463	Houses	1,450
1,012	Bungalows	1,011
590	Flats	599
3,065	Total	3,060

65 HRA Dwelling Valuation

The vacant possession value of dwellings in the HRA is £398,348k as at the 1st April 2016, down from £399,180k in the previous year. This definition assumes that vacant possession would be provided on completion of the sale of all the dwellings. A second value of £123,488k represents the value of the property portfolio as social housing. The difference between these two figures reflects the economic costs to the sector of providing social housing at less than market rents.

Notes to the Accounts

31 March 2015 £000		31 March 2016 £000
399,180	Vacant Possession Value	398,348
123,746	Existing Use Value for Social Housing (EUV-SH)	123,488

The 31 March 2016 dwellings valuation has been calculated by the Valuation Office who have supplied the Council with beacon property values across the range of housing stock. After applying these indices the average dwelling value has remained static at £130k.

66 HRA Non-Current Asset Values

31 March 2015 £000	HRA Non-Current Asset Values	31 March 2016 £000
123,746	Dwellings	123,488
6,436	Other land and buildings	6,174
82	Vehicles, plant and equipment	33
215	Infrastructure assets	205
1,327	Assets under Construction	317
131,806		130,217

67 Capital Expenditure

2015/16 £000	Expenditure	Funding	2015/16 £000
2,846	Improvements to dwellings	Major repairs reserve	2,390
112	Construction of dwellings	Capital grants	200
748	Assets under construction	Revenue contribution	596
		Useable Capital Receipts	520
3,706			3,706

2014/15 £000	Expenditure	Funding	2014/15 £000
4,109	Improvements to dwellings	Major repairs reserve	2,496
711	Construction of dwellings	Capital grants	2,132
1,327	Assets under construction	Revenue contribution	984
		Useable Capital Receipts	535
6,147			6,147

68 Major Repairs Reserve

The authority is required to hold a Major Repairs Reserve, which ensures a sufficient element of the HRA's resources are being used on capital expenditure to maintain the standard of HRA dwellings. This account is credited with a value equal to depreciation for the year. The reserve is used to fund major upgrade works to council properties. The idea being that if an amount equal to depreciation for the year is spent on upgrading the properties, their value should be maintained at a consistent level. This reserve has been fully spent in recent years and so holds a balance of zero.

2014/15 £000		2015/16 £000
0	At 1 April 2015	0
2,496	Amount transferred from Housing Revenue Account	2,390
(2,496)	Capital expenditure incurred during the year	(2,390)
0	At 31 March 2016	0

Notes to the Accounts

69 Capital Receipts

2014/15 £000		2015/16 £000
659	Sale of council houses	1,259
0	Sale of land	0
0	Sale of council houses - discount repaid	0
0	Council house loan repayments	0
659	Total	1,259

70 Pension Liability: Current Year Costs

Each year the HRA Income and Expenditure Account is charged with an amount to reflect the true cost of pension contributions in relation to that year. Since this is not an actual cost in year, it is reversed out again in the table on page 58.

2014/15 £000		2015/16 £000
20	Net interest on the defined benefit liability	(88)

71 Arrears

At 31st March 2016 the rent arrears as a proportion of gross rent income totalled 1.2% (1.2% at 31st March 2015). Rent written off during 2015/16 amounted to £36k (£43k in 2014/15). The breakdown of the total arrears is shown below.

31 March 2015 £000		31 March 2016 £000
150	Rent (dwellings & garages)	149
10	Housing benefit overpayments	14
19	Court costs	15
43	Rechargeable Repairs	47
20	Other	17
242	Total	242

72 Bad Debt Provision

The provision for bad debt for the housing service stands at £116k as at 31 March 2016 (£119k 31 March 2015).

Notes to the Accounts

73 Rents Received in Advance

2014/15 £000		2015/16 £000
(108)	Dwellings rental income received in advance	(116)

74 Gross Rents

This represents the total rent income due for the year after allowing for voids and other adjustments. The rents set averaged at £80.65 per week based on a 52 week year (2014/15 £78.51).

75 Depreciation & Impairment of Fixed Assets

Depreciation and Amortisation

2014/15 £000	Operational Assets	2015/16 £000
1,959	Dwellings	1,959
133	Other Land and Buildings	135
9	Infrastructure	10
0	Intangible assets	0
33	Vehicles, Plant and Equipment	49
2,134	Total	2,153

Impairment

2014/15 £000	Operational Assets	2015/16 £000
(1,944)	Dwellings	2,151
(123)	Other Land and Buildings	6
(2,067)	Total	2,157

76 Interest payable and similar charges

2014/15 £000		2015/16 £000
1,269	PWLB loan interest - HRA self financing	1,244
58	Internal self financing - General Fund	56
3	Finance lease interest	1
1,330		1,301

Notes to the Accounts

77 Finance Lease Costs

Finance lease costs now appear in several places on the accounting statements. The following provides an explanation of where they appear and their corresponding values.

2014/15 £000		2015/16 £000
Housing Revenue Account Income and Expenditure Account		
3	Finance lease interest	1

31	Depreciation on finance lease assets	16
----	--------------------------------------	----

2014/15 £000		2015/16 £000
Adjustments between Accounting Basis and Funding Basis under Regulations		
(31)	Depreciation reversed	(16)

31	Capital financing of finance lease assets	16
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2014/15	Balance Sheet	2015/16
16	Asset - Plant and Equipment	0

(16)	Liability < 1 year	0
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0	Liability > 1 year	0
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78 Self Financing Settlement Payment

As part of the replacement of the HRA subsidy system in 2012, MDDC made a one-off settlement payment of £46.59m. The size of this is based on a valuation of Mid Devon's housing service over the 30 years from 2012-2042. In order to fund it, MDDC have taken on a debt from the Public Works Loan Board (PWLB) and will be required to make payments of £2.6m per annum (made up of £1.2m interest and £1.4m principal).

2014/15 £000		2015/16 £000
(43,983)	Opening Balance	(42,622)
1,361	Repaid in Year	1,402
(42,622)	Closing Balance	(41,220)

The Collection Fund Income and Expenditure Account - Council Tax

This section summarises how the money we collected through Council tax is distributed between precepting authorities.

2014/15 £000	INCOME	Notes	2015/16 £000
(43,387)	Council Tax receivable		(44,810)
(43,387)	Total Income		(44,810)
	EXPENDITURE		
	Precepts, Demands and Shares	82	
30,737	- Devon County Council		31,691
4,917	- Mid Devon District Council		4,971
4,486	- Devon and Cornwall Police		4,625
2,076	- Devon Fire and Rescue		2,140
1,021	- Parish Precepts		1,137
43,237			44,564
	Charges to Collection Fund		
71	- Write offs of uncollectable amounts		107
26	- Increase in provision for bad debts		5
97			112
	Apportionment of previous year's Surplus / (Deficit)		
377	- Devon County Council		224
74	- Mid Devon District Council		43
55	- Devon and Cornwall Police		33
25	- Devon Fire and Rescue		15
531			315
43,865	Total Expenditure		44,991
478	(Surplus) / Deficit for the year		181
(719)	Opening Balance at 1st April		(241)
(241)	Closing Balance at 31 March	48	(60)

The £60k represents the overall surplus on the Council Tax element of the Collection Fund at 31/03/16 (2014/15 £241k). Of this 13.71% is due to MDDC, which equates to £8k (2014/15 £33k see note 48 on page 43).

The Collection Fund Income and Expenditure Account - Non Domestic Rates

This section summarises how the money we collected through our share of Non Domestic Rates is distributed between precepting authorities.

2014/15			2015/16
£000	INCOME	Notes	£000
(15,128)	Business Rates receivable	80	(14,984)
(6)	Transitional Protection Payments		(120)
(15,134)	Total Income		(15,104)
	EXPENDITURE		
	Precepts, Demands and Shares		
7,242	- Central Government		7,381
1,304	- Devon County Council		1,329
5,794	- Mid Devon District Council		5,906
145	- Devon Fire and Rescue		148
14,485			14,764
	Charges to Collection Fund		
142	- Write offs of uncollectable amounts		23
13	- Increase in provision for bad debts		18
351	- Increase in provision for appeals		1,581
106	- Cost of Collection		108
68	- Disregarded Amounts - Renewable Energy Schemes		92
0	- Interest on refunds		2
680			1,824
	Apportionment of previous year's Surplus / (Deficit)		
(144)	- Central Government		206
(26)	- Devon County Council		37
(115)	- Mid Devon District Council		165
(3)	- Devon Fire and Rescue		4
(288)			412
14,877	Total Expenditure		17,000
(257)	(Surplus) / Deficit for the year		1,896
213	Opening Balance at 1st April		(44)
(44)	Closing Balance at 31 March	48	1,852

The £1,852k represents the overall Deficit on the Non-domestic rate element of the Collection Fund at 31/03/16 (2014/15 (£44k) Surplus). Of this 40% is attributable to MDDC, which equates to £741k (2014/15 (£17.6k)) see note 48 on page 43)

Notes to the Collection Fund

79 General

These accounts represent the transactions of the Collection Fund, which is a statutory fund separate from the main accounts of the Council. The accounts are, however, consolidated with the Council's balance sheet. The accounts have been prepared on the accruals basis.

80 Income from Business Rates

The Council collects non domestic rates for its area, which are based on local rateable values multiplied by a uniform rate. The total amount receivable; less certain reliefs and other deductions is distributed between Central Government, Devon County Council, Devon & Somerset Fire Authority and Mid Devon District Council. The authority is also a member of the Devon Business Rates Pool administered by Plymouth City Council which helps to minimise risk of financial loss on appeals or reductions in our overall rateable value. Mid Devon District Councils overall gross collectable business rates at 31 March 2016 is £20,223k (31 March 2015 £19,589k). This is calculated by taking the rateable value at that date of 41,019,896 multiplied by the uniform business rate of 49.3p per £. The total income detailed on the Non Domestic Rates statement takes account of the fact that circa £5,000k is awarded each year in various discretionary and mandatory reliefs.

The large increase in the provision for appeals for Business Rates of £1,581k, relates mainly to the anticipated reductions in Rateable Value of GP surgeries (£1,555k) that have not yet been determined by the Valuation Office. The anticipated loss of 65% has been based on an average of settled appeals in 15/16. Also the majority of these appeals have an effective date of 01/04/10.

81 Calculation of Council Tax Base

The council tax base is calculated by taking the number of chargeable dwellings in each valuation band (adjusted for discounts as necessary) and converted into the number of Band D equivalent properties multiplied by the council tax rate per Band D properties.

	Number of Dwellings	
	Actual	Band D
A	5,128.3	3,417.6
B	7,968.3	6,197.5
C	5,949.8	5,288.7
*D	3,123.8	3,123.8
E	4,147.3	5,068.9
F	2,190.5	3,164.1
G	890.3	1,483.8
H	51.3	102.5
Total	29,449.3	27,846.9

* LCTS scheme taken out of the band D figures

82 Precepting Authorities

2014/15 £000		2015/16 £000
30,737	Devon County Council	31,691
4,917	Mid Devon District Council	4,971
4,486	Devon and Cornwall Police	4,625
2,076	Devon Fire and Rescue	2,140
1,021	Parish Precepts	1,137
43,237	Total	44,564

GLOSSARY OF TERMS

Accounting Period

The period of time covered by the accounts, normally a period of twelve months commencing on 1 April. The end of the accounting period is the balance sheet date.

Actual

The actual, rather than budgeted, expenditure or income attributable to the accounting period. Sometimes referred to as “Actuals”.

Actuarial Gains and Losses

Changes in actuarial deficits or surpluses due to actual experience or events that have not been exactly the same as the assumptions adopted at the previous valuation, or the actuarial assumptions have changed.

Actuary

An expert on rates of death and insurance statistics who assesses whether we have enough money in our pension fund.

Accruals

Sums included in the final accounts to recognise revenue and capital income and expenditure attributable to the accounting period, but for which payment has not been received or made by 31 March.

Accumulated Compensated Absences Adjustment Account

This account represents the value of any unused holiday, time off in lieu or flexi hours which have not been taken by officers at 31 March.

Actuarial Gains and Losses

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

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

Accumulated Compensated Absences Adjustment Account

This account represents the value of any unused holiday, time off in lieu or flexi hours which have not been taken by officers as at the 31 March.

Amortisation

The writing down of an intangible fixed asset over its useful life.

Appointed Auditors

The Audit Commission appoints external auditors to every Local Authority, from one of the major firms of registered auditors.

Assets

An item having value to the Council in monetary terms, categorised as:

- **Current assets** will be consumed within the next financial year (e.g.: cash and stock).

- **Fixed assets (non current)** provide benefits over their useful life for more than one year and can be tangible (e.g. buildings) or intangible (e.g.: computer software licences).
- **Community assets** are assets that the local authority intends to hold in perpetuity, that have no determinable useful life and may have restrictions on their disposal (e.g. town squares and picnic sites).
- **Infrastructure assets** that form part of the economic or social framework of the area and whose function is not transferable (e.g.: highways, bridges and footpaths).
- **Operational assets** are fixed assets held and occupied by a local authority and used in the direct delivery of services.
- **Non Operational assets** are fixed assets held by a local authority but not directly occupied, used or consumed in the delivery of services (e.g.: buildings under construction and surplus assets).
- **Assets under Construction** details capital expenditure to date on work in progress.
- **Available for Sale** are assets actively being marketed at the Balance Sheet date.

Audit Committee

A Committee of the Council who consider financial matters and reports from Internal Audit, and approve and monitor our Financial Regulations and risk management. The Committee delegated to approve the Accounts following external Audit review.

Audit of Accounts

An independent examination of the Council's financial affairs.

Authorised Limit

This represents the legislative limit on the Council's external debt under the Local Government Act 2003.

Balances

The total revenue reserves required to provide a working balance during the financial year, for example in periods when expenditure exceeds income.

Balance Sheet

A statement of all of our assets, liabilities and balances at the end of the financial year, 31 March.

Best Value Accounting Code of Practice (BVACOP)

Details standard definitions of service and total cost which enables spending comparisons to be made with other local authorities.

Budget

The forecast of net revenue and capital expenditure over the accounting period.

Cabinet

The Cabinet comprises seven Members of the Council (including the Leader), who are responsible for making most of the essential decisions about running the Council. Each member of the Cabinet is responsible for specific service areas.

Capital Adjustment Account

This records the timing difference between the costs of fixed assets used and the capital financing set aside to pay for them.

Capital Expenditure

Expenditure on assets which have a long term value. Includes the purchase of land, purchase or cost of construction of buildings and the acquisition of plant, equipment and vehicles.

Capital Charges

This is a general term used for the notional charges made to service revenue accounts for the use of fixed assets. The term covers the following:

Depreciation, Impairment charges and Amortisation of Deferred Charges (included in gross expenditure) offset by the Amortisation of government grants deferred (included in income).

Capital Financing Costs

These are costs, such as interest, which we charge because we have spent money on non current assets.

Capital Receipts

Proceeds received from the sale of property and other fixed assets.

Carrying Amount

The Balance Sheet value recorded of either an asset or a liability.

Cash-flow Statement

This is a statement that shows the changes in our cash and bank balances during the year.

CIPFA

The Chartered Institute of Public Finance and Accountancy.

Collection Fund

A separate fund that records the income and expenditure relating to council tax and non domestic rates.

Community Assets

These are fixed assets that the Council intends to hold in perpetuity which have no determinable finite useful life and in addition, may have restrictions on their disposal. An example is a park.

Comprehensive Income and Expenditure Statement (CIES)

The account that reports the income and spending on our services.

Comprehensive Spending Review (CSR)

CSR is the public expenditure planning process introduced by the government in 1997.

Contingency

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

Contingent Liabilities or Assets

These are amounts potentially due to or from individuals or organisations which may arise in the future but which at this time cannot be determined accurately, and for which provision has not yet been made in the Council's accounts.

Corporate Democratic Core

Those activities which the local authority is engaged in specifically because it is an elected multi-purpose authority. This includes the costs of corporate policy making, representing local interests, representatives and duties arising from public accountability.

Council Tax

This is the main source of local taxation to local Authorities. Council Tax is levied on households within its area by the Billing Authority and the proceeds are paid into its Collection Fund for distribution to precepting Authorities and for use by its own General fund.

Council Tax Requirement

This is the estimated revenue expenditure on General fund services that needed to be financed from the Council Tax after deducting income from fees and charges, certain specific grants and any funding from reserves.

Council Tax Support Scheme (CTSS)

The means tested scheme that replaced Council tax Benefit and reduces the Council Tax bill of those who qualify.

Creditor

Amounts owed by the Council for work done, goods received or services rendered but for which payment has not been made at 31 March.

Current Assets

These are the short-term assets we have at date of the balance sheet which we can use in the following year.

Current Liabilities

These are the short-term liabilities we have at date of the balance sheet which we will pay in the following year.

Current Service Cost

Current Service Cost is the increase in the present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current period i.e. the ultimate pension benefits "earned" by employees in the current year's employment.

Curtailment

Curtailments will show the cost of the early payment of pension benefits if any employee has been made redundant in the previous financial year.

Debtor

Sums of money due to the authority but unpaid at the balance sheet date.

Deferred Capital Receipts

These represent capital income still to be received after disposals have taken place and wholly consist of principal outstanding from the sale of council houses

Deferred Charges (now known as REFCUS see below)

Expenditure which may properly be capitalised but which does not result in tangible fixed assets owned by the Council. These charges are to be amortised to revenue over an appropriate period.

Deferred Contributions

Amounts paid to us for future activities.

Deferred Liabilities

Sums of money due by the Council originally repayable within a period in excess of twelve months but where payment is not due until future years.

Defined Benefit Scheme

This is 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.

Department for Communities and Local Government (DCLG)

A department of Central Government with an overriding responsibility for determining the allocation of general resources to Local Authorities.

Depreciation

The allocation of the cost of the useful economic life of the Council's fixed assets for the accounting period through general wear and tear, consumption or obsolescence.

Derecognition

Financial assets and liabilities needed to be removed from the balance sheet once performance under a contract is complete or the contract is terminated.

Earmarked Reserves

Those elements of total Council reserves which are retained for specific purposes.

Employee Costs

Those costs incurred employing staff including salaries, employer's national insurance, pension contributions, and training.

Exceptional Items

Material items deriving from events or transactions that will fall within the ordinary activities of the Authority, but which need to be separately disclosed by virtue of their size and/or incidence to give a fair presentation of the accounts.

Expenditure

This refers to amounts paid by the Authority for goods and services rendered of either capital or revenue nature. This does not necessarily involve a cash payment

since expenditure is deemed to have been incurred once the goods and services have been received even if they have not been paid for.

External Audit

The independent examination of the activities and accounts of local Authorities to ensure the accounts have been prepared in accordance with legislative requirements and proper practices and to ensure the Authority has made proper arrangements to secure value for money in its use of resources.

Fair value

Fair value is the price at which an asset could be exchanged in an arm's length transaction, less any grants receivable towards the purchase or use of the asset.

Fees and Charges

The Council's charges for certain services e.g. car parking.

Finance Lease

A lease whereby all the risks and rewards of ownership of a fixed asset are with the lessee. In substance the asset belongs to the lessee.

Financial Instruments

A financial instrument is any contract that gives to a financial asset of one entity and a financial liability or equity instrument of another. The term 'financial instrument' covers both financial assets and financial liabilities and includes both the most straightforward financial assets and liabilities such as trade receivables and trade payables and the most complex ones such as derivatives.

Financial Regulations

These are the written code of procedures, approved by the Council, intended to provide a framework for proper financial management. Financial regulations usually set out rules on accounting, audit, administrative and budgeting procedures.

General Fund

The main revenue fund of the Council. Income from the council tax precept and Government grants are paid into the fund, from which the cost of providing services are met.

Government Grants

Payments by Central Government towards local authority expenditure. They are specific for a particular service; and are receivable in respect of both revenue and capital expenditure.

Government Grants Deferred

Grants or contributions received which have supported wholly or in part the acquisition of fixed assets, net of the appropriate share of depreciation on those assets for which a depreciation charge is made.

Heritage Assets

An asset with a historical, artistic, scientific, technological, geophysical or environmental quality that is held and maintained principally for its contribution to knowledge and culture.

Housing Benefit

This is an allowance to persons on low income (or none) to meet, in whole or in part, their rent. Benefit is allowed or paid by local Authorities but Central Government refunds part of the cost of the benefits and of the running costs of the services to Local Authorities. Benefits paid to the Authority's own tenants are known as rent rebate and that paid to private tenants as rent allowance.

Housing Revenue Account (HRA)

Statutory ring-fenced account required to represent the landlord/tenant obligations for the Council in relation to managing and maintaining its housing stock in return for rental income from tenants.

Impairment

A reduction in the value of a fixed asset to below its carrying amount on the balance sheet due to damage, obsolescence or a general decrease in market value.

Income

These are amounts due to the Council for goods supplied or services rendered of either a capital or revenue nature. This does not necessarily involve a cash payment. Income is deemed to have been earned once the goods or services have been supplied even if the payment has not been received (in which case the recipient is a debtor to the Council).

Income & Expenditure Account

The net cost for the year for services provided by the Council for which it is responsible and showing how the cost has been financed from precepts, grants and other income.

Infrastructure

Non current assets which generally cannot be sold and from which benefit can be obtained only by continued use of the asset created. Examples of such assets are highways, footpaths, bridges and water and drainage facilities.

Intangible Assets

These are non current assets that do not have physical substance but are identifiable and controlled by the Council. Computer software is the most common example.

Interest

An amount received or paid for the use of a sum of money when it is invested or borrowed.

International Financial reporting Standard (IFRS)

Defined accounting standards that must be applied by all reporting entities to all financial statements in order to provide a true and fair view of the entity's financial position, and a standardised method of comparison with financial statements of other entities.

Inventories (previously Stock)

Items of raw materials, work in progress or finished goods held at the financial year end, valued at the lower of cost or net realisable value.

Joint Venture

This is an entity in which the reporting Authority has an interest on an longer term basis and is jointly controlled by the reporting Authority and one or more entities under a contractual or other binding arrangement.

Local Authority (Scotland) Accounts Advisory Committee (LASAAC)

A joint committee with CIPFA which produces the Code of Practice on Local Authority Accounting in the United Kingdom (referred to as the 'Code').

Leasing Costs

This is where a rental is paid for the use of an asset for a specified period of time. Two forms of lease exist: finance leases and operating leases. Operating leases are those where the risks of ownership rest with the owner of the asset whereas in the case of finance leases the asset appears in our Balance Sheet.

LGPS (Local Government Pension Scheme)

The fund that manages and pays our staff pensions. Our LGPS scheme is now managed by Peninsula Pensions.

Liabilities

These are amounts due to individuals or organisations which will have to be paid at some time in the future. Current liabilities are usually payable within one year of the Balance Sheet date.

Liquid Resources

Cash and current asset investments that can be easily converted to known amounts of cash without penalty, or can be traded on the active market.

Local Development Plan

A plan which includes documents that establishes the local policy towards the use of land and the vision for involving communities in the plan making process.

Long Term Borrowing

Amounts borrowed in excess of 364 days.

Long-Term Contract

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 and services which together constitute a single project), where the project falls into more than one accounting period.

Long Term Debtors

Sums of money due to the Authority originally repayable within a period in excess of twelve months but where payment is not due until future years.

Management Team

A meeting of the Chief Executive and Heads of service.

Medium Term Financial Strategy (MTFS)

This is a financial planning document that sets out the future years financial forecasts for the Council. It considers local and national policy influences and projects their impact on the general fund revenue budget, capital programme and HRA. It usually covers a four year time frame.

Member

An elected councillor of the Council.

Minimum Revenue Provision (MRP)

MRP is the minimum amount which must be charged to the Authority's revenue account each year and set aside as provision for credit liabilities as required by the Prudential Code.

National Non Domestic rate (NNDR)

NNDR is the levy on business property, based upon a national rate in the pound applied to the 'rateable value' of the property. The government determines a national rate poundage each year which is applicable to all Local Authorities. Mid Devon is a member of the Devon NNDR Pool of Local Authorities whose share of the NNDR is allocated between the members.

Net Book Value

The value of fixed assets included on the balance sheet, being the historical cost or a current revaluation less the cumulative amounts of depreciation.

Net Debt

Net debt is the Council's borrowings less cash and liquid resources.

Net Realisable Value (NRV)

NRV is the open market value of an asset in its existing use less any costs to be incurred in selling the asset.

Non Current Assets

Assets that yield benefits to the Council and the services it provides for a period of more than one year. Examples include land, buildings and vehicles.

Non-distributed Costs

In the main this represents support service area charges. E.g.: Corporate Management, Finance, Legal, ICT, HR services, etc. In addition to this a number of non-service specific corporate fees are included as well as any extra payments made to maintain the value of the pension fund.

Operating Lease

A lease where the risks and rewards, and therefore the ownership of the asset, remains with the lessor.

Operational Boundary

This reflects the maximum anticipated level of external debt consistent with budgets and forecast cash flows.

Pension Strain

Additional employers pension contributions as a result of an employee's early retirement.

Precept

The amount levied by one authority which is collected by another. e.g.: the County Council is the precepting authority and the District Council is the collecting authority.

Prior Period Adjustments

These are material adjustments which are applicable to an earlier period arising from changes in accounting policies or for the correction of fundamental errors.

Provision

This is an amount which is put aside to cover future liabilities or losses which are considered to be certain or very likely to occur, but the amounts and timing are uncertain.

Public Works Loan Board (PWLB)

An arm of Central Government which is the major provider of loans to finance long term funding requirements for Local Authorities.

Rateable Value

A value placed upon all properties subject to rating. The value is based on a national rent that property could be expected to yield after deducting the cost of repairs.

Related Parties

Related parties comprise Central Government, other Local Authorities, precepting and levying bodies subsidiary and associated companies, elected Members, all senior officers and the Pension Fund. In respect of individuals identified as related parties the following are also presumed to be related parties:

- Members of the close family, or the same household; and
- Partnerships, companies, trusts or other entities in which the individual, or member of their close family, or the same household, has a controlling interest.

Revenue Contribution to Capital (RCCO)

Capital spending that is directly paid for from revenue.

Revenue Expenditure

Spending on the day-to-day running of services – mainly wages, operating expenses of buildings and equipment, and debt charges. These costs are met from the Council tax, government grants and our own fees and charges.

Revenue Support Grant

The major grant received each year from Central Government, which is not ring-fenced, to help finance our activities. Commonly referred to as the Council's "Formula Grant"

Reporting Standards

The Code of Practice prescribes the accounting treatment and disclosures for all normal transactions of a Local Authority. It is based upon International Financial reporting standards (IFRS), International Standards (IAS) and International Financial

Reporting Interpretations Committee (IFRIC), UK Generally Accepted Accounting Practice (GAAP) and Financial Reporting Standards (FRS).

Reserves

The accumulation of surpluses, deficits and appropriations over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Council. Some capital reserves such as the capital adjustment account cannot be used to meet current expenditure.

Restatement

We normally show the amounts that were in last year's accounts as the same figure, but where there is a change in the accountancy rules, we have to change last year's figures to meet the current rules and ensure comparability.

Revaluation Reserve

This records net gains from revaluations made after 1 April 2007 not yet realised through sales.

Revenue Contributions

This refers to the financing of capital expenditure directly from revenue rather than from loans or other sources.

Revenue Expenditure

The day to day expenditure of the authority on such items as employees, transport and equipment.

Revenue Expenditure Funded from Capital Under Statute (REFCUS)

Expenditure incurred during the year that may be capitalised under statutory provision but that does not result in the creation of an asset that belongs to the Authority.

Revenue Support Grant (RSG)

The major grant paid by central government to local authorities in aid of service provision.

Service Reporting Code of Practice (SeRCOP)

SeRCOP replaced the previous Best Value Accounting Code of Practice (BVACOP). Its aim is to provide consistent financial reporting for services in England and Wales and is given legislative backing by "proper practices" under the Local Government Act 2003.

Settlements

Generally this occurs where there is a bulk transfer out of the Pension Fund or from the employer's share of the Fund to a new contractor's share of the fund as a result of outsourcing a section of the Council. It reflects the difference between the IAS 19 liability and the assets transferred to settle the liability.

Tax Base

The number of houses we can charge our Council Tax on.

Treasury Management

This is the process by which the Authority controls its cash flow and its borrowing and lending activities.

Treasury Management Strategy (TMS)

A strategy, approved by Cabinet, prepared with regard to legislative and CIPFA requirements setting out the framework for treasury activity for the Council.

Trust Funds

Funds administered by the Council for such purposes as prizes, charities and specific projects, on behalf of minors.

Unsupported (Prudential) Borrowing

This is borrowing for which no financial support is provided by Central Government. The borrowing costs are to be met from current revenue budgets.

Value for Money

The benefit obtained (not just in financial terms) for a given input of cash.

Virement

The authorised transfer of budget from one area of service to another.