

# Mid Devon District Council Financial Statements 2016-17

## 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.

2016/17		USABLE 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
	Notes	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2016		(2,211)	(8,365)	(2,000)	(9,736)	(1,442)	-	(1,722)	(25,476)	(69,787)	(95,263)
<u>Movement in Reserves during 2016/17</u>											
(Surplus) or deficit on the provision of services		272		(23,326)					(23,054)		(23,054)
Other Comprehensive Income and Expenditure									-	11,451	11,451
Total Comprehensive Income and Expenditure		272	-	(23,326)	-	-	-	-	(23,054)	11,451	(11,603)
Adjustments between accounting basis and funding basis under regulations	5	(2,254)		20,610		(997)	-	(443)	16,916	(16,916)	-
Net Increase/Decrease before Transfers to Earmarked Reserves		(1,982)	-	(2,716)	-	(997)	-	(443)	(6,138)	(5,465)	(11,603)
Transfers (to) / from Earmarked Reserves	6	1,952	(1,952)	2,716	(2,716)				-		
(Increase)/Decrease in 2016/17		(30)	(1,952)	(0)	(2,716)	(997)	-	(443)	(6,138)	(5,465)	(11,603)
Balance at 31 March 2017 Carried forward		(2,241)	(10,317)	(2,000)	(12,452)	(2,439)	-	(2,165)	(31,614)	(75,252)	(106,866)
Held for Revenue Purposes		(2,241)	(10,317)	(2,000)					(14,558)		
Held for Capital Purposes					(12,452)	(2,439)	-	(2,165)	(17,056)		

# Mid Devon District Council Financial Statements 2016-17

## 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.

2015/16		USABLE 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
	Notes	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2015		(2,380)	(6,953)	(2,000)	(6,730)	(985)	-	(1,434)	(20,482)	(66,858)	(87,340)
Movement in Reserves during 2015/16											
Surplus on the provision of services		2,302		(3,090)					(788)		(788)
Other Comprehensive Income and Expenditure									-	(7,135)	(7,135)
Total Comprehensive Income and Expenditure		2,302	-	(3,090)	-	-	-	-	(788)	(7,135)	(7,923)
Adjustments between accounting basis and funding basis under regulations	5	(3,545)		84		(457)	-	(288)	(4,206)	4,206	-
Net Increase/Decrease before Transfers to Earmarked Reserves		(1,243)	-	(3,006)	-	(457)	-	(288)	(4,994)	(2,929)	(7,923)
Transfers (to) / from Earmarked Reserves	6	1,412	(1,412)	3,006	(3,006)				-		
(Increase) / Decrease in 2015/16		169	(1,412)	-	(3,006)	(457)	-	(288)	(4,994)	(2,929)	(7,923)
Balance at 31 March 2016 Carried forward		(2,211)	(8,365)	(2,000)	(9,736)	(1,442)	-	(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)		

## 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.

2015/16				Notes	2016/17		
Gross Expenditure	Gross Income	Net Expenditure			Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000			£'000	£'000	£'000
570	(154)	416	Community Development		613	(147)	466
1,457	(0)	1,456	Corporate Management		1,370	(21)	1,349
534	(717)	(183)	Car Parks		536	(800)	(264)
239	(1)	238	Customer Services		24	-	24
2,142	(702)	1,440	Environmental Services		2,169	(652)	1,517
54	(6)	48	Finance And Performance		(12)	(8)	(20)
102	(38)	65	Grounds Maintenance		52	(35)	17
360	(95)	265	General Fund Housing		403	(314)	89
10,078	(13,880)	(3,802)	Housing Revenue Account		(9,314)	(13,825)	(23,139)
52	(1)	51	Human Resources		161	-	161
120	(45)	75	I.T. Services		76	(4)	72
1,323	(241)	1,082	Legal & Democratic Services		1,328	(359)	969
2,978	(1,348)	1,629	Planning And Regeneration		2,509	(1,747)	762
987	(774)	214	Property Services		1,078	(761)	317
20,114	(19,551)	563	Revenues And Benefits		19,174	(18,685)	489
3,571	(2,383)	1,188	Recreation And Sport		3,697	(2,459)	1,238
4,554	(1,892)	2,663	Waste Services		5,085	(2,239)	2,846
<b>49,235</b>	<b>(41,827)</b>	<b>7,408</b>	<b>Costs of Services</b>		<b>28,949</b>	<b>(42,056)</b>	<b>(13,107)</b>
		979	Other Operating Expenditure	8			824
		2,777	Financing and Investment Income and Expenditure	9			2,713
		(12,063)	Taxation and Non-Specific Grant Income	10			(13,733)
		110	(Surplus) or deficit on revaluation of available for sale financial assets	11			250
		<b>(789)</b>	<b>(Surplus) or Deficit on Provision of Services</b>				<b>(23,053)</b>
		(5,795)	Remeasurements of the net defined benefit liability	22			14,697
		(1,340)	(Surplus) or deficit on revaluation of Property, Plant and Equipment	44			(3,247)
		<b>(7,135)</b>	<b>Other Comprehensive Income and Expenditure</b>				<b>11,450</b>
		<b>(7,924)</b>	<b>Total Comprehensive Income and Expenditure</b>				<b>(11,603)</b>

## Restatement of Comprehensive Income and Expenditure Statement 2015/16

This is the CIES from the previous year, restated to demonstrate how it would have been presented, should the new requirements have applied at that time.

2015/16			Notes	2015/16		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
4,380	(791)	3,589	Central Services to the Public			
4,272	(2,449)	1,823	Cultural			
6,301	(2,618)	3,683	Environment and Regulatory Services			
3,871	(1,955)	1,916	Planning Services			
562	(742)	(180)	Highways and Transport Services			
10,078	(13,880)	(3,802)	Local Authority Housing (HRA)			
19,772	(19,393)	379	Housing			
<b>49,236</b>	<b>(41,828)</b>	<b>7,408</b>	<b>Costs of Services</b>			
			Community Development	570	(154)	416
			Corporate Management	1,457	(0)	1,456
			Car Parks	534	(717)	(183)
			Customer Services	239	(1)	238
			Environmental Services	2,142	(702)	1,440
			Finance And Performance	54	(6)	48
			Grounds Maintenance	102	(38)	65
			General Fund Housing	360	(95)	265
			Housing Revenue Account	10,078	(13,880)	(3,802)
			Human Resources	52	(1)	51
			I.T. Services	120	(45)	75
			Legal & Democratic Services	1,323	(241)	1,082
			Planning And Regeneration	2,978	(1,348)	1,629
			Property Services	987	(774)	214
			Revenues And Benefits	20,114	(19,551)	563
			Recreation And Sport	3,571	(2,383)	1,188
			Waste Services	4,554	(1,892)	2,663
			<b>Costs of Services</b>	<b>49,235</b>	<b>(41,827)</b>	<b>7,408</b>
		980	Other Operating Expenditure			980
		2,777	Financing and Investment Income and Expenditure			2,777
		(12,063)	Taxation and Non-Specific Grant Income			(12,063)
		110	Surplus or deficit on revaluation of available for sale financial assets			110
		<b>(788)</b>	<b>(Surplus) or Deficit on Provision of Services</b>			<b>(788)</b>
		(1,340)	(Surplus) or deficit on revaluation of Property, Plant and Equipment			(1,340)
		(5,795)	Remeasurement of the net defined benefit liability			(5,795)
		<b>(7,135)</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>(7,135)</b>
		<b>(7,923)</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>(7,923)</b>

## Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis is to demonstrate to council tax and rent payers how the funding available to the authority has been used.

2015/16				2016/17		
Net expenditure chargeable to the GF and HRA balances	Adjustments between funding and accounting basis	Net expenditure in the CIES		Net expenditure chargeable to the GF and HRA balances	Adjustments between funding and accounting basis	Net expenditure in the CIES
£'000	£'000	£'000		£'000	£'000	£'000
416	0	416	Community Development	466	0	466
1,456	0	1,456	Corporate Management	1,349	0	1,349
(183)	0	(183)	Car Parks	(264)	0	(264)
238	0	238	Customer Services	24	0	24
1,446	0	1,446	Environmental Services	1,517	0	1,517
48	0	48	Finance And Performance	(20)	0	(20)
65	0	65	Grounds Maintenance	17	0	17
265	0	265	General Fund Housing	89	0	89
(3,090)	(712)	(3,802)	Housing Revenue Account	(23,328)	189	(23,139)
51	0	51	Human Resources	161	0	161
75	0	75	I.T. Services	72	0	72
1,082	0	1,082	Legal & Democratic Services	969	0	969
1,629	0	1,629	Planning And Regeneration	762	0	762
208	0	208	Property Services	317	0	317
563	0	563	Revenues And Benefits	489	0	489
1,188	0	1,188	Recreation And Sport	1,238	0	1,238
2,663	0	2,663	Waste Services	2,846	0	2,846
<b>8,120</b>	<b>(712)</b>	<b>7,408</b>	<b>Costs of Services</b>	<b>(13,296)</b>	<b>189</b>	<b>(13,107)</b>
(12,369)	4,172	(8,197)	Other Income and Expenditure	8,600	(18,546)	(9,946)
<b>(4,249)</b>	<b>3,460</b>	<b>(789)</b>	<b>(Surplus) or Deficit on Provision of Services</b>	<b>(4,696)</b>	<b>(18,357)</b>	<b>(23,053)</b>
(18,063)			Opening balance (combined General Fund and HRA reserves) as at 31/03/16	(22,312)		
(4,249)			Plus (surplus) or deficit on General Fund and HRA in year	(4,696)		
(22,312)			Closing balance (combined General Fund and HRA reserves) as at 31/03/17	(27,008)		

## Expenditure and Income Analysed by Nature

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

	Notes	2015/16	2016/17
		£'000	£'000
<b>Expenditure</b>			
Employee benefits		15,048	14,391
Other services		30,416	30,033
Depreciation, amortisation and impairment		6,241	(13,390)
Interest payments		1,448	1,404
Precepts and levies		1,200	1,358
<b>Total expenditure</b>		<b>54,353</b>	<b>33,796</b>
<b>Income</b>			
Fees, charges and other service income		(42,392)	(43,545)
Interest and investment income		(217)	(200)
Income from council tax, NNDR, district rate income		(12,078)	(12,338)
Gain on the disposal of assets		(455)	(766)
<b>Total income</b>		<b>(55,142)</b>	<b>(56,849)</b>
<b>Surplus or deficit on the provision of services</b>		<b>(789)</b>	<b>(23,053)</b>

## Balance Sheet

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

31 March 2016 £'000		Notes	31 March 2017 £'000
169,120	Property, Plant & Equipment	23	189,430
491	Heritage Assets	26	454
0	Intangible assets	27	0
0	Long-term Investments		0
158	Long-term Debtors	34	176
<b>169,769</b>			<b>190,060</b>
13,500	Short-term Investments	35	18,000
195	Inventories	36	200
2,596	Short-term Debtors	37	2,762
8,777	Cash and Cash Equivalents	38	8,385
<b>25,068</b>	<b>Current Assets</b>		<b>29,347</b>
(5,397)	Short-term Creditors	39	(4,231)
(41)	Provisions	41	(28)
(1,683)	Short-term Borrowing	30	(1,731)
<b>(7,121)</b>	<b>Current Liabilities</b>		<b>(5,990)</b>
(641)	Long-term Creditors	40	(606)
(43,973)	Long-term Borrowing	30	(42,242)
(47,032)	Other Long Term Liabilities	47	(63,534)
(807)	Capital Grants Receipts in Advance	40	(170)
<b>(92,453)</b>	<b>Long Term Liabilities</b>		<b>(106,552)</b>
<b>95,263</b>	<b>Net Assets</b>		<b>106,865</b>
25,476	Usable Reserves	42	31,616
69,787	Unusable reserves	43	75,248
<b>95,263</b>	<b>Total Reserves</b>		<b>106,864</b>

## Cash Flow Statement

This section shows what cash we spend and receive

2015/16		Notes	2016/17
£'000			£'000
789	Net surplus or (deficit) on the provision of services		23,053
12,421	Adjustments to net surplus or deficit on the provision of services for non-cash movements	50	(12,217)
(554)	Adjustments for items included in the net surplus on the provision of services that are investing and financing activities (See note references)	51	(2,338)
<b>12,656</b>	<b>Net cash flows from Operating Activities</b>		<b>8,499</b>
(7,479)	Investing Activities	53	(7,123)
(1,748)	Financing Activities	54	(1,770)
<b>3,429</b>	<b>Net increase or decrease in cash and cash equivalents</b>		<b>(395)</b>
5,349	Cash and cash equivalents at the beginning of the reporting period	38	8,777
<b>8,777</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>38</b>	<b>8,385</b>



## Notes to the Accounts

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

Paragraph 3.3.4.3 of the Code of Practice requires that the Authority discloses information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. The requirement applies to accounting standards that come into effect for financial years commencing on or before 1 January of the financial year in question (i.e. on or before 1 January 2017 for 2016/17).

In compiling the 2016/17 accounts the following accounting policies would have been treated as not yet

- Amendment to the reporting of pension fund scheme transaction costs
- Amendment to the reporting of investment concentration (see paragraph 6.5.5.1 (m) of the 2017/18 Code)

Since both of these relate to pension fund authorities only, they are not applicable for this set of accounts.

### 2 Critical Judgements in Applying Accounting Policies

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

- a) estimates for accrued expenditure/income - based on service managers' and accountants' calculations at year end;
- b) bad debt provision - based on historic trends, adjusted for any material movements during 2016/17;
- c) asset lives for the calculation of depreciation charges - based on service managers' experience of previously used assets.
- d) Estimating the total amount of the housing benefit subsidy claim for the year prior to its final determination after 31 March using data for the first eleven months.

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

Property valuations made by the District Valuer;

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

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

There is a high degree of uncertainty about future levels of funding for local government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.

## Notes to the Accounts

### 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 2017 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
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 £47,267k (excl. Council Houses) would increase by £192k 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 £120,882k and a 1 year increase in mortality rates would increase the closing defined benefit obligation to £127,839k. However the assumptions interact in complex ways.

## Notes to the Accounts

Note	Item	Uncertainties	Effect if Actual results Differ from Assumptions
69	Arrears	At 31 March 2017, the Authority had a gross sundry debtors balance of £570k. A review of significant balances suggested that a provision for doubtful debts of 31% or £176k was appropriate (£136k of which relates to DARS). However, in the current economic climate it is not certain whether such an allowance would be sufficient.	If we were to provide for 32% instead of 31%, the provision value would increase by £6k.
	Housing Benefit Subsidy Claim	To help meet the earlier preparation of the accounts the Housing Benefit Subsidy claim has been estimated at 26 March 2017, 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 £7k which will now be accounted for in 2017/18.
	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 paid and cash received after the year end is performed, if significant <b>unrecorded</b> liabilities were not identified then material misstatement of our liabilities in the balance sheet of the accounts would occur.

## Notes to the Accounts

### 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 show 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

2016/17	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
<b><u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u></b>							
<b><u>Adjustments involving the Capital Adjustment Account:</u></b>							
Charges for depreciation and impairment of non current assets	(1,580)	(2,414)					3,994
Revaluation losses on Property, Plant and Equipment	(299)	17,808					(17,509)
Amortisation of intangible assets	(125)						125
Capital grants and contributions applied							
Income in relation to donated assets							
Revenue expenditure funded from capital under statute	(333)						333
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	(101)	(1,219)					1,320
<b><u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u></b>							
Statutory provision for the financing of capital investment	89	985					(1,074)
Capital expenditure charged against the General Fund and HRA balances	397	109					(506)
<b><u>Adjustments primarily involving the Capital Grants Unapplied Account</u></b>							
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	978	636			(1,614)		
Application of grants to capital financing transferred to the Capital Adjustment Account					1,171		(1,171)
<b><u>Adjustments involving the Capital Receipts Reserve:</u></b>							
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	116	1,970	(2,086)				
Use of the Capital Receipts Reserve to finance new capital expenditure			820				(820)
Contribution from the Capital Receipts Reserve towards administrative costs of non current asset disposals		(36)	36				
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(233)		233				
Right to Buy Discounts repaid							
<b><u>Adjustments involving the Deferred Capital Receipts Reserve:</u></b>							
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	(1,092)	17,839	(997)	0	(443)	0	(15,307)

2016/17	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	(1,092)	17,839	(997)	0	(443)	0	(15,307)
<b><u>Adjustment involving the Major Repairs Reserve:</u></b>							
Reversal of Major Repairs Allowance credited to the HRA		2,797		(2,797)			
Use of the Major Repairs Allowance to finance new capital expenditure				2,797			(2,797)
Interest credited to the Major Repairs Reserve							
<b><u>Adjustments involving the Financial Instruments Adjustment Account:</u></b>							
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							
<b><u>Adjustment involving the Pensions Reserve:</u></b>							
Actuarial past service gain adjustment							
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(4,155)	(23)					4,178
Employer's pension contributions and direct payments to pensioners payable in the year.	2,373						(2,373)
<b><u>Adjustment involving the Collection Fund Adjustment Account:</u></b>							
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	34						(34)
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	576						(576)
<b><u>Adjustment involving the Accumulating Compensated Absences Adjustment Account:</u></b>							
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.	10	(2)					(8)
<b>Total Adjustments</b>	<b>(2,254)</b>	<b>20,611</b>	<b>(997)</b>	<b>0</b>	<b>(443)</b>	<b>0</b>	<b>(16,917)</b>

## 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
<b><u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u></b>							
<b><u>Adjustments involving the Capital Adjustment Account:</u></b>							
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
<b><u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u></b>							
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)
<b><u>Adjustments primarily involving the Capital Grants Unapplied Account</u></b>							
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)
<b><u>Adjustments involving the Capital Receipts Reserve:</u></b>							
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				
Transfer of deferred sale proceeds as part of the gain/loss on disposal to the Comprehensive income and Expenditure Statement							
<b><u>Adjustments involving the Deferred Capital Receipts Reserve:</u></b>							
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



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
<b><u>Adjustment involving the Major Repairs Reserve:</u></b>							
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							
Balance brought forward							
<b><u>Adjustments involving the Financial Instruments</u></b>							
<b><u>Adjustment Account:</u></b>							
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							
<b><u>Adjustment involving the Pensions Reserve:</u></b>							
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)
<b><u>Adjustment involving the Collection Fund</u></b>							
<b><u>Adjustment Account:</u></b>							
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
<b><u>Adjustment involving the Accumulating Compensated Absences Adjustment Account:</u></b>							
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
<b>Total Adjustments</b>	<b>(3,545)</b>	<b>84</b>	<b>(457)</b>	<b>0</b>	<b>(288)</b>	<b>0</b>	<b>4,206</b>

## Notes to the Accounts

### 6 Transfers to/from Earmarked Reserves

This section shows movements in these reserves

General Fund - Revenue Earmarked Reserves	Balance at 1/4/15 £'000	Transfers In £'000	Transfers Out £'000	Reclassification £'000	Balance at 31/03/16 £'000	Transfers In £'000	Transfers Out £'000	Reclassification £'000	Balance at 31/3/17 £'000
Capital Earmarked Reserves	1,123		(218)	(338)	567	0	(21)	(75)	471
Maintenance & Amenity Reserve	1,237	289	(608)		918	136	(89)	0	965
Misc. General Fund Reserves	1,384	524	(447)	1,325	2,786	700	(376)	45	3,155
Vehicle, plant, equipment and maintenance sinking funds	891	580			1,471	696	(26)	100	2,241
New Homes Bonus	1,887	1,619	(918)	(987)	1,601	1,842	(915)	(70)	2,458
Insurance excess claims fund	121		(35)		86	0	0	0	86
Statutory Development Plan	60				60	50	0	0	110
NNDR Reserve	250	726	(100)		876	0	(44)	0	832
<b>Total Revenue Earmarked Reserves</b>	<b>6,953</b>	<b>3,738</b>	<b>(2,326)</b>	<b>0</b>	<b>8,365</b>	<b>3,424</b>	<b>(1,471)</b>	<b>0</b>	<b>10,318</b>

The £2.5m 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 maintenance and amenity 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. The vehicle, plant, equipment and maintenance sinking funds are for the future replacement of major assets. Miscellaneous General Fund items are a large number of items that relate to specific projects that will be delivered in 2017/18. A full breakdown of the constituents is provided in the outturn report for the Cabinet meeting of 15 June 2017.

Housing Revenue Account - Revenue Earmarked Reserves	Balance at 1/4/15 £'000	Transfers In £'000	Transfers Out £'000	Reclassification £'000	Balance at 31/03/16 £'000	Transfers In £'000	Transfers Out £'000	Reclassification £'000	Balance at 31/3/17 £'000
Sewage Treatment Works	0	25			25	0	0	0	25
Solar Panel Income - Renewables	370	136	(164)		342	183	(70)	0	455
HRA Affordable Rent surplus	0	65	(65)		0	73	(39)	0	34
30yr Maintenance Programme	6,360	3,291	(765)		8,886	2,084	(0)	0	10,970
HRA - PWLB Loan premium	0	483			483	486	0	0	969
<b>Total Revenue Earmarked Reserves</b>	<b>6,730</b>	<b>4,000</b>	<b>(994)</b>	<b>0</b>	<b>9,736</b>	<b>2,826</b>	<b>(109)</b>	<b>0</b>	<b>12,453</b>

### 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 1/4/15 £'000	Transfers In £'000	Transfers Out £'000	Reclassification £'000	Balance at 31/03/16 £'000	Transfers In £'000	Transfers Out £'000	Reclassification £'000	Balance at 31/3/16 £'000
<b>Total Funds Unapplied</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Regional Housing Pot	0	23	0	0	23	0	0		23
Afford Housing Contributions	682	164	(25)	0	821	260	(220)		861
Tiverton Enhancement Scheme	14	0	0	(14)	0	0	0		0
Air Quality Fund - Cullompton	54	8	0	0	62	8	0		70
Air Quality Fund - Crediton	408	118	0	0	526	58	0		584
Planning Delivery Grant	198	0	0	0	198	0	0		198
Cap Grants Unapplied Nonspecific	78	(104)	54	14	42	0	(21)		21
DCC Funding	0	20	0	0	20	0	0		20
DCLG DFG grant	0	311	(281)	0	30	652	(294)		388
HCA		200	(200)	0	0	636	(636)		0
<b>Total Capital Grants Unapplied</b>	<b>1,434</b>	<b>740</b>	<b>(452)</b>	<b>0</b>	<b>1,722</b>	<b>1,614</b>	<b>(1,171)</b>	<b>0</b>	<b>2,165</b>

## Notes to the Accounts

### 8 Other Operating Expenditure

2015/16		2016/17
£'000		£'000
1,200	Parish Council precepts	1,357
235	Payments to the Government Housing capital receipts pool	233
(456)	(Gains)/Losses on the disposal of non current assets	(766)
<b>979</b>	<b>Total</b>	<b>824</b>

### 9 Financing and Investment Income and Expenditure

2015/16		2016/17
£'000		£'000
1,336	Interest payable and similar charges	1,347
1,655	Net interest on the net defined benefit liability	1,684
(44)	Heritable dividend	0
(170)	Interest receivable and similar income	(318)
<b>2,777</b>	<b>Total</b>	<b>2,713</b>

### 10 Taxation and Non Specific Grant Income

2015/16		2016/17
£'000		£'000
(6,126)	Council tax income	(6,493)
(2,034)	Non domestic rates	(2,535)
(1,705)	Revenue Support Grant	(1,017)
(1,738)	Non-ring-fenced government grants	(2,338)
(460)	Capital grants and contributions	(1,350)
<b>(12,063)</b>	<b>Total</b>	<b>(13,733)</b>

Further details of specific grant income are shown at note 55

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

2015/16		2016/17
£'000		£'000
110	Deficit on revaluation of available for sale financial assets	250
<b>110</b>	<b>Total</b>	<b>250</b>

The Council has invested £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 £4,640k. 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.

## Notes to the Accounts

### 12 Operating Leases

#### Authority as Lessee

The Authority holds a number of vehicles and land and buildings under the terms of operating leases.

#### *Payments under Operating Leases*

The Authority has made payments of £131k under operating leases in 2016/17 (£66k in 2015/16) comprising of the following elements:

2015/16		2016/17
£'000		£'000
46	Land & Buildings	109
20	Vehicles, Plant & Equipment	22
<b>66</b>	<b>Total</b>	<b>131</b>

For future years liabilities for Finance and Operating Leases see note 57

#### Authority as Lessor

The gross value of assets held for use in operating leases as at 31 March 2017 was £12,321k (£12,097k in 2015/16)

	2015/16			2016/17		
	Gross Value	Net Book Value	Rental Income	Gross Value	Net Book Value	Rental Income
	£'000	£'000	£'000	£'000	£'000	£'000
HRA Shops	1,189	1,189	(108)	1,201	1,201	(109)
General Fund Shops	3,775	3,775	(436)	3,839	3,839	(428)
Other GF Land & Buildings	5,796	5,796	(106)	5,970	5,970	(126)
Industrial Units	1,337	1,337	(87)	1,311	1,311	(94)
<b>Total</b>	<b>12,097</b>	<b>12,097</b>	<b>(737)</b>	<b>12,321</b>	<b>12,321</b>	<b>(757)</b>

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 £13,012k from the rental of 1,146 Garages Rents and 3,060 Council Houses (£113,168k 2015/16). 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	2015/16		2016/17	
	Number of Employees	Left During Year	Number of Employees	Left During Year
£50,000 - £54,999	0	0	0	0
£55,000 - £59,999	0	0	0	0
£60,000 - £64,999	2	0	1	0
£65,000 - £69,999	1	0	1	0
£70,000 - £74,999	2	0	2	0
£75,000 - £79,999	0	0	1	1
£80,000 - £84,999	1	1	0	0
£85,000 - £89,999	0	0	1	1
£95,000 - £99,999	0	0	1	0
£135,000 - £139,999	1	1	0	0

The above table includes two employees who received a termination payment in 2016-17. Both employees are included in the termination benefits note.

One employee in the above table is not a Senior Officer so has not been included in the Senior Officers table, all of the other employees are included.

In completing the 2016/17 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 2016/17.

## 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
Chief Executive. Note 2	2016/17	96,206				96,206	18,087	114,293
	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
Head of Planning and Regeneration.	2016/17	61,985				61,985	11,653	73,638
	2015/16	60,261				60,261	11,312	71,573
Director of Finance, Assets and Resources. Note 4	2016/17	70,037				70,037	13,167	83,204
	2015/16	63,850				63,850	12,004	75,854
Director of Corporate Affairs and Business Transformation. Note 5	2016/17	70,037				70,037	13,167	83,204
	2015/16	66,481				66,481	12,498	78,979
Head of Communities and Governance. Note 6	2016/17	53,862	33,393			87,255		87,255
	2015/16	71,878				71,878		71,878
Head of Housing & Property Services	2016/17	68,650				68,650	12,837	81,487
	2015/16	71,228				71,228	12,635	83,863
Director of Operations. Note 7	2016/17	6,167				6,167	1,159	7,326

Note - the amounts included in the two previous 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

Note 4. The Head of Finance is now the Director of Finance Assets and Resources.

Note 5. The Head of HR & Development is now the Director of Corporate Affairs and Business Transformation.

Note 6. The Head of Communities and Governance left the Authority on the 31-12-16. Compensation for loss of office is included in the above figures.

Note 7. The Director of Operations started on the 4-3-17.

## Notes to the Accounts

### 14 Termination Benefits

2016/17				
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	0	2	2	2
£20,000 - £39,999	2	2	4	128
£40,000 - £59,999	0	0	0	0
£60,000 - £79,999	0	0	0	0
				130

A number of settlement agreements and redundancies associated with service restructures were agreed during 2016/17 in order to reduce future employee costs to match ongoing expenditure against the well documented cuts in central government funding.

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

### 15 External Audit Costs

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

2015/16		2016/17
£'000		£'000
48	Fees payable with regard to the annual audit fee	48
12	Fees payable for the certification of claims and returns	7
60	Total	55

## 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 55 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, which is available for public inspection via our website. In addition, members are asked to declare separately any transactions with the Authority. The Director of Finance, Assets & Resources 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. Leadership Team are required to declare any related party transactions with the Council. No transactions have required disclosure.

The Council is part of a designated pool for the retention of business rates, which allows local authorities to be treated as if they were a single entity for the purpose of calculating tariffs, top-ups, levies and safety net payments.

### 17 Members Allowances and Expenses

2015/16		2016/17
£'000		£'000
272	Allowances	287
26	Expenses	24
298	Total	311

### 18 Acquired and/or Discontinued Activities

The Council did not acquire any new activities or discontinue any existing ones during 2016/17.



## Notes to the Accounts

### 19 Depreciation and Impairment of Non Current Assets

2015/16		2016/17
£'000		£'000
3,831	Depreciation	3,995
25	Amortisation of intangible assets	125
(2,385)	Net reversal of impairment of non current assets	(17,547)
1,471	<b>Total</b>	<b>(13,427)</b>

### 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.

2015/16		2016/17
£'000		£'000
	<b>Housing Revenue Account - Minimum Revenue Provision</b>	
916	HRA self financing settlement	916
61	Housing developments after 1/4/13	69
16	Finance leases	-
<b>993</b>		<b>985</b>
	<b>General Fund - Minimum Revenue Provision</b>	
75	Assets acquired prior to 1/4/13	72
200	Assets acquired by PWLB loans after 1/4/13	200
95	Finance leases	89
<b>370</b>		<b>361</b>
<b>£ 1,363</b>	<b>Total</b>	<b>£ 1,346</b>

### 21 Insurance

All major risks have been identified and are insured with applicable excesses. There were no major claims outstanding as at the 31/3/17. An £86k reserve is held in respect of our liability going back some years with Municipal Mutual Limited (MMI).

## Notes to the Accounts

### 22 Pensions

All of the pension figures included in the 2016/17 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.

#### *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:

## Notes to the Accounts

### 22 Pensions continued

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

	Local Government Pension Scheme		Discretionary Benefit	
	2015/16	2016/17	2015/16	2016/17
	£'000	£'000	£'000	£'000
Present value of the defined benefit obligation	97,897	121,886	1,168	1,226
Fair value of plan assets	52,033	59,578	0	0
Sub-total	<b>45,864</b>	<b>62,308</b>	<b>1,168</b>	<b>1,226</b>
Other movements in the liability (asset)	0	0	0	0
<b>Net liability from defined benefit obligation</b>	<b>45,864</b>	<b>62,308</b>	<b>1,168</b>	<b>1,226</b>

#### Comprehensive Income and Expenditure Statement

	Local Government Pension Scheme		Discretionary Benefit	
	2015/16	2016/17	2015/16	2016/17
	£'000	£'000	£'000	£'000
<i>Cost of Services</i>				
<i>Service cost comprising:</i>				
Current service cost	2,742	2,494	0	0
Past service costs	97	0	0	0
(Gain) / loss from settlements	0	0	0	0
<i>Financing and Investment Income and Expenditure</i>	0			
Net interest expense	1,634	1,651	0	0
Administrative expenses	21	33	0	0
<b>Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services</b>	<b>4,494</b>	<b>4,178</b>	<b>0</b>	<b>0</b>
<i>Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement</i>				
Remeasurement of the net defined benefit liability comprising:				
Return on plan assets (excluding the amount included in the net interest expense)	1,307	(7,842)	0	0
Actuarial gains and losses arising on changes in demographic assumptions	0	(133)	0	0
Actuarial gains and losses arising on changes in financial assumptions.	(7,102)	22,672	0	0
<b>Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement</b>	<b>(5,795)</b>	<b>14,697</b>	<b>0</b>	<b>0</b>
<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.	3,596	(16,502)	0	0
<i>Actual amount charged against the General Fund Balance for pensions in the year:</i>				
Employers' contributions payable to the scheme	2,295	2,373	0	0
Retirement benefits payable to pensioners			3,598	3,461

## Notes to the Accounts

## 22 Pensions continued

## Reconciliation of the Movements in the Fair Value of Scheme Assets

	Local Government Pension		Discretionary Benefit Arrangements	
	2015/16	2016/17	2015/16	2016/17
	£'000	£'000	£'000	£'000
Opening fair value of scheme assets	52,379	52,033	0	0
Interest income	1,716	1,864	0	0
Remeasurement gain / (loss):	0	(1,629)	0	0
- The return on plan assets, excluding The amount included in The net interest expense	(1,307)	7,842	0	0
- Other	(21)	(33)	0	0
Contributions from employer	2,295	2,373	0	0
Contributions from employees into the scheme	569	589	0	0
Benefits paid	(3,598)	(3,461)	0	0
Other	0	0	0	0
<b>Closing fair value of scheme assets</b>	<b>52,033</b>	<b>59,578</b>	<b>0</b>	<b>0</b>

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

	Funded Liabilities: Local Government Pension Scheme		Unfunded Liabilities: Discretionary Benefits	
	2015/16	2016/17	2015/16	2016/17
	£'000	£'000	£'000	£'000
<b>Opening balance at 1 April</b>	103,190	99,338	(183)	(273)
Current service cost	2,742	2,494	0	0
Interest cost	3,350	3,515	0	0
Contributions from scheme participants	569	589	0	0
Remeasurement (gains) and losses:				
- Actuarial gains and losses arising on changes in demographic assumptions	0	(133)	0	0
- Actuarial gains and losses arising on changes in financial assumptions.	(7,075)	24,227	0	0
- Other	0	0	0	0
Past service cost	97	0	0	0
Losses / (gains) on curtailment	0	0	0	0
Experience loss / (gain) on defined benefit obligation	(27)	(3,184)	0	0
Benefits paid	(3,508)	(3,372)	(90)	(89)
<b>Closing balance at 31 March</b>	<b>99,338</b>	<b>123,474</b>	<b>(273)</b>	<b>(362)</b>

## Synopsis on performance

The main reason for the increase in the net liability this year is the change in financial assumptions. The financial assumptions are set out on page 9 of the actuaries report and the change in each of these since the previous year have had the effect of increasing the value placed on the liabilities. In particular:

- The discount rate assumption has fallen from 3.6% p.a. to 2.7% p.a. which has caused a significant increase in the value of liabilities. The discount rate assumption is set with reference to corporate bond yields as required by the accounting standard, and bond yields have fallen significantly over the accounting year.

- The pension increase assumption has increased from 2.3% p.a. to 2.7%. This assumption is based on the Consumer Prices Index.

The combined effect of these changes has increased the value of the liabilities significantly and therefore also the value of the net liability, although this has been partially offset by strong asset returns over the year.

It may be helpful to also refer to the sensitivity analysis table under the heading Impact on the Defined Benefit Obligation in the Scheme in this report as this illustrates the effect of changing the assumptions.

## 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 2016 and has then been updated for estimated fund returns, asset statement, market returns, income and expenditure or as at the 31 March 2017.

The significant assumptions used by the actuary have been:

	Local Government Pension Scheme		Discretionary Benefit Arrangements	
	2015/16	2016/17	2015/16	2016/17
Mortality assumptions:				
Longevity at 65 for current pensioners				
- Men	22.9	23.4		
- Woman	26.2	25.5		
Longevity at 65 for future pensioners				
- Men	25.2	25.6		
- Woman	28.6	27.8		
Rate of inflation	2.3%	2.7%		
Rate of increase in salaries	4.1%	4.2%		
Rate of increase in pensions	2.3%	2.7%		
Rate for discounting scheme liabilities	3.6%	2.7%		

#### Local Government Pension Scheme assets comprised:

	Fair value of scheme assets	
	2015/16 £'000	2016/17 £'000
Cash and cash equivalents	965	1,591
Equities:		
UK	12,511	14,326
Overseas	16,896	20,718
<b>Sub-total equities</b>	<b>29,407</b>	<b>35,044</b>
Bonds:		
- Gilts	1,711	1,778
- Other Bonds	1,495	1,523
<b>Sub-total bonds</b>	<b>3,206</b>	<b>3,301</b>
Other investments:		
- Infrastructure	2,167	2,318
- Property	5,753	5,213
- Target Return Portfolio	7,538	8,846
- Alternative Assets	2,997	3,265
<b>Sub-total other investment funds</b>	<b>18,455</b>	<b>19,642</b>
<b>Total assets</b>	<b>52,033</b>	<b>59,578</b>

## 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	Decrease in Assumption
	£'000	£'000
Longevity (increase or decrease in 1 year)	127,839	118,566
Rate of increase in salaries (increase or decrease by 0.1%)	123,446	122,782
Rate of increase in pensions (increase or decrease by 0.1%)	125,051	121,210
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	120,882	125,387

#### Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employer's 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 2019. 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 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). 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 £2,439k expected contributions to the scheme in 2017/18

The weighted average duration of the defined benefit obligation for scheme members is 19 years. (2015/16 18 years)

## Notes to the Accounts

### 23 Property, Plant and Equipment

#### Movements in Balances

2016/17	Assets Under Construction	Council Dwellings	Other Land & Buildings	Vehicles Plant & Equip	Community Assets	Infra-structure Assets	Assets held for sale	Surplus Assets	Total Property, Plant and Equipment
Cost or Valuation	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>At 1 April 2016</b>	<b>506</b>	<b>123,488</b>	<b>41,518</b>	<b>5,305</b>	<b>516</b>	<b>292</b>	<b>0</b>	<b>0</b>	<b>171,625</b>
Additions	1,518	3,166	104	100	0	0			4,888
Revaluation increases/(decreases) recognised in the Revaluation reserve	0	(2,220)	2,125	0	0	0			(95)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	0	17,796	(249)	0	0	0			17,547
Derecognition - Disposals	(5)	(1,206)	(114)	(3)	0	0			(1,328)
Derecognition - Other									0
Reclassification	(52)	0	(1,556)	0	0	0	419	1,136	(53)
<b>At 31 March 2017</b>	<b>1,967</b>	<b>141,024</b>	<b>41,828</b>	<b>5,402</b>	<b>516</b>	<b>292</b>	<b>419</b>	<b>1,136</b>	<b>192,584</b>

#### Accumulated Depreciation and Impairment

<b>At 1 April 2016</b>	0	0	(30)	(2,387)	(77)	(11)		0	(2,505)
Depreciation charge		(2,223)	(1,089)	(661)	(10)	(12)			(3,995)
Depreciation written out to the Revaluation Reserve		2,223	1,119	0	0	0			3,342
Depreciation written out to the Surplus/Deficit on the Provision of Services									0
Impairment losses/(reversals) recognised in the Revaluation Reserve									0
Impairment losses/(reversals) recognised in the Provision of Services									0
Derecognition - Disposals		0	0	3	0	0			3
Derecognition - Other		0	62	0	0	0		(61)	1
<b>At 31 March 2017</b>	<b>0</b>	<b>0</b>	<b>62</b>	<b>(3,045)</b>	<b>(87)</b>	<b>(23)</b>		<b>(61)</b>	<b>(3,154)</b>

#### Net Book Value

<b>At 31 March 2017</b>	<b>1,967</b>	<b>141,024</b>	<b>41,890</b>	<b>2,357</b>	<b>429</b>	<b>269</b>	<b>419</b>	<b>1,075</b>	<b>189,430</b>
<b>At 31 March 2016</b>	<b>506</b>	<b>123,488</b>	<b>41,488</b>	<b>2,918</b>	<b>439</b>	<b>281</b>	<b>0</b>	<b>0</b>	<b>169,120</b>

## 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	Assets held for sale	Surplus Assets	Total Property, plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Owned</b>	<b>1,967</b>	<b>141,024</b>	<b>41,890</b>	<b>1,874</b>	<b>429</b>	<b>269</b>	<b>419</b>	<b>1,075</b>	<b>188,947</b>
<b>Subject to Finance Leases</b>				<b>483</b>					<b>483</b>

(See note 57 for finance lease information.)

At 31 March 2017 the Council had £1,967k of assets under construction - £1,600k in respect of Council House building, £92k on digital transformation projects, £93k on the Exe Valley Leisure Centre gym extension, £80k relating to the Town Hall redevelopment project, and £102k 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	Assets held for sale	Surplus Assets	Total Property, plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Valued at Historical Cost</b>	<b>1,967</b>			<b>2,357</b>	<b>429</b>				<b>4,753</b>
<b>Valued at fair value in year</b>									
<b>2016/17</b>		141,024	41,890			269	419	1,075	184,677
<b>2015/16</b>		139,422	41,489			238			181,149
<b>2014/15</b>		123,747	41,063			292			165,102
<b>2013/14</b>		119,320	36,749			291			156,360
<b>2012/13</b>		112,475	6,924			26			119,425



## 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
<b>At 1 April 2015</b>	<b>1,376</b>	<b>123,746</b>	<b>41,335</b>	<b>5,425</b>	<b>516</b>	<b>292</b>		<b>172,690</b>
Additions	923	2,957	106	547				<b>4,533</b>
Revaluation increases/(decreases) recognised in the Revaluation reserve		(2,127)	420					<b>(1,707)</b>
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services		(2,153)	(234)					<b>(2,387)</b>
Derecognition - Disposals	(3)	(809)		(667)				<b>(1,479)</b>
Derecognition - Other								
Reclassification	(1,790)	1,874	(109)					<b>(25)</b>
<b>At 31 March 2016</b>	<b>506</b>	<b>123,488</b>	<b>41,518</b>	<b>5,305</b>	<b>516</b>	<b>292</b>		<b>171,625</b>

#### Accumulated Depreciation and Impairment

At 1 April 2015			(5)	(2,297)	(67)			<b>(2,369)</b>
Depreciation charge		(1,959)	(1,095)	(757)	(10)	(11)		<b>(3,832)</b>
Depreciation written out to the Revaluation Reserve		1,959	1,070					<b>3,029</b>
Depreciation written out to the Surplus/Deficit on the Provision of Services								
Impairment losses/(reversals) recognised in the Revaluation Reserve								
Impairment losses/(reversals) recognised in the Provision of Services								
Derecognition - Disposals				667				<b>667</b>
Derecognition - Other								
<b>At 31 March 2016</b>			<b>(30)</b>	<b>(2,387)</b>	<b>(77)</b>	<b>(11)</b>		<b>(2,505)</b>

#### Net Book Value

<b>At 31 March 2016</b>	<b>506</b>	<b>123,488</b>	<b>41,488</b>	<b>2,918</b>	<b>439</b>	<b>281</b>		<b>169,120</b>
-------------------------	------------	----------------	---------------	--------------	------------	------------	--	----------------

(See note 57 for finance lease information.)

#### Nature of asset holding

<b>Owned</b>	<b>506</b>	<b>123,488</b>	<b>41,488</b>	<b>2,348</b>	<b>439</b>	<b>281</b>		<b>168,550</b>
<b>Subject to Finance Leases</b>				<b>570</b>				<b>570</b>

## Notes to the Accounts

### 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 1/4/15	Expend	Transfer in Year	Amount Financed or Written Off	Balance at 31/03/16	Expend	Transfer in Year	Amount Financed or Written Off	Balance at 31/3/17
Description	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Affordable housing	0	25		(25)	0	20		(20)	0
Private Sector Housing Grants & DFG's	0	281		(281)	0	313		(313)	0
Other REFCUS	0	0		0	0	0		0	0
<b>Total</b>	<b>0</b>	<b>306</b>	<b>0</b>	<b>(306)</b>	<b>0</b>	<b>333</b>	<b>0</b>	<b>(333)</b>	<b>0</b>

Capital grants received to finance these projects amounted to £264k (2015/16 £281k).

### 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.

2015/16 £'000		2016/17 £'000
<b>53,320</b>	Opening Capital Financing Requirement	<b>51,960</b>
	Capital investment	
4,533	Property, Plant and Equipment	4,888
	Intangible assets	73
306	Revenue Expenditure Funded from Capital under Statute	333
	Sources of Finance	
(568)	- Capital receipts applied	(820)
(2,390)	Use of Major Repairs Allowance to finance HRA new capital expenditure	(2,797)
(453)	- Government grants and contributions	(1,171)
	Sums set aside from revenue:	
(1,425)	Direct revenue contributions	(506)
(1,363)	Statutory provision for the financing of capital investment	(1,074)
<b>51,960</b>	<b>Closing Capital Financing Requirement</b>	<b>50,886</b>
	Explanation of movements in year	
(1,360)	(Decrease)/Increase in underlying need to borrowing (unsupported by government financial assistance)	(1,074)
<b>(1,360)</b>	<b>(Decrease)/Increase in Capital Financing Requirement</b>	<b>(1,074)</b>

## 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

2015/16 £'000		2016/17 £'000
	<b>Cost or Valuation</b>	
491	<b>At 1 April 2016</b>	491
	Additions	
	Donations	
	Disposals	
	Revaluation increases/(decreases) recognised in the Revaluation reserve	(37)
	Revaluation increases/(decreases) recognised in the Surplus/Deficit on the	
<b>491</b>	<b>At 31 March 2017</b>	<b>454</b>

#### Heritage Assets: Summary of Transactions

	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
<b>Value of Heritage Assets Acquired by Donation</b>					
Art Collection	925	475	491	491	454
<b>Carrying Value of assets at 31 March</b>	<b>925</b>	<b>475</b>	<b>491</b>	<b>491</b>	<b>454</b>

#### 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 paintings have been revalued by Bearnas Hampton and Littlewood Auctioneers and Valuers as at December 2016.

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.

2015/16 £'000	2016/17 £'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 items of Property, Plant and Equipment.

The carrying amount of intangible assets is amortised in full in the first year. The amortisation of £125k charged to revenue in 2016/17 was charged to the following service headings:

	2015/16 £'000	2016/17 £'000
IT Software Support & Maintenance	25	125
<b>Total</b>	<b>25</b>	<b>125</b>

#### Movements in Balances

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

	2015/16 Other Assets £'000	2016/17 Other Assets £'000
<b>Balance at start of year:</b>		
- Gross carrying amounts	389	415
- Accumulated amortisation	(389)	(415)
Net carrying amount at start of year	0	0
<b>Additions</b>		
- Internal development		
- Purchases		73
Reclassification	25	52
Derecognition - Disposals		
Amortisation charge for the period	(25)	(125)
<b>Net carrying amount at the end of year</b>	<b>0</b>	<b>0</b>

## Notes to the Accounts

### 27 Intangible Assets

Comprising:	2015/16 £'000	2016/17 £'000
Gross carrying amounts	414	540
Accumulated amortisation	(414)	(540)
	<b>0</b>	<b>0</b>

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

	2015/16 £'000	2016/17 £'000
Central Services - IT Software Support and Maintenance	25	125
<b>Total</b>	<b>25</b>	<b>125</b>

### 28 Commitments under Capital Contracts

	2015/16 £'000	2016/17 £'000
Various MRA works	1,200	
Palmerston Park & Birchen Lane Council House Building Project	4,006	
	<b>5,206</b>	<b>0</b>

This area has been reviewed and no material Capital contracts were signed prior to 31/03/17.

## 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 2016/17 accounts at their 31/03/17 valuation. The Valuation Office have made their 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 Valuation Office, and MRICS FAAV qualified, undertook a valuation exercise to reassess the value of the housing stock as at 31 March 2017. 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 35% to adjust the value of Council House values to EUV - SH has been used as the discount factor for 2016/17.

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 Valuation Office has undertaken a comprehensive impairment review of the Council's assets as at the 31 March 2017.

### 30 Short-Term and Long-Term Borrowing

As at the 31/3/17 the Council had 5 long term loans outstanding from the Public Works Loan Board (PWLB) with an outstanding balance of £43,973m

- 1 - £39.777m to fund the Housing Revenue Account stock purchase - 25 year loan @ 2.94% maturing 28/3/37
- 2 - £88k to fund new gym equipment and 2 refuse vehicles - 5 year loan @ 1.32% maturing 28/3/18
- 3 - £60k to fund a new street sweeper - 7 year loan @ 2.18% maturing 11/3/21
- 4 - £118k to fund a recycling baler - 10 year loan @ 2.68% maturing 25/3/24
- 5 - £3,930k 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 31/03/16	Balance at 31/3/17
		£'000	£'000
Public Works Loan Board	< 1 year	1,683	1,731
	2 - 5 years	6,954	7,051
	Over 5 years	37,019	35,191
<b>Total loan value outstanding</b>		<b>45,656</b>	<b>43,973</b>

## 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 £270k at 31 March 2017 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:

2016/17	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	£'000
Interest payable	1,313					1,313
Interest payable on finance leases		34				34
<b>Interest payable and similar charges</b>	<b>1,313</b>	<b>34</b>				<b>1,347</b>
Interest income			(143)		(175)	(318)
<b>Interest and investment income</b>			<b>(143)</b>		<b>(175)</b>	<b>(318)</b>
Impairment charge					250	250
<b>Net (gain)/loss for the year</b>	<b>1,313</b>	<b>34</b>	<b>(143)</b>		<b>75</b>	<b>1,279</b>

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	£'000
Interest payable	1,304					1,304
Interest payable on finance leases		32				32
<b>Interest payable and similar charges</b>	<b>1,304</b>	<b>32</b>				<b>1,336</b>
Interest income			(148)		(66)	(214)
<b>Interest and investment income</b>			<b>(148)</b>		<b>(66)</b>	<b>(214)</b>
Impairment charge		0	0		110	110
<b>Net (gain)/loss for the year</b>	<b>1,304</b>	<b>32</b>	<b>(148)</b>		<b>44</b>	<b>1,232</b>

#### 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 0.63% 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

### 32 Financial Instruments continued

The fair values calculated are as follows:

	31/03/2016		31/03/2017	
	Carrying amount	Fair value	Carrying amount	Fair value
	£'000	£'000	£'000	£'000
<b>Financial Assets</b>				
Long term investment				
Short term investment	13,500	13,500	18,000	18,000
Cash and cash equivalents	8,777	8,777	8,385	8,385
Loans and trade receivables	322	322	747	747
<b>Total</b>	<b>22,599</b>	<b>22,599</b>	<b>27,132</b>	<b>27,132</b>
<b>Financial Liabilities</b>				
Long term borrowing	(45,656)	(52,558)	(43,973)	(52,555)
Finance leases	(570)	(570)	(483)	(483)
Trade payables	(694)	(694)	(579)	(579)
<b>Total</b>	<b>(46,920)</b>	<b>(53,822)</b>	<b>(45,035)</b>	<b>(53,617)</b>

### 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 2016/17

### Fair Value Disclosure of PWLB Loans

The fair value of Public Works Loan Board (PWLB) loans of £52,555k 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

### 32 Financial Instruments continued

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 £43,973k would be valued at £52,555k. 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 £52,389k.

### Income, Expense, Gains and Losses

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

	31/03/2016			31/03/2017
	£'000			£'000
Interest income	(66)			(175)
Total income in Surplus or Deficit on the Provision of Services	(66)			(175)
Losses on revaluation	110			250
Surplus/Deficit arising on revaluation of financial assets in other Comprehensive Income and Expenditure	110			250
Net Gain/Loss for the year	44			75

### 33 Long Term Investments

	31/03/2016			31/03/2017
	£'000			£'000
	0			0

  

	Term		Fixed Interest	31/03/2016	31/03/2017
Bank/Building Society	From	To	Rate %	£'000	£'000
Total				0	0

## Notes to the Accounts

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

31/03/2016 £'000		31/03/2017 £'000
158	Other entities and individuals	175
<b>158</b>	<b>Total</b>	<b>175</b>

### 35 Short Term Investments

31/03/2016 £000		31/03/2017 £000
<b>13,500</b>		<b>18,000</b>

Bank/Building Society	Term		Fixed Interest	31/03/2016	31/03/2017
	From	To	Rate %	£000	£000
Santander	06/10/2016	06/04/2017	0.50%		1,000
Coventry	16/01/2017	31/05/2017	0.32%		2,000
Eastleigh Borough C	22/03/2017	07/07/2017	0.35%		3,000
Eastleigh Borough C	28/03/2017	11/08/2017	0.38%		2,000
Goldman Sachs	15/02/2017	18/09/2017	0.78%		2,000
Lloyds	19/09/2016	19/09/2017	1.00%		1,500
Lloyds	30/09/2016	29/09/2017	1.00%		500
Lloyds	14/10/2016	13/10/2017	1.00%		1,000
Thurrock BC	20/01/2017	27/11/2017	0.45%		1,000
Lloyds	02/12/2016	01/12/2017	1.00%		500
Lloyds	14/02/2017	14/02/2018	0.90%		500
Lloyds	15/03/2017	15/03/2018	0.90%		1,000
Goldman Sachs	01/02/2017	notice account	0.86%		2,000
	<b>Total</b>			<b>13,500</b>	<b>18,000</b>

### 36 Inventories

	31/03/2016 £'000	31/03/2017 £'000
Raw materials	195	200

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

31/03/2016 £'000		31/03/2017 £'000
460	Central government bodies	343
201	Other local authorities	456
0	NHS bodies	10
0	Public corporations and trading funds	0
2,800	Other entities and individuals	2,672
(865)	Less: bad debt provisions	(719)
<b>2,596</b>	<b>Total</b>	<b>2,762</b>

## Notes to the Accounts

### 38 Cash and Cash Equivalents

31/03/2016 £'000		31/03/2017 £'000
3	Cash held by the Authority	3
4,884	Bank current accounts	3,743
1,500	Short-term deposits with financial institutions	
2,390	CCLA LAMIT Property Fund	4,639
<b>8,777</b>		<b>8,385</b>

At the 31st of March 2017 the Council held 1,634,480 units in the CCLA Local Authorities' Mutual Investment Trust Commercial Property Fund. During 2016/17 the income received amounted to £174k, a 4.32% return for the year. The carrying value of the investment in the Balance Sheet is based upon the fair value. The fair value at 31 March 2017 amounted to £4,639k (1,634,480 x £2.8385, the level one fair value hierarchy input quoted bid price at 31 March 2017). 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)

31/03/2016 £'000		31/03/2017 £'000
(1,421)	Central government bodies	(350)
(992)	Other local authorities	(591)
	NHS bodies	
	Public corporations and trading funds	(55)
(2,984)	Other entities and individuals	(3,235)
<b>(5,397)</b>	<b>Total</b>	<b>(4,231)</b>

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

31/03/2016 £'000		31/03/2017 £'000
(43,973)	Central government bodies	(42,242)
	Other local authorities	
	NHS bodies	
	Public corporations and trading funds	
(641)	Other entities and individuals	(606)
<b>(44,614)</b>		<b>(42,848)</b>
(47,032)	Other Long Term Liabilities	(63,534)
(807)	Capital Grants Receipts in Advance (Note 57)	(170)
<b>(92,453)</b>	<b>Total</b>	<b>(106,552)</b>

### 41 Provisions

31/03/2016 £000		31/03/2017 £000
<b>(41)</b>	Local land charges provision	<b>(28)</b>

A remaining provision of £28k regarding the outstanding costs relating to the Local Land Charges claim still remains.

## Notes to the Accounts

### 42 Usable Reserves

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

### 43 Unusable Reserves

31/03/2016 £'000		31/03/2017 £'000
(11,466)	Revaluation reserve (note 44)	(14,426)
(106,185)	Capital Adjustment Account (note 45)	(124,572)
(39)	Deferred Capital Receipts Reserve (note 46)	(39)
47,032	Pensions Reserve (note 47)	63,534
703	Collection Fund Adjustment Account (note 48)	93
168	Accumulating Compensated Absences Adjustment Account (note 49)	160
<b>(69,787)</b>	<b>Total Unusable Reserves</b>	<b>(75,250)</b>

### 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.

31/03/2016 £'000		31/03/2017 £'000
(10,418)	At 1 April 2016	(11,466)
(2,041)	Upward revaluation of assets	(3,283)
701	Downward revaluation of assets and impairment losses not posted to the Surplus on the Provision of Services	36
<b>(11,758)</b>	<b>Surplus or deficit on revaluation of non-current assets not posted to the Surplus on the Provision of Services</b>	<b>(14,713)</b>
20	Accumulated gains on assets sold	
272	Difference between fair value depreciation and historical cost depreciation	287
<b>(11,466)</b>	<b>At 31 March 2017</b>	<b>(14,426)</b>

## 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.

31/03/2016		31/03/2017
£'000		£'000
(107,071)	At 1 April 2016	(106,185)
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement	
3,832	Charges for Depreciation and impairment of non current assets	3,994
2,385	Revaluation losses on Property, Plant and Equipment	(17,509)
25	Amortisation of intangible assets	125
306	Revenue expenditure funded from capital under statute	333
809	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	1,319
(99,714)		(117,923)
(272)	<b>Adjusting amounts written out of the Revaluation Reserve</b>	(287)
<b>(99,986)</b>	<b>Net written out amount of the cost of non current assets consumed in the year</b>	<b>(118,210)</b>
	<b>Capital financing applied in the year:</b>	
(568)	Use of the Capital Receipts Reserve to finance new capital expenditure	(820)
(2,390)	Use of the Major Repairs Reserve to finance new capital expenditure	(2,797)
0	Capital grants and contributions credited to Comprehensive Income and Expenditure Statement that have been applied to capital financing	0
0	Donated assets funding	0
(453)	Application of grants to capital financing from the Capital Grants Unapplied Account	(1,171)
(1,363)	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(1,074)
(1,425)	Capital expenditure charged against the General Fund and HRA balances	(500)
<b>(106,185)</b>	<b>At 31 March 2017</b>	<b>(124,572)</b>

## Notes to the Accounts

### 46 Deferred Capital Receipts Reserve

31/03/2016		31/03/2017
£'000		£'000
(40)	<b>At 1 April 2016</b>	(39)
1	Transfer to the Capital Receipts Reserve upon receipt of cash	0
<b>(39)</b>	<b>At 31 March 2017</b>	<b>(39)</b>

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.

31/03/2016		31/03/2017
£'000		£'000
50,628	<b>At 1 April 2016</b>	47,032
(5,795)	Remeasurement of net defined liability	14,697
4,494	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	4,178
(2,295)	Employer's pension contributions and direct payments to pensioners payable in the year	(2,373)
<b>47,032</b>	<b>At 31 March 2017</b>	<b>63,534</b>

## 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.

31/03/2016		31/03/2017
£'000		£'000
(33)	<b>At 1 April 2016</b>	<b>(8)</b>
25	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	(34)
<b>(8)</b>	<b>At 31 March 2017</b>	<b>(42)</b>

The balance of (£42k) represents MDDC's share (13.84%) of the overall Council Tax Collection Fund Surplus of (£303k) at 31/03/17 ((£8k at 31/03/16) (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

31/03/2016		31/03/2017
£'000		£'000
(44)	<b>At 1 April 2016</b>	<b>711</b>
755	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	(576)
<b>711</b>	<b>At 31 March 2017</b>	<b>135</b>

This balance of £135k represents MDDC's share (40%) of the overall NNDR Collection Fund Deficit of £356k at 31/03/17 which equates to £143k (see page 65) (deficit in 15/16 £1,852k (MDDC 40% £741k), this is reduced by additional income attributable from renewable energy schemes of (£8k) ((£30k) in 15/16)). Therefore 16/17 £135k = £143k-£8k (15/16 £711k = £741k-£30k).

## Notes to the Accounts

### 49 Accumulating Compensating Absences Adjustment Account

31/03/2016		31/03/2017
£'000		£'000
120	<b>At 1 April 2016</b>	<b>168</b>
(120)	Settlement or cancellation of accrual made at the end of the preceding year	(168)
0	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.	0
168	Amounts accrued at the end of the current year	160
<b>168</b>	<b>At 31 March 2017</b>	<b>160</b>

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

31/03/2016		31/03/2017
£'000		£'000
3,832	Depreciation	3,994
25	Amortisation	125
2,387	Impairment	(17,547)
54	Bad debts written off	239
2,456	(Decrease)/increase in creditors	(2,064)
744	Decrease /(increase) in debtors	(184)
(11)	Decrease in inventories	5
829	Carrying amount of non-current assets sold	1,320
2,199	Pension liability reversal	1,805
110	Deficit on revaluation of available for sale financial assets	250
(204)	Other adjustments	(160)
<b>12,421</b>		<b>(12,217)</b>

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

31/03/2016		31/03/2017
£'000		£'000
(741)	Other receipts from financing activities	(1,614)
306	REFCUS adjustment	333
(1,285)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(2,086)
1,336	Interest Paid	1,347
(170)	Interest received	(318)
	Difference between preceptors share and amount of NNDR paid to them	
<b>(554)</b>		<b>(2,338)</b>

## 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:

31/03/2016		31/03/2017
£'000		£'000
(170)	Interest received	(318)
1,336	Interest paid	1,347
<b>1,166</b>		<b>1,029</b>

## 53 Cash Flow Statement - Investing Activities

31/03/2016		31/03/2017
£'000		£'000
(4,533)	Purchase of property, plant and equipment, investment property and intangible assets	(4,961)
(306)	Other cash payments (REFCUS)	(333)
1,285	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	2,086
741	Capital grants received	1,614
500	Sale of long-term investments	0
(4,000)	Purchase of temporary investments	(4,500)
0	Other investing activities	0
170	Interest received	318
(1,336)	Interest paid	(1,347)
<b>(7,479)</b>	<b>Net cash flows from investing activities</b>	<b>(7,123)</b>

## 54 Cash Flow Statement - Financing Activities

31/03/2016		31/03/2017
£'000		£'000
(111)	Cash payments for the reduction of the outstanding liabilities relating to finance leases	(87)
(1,637)	PWLB debt repayment	(1,683)
<b>(1,748)</b>	<b>Net cash flows from financing activities</b>	<b>(1,770)</b>

## Notes to the Accounts

### 55 Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2016/17

#### Credited to Taxation and Non Specific Grant Income

2015/16		2016/17
£'000		£'000
(6,126)	Council Tax	(6,493)
(2,034)	Non Domestic Rates	(2,535)
(1,705)	Revenue Support Grant	(1,017)
(54)	Council Tax Freeze Grant	
(1,619)	New Homes Bonus	(1,836)
(200)	Homes and Communities Agency	(636)
	Rural Services Delivery Grant	(464)
	Affordable Housing	(260)
	Air Quality	(66)
	Disabled Facilities Grants	(387)
(325)	Other	(39)
<b>(12,063)</b>	<b>Total</b>	<b>(13,733)</b>

#### Credited to Services

2015/16		2016/17
£'000		£'000
(18,672)	Housing Benefit Subsidy	(17,835)
(266)	Section 106s	(617)
(346)	Housing Benefit & CTB Admin Grant	(306)
(108)	Business Rates - Cost of Collection Grant	(108)
(707)	Others	(417)
<b>(20,099)</b>	<b>Total</b>	<b>(19,283)</b>

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

2015/16	2016/17
£'000	£'000
0	0

#### Capital Grants Receipts in Advance due in more than one year

2015/16	2016/17
£'000	£'000
(807)	(171)

#### Revenue Grants Receipts in Advance due in less than one year

2015/16	2016/17
£'000	£'000
0	0

## Notes to the Accounts

### Revenue Grants Receipts in Advance due in more than one year

2015/16	2016/17
£'000	£'000
0	0

### 56 Contingent Liabilities

There are no contingent liabilities at 31 March 2017.

### 57 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.

2015/16	2016/17
£'000	£'000
<b>570</b>	<b>483</b>
Vehicles, Plant and Equipment	

## Notes to the Accounts

### 57 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):

2015/16		2016/17
£'000		£'000
(89)	- current	(89)
(481)	- non current	(394)
0	Finance costs payable in future years	0
<b>(570)</b>	<b>Minimum lease payments</b>	<b>(483)</b>

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

#### Minimum Lease Payments

2015/16		2016/17
£'000		£'000
89	Not later than one year	89
284	Later than one year and not later than five years	246
197	Later than five years	148
<b>570</b>		<b>483</b>

#### Finance Lease Liabilities

2015/16		2016/17
£'000		£'000
89	Not later than one year	89
284	Later than one year and not later than five years	246
197	Later than five years	148
<b>570</b>		<b>483</b>

## Notes to the Accounts

## 57 Leases continued - Operating

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

2015/16		2016/17
£'000		£'000
119	Not later than one year	114
441	Later than one year and not later than five years	441
551	Later than five years	440
<b>1,111</b>		<b>995</b>

## Minimum Lease Payments incurred during the year

2015/16		2016/17
£'000		£'000
66	Operating Leases for vehicles, equipment, land and buildings	131
112	Hire payments for vehicles, plant and equipment	148
<b>178</b>		<b>279</b>

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

2015/16		2016/17
£'000		£'000
571	Not later than one year	440
1,025	Later than one year and not later than five years	798
672	Later than five years	450
<b>2,268</b>		<b>1,688</b>

## Notes to the Accounts

### 57 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.

### 58 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 Tax payer 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.

2015/16		2016/17
£'000		£'000
(2,152)	Council Dwellings	17,796
(233)	Other Land & Buildings	(249)
(2,385)		17,547

The net £250k impairment (decrease in value) across a number of Council property assets (shops, toilets etc.) has arisen as a result of a decrease in the prevailing market values in the area.

### 59 Non-Adjusting Post Balance Sheet Events

On 21/04/17 Mid Devon completed the purchase of Coggans Well House for £290k. Since the transaction was completed after the 31/03/17 it is not reflected in the balance sheet of that date. As the value of the transaction is not material, it is considered to be a non-adjusting event.

At the 31/03/17, the Council had exchanged contracts with Tiverton Town Council to sell Tiverton Town Hall to that party for a sum of £175k. Since the transaction had not been completed, it is not reflected in our balance sheet. At the date of publication, the transaction remains yet to complete.

## Housing Revenue Account (HRA) Income and Expenditure Account

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

2015/16		Note	2016/17	
£'000			£'000	£'000
	<b><u>Expenditure</u></b>			
2,417	Repairs and Maintenance		2,695	
2,985	Supervision and Management		2,902	
4,310	Depreciation and impairment of non-current assets	73	(15,394)	
(3)	Increase/(Decrease) in bad debt provision		(3)	
9,709	<b>Total Expenditure</b>			(9,800)
	<b><u>Income</u></b>			
(12,780)	Dwelling Rents	72	(12,604)	
(550)	Non-dwelling Rents		(573)	
(550)	Other Chargeable Services and Facilities		(499)	
(13,880)	<b>Total Income</b>			(13,676)
(4,171)	<b>Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement</b>			(23,476)
146	HRA services share of Corporate and Democratic Core			150
223	HRA share of other amounts included in the whole Authority Net Cost of Services but not allocated to specific services			187
(3,802)	<b>Net Cost / (Income) of HRA Services</b>			(23,139)
(450)	(Gain)/loss on sale of HRA fixed assets			(751)
	Other operating income			
1,301	Interest payable and similar charges - see note below	74		1,258
(42)	Interest and investment income			(59)
(97)	Capital grants and contributions receivable			(636)
(3,090)	<b>(Surplus) for the year on HRA Services</b>			(23,327)



## 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).

2015/16		Note	2016/17	
£'000			£'000	£'000
(2,000)	Balance on the HRA at the end of the previous year			(2,000)
(3,090)	Deficit / (Surplus) for the year on the HRA Income and Expenditure Account		(23,327)	
84	Adjustments between accounting basis and funding basis under statute	60	20,611	
(3,006)	Net (increase) or decrease before transfers to or from reserves		(2,716)	
3,006	Transfers (to) or from reserves		2,716	
0	(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

### 60 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.

2016/17	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
<b><u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u></b>							
<b><u>Adjustments involving the Capital Adjustment Account:</u></b>							
Charges for depreciation and impairment of non current assets		(2,414)					2,414
Revaluation gains on Property, Plant and Equipment		17,808					(17,808)
Amortisation of intangible assets		0					0
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		(1,219)					1,219
<b><u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u></b>							
Statutory provision for the financing of capital investment		985					(985)
Capital expenditure charged against the General Fund and HRA balances		109					(109)
<b><u>Adjustments primarily involving the Capital Grants Unapplied Account</u></b>							
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement		636			(636)		
Application of grants to capital financing transferred to the Capital Adjustment account							
<b><u>Adjustments involving the Capital Receipts Reserve:</u></b>							
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement		1,970	(1,970)				
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		(36)	36				
Transfer of deferred sale proceeds as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement		0	0				
Repayment of Mortgage Principal			0				0
<b><u>Adjustments involving the Deferred Capital Receipts Reserve:</u></b>							
Transfer of deferred sale proceeds as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement		0					0
<b><u>Adjustment involving the Major Repairs Reserve:</u></b>							
Reversal of Major Repairs Allowance credited to the HRA		2,797		(2,797)			
Use of the Major Repairs Allowance to finance new capital expenditure				0			0
Interest credited to the Major Repairs Allowance		0		0			
<b><u>Adjustments involving the Financial Instruments Adjustment Account:</u></b>							
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		0					0
<b><u>Adjustment involving the Pensions Reserve:</u></b>							
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement		(23)					23
<b><u>Adjustment involving the Accumulated Absences Account:</u></b>							
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
<b>Total Adjustments</b>	<b>0</b>	<b>20,611</b>	<b>(1,934)</b>	<b>(2,797)</b>	<b>(636)</b>	<b>0</b>	<b>(15,244)</b>

## Notes to the Accounts

### 60 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
<b><u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u></b>						
<b><u>Adjustments involving the Capital Adjustment Account:</u></b>						
Charges for depreciation and impairment of non current assets	(2,153)					2,153
Revaluation losses on Property, Plant and Equipment	(2,157)					2,157
Amortisation of intangible assets	0					0
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
<b><u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u></b>						
Statutory provision for the financing of capital investment	993					(993)
Capital expenditure charged against the General Fund and HRA balances	590					(590)
<b><u>Adjustments primarily involving the Capital Grants Unapplied Account</u></b>						
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						
<b><u>Adjustments involving the Capital Receipts Reserve:</u></b>						
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				
Transfer of deferred sale proceeds as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	0				
<b><u>Adjustments involving the Deferred Capital Receipts Reserve:</u></b>						
Transfer of deferred sale proceeds as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0					0
<b><u>Adjustment involving the Major Repairs Reserve:</u></b>						
Reversal of Major Repairs Allowance credited to the HRA	2,390		(2,390)			
Use of the Major Repairs Allowance to finance new capital expenditure						
Interest credited to the Major Repairs Allowance	0		0			
<b><u>Adjustments involving the Financial Instruments Adjustment Account:</u></b>						
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	0					0
<b><u>Adjustment involving the Pensions Reserve:</u></b>						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(88)					88
<b><u>Adjustment involving the Accumulated Absences Account:</u></b>						
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
<b>Total Adjustments</b>	<b>0</b>	<b>84</b>	<b>(1,234)</b>	<b>(2,390)</b>	<b>(97)</b>	<b>3,637</b>

## Notes to the Accounts

### 61 Housing Stock

The Housing Revenue account owned the following property:

	Council Housing	Other Land & Buildings	Total
At 1 April 2016	3,060	1,187	4,247
Additions			0
Sales	(28)		(28)
Improvement changes	(2)		(2)
Transfers			0
At 31 March 2017	3,030	1,187	4,217

The figures above include 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 **£118k** to represent the Pooling Liability (at 75%) that will be due to be paid to central government when these properties are sold.

### 62 Number of dwellings by type

31 March 2016		31 March 2017
1,450	Houses	1,427
1,011	Bungalows	1,011
599	Flats	592
3,060	Total	3,030

### 63 HRA Dwelling Valuation

The vacant possession value of dwellings in the HRA is £402,926k as at the 1st April 2017, up from £398,348k 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 £141,024k 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. For 2016/17, the discount applied to determine this second valuation is 35% instead of 31%, which accounts for the significant increase in dwelling value in note 64.

## Notes to the Accounts

## HRA Dwelling Valuation continued

31 March 2016		31 March 2017
£'000		£'000
398,348	Vacant Possession Value	402,926
123,488	Existing Use Value for Social Housing (EUV-SH) @ 35%	141,024

The 31 March 2017 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 increased slightly to £133k on the vacant possession basis.

## 64 HRA Non-Current Asset Values

31 March 2016		31 March 2017
£'000	HRA Non-Current Assets	£'000
123,488	Dwellings	141,024
6,174	Other land and buildings	6,400
33	Vehicles, plant and equipment	-
205	Infrastructure assets	196
317	Assets under Construction	1,628
<b>130,217</b>		<b>149,248</b>

## 65 Capital Expenditure

2016/17			2016/17
£'000	Expenditure	Funding	£'000
3,166	Improvements to dwellings	Major repairs reserve	2,797
-	Construction of dwellings	Capital grants	837
1,311	Assets under Construction	Revenue contribution	109
		Usable capital receipts	734
<b>4,477</b>			<b>4,477</b>

2015/16			2015/16
£'000	Expenditure	Funding	£'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
		Usable capital receipts	520
<b>3,706</b>			<b>3,706</b>

## 66 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.

2015/16		2016/17
£'000		£'000
0	At 1 April 2016	0
2,390	Amount transferred from Housing Revenue Account	2,797
(2,390)	Capital expenditure incurred during the year	(2,797)
0	At 31 March 2017	0

## Notes to the Accounts

### 67 Capital Receipts

2015/16		2016/17
£'000		£'000
1,259	Sale of council houses	1,946
-	Sale of land	24
-	Sale of council houses - discount repaid	-
-	Council house loan repayments	-
<b>1,259</b>	<b>Total</b>	<b>1,970</b>

### 68 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 note 60.

2015/16		2016/17
£'000		£'000
(88.00)	Net interest on the defined benefit liability	(23.00)

### 69 HRA Arrears

At 31st March 2017 the rent arrears as a proportion of gross rent income totalled 1.8% (1.2% at 31st March 2016). Rent written off during 2016/17 amounted to £49k (£36k in 2015/16). The breakdown of the total arrears is shown below.

31 March 2016		31 March 2017
£'000		£'000
149	Rent (dwellings & garages)	122
14	Housing benefit overpayments	9
15	Court costs	15
47	Rechargeable Repairs	58
17	Other	17
<b>242</b>	<b>Total</b>	<b>221</b>

### 70 Bad Debt Provision

The provision for bad debt for the housing service stands at £112k as at 31 March 2017 (£116k 31 March 2016).

## Notes to the Accounts

### 71 Rents Paid in Advance

2015/16		2016/17
£'000		£'000
116	Dwellings rental income paid in advance	156

### 72 Gross Rents

This represents the total rent income due for the year after allowing for voids and other adjustments. The rents set averaged at £79.85 per week based on a 52 week year (2015/16 £80.65).

### 73 Depreciation & Impairment of Fixed Assets

#### Depreciation and Amortisation

2015/16		2016/17
£'000	Operational Assets	£'000
1,959	Dwellings	2,222
135	Other Land and Buildings	148
10	Infrastructure	10
0	Intangible assets	0
49	Vehicles, Plant and Equipment (Finance Leases)	33
2,153	Total	2,413

#### Impairment and (revaluation)

2015/16		2016/17
£'000	Operational Assets	£'000
2,151	Dwellings	(17,796)
6	Other Land and Buildings	(12)
2,157	Total	(17,808)

### 74 Interest payable and similar charges

2015/16		2016/17
£'000		£'000
1,244	PWLB loan interest - HRA self financing	1,202
56	Internal self financing - General Fund	56
1	Finance lease interest	0
1,301	Total	1,258

## Notes to the Accounts

### 75 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.

2015/16		2016/17
£'000	Housing Revenue Account Income and Expenditure Account	£'000
1	Finance lease interest	-

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

2015/16		2016/17
£'000	Adjustments between Accounting Basis and Funding Basis under Regulations	£'000
(16)	Depreciation reversed	(16)

16	Capital financing of finance lease assets	-
----	---	---

2015/16	Balance Sheet	2016/17
-	Asset - Plant and Equipment	-

-	Liability < 1 year	-
---	--------------------	---

-	Liability > 1 year	-
---	--------------------	---

### 76 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).

2015/16		2016/17
£'000		£'000
(42,622)	Opening Balance	(41,220)
1,402	Repaid in Year	1,443
(41,220)	<b>Closing Balance</b>	<b>(39,777)</b>



## 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.

2015/16			2016/17
£'000	INCOME	Notes	£'000
(44,810)	Council Tax receivable		(47,117)
(44,810)	<b>Total Income</b>		(47,117)
	<b>EXPENDITURE</b>		
	<b>Precepts, Demands and Shares</b>	<b>80</b>	
31,691	- Devon County Council		33,218
4,971	- Mid Devon District Council		5,148
4,625	- Devon and Cornwall Police		4,754
2,140	- Devon Fire and Rescue		2,200
1,137	- Parish Precepts		1,303
44,564			46,623
	<b>Charges to Collection Fund</b>		
107	- Write offs of uncollectable amounts		142
5	- Increase in provision for bad debts		49
112			191
	<b>Apportionment of previous year's surplus</b>		
224	- Devon County Council		43
43	- Mid Devon District Council		8
33	- Devon and Cornwall Police		6
15	- Devon Fire and Rescue		3
315			60
44,991	<b>Total Expenditure</b>		46,874
181	<b>(Surplus) / Deficit for the year</b>		(243)
(241)	Opening Balance at 1st April		(60)
(60)	<b>Closing Balance at 31 March</b>	<b>48</b>	(303)

The £303k represents the overall surplus on the Council Tax element of the Collection Fund at 31/03/17 (2015/16 £60k surplus). Of this 13.84% is attributable to MDDC, which equates to £42k (2015/16 £8k - 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.

2015/16			2016/17
£'000	INCOME	Notes	£'000
(14,984)	Business Rates receivable	78	(14,261)
(120)	Transitional Protection Payments		55
(15,104)	<b>Total Income</b>		(14,206)
	<b>EXPENDITURE</b>		
	<b>Precepts, Demands and Shares</b>		
7,381	- Central Government		7,633
1,329	- Devon County Council		1,374
5,906	- Mid Devon District Council		6,107
148	- Devon Fire and Rescue		153
14,764			15,267
	<b>Charges to Collection Fund</b>		
23	- Write offs of uncollectable amounts		142
18	- Increase in provision for bad debts		(63)
1,581	- Increase in provision for appeals		(1,539)
108	- Cost of Collection		108
92	- Disregarded Amounts		136
2	Interest on refunds		
1,824			(1,216)
	<b>Apportionment of previous year's Surplus/(Deficit)</b>		
206	- Central Government		(671)
37	- Devon County Council		(121)
165	- Mid Devon District Council		(536)
4	- Devon Fire and Rescue		(13)
412			(1,341)
17,000	<b>Total Expenditure</b>		12,710
1,896	<b>(Surplus) / Deficit for the year</b>		(1,496)
(44)	Opening Balance at 1st April		1,852
1,852	<b>Closing Balance at 31 March</b>	48	356

The £356k represents the overall deficit on the Non-domestic rate element of the Collection Fund at 31/03/17 (2015/16 £1,852 deficit). Of this 40% is attributable to MDDC, which equates to £143k. (2015/16 £741k - see note 48 on page 43).

## Notes to the Collection Fund

### 77 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.

### 78 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 Council's overall gross collectable business rates at 31 March 2017 is £20,362k (31 March 2016 £20,223k). This is calculated by taking the rateable value at that date of 40,970,013 multiplied by the uniform business rate of 49.7p per £. The total income detailed on the Non Domestic Rates statement takes account of the fact that circa £4,200k is awarded each year in various discretionary and mandatory reliefs.

The large decrease in the provision for appeals for Business Rates of £1,539k, relates mainly to the fact that reductions in Rateable Value of GP surgeries of £1,579k have been actioned during 16/17.

### 79 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
<b>A</b>	3,740.4	2,493.1
<b>B</b>	6,918.1	5,380.8
<b>C</b>	5,456.0	4,849.7
<b>D</b>	5,662.7	5,662.7
<b>E</b>	4,087.9	4,996.3
<b>F</b>	2,158.0	3,117.1
<b>G</b>	880.2	1,467.1
<b>H</b>	50.8	101.6
<b>Total</b>	<b>28,954.0</b>	<b>28,068.4</b>

### 80 Precepting Authorities

2015/16		2016/17
£'000		£'000
31,691	Devon County Council	33,218
4,971	Mid Devon District Council	5,148
4,625	Devon and Cornwall Police	4,754
2,140	Devon Fire and Rescue	2,200
1,137	Parish Precepts	1,303
<b>44,564</b>	<b>Total</b>	<b>46,623</b>