AUDITED

STATEMENT OF ACCOUNTS

2014/2015

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These Accounts are subject to audit. The Auditor's Report will be attached when it is available

Additional copies of the Statement of Accounts can be requested from:

Financial Management, Craven District Council, 1 Belle Vue Square, Broughton Road, Skipton, North Yorkshire, BD23 1FJ (01756) 706302. Or by e-mail to contactus@cravendc.gov.uk

If you would like this information in a way which is better for you, please telephone 01756 700600.

SECTION 1

EXPLANATORY FOREWORD

EXPLANATORY FOREWORD

This booklet contains the Statement of Accounts which the Council publishes in accordance with the Accounts and Audit Regulations 2011.

The purpose of a local authority's published Statement of Accounts is to give electors, those subject to locally levied taxes and charges, Members of the Authority, employees and other interested parties clear information about the Authority's finances. The statement should answer such questions as:

- What did the Authority's services cost in the year of account?
- Where did the money come from?
- What were the Authority's assets and liabilities at the year-end?

The following pages summarise the financial activities of Craven District Council in 2014/15 and comment upon the most significant matters reported in the accounts. This publication incorporates all the financial statements and disclosure notes required by statute. The accounts have been produced in accordance with The Code of Practice on Local Authority Accounting in the United Kingdom 2014/15: Based on International Financial Reporting Standards (The Code), and the Service Expenditure Reporting Code of Practice (SeRCOP).

The Council's accounts for the year 2014/15 are set out on pages 13 to 81 and comprise of:

- **The Statement of Responsibilities for the Statement of Accounts (page 12).** Under the Code of Practice on Local Authority Accounting in the UK 2005, there is a requirement for the Council, in addition to the Chief Financial Officer, to certify its approval of the Statement of Accounts.

- **The Movement in Reserves Statement (MIRS) (page 14).** This statement shows the movement in the year on the different reserves held by the authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for council tax setting purposes. The Net Increase /Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves.

- **The Comprehensive Income and Expenditure Statement (CIES) (page 15).** This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

- **The Balance Sheet (page 16).** The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

- **The Cash Flow Statement (page 17).** The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the authority.

- **The Notes to the Financial Statements (pages 18 to 75).** These provide additional information about the figures in the core financial statements.

Supplementary Statements Comprising:

- **The Collection Fund Account (page 77).** This reports the transactions of the Council as a billing authority. Amounts in respect of business rates and council tax due are shown, together with how these have been distributed to precepting authorities, the Council's General Fund and the Government.
- **Notes to the Collection Fund Account (pages 78 to 81).** These provide additional information about the figures in the Collection Fund.

Other Statements Comprising:

- **The Independent Auditor's Report to Craven District Council – Audit Certificate and Opinion (pages 83 to 85).** This will be provided by the Council's external auditors upon completion of the audit.
- **Glossary of Terms and Index of Notes (pages 86 to 95).** Terms used throughout this document are described in detail in these pages.

Supporting Statements:

- **The Annual Governance Statement (Appendix 1 Page 97).** A statement explaining how the Council maintains an effective system of internal financial control.

Pages 6 to 10 show, in broad terms, where the money comes from, how it is spent, the difference between budget and actual income / expenditure and issues affecting the Councils finances.

Structure of the Council's Accounts

The Council has to manage spending on services within a statutory framework, making sure that spending keeps within cash-limited budgets. This requires keeping:

- A General Fund to account for day-to-day spending on most Council services.
- A separate Collection Fund Account.
- A capital programme to account for investment in assets needed for the delivery of Council services.

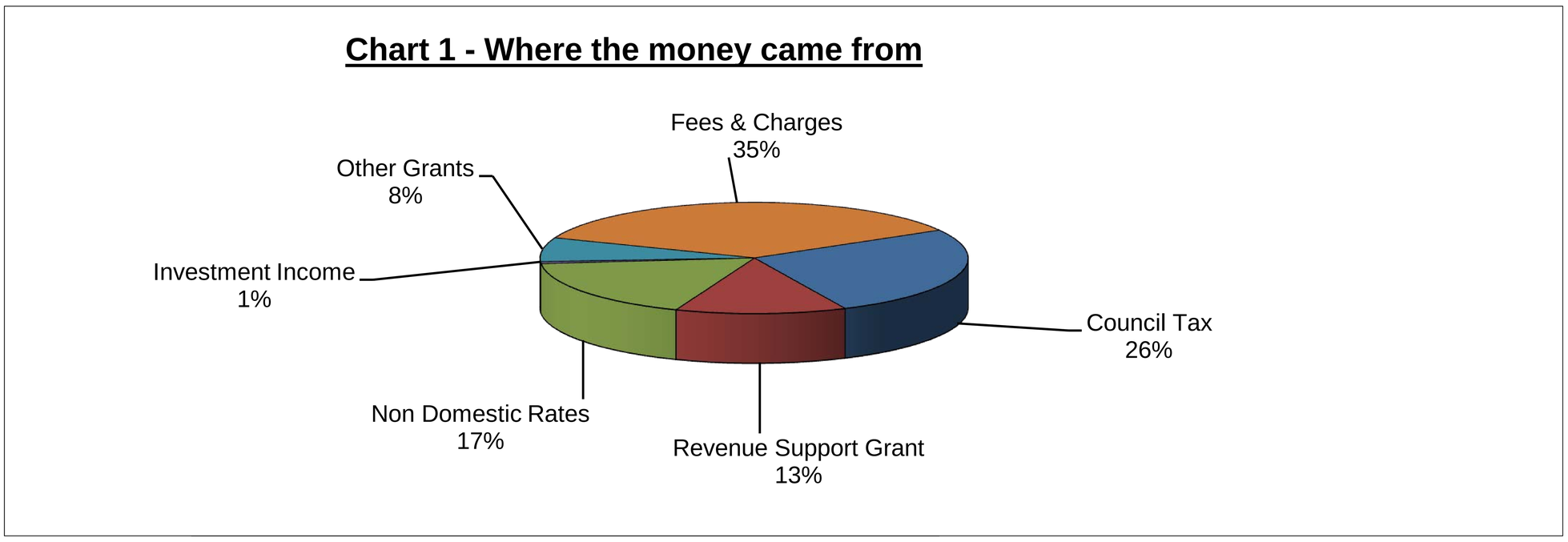
The way each of these is funded is also different:

- General Fund services are paid for from government grant, council tax and service charges.
- The Collection Fund is financed by income from taxpayers.
- The capital programme is funded in various ways - long-term borrowing, external finance, capital receipts from the sale of Council non-current assets and from revenue.

EXPLANATORY FOREWORD

Review of Financial Performance 2014/15

The Council continues to face significant financial challenges due to on-going reductions in Government funding which contributed a significant proportion of the Council's income in 2014/15.

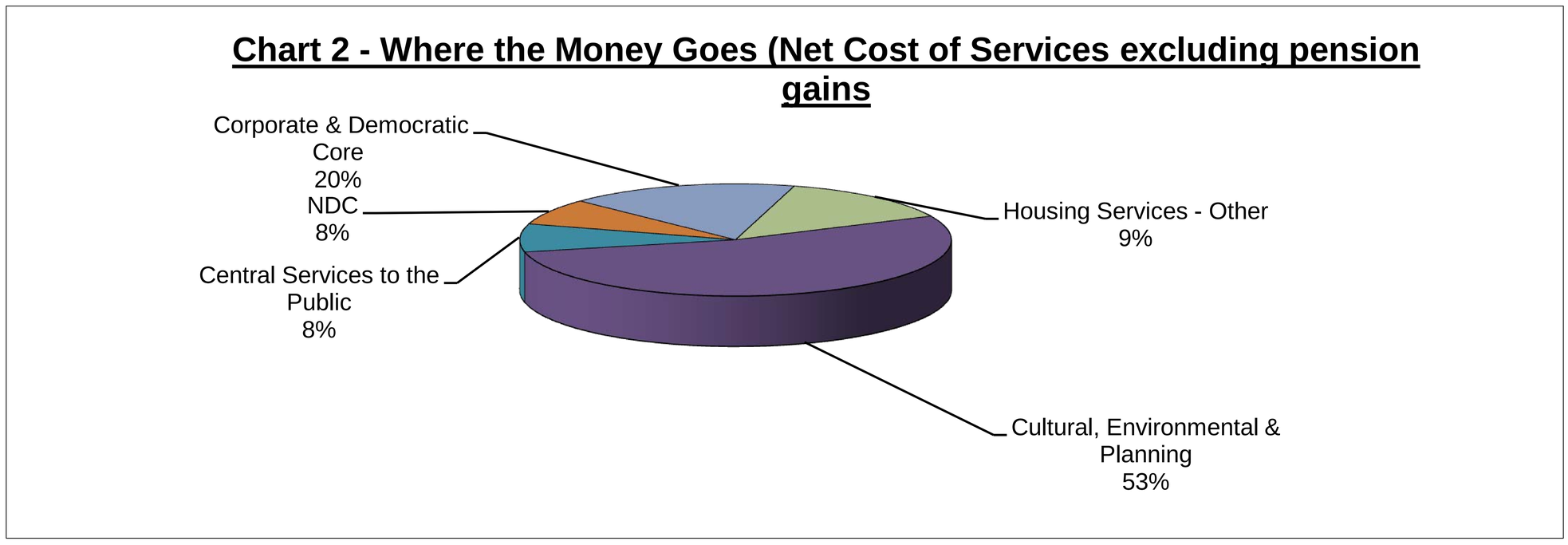


In 2014/15 as can be seen from the chart and table above the Council received 21% of its net funding from grant, 26% from council tax (excluding parishes), 17% from Non Domestic Rates and 35% from fees and charges with investment income making up the balance.

Income generation is a priority area for the Council and it will continue to maximise its current sources of income. It is working on projects and identifying others that will generate new sources of income and will actively pursue all opportunities to increase the resources available to the Council.

Comparison against Original Estimate	Original Estimate £'000	Actual Income £'000	Variance £'000
Revenue Support Grant	1,522	1,522	-
National Non-Domestic Rates	1,925	1,938	13
Council Tax Precept on Collection Fund (including parishes precepts)	4,354	4,355	1
Investment Income	19	74	55
Non Specific Government Grants and Other Income (incl - CT Freeze Grant)	863	870	7
Fees & Charges	3,805	4,322	517
Total	**12,488**	**13,081**	**593**

The table and chart above and on the following page summarises the actual against budgeted income and expenditure for the Council. The figures do not include the impact of asset sales which are included within the CIES, but do include contributions to earmarked reserves and the capital accounting transactions which form part of the transactions within the MiRS.



EXPLANATORY FOREWORD

The Council has continued to strengthen its financial position in 2014/15. The increases in income and savings on costs within the budget has enabled the Council to provide additional contributions to its reserves which will assist with delivery of both the revenue budget and capital programme in future years as resources to fund the capital programme become scarcer going forward.

The Cost of Services is £1,540k lower than budget this is due mainly to increases in income received by the Council savings in costs and the impact of the Council's Income and Savings initiative designed to mitigate the impact of the expected reductions in government funding support.

The increased income from is from services such as Development Control, Garden Waste, property rentals and fees for car parking . There was budget slippage of £121k for planned expenditure within revenue services. The funding has been carried forward to 2015/16 when this work will be completed.

	Revised Budget 2014/15 £000	Actual 2014/15 £000	Variance 2014/15 £000
Chief Executive / Director of Services	2,077	1,675	(402)
Resources Department	1,811	1,460	(351)
Community Department	2,200	1,413	(787)
Total Departmental Net Costs	6,088	4,548	(1,540)

The Council planned to contribute to £1,196k to its earmarked reserves during to 2014/15, this included £796k to the New Homes Bonus Reserve which is being used to fund improvement projecst throughout the Craven District . Through strong financial management, the Council has achieved this target and made additional contributions of £1,657k to reserves. This has enabled a further contribution of £430k to the Business Rates Equalisation reserve. Additional contributions have been made to the Vehicles (£430k) and IT (£350k) to assist with funding planned replacements costs.

The Council did not budget to utilise all the on account receipts in respect of the localisation of business rates. These additional funds have been placed in the Business Rates Equalisation Reserve to mitigate against potential costs for business rates appeals outstanding at 31 March 2015 and other liabilities that the Council now shares responsibility for as a consequence of the localisation of business rates.

The strong financial performance in 2014/15 has improved the Council’s financial resilience. As a result, at 31 March 2015 the Council has maintained its General Fund Balance of £1,030k (£1,030k at 31 March 2014) and Earmarked Reserves of £5,615k (£4,056k at 31 March 2014).

EXPLANATORY FOREWORD

Review of Financial Performance 2014/15 continued ……

Borrowing Facilities

The Council's borrowing facilities for 2014/15 are as follows;

- Bank overdraft limit of £500,000 (short-term)
- Public Works Loans Board (long-term capital)
- London Money Markets (via brokers) for short and long-term borrowing
- Other Local Authorities

The maximum amount of external borrowing the Council can have at any one time is governed by the Prudential Code, which was introduced in April 2004. The Prudential Code controls borrowing by reference to an Authorised Limit and Operational Boundary. The Council agreed the Prudential Indicator limits for 2014/15.

There was no new borrowing, long-term or short-term, during the year.

Capital Expenditure

Capital expenditure results in a benefit that lasts for a number of years.

In 2014/15 the Council spent a total of £1,392k on acquiring and improving assets. In addition it made £339k of grants under the mandatory disabled facilities grant improvements scheme and loans to households under the repairs assistance scheme.

The following table shows an analysis of the Council's capital expenditure:

2013/14 £'000	Areas of Capital Expenditure	2014/15 £'000
13	Skipton Town Hall Project	521
141	Refuse Vehicles and associated equipment	710
268	Disabled Facilities Capital Grants & Other Home Improvement Grants	339
73	IT Infrastructure	79
93	Waltonwrays Crematorium Improvements	19
-	Car Parking Machines	54
-	Security Upgrades on Council Owned Buildings	9
20	Craven Swimming Pool	-
11	Community Schemes	-
15	PV Panels to Council Buildings	-
634	**Total Capital Expenditure**	**1,731**

This expenditure compares with an approved budget of £3,125k. The variance of £1,394k is a result of projects completing under budget, projects not able to go ahead, slippage and reclassification of items as follows:

Slippage and Reclassification	2014/15 £'000
Waste Management (Replacement Vehicles)	209
Building Works	619
Private Sector Renewal and Disabled Facilities Grants	169
Equipment Purchase & Replacement	197
IT Projects	122
Budget Savings & projects cancelled.	77
Reclassified	2
Total Slippage and Reclassification	**1,395**

Review of Financial Performance 2014/15 continued ……

An analysis of how expenditure in the above table has been financed is set out in the table below.

2013/14 £'000	Method of Financing	2014/15 £'000
-	Prudential Borrowing	300
268	Capital Grants	218
120	Revenue Contribution	827
246	Capital Receipts	384
634	**Total Financing**	**1,729**

Non-Current Assets

In accordance with the Council's 5-year rolling programme, a number of properties (land and buildings) were revalued in 2014/15. This resulted in valuation increases and decreases. Valuations were carried out by an in-house surveyor – a member of the R.I.C.S. In addition an impairment review of properties was undertaken which found that no properties needed to be downwardly revalued.

Pensions

Disclosure requirements under the Code are included and are in accordance with International Accounting Standard (IAS) 19. Details of the information are set out in Note 36 to the Core Financial Statements and associated tables. The implementation of these accounting policies has a material effect on substantial parts of the Statement of Accounts.

The table "Scheme History" in Note 36 sets out the Council's estimated share of the North Yorkshire County Council's Pension Fund's assets and liabilities. The Balance Sheet shows that the deficit has decreased from £20.657m at 31 March 2014 to £25.767m at 31 March 2015. This is a long-term position, and contribution rates are set to meet 100% of local authorities' liabilities over time, under Pension Fund Regulations.

Current Economic Climate

Government measures to reduce the budget deficit continue to have an impact on the Council's finances. The Council requires financial resources to fund the delivery of its corporate priorities, statutory obligations and discretionary services. Although the Council has set a balanced budget for 2015/16, the actual level of Government funding after 2015/16 is uncertain. Assumptions in the current Long Term Financial Strategy (LTFS) and Medium Term Financial Plan (MTFP) show that further savings of £213k will need to be made in 2015/16 with an additional £227k from 2016/17 onwards. The government announcements due in July is expected to increase these savings further. Changes in government funding have a major impact on the Council's finances. The ability to plan ahead, prioritise and align resources is essential to meeting medium term objectives and achieving Value for Money. Similarly, there is uncertainty on how the current economic downturn will impact on customer debts and how it will continue to directly affect income from sources such as parking fees.

Service Delivery Changes

The Council is continuing with its Transformation programme. The asset rationalisation programme is ongoing, procurement savings are being realised, and the shared service initiatives are delivering efficiency savings, with further initiatives being investigated. The Value for Money programme continues to ensure that our services are economic, efficient and effective, and sets out a framework and timetable of service reviews. Additional contributions have been made to the Council's Enabling Efficiency Fund which will be utilised for investment in initiatives which will bring longer term savings to the Council.

EXPLANATORY FOREWORD

Although there is a high degree of uncertainty about future levels of funding for local government, the Council's savings and transformation initiatives, which link through to the ten year LTFS and three year MTFP, aim to minimise service reductions so that we can continue to deliver our Council Plan priorities. They both will continue be reviewed on an annual basis to take into account the inevitable further reductions in the level of Government funding, changes introduced under the Local Government Resource Review and the continuing turbulence of the economic climate; this will set the direction of travel for the 2015/16 budget and beyond. Whilst we have worked prudently to rebuild the Council's financial base, we realise that there will be many challenges ahead.

Significant Points to Note in Respect of the Balance Sheet

The Balance Sheet on page 16 shows that the net worth of the Council decreased by £3.361m to £8.125m. Included in this decrease is the effect of changes to non-current assets of £224k arising from expenditure on the capital programme offset by the net impact of disposals and revaluation. Long and short-term investments increased by £3.0m. In addition cash and cash equivalents decreased by £1.0m reflecting the Council's proactive cash flow management, and increased investments. Short-term debtors show an increase of £660k. In addition as explained above the liability related to the North Yorkshire Pension scheme increased by £5.110m as the actuarial forecast for the deficit on the fund increased.

The Council has however been able to increase its usable reserves by £2.009m of which £836k is capital receipts with the balance being additional income and savings within the revenue account.

10. Review of the Council's Current Financial Position

At the 31 March 2015 the Council's usable reserves stood at £9.238m compared to £7.229m at the end of 2013/14. Included within these figures is £1.03m of unallocated revenue reserves. The Council has approved use of £35k from this balance as part of the budget package for 2015/16.

The remaining usable reserves include £5.615m earmarked reserves and £2.223m capital receipts reserve both of which were increased during 2014/15. The net increase in the capital receipts reserve of £0.451m reflects the cash receipts from the sale of 9 High Street and assets. Earmarked reserves increased by £1.559m during 2014/15 which reflects the decision to set aside funds to provide resources for project work to generate future savings and develop new working practices, as well as resources to provide for potential cost pressures, e.g. the funding of the capital programme and the potential refunds required through the localisation of Business Rates.

The Section 151 officer annually undertakes a risk assessment to calculate a minimum level for reserves. For 2014/15 the minimum level was calculated to be £1.0m for General Fund. The Medium Term Financial Plan assumes increases to earmarked reserves over the next few years to ensure that future demands can be met.

11. Prior Period Adjustments

Prior period adjustments have been made to the Council's 2013/14 published financial statements in relation to Investment Properties, for further information see Note 40.

If you require further information concerning the Council's accounts, this is available from Financial Management, Craven District Council, 1 Belle Vue Square, Broughton Road, Skipton, North Yorkshire, BD23 1FJ (01756 700600) or by email: contactus@cravendc.gov.uk

SECTION 2

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority's Responsibilities

The authority is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has responsibility for the administration of those affairs. In this Council, that officer is the Chief Finance Officer.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the statement of accounts.

The Chief Finance Officer's Responsibilities

The Chief Finance Officer is responsible for the preparation of the Council's statement of accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

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

- Selected suitable accounting policies and then applied them consistently.
- Made judgements and estimates that were reasonable and prudent.
- Complied with the Local Authority Code.

The Chief Finance Officer has also:

- Kept proper accounting records which are up to date.
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certification of the Accounts

I hereby certify that the Audited Statement of Accounts on pages 13 - 81 present a true and fair view of the financial position of the Authority at the accounting date and its income and expenditure for the year ended 31 March 2015.

Nicola Chick
CPFA
Chief Finance Officer **Date: 29 September 2015**

Approval by Chair of Audit and Governance Committee

This Statement of Accounts was approved by a resolution of the Audit and Governance Committee of Craven District Council on

Cllr Chris Harbron
Chair of Audit and Governance Committee **Date: 29 September 2015**

SECTION 3

CORE FINANCIAL STATEMENTS

MOVEMENT IN RESERVES STATEMENT

	General Fund Balance £000	Earmarked GF Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Authority Reserves £000
Balance at 31 March 2013	1,030	1,726	1,294	121	4,171	(2,546)	1,625
Movement in reserves during 2013/14 Restated							
Surplus or (deficit) on provision of services	671	0	0	0	671	0	671
Other Comprehensive Expenditure and Income	0	0	0	0	0	9,190	9,190
Total Comprehensive Expenditure and Income	671	0	0	0	671	9,190	9,861
Adjustments between accounting basis & funding basis under regulations (note 7)	1,659	0	478	250	2,387	(2,387)	0
Net Increase/Decrease before Transfers to Earmarked Reserves	2,330	0	478	250	3,058	6,803	9,861
Transfers to/from Earmarked Reserves (note 8)	(2,330)	2,330	0	0	0	0	0
Increase/Decrease (movement) in Year	0	2,330	478	250	3,058	6,803	9,861
Balance at 31 March 2014 carried forward	1,030	4,056	1,772	371	7,229	4,257	11,486
Movement in reserves during 2014/15							
Surplus or (deficit) on provision of services	1,105	0	0	0	1,105	0	1,105
Other Comprehensive Expenditure and Income	0	0	0	0	0	(4,466)	(4,466)
Total Comprehensive Expenditure and Income	1,105	0	0	0	1,105	(4,466)	(3,361)
Adjustments between accounting basis & funding basis under regulations (note 7)	454	0	451	(1)	904	(904)	0
Net Increase/Decrease before Transfers to Earmarked Reserves	1,559	0	451	(1)	2,009	(5,370)	(3,361)
Transfers to/from Earmarked Reserves (note 8)	(1,559)	1,559	0	0	0	0	0
Increase/Decrease (movement) in Year	0	1,559	451	(1)	2,009	(5,370)	(3,361)
Balance at 31 March 2015 carried forward	1,030	5,615	2,223	370	9,238	(1,113)	8,125

COMPREHENSIVE INCOME & EXPENDITURE STATEMENT

2013/14				2014/15			
Restated Expenditure £'000	Restated Income £'000	Restated Net Exp. £'000		Expenditure £'000	Income £'000	Net Exp. £'000	Notes
696	(406)	290	Central Services to the Public	1,021	(577)	444	
2,380	(1,335)	1,045	Cultural and Related Services	2,424	(1,304)	1,120	
3,975	(2,149)	1,826	Environmental and Regulatory Services	4,315	(2,403)	1,912	
1,712	(649)	1,063	Planning Services	1,665	(849)	816	
469	(1,356)	(887)	Highways and Transport Services	647	(1,563)	(916)	
11,201	(10,708)	493	Other Housing Services	11,094	(10,345)	749	
1,280	(108)	1,172	Corporate and Democratic Core	1,426	(481)	945	
850	(147)	703	Non Distributed Costs	417	-	417	
22,563	(16,858)	5,705	Cost of Services	23,009	(17,522)	5,487	
		832	Other Operating Expenditure			1,112	9
		1,404	Financing and Investment Income & Expenditure			1,008	10
		(8,612)	Taxation and Non-Specific Grant Income			(8,712)	11
		(671)	(Surplus) or Deficit on Provision of Services			(1,105)	
			Other Comprehensive Income and Expenditure				
		(864)	Surplus or deficit on Revaluation of Property, Plant and Equipment Assets			(1,576)	23.1
		1,290	Impairment Losses on Non-Current assets charged to the Revaluation Reserve			1,281	23.1
		(9,616)	Remeasurement of net defined benefit / liability			4,761	36
		(9,190)	Total Other Comprehensive Income and Expenditure			4,466	
		(9,861)	Total Comprehensive Income and Expenditure			3,361	

BALANCE SHEET

01-Apr-13 Restated £'000	31-Mar-14 Restated £'000		31-Mar-15 £'000	31-Mar-15 £'000	Notes
27,381	26,979	Property Plant & Equipment	27,340		12
1,450	582	Investment Properties	605		12
2,627	2,758	Heritage and Community Assets	3,079		12
191	184	Intangible Assets	182		15
3	3	Long Term Investments	-		16
661	484	Long Term Debtors	8		16
32,313	30,990	Total Long Term Assets		31,214	
1,004	1,504	Short Term Investments	4,508		16
828	-	Assets Held For Sale	-		20
53	55	Inventories and Work in Progress	42		17
2,164	2,637	Short Term Debtors	3,138		18
3,697	6,070	Cash and Cash Equivalents	5,073		19
7,746	10,266	Total Current Assets		12,761	
(755)	-	Cash and Cash Equivalents	-		19
(1,317)	(48)	Short Term Borrowing	(48)		16
(1,820)	(2,566)	Short Term Creditors	(3,590)		21
-	(480)	Provisions	(435)		39
(3,892)	(3,094)	Total Current Liabilities		(4,073)	
(5,028)	(6,012)	Long Term borrowing	(6,004)		16
(8)	(7)	Other Long Term Liabilities:	(6)		
(29,506)	(20,657)	Defined Benefit Pension Scheme	(25,767)		36
(34,542)	(26,676)	Total Long Term Liabilities		(31,777)	
(38,434)	(29,770)	Total Liabilities		(35,850)	
1,625	11,486	Net Assets		8,125	
4,171	7,229	Usable Reserves		9,238	22
(2,546)	4,257	Unusable Reserves		(1,113)	23
1,625	11,486	Total Reserves		8,125	

Nicola Chick
CPFA
Chief Finance Officer

Dated: 29 September 2015

CASH FLOW STATEMENT

2013/14 Restated £'000		2014/15 £'000	Notes
671	**Net surplus/(deficit) on the provision of services**	1,105	
3,114	Adjustments to net surplus or deficit on the provision of services for non-cash movements	2,515	24
(724)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(143)	24
3,061		**3,477**	
(132)	Investing Activities	(4,249)	25
199	Financing Activities	(225)	26
3,128	Net Increase or (Decrease) in cash and cash equivalents	(997)	
2,942	Cash and cash equivalents at the beginning of the reporting period	6,070	
6,070	**Cash and cash equivalents at the end of the reporting period**	**5,073**	

SECTION 4

NOTES TO THE CORE FINANCIAL STATEMENTS

EXPLANATORY NOTES TO THE CORE FINANCIAL STATEMENTS

1. Accounting Policies

1.1. General Principles

The Statement of Accounts summarises the Council's transactions for the 2014/15 financial year and its position at the year-end of 31 March 2015. The Accounts have been prepared in accordance with the 2014/15 Code of Practice on Local Authority Accounting issued in April 2014 by the Chartered Institute of Public Finance and Accountancy (CIPFA), based on International Financial Reporting Standards and the Service Reporting Code of Practice (SERCOP) in accordance with the Accounts and Audit (England) Regulations 2011. The Accounts have been prepared under the historical cost convention modified to account for the revaluation of non-current assets.

1.2. Accruals of Income and Expenditure (Debtors and Creditors)

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

- Fees, charges and rents due from customers are accounted for as income at the date the Council provides the relevant goods or services.
- Revenue relating to such items as Council Tax and Non Domestic Rates, is measured at the full amount receivable (net of any impairment losses) as they are non-contractual non-exchange transactions and there can be no difference between the delivery and payment dates.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as stocks on the balance sheet.
- In the event that consideration has been paid in advance of the receipt of goods or services or other benefit, an authority shall recognise a debtor (i.e. payment in advance) in respect of that outflow of resources.
- Works are charged as expenditure when they are completed, before which they are carried as works in progress on the balance sheet.
- In the event that consideration is received but the revenue does not meet the recognition criteria as described above, the Council recognises it as a creditor (i.e. receipt in advance) in respect of that inflow of resources.
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet. Where it is doubtful that debts will be settled, the balance of debtors is charged to a bad debts provision. Contributions to the provision are made by charging the service revenue accounts dependent upon the value of outstanding aged debts.
- Income and expenditure are credited and debited to the relevant service revenue account, unless they properly represent capital receipts or capital expenditure.
- Year-end accruals and prepayments are made, as appropriate, subject to a de-minimis level of £500.

1.3. Cash & Cash Equivalents

Cash and Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. The Council has adopted a policy of cash equivalents being short term investments of less than one month duration.

1. Accounting Policies continued ……

1.3.1. Cash Flow

Presentation of Cash Flow Statements can be done using either the direct method, whereby major classes of gross cash receipts and gross cash payments are disclosed, or the indirect method, whereby the net cash flow from revenue activities is derived as a means of a reconciliation from the surplus or deficit on the Comprehensive Income and Expenditure Statement for the year. The Council uses the Indirect Method.

1.3.2. Capital Receipts

Amounts in excess of £10,000 received from disposals of assets are credited to the Usable Capital Receipts Reserve, which can then only be used for new capital investment or set aside to reduce the Councils borrowing requirement. A proportion of receipts relating to former Housing Revenue Account dwellings mortgages (75% net of deductions and allowances) is payable into a Government pool.

1.4. Collection Fund

The Council is required by statute to maintain a separate fund for the collection and distribution of amounts due in respect of Council Tax and National Non-Domestic Rates (NNDR). The Collection Fund (England) Statement is included as a supplementary statement in the accounts.

The transactions of the Collection Fund are wholly prescribed by legislation. Billing Authorities have no discretion to determine which receipts and payments are accounted for within the fund and which outside.

Council Tax

The funds key features relevant to accounting for council tax in the core financial statements are:

- In its capacity as billing authority the Council acts as an agent. It collects and distributes Council Tax income on behalf of the major preceptors and itself. The major preceptors are North Yorkshire County Council, North Yorkshire Police Authority, Police and Crime Commissioner North Yorkshire and North Yorkshire Fire and Rescue Service.
- Council Tax accrued income for the year and Council Taxpayers debtors, creditors and provision for bad debts at the 31 March are shared between the major preceptors and the Council based on their percentage share of the total demands/precepts for the year.

In accordance with the current accounting Code of Practice the Council's CIES includes its share of accrued Council Tax Income. Where this amount is more or less than the amount to be credited to the General Fund under statute, there is an adjusting transfer in the Movement in Reserves Statement, between the General Fund Balance and the Collection Fund Adjustment Account. This account holds the Council's share of the Collection Fund Surplus or Deficit at the 31 March.

The collection of Council tax is in substance an agency arrangement, the cash collected by the Council as billing authority from Council Tax debtors belongs proportionately to the billing authority and the major preceptors. There will therefore be a debtor/creditor position between the billing authority and each major preceptor to be recognised since the net cash paid will not be its share of cash collected from Council Taxpayers.

If the net cash paid to a major preceptor in the year is more than its proportionate share of net cash collected from Council Tax debtors/creditors in the year the Council as billing authority shall recognise a debit adjustment for the amount overpaid to the major preceptor in the year and the major preceptor shall recognise a credit adjustment for the same amount to the debtor/creditor position between them brought forward from the previous year. If the cash paid to a major preceptor is less than its proportionate share of net cash collected in the year from the Council Tax debtors/creditors the Council as billing authority shall recognise a credit adjustment for the amount underpaid to the major preceptor in the year and the major preceptor shall recognise a debit adjustment for the same amount to the debtor/creditor position between them brought forward from the previous year.

1. Accounting Policies continued ……

1.4. Collection Fund continued……

The Cash Flow Statement includes in Operating Activities cash flows only of its own share of Council Tax net cash collected from Council Tax debtors in the year; and the amount included for precepts paid excludes amounts paid to major preceptors. The difference between the major preceptors' share of the net cash collected from Council Tax debtors and the net cash paid to major preceptors as precepts and settlement of the previous year's surplus or deficit on the collection fund is included as a net increase/decrease in other liquid resources.

Non-Domestic Rates (NDR)

NDR collection is an agency arrangement. Business rate income within the CIES is the Council's share of the accrued business rate income for the year. The difference between this and the amount transferred to the General Fund under statute (representing the Council's share of the estimated business rate income for the year together with the Council's share of the previous year's surplus or deficit which is distributed or recovered) is taken to the Collection Fund Adjustment Account. The central share (after allowable deductions) of business rate income is paid out of the Collection Fund to central government. Growth in business rate income in an enterprise zone area, business rate income from renewable energy schemes and from businesses in New deal areas is wholly attributable to the Council and transferred in full to the General Fund on an accruals basis. Debtors/creditors are shown exclusive of the proportions attributable to major preceptors.

1.5. Prior Period Adjustments

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment. Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

1.6. Charges to Revenue for Non-Current Assets

Service revenue accounts, support services and trading accounts are debited with the following amounts to record the real cost of holding non-current assets during the year:

- depreciation attributable to the assets used by the relevant service
- revaluation and impairment losses on assets used by the service, where there are no accumulated gains in the Revaluation Reserve against which they can be written off
- amortisation of intangible assets attributable to the service.

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue (MRP) towards the reduction in its overall borrowing requirement. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the MIRS for the difference between the two.

Benefits Payable During Employment

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

1. Accounting Policies continued ……

1.7. Employee Benefits

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date, or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service or, where applicable, to the Non Distributed Costs line in the CIES at the earlier of when the Council can longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund in the year, not the amount calculated according to the relevant accounting standards. In the MIRS, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and any such amounts payable but unpaid at the year-end.

Post Employment Benefits

Employees of the council are members of the Local Government Pensions Scheme, administered by North Yorkshire County Council (NYCC).

The Local Government Pension Scheme

The Local Government Pension Scheme is accounted for as a defined benefits scheme:

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

Liabilities are discounted to their value at current prices, using a discount rate of 4.4% on long dated AA rated Corporate Bonds.

The assets of the North Yorkshire pension fund attributable to the council are included in the balance sheet at their fair value:

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

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

Service Cost Comprising:

- Current service cost – the increase in liabilities as result of years of service earned this year – allocated in the CIES to the revenue accounts of services for which the employees worked.

- Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the CIES as part of Non Distributed Costs.

- Net interest on the net defined benefit liability (asset), i.e. net interest expense for the Council - the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the CIES - this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period - taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

1.7. Employee Benefits continued……

Remeasurements Comprising:

- The return on plan assets - excluding amounts included in net interest on the net defined benefit liability (asset) - charged to the Pensions Reserve as Other Comprehensive Income and Expenditure

- Actuarial gains and losses - changes in the net pension liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions - charged to Pensions Reserve as Other Comprehensive Income and Expenditure.

Contributions paid to the North Yorkshire Pension Fund - cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the MIRS, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

1.8. Events After the Reporting Period

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

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

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

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

1.9. Financial Instruments

Financial Liabilities

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

For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable; and interest charged to the CIES is the amount payable for the year according to the loan agreement.

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

1. Accounting Policies continued ……

1.9. Financial Instruments continued……

Where premiums and discounts have been charged to the CIES, regulations allow the impact on the General Fund balance to be spread over future years. The Council has a policy of spreading the gain/loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the CIES to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the MIRS.

Financial Assets

The Council only has one type of significant financial asset:

- loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market.

Loans and Receivables

Loans and receivables are recognised on the Balance Sheet when the Council becomes party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the CIES for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most loans that the Council has made, this means that the amount presented on the Balance Sheet is the outstanding principal receivable for the year in the loan agreement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service or the Financing and Investment Income and Expenditure line in the CIES. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

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

Available-for-Sale Assets

Available-for-sale assets are recognised in the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment and Income and Expenditure line in the CIES for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income is credited to the CIES when it becomes receivable by the Council.

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

- instruments with quoted market prices - the market price.
- other instruments with fixed and determinable payments - discounted cash flow analysis.

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

Where assets are identified as impaired because of the likelihood arising from a past event that payments due under the contract will not be made or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the CIES. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against acquisition cost of the instrument.

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

Where fair value cannot be measured reliably, the instrument is carried at cost.

1. Accounting Policies continued ……

1.10. Government Grants and Contributions

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

- the Council will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the CIES until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

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

Where capital grants are credited to the CIES, they are reversed out of the General Fund Balance in the MIRS. Where grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

1.11. Heritage Assets

Heritage assets are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations.

The authority's Heritage Assets comprise artworks, literature, antiquities, machinery and equipment held in the museum, in storage for future exhibition, or in locations within the wider district.

Where carrying values can reasonably be determined, the values are included on the balance sheet as Non-Current Assets. Items held by the museum are subject to periodic insurance valuations which determine the carrying values for inclusion in the total of Non-Current Assets. Items which have an individual value below the de-minimis (currently £10,000) are not included in the value of Heritage Assets.

Heritage Assets are recognised and measured (including treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment.

Heritage assets are held in perpetuity with no defined useful life and consequently are not depreciated.

1.12. Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are identifiable and controlled by the Council (e.g. software licences) are capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of assets held by the Council can be determined by reference to an active market. In practice, no intangible assets held by the Council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service lines in the CIES. An asset is tested for impairment whenever there is an indication that the asset might be impaired - any losses recognised are posted to the relevant service lines in the CIES. Any gain or loss arising on disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the CIES.

1. Accounting Policies continued ……

1.12. Intangible Assets continued ……

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the MIRS and posted to the Capital Adjustment Account and (for sale proceeds greater than £10k) the Capital Receipts Reserve.

1.13. Inventories and Long-term Contracts

Inventories are included in the balance sheet at the lower of cost and net realisable value. The nature of the inventories means cost is assigned using the FIFO costing formula.

Long-term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the year.

1.14. Investment Property

Investment property is property (land and/or buildings) held solely to earn rental income or for capital appreciation or both. The Council's property portfolio is reviewed annually to identify any additional assets which meet this criteria.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount are which the asset could be exchanged between knowledgeable parties at arms-length. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the CIES. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10k) the Capital Receipts Reserve.

1.15 Accounting for Leases

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

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

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

The Council as Lessee

Finance Leases

Property plant and equipment held under finance leases are recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the leases inception (or present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

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

1. Accounting Policies continued ……

1.15 Accounting for Leases continued……

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

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

Operating Leases

Rentals paid under operating leases are charged to the CIES as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight line basis over the life of the lease, even if this does not match the pattern of payments.

The Council as a Lessor

Finance Leases

Where the Authority grants a finance lease over a property or item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

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

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the MIRS. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the MIRS. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against Council Tax as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General fund Balance in the MIRS.

Operating Leases

Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is no premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

1. Accounting Policies continued ……

1.16. Overheads and Support Services

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

- Corporate and Democratic Core – as relating to the Council's status as a multi-functional, democratic organisation
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and Pension costs of former employees.

These two cost categories are accounted for as separate headings in the CIES as part of Cost of Services.

1.17. Property, Plant and Equipment

Assets that have physical substance and are held for use in the provision of services or for administrative purposes and that are expected to be used on a continuing basis for more than one financial year are classified as Property Plant and Equipment.

Recognition:

Expenditure on the acquisition, creation or enhancement of tangible non-current is capitalised on an accruals basis, provided that it yields benefits to the Council and the services that it provides for more than one financial year (subject to a £10k de-minimis limit). Expenditure that secures but does not extend the previously assessed standards of performance of asset (e.g. repairs and maintenance) is charged to revenue as it is incurred.

Measurement:
Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable

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

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

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

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

- Infrastructure assets (e.g. highways and footpaths) if any are included in the Balance Sheet at depreciated historical cost.
- Community assets (e.g. parks, cemeteries, etc.) acquired prior to 1 April 1994 have been given a nil value. Assets acquired after 1 April 1994 are valued at historic cost.
- Heritage assets have been included in the balance sheet at last insurance valuation.
- Vehicles, plant and equipment are recorded in the Balance Sheet at historic cost net of depreciation. This is regarded as a reasonable indication of net current replacement cost.

Otherwise, net current replacement cost is assessed as:

- non-specialised operational properties – existing use value
- specialised operational properties – depreciated replacement cost
- investment properties and surplus assets – market value.

1. Accounting Policies continued ……

1.17. Property, Plant and Equipment continued……

Assets included in the balance sheet at current value are revalued where there have been material changes in the value, but as a minimum every five years in accordance with the requirements of The Code. A 20% rolling revaluation programme has been implemented.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the CIES where they arise from a reversal of an impairment loss previously charged to a service revenue account.

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

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against the balance.
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line in the CIES.

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

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

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

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance;
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line in the CIES.

Assets having major components will be reviewed for componentisation when revaluation occurs as part of the rolling 5-year programme, or when major capital improvements are undertaken. Componentisation affects all assets recognised under IAS16, IAS17 and IFRIC12.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line in the CIES, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation:

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

Depreciation is provided for on all non-current and intangible assets on a straight-line basis over the period of their useful economic life.

Where an asset has major components with different estimated useful lives, the components are depreciated separately.

Componentisation:

All property assets containing a building are split into two components – land and buildings. The buildings are then further reviewed to assess if there are additional significant components which should be recognised. A component is considered significant when the cost of the component is 20% or greater than the total cost of the asset and has a differing useful life. Each component is depreciated separately and where there is more than one significant component of the same asset which has the same useful life and depreciation method, such components may be grouped in determining the depreciation charge. Assets with a value less than £50k will not be considered for componentisation (on the basis of materiality) unless the circumstances are deemed appropriate.

1. Accounting Policies continued ……

1.17. Property, Plant and Equipment continued……

Remaining Useful Asset Life:
The calculation of depreciation takes into consideration the expected remaining useful life of each asset.

- For depreciable buildings, the asset lives range between 2 and 100 years depending on the type of asset and its current use.
- For intangible assets a standard 5 year life has been used for the calculation of annual amortised amounts.
- For vehicles and smaller items of plant, a standard 7 year life has been used. For major plant an asset life up to 20 years may be used if appropriate.

Disposals and Non-Current Assets Held For Sale:
When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. These are assets that have been declared surplus to the Council's operational requirements, are being actively marketed and have an estimated sale date within twelve months of the balance sheet date. Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

Assets Held for Sale are included as current assets on the Balance Sheet at the lower of the carrying amount or the fair value of the asset less the costs to sell the asset. Impairment or revaluation losses on initial classification or subsequent write down to fair value are charged directly to the CIES even if the asset has been previously re-valued. Any balance on the Revaluation Reserve remains until the asset is sold. No depreciation is charged on Assets Held for Sale.

When an asset is disposed of or decommissioned, the value of the asset in the balance sheet is written off to the CIES as part of the gain or loss on disposal. Receipts from disposals are credited to the CIES as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains in the Revaluation Reserve relating to the asset sold are transferred to the Capital Adjustment Account.

Amounts in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals are payable to the Government, including mortgage receipts. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account via the MIRS.

1.18. Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Council an obligation that properly requires settlement by a transfer of economic benefits, but where the timing of the transfer is uncertain. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged to the appropriate service revenue account in the year that the authority becomes aware of the obligation, based on the best estimate of the likely settlement. When payments are eventually made, they are charged to the provision set up in the balance sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes more likely than not that a transfer of economic benefits will not now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service revenue account. The main provision that the Council currently holds is that for bad debts.

Where some or all of the payment required to settle a provision is expected to be met by another party (e.g. from an insurance claim), this is only recognised as income in the relevant service revenue account if it is virtually certain that reimbursement will be received if the obligation is settled.

1. Accounting Policies continued ……

1.18. Provisions, Contingent Liabilities and Contingent Assets continued……

Provisions are recognised where an obligation exists at the balance sheet date, which would be settled by the transfer of economic benefits, and a reliable estimate can be made of the amount of the obligation. Provisions are charged to the relevant revenue account and are shown within the appropriate section within the Balance Sheet.

Contingent Liabilities

Contingent Liabilities are not recognised within the financial statements. Contingent Liabilities are disclosed by way of a note to the accounts if there are possible obligations that may require payment or a transfer of economic benefits. A contingent liability arises either where a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly in the control of the Council or where a provision would otherwise be made but it is not probable that an outflow of resources will be required and or the obligation cannot be measured reliably.

Contingent Assets

Contingent Assets are not recognised within the financial statements. Contingent Assets are disclosed by way of a note to the accounts if the inflow of economic benefits or service potential is probable. A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. The disclosure will indicate the nature of the contingent asset and an estimate of its value.

1.19. Reserves

The Council has both capital and revenue reserves, some of which can be used to finance current expenditure.

The Council sets aside specific amounts as earmarked reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the MIRS. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the CIES. The reserve is then appropriated back into the General Fund Balance in the MIRS so that there is no net charge against council tax for the expenditure.

In addition the Council maintains an unallocated General Fund Balance Reserve which may be used to fund one off unexpected items of expenditure or for appropriations of annual surpluses or deficits.

Certain reserves are kept to manage the accounting processes for non-current assets such as the Revaluation Reserve and the Capital Adjustment Account, financial instruments, pension costs and employee benefits and do not represent usable resources for the Council.

Capital reserves of capital grants, contributions and usable capital receipts, can only be used to finance capital expenditure.

1.20. Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of non-current assets has been charged as expenditure to the relevant service revenue account in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer to the Capital Adjustment Account then reverses out the amounts charged to the General Fund in the MIRS so there is no impact on the level of Council Tax.

1.21. Value Added Tax (VAT)

VAT payable is included only to the extent that it is not recoverable from Her Majesty's Revenue and Customs and therefore charged to revenue or capital as appropriate. VAT receivable is excluded from income.

2. Accounting Standards that have been Issued but have not yet been adopted

Changes in accounting policies are retrospective unless alternative transitional arrangements are specified in the Code, i.e. the accounts have to be cleared of the effects of previous accounting policy and the new policy applied as if that policy had always been applied. This requires the recalculation of balances and comparative transactions to apply the policy from the date the income, asset or liability was first recognised. In addition, the Code requires an authority to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code.

A complete set of financial statements is defined in the Code. This includes a Balance Sheet as at the beginning of the earliest comparative period (i.e. a third Balance Sheet) when an authority applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements.

The Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 (the Code) has introduced some changes in accounting policies which will be required from 1 April 2015. If these had been adopted for the financial year 2014/15 there would be no material changes as detailed below.

IFRS 13 - Fair Value Measurement - The 2015/16 Code clarifies the current adaptation of the measurement requirements for property, plant and equipment which are classified as surplus assets. The 2015/16 Code requires that these assets are now to be measured at fair value in accordance with the definition of IFRS 13 without any adaptations to that definition. This measurement also applies to Investment Properties - fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Council currently values its investment properties at fair value and therefore this clarification will not have an impact. The implications of IFRS 13 will not apply retrospectively.

The 2015/16 Code introduces an interpretation to clarify what a short period means for the measurement of a class of assets for local authorities.

IFRIC 21 - Levies - Provides guidance on when to recognise a liability for a levy that is imposed by a government, and for levies that are accounted for under the provisions of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and the amount of the levy are certain. If the Council has relevant transactions it reference will be made to IFRIC 21. It is not expected that this change will have a material impact on the Council's accounts.

Annual Improvements to IFRSs 2011-2013 Cycle - This represents a change in accounting policy that may require the publication of a restated Balance Sheet as at the beginning of the preceding period (ie a third Balance Sheet) in the 2015/16 financial statements where the changes brought about by the amendments to these standards are material. In addition to the presentation of the third Balance Sheet, the authority is required to:

(a) Include narrative description that the change in accounting policy is as a result of the Code's adoption of the amendments to the standards in question;

(b) Set out the nature of the change of the accounting policy;

(c) For the current period and the previous period, the amount of the adjustment to each line item in the financial statements affected, to the extent practicable, and;

(d) The amount of the adjustments relating to the prior period before the periods presented, to the extent practicable.

This is not expected to have a material impact on the financial statements. CIPFA/LASAAC considers it possible but unlikely that the amendments introduced by the Annual Improvements to IFRSs 2011-2013 Cycle are such a change in accounting policy.

Transport Infrastructure Assets - The 2016/17 Code will adopt the measurement requirements of the CIPFA Code of Practice on Transport Infrastructure Assets, as amended in 2013, ie measurement on a Depreciated Replacement Cost basis.

This will represent a change in accounting policy from 1 April 2016 and will require full retrospective restatement in accordance with the requirements of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, and IAS 1 Presentation of Financial Statements as adopted by this Code. This change to the Code will require the establishment of a separate class of assets for transport infrastructure assets in accordance with the types of Assets classified in the Code of Practice on Transport Infrastructure Assets. The impact of this change is currently being assessed.

3. Critical Accounting Judgements In Applying Accounting Policies

In applying the accounting policies the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

Classification of Leases

The Council has undertaken an analysis to classify the leases that it holds both as a lessor and a lessee, as either operating or finance leases. In deciding whether these transactions score as leases and which type under the accounting arrangements for ISA 17 Leases it has been necessary to make judgements about the underlying economic substance of the lease agreement.

Local Government Funding

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

Investment Properties (Commercial Property)

Investment properties have been estimated using the identifiable criteria under IFRS of being held for rental income or capital appreciation. These properties have been assessed using these criteria which is subject to interpretation.

Assets Held For Sale

The Council has reviewed all assets in accordance with the accounting policy and determined that no properties currently need to be reclassified.

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 Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

Valuation and Revaluation of Property Plant and Equipment

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.

If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £265k for every year that useful lives had to be reduced.

Pensions Liability

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged by North Yorkshire County Council (the Pension Fund Administrators) on behalf of the Council to provide the expert advice about the assumptions that are to be applied.

The effects on the net pensions liability 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 pension liability of £1,114k. However, the assumptions interact in complex ways. During 2014/15, the Authority's actuaries advised that the net pensions liability had reduced by £nil as a result of estimates being corrected as a result of experience.

4. Assumptions Made About The Future and Other Major Sources of Estimation Uncertainty continued….

Arrears

At 31 March 2015, the Authority had a balance of sundry debtors for £444k and housing benefit overpayments of £321k. A review of all balances suggested that an impairment of doubtful debts of £473k was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient.

If collection rates were to deteriorate, a doubling of the amount of impairment for doubtful debts (for non-public body sundry debtors) would require an additional £65k to be set aside as an allowance.

Employee Benefits Accrual

The employee benefits accrual cost was calculated for years from 2008/09 to 2014/15. There is little or no variation year on year. The amount involved is deemed not to be material and therefore no adjustment has been made to the accrual included within the accounts. The calculation will be performed and reviewed each year and should it be deemed material an adjustment to the accrual will be made in the accounts.

5. Material Items of Income & Expenditure

The Comprehensive Income and Expenditure Statement includes the following items that are material in the context of the overall income and expenditure of the Council, or are otherwise variable in nature:

2013/14 £'000		2014/15 £'000
9,902	Housing benefits	9,535

The Council paid out a total of £9.535m in housing benefits in 2014/15 (£9.902m in 2013/14), this was funded by government subsidy.

6. Events After The Reporting Period

The unaudited Statement of Accounts was authorised for issue on 29 June 2015 by the Chief Finance Officer. Events taking place after this date are not reflected in the financial statements or notes. Where events take place before this date, provided information about conditions existing at 31 March 2015, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

7. Adjustments between Accounting Basis and Funding Basis under Regulations

2014/15	General Fund Balances £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserves £'000
Adjustments primarily involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non-current assets	1,019	-	-	(1,019)
Revaluation losses on Property, Plant and Equipment	30	-	-	(30)
Movements in the fair value of Investment Properties	3	-	-	(3)
Amortisation of intangible assets	68	-	-	(68)
Capital grants and contributions applied		-	-	
Revenue expenditure funded from capital under statute	130	-	-	(130)
Soft Loans	-	-	-	-
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposals to the Comprehensive Income and Expenditure Statement	(17)	120	-	(103)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment	(318)	-	-	318
Capital expenditure charged against the General Fund	(827)	-	-	827
Acquisition of Donated Assets	(239)	-	-	239
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(10)	-	10	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-		(11)	11
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(23)	23	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	(384)	-	384
Other cash receipts	(42)	42	-	-
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	-	-	-	-
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	650	-	(650)

7. Adjustments between Accounting Basis and Funding Basis under Regulations continued

2014/15	General Fund Balances £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserves £'000
Adjustments primarily involving the Deferred Capital Receipts Reserve:				
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-	-	-
Adjustments primarily involving the Financial Instruments Adjustment Account:				
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		-	-	-
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see note 36)	1,769	-	-	(1,769)
Employer's pensions contributions and direct payments to pensioners payable in the year	(1,420)	-	-	1,420
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(33)	-	-	33
Amount by which non domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from non domestic rates income calculated for the year in accordance with statutory requirements	364	-	-	(364)
Cost of Services	454	451	(1)	(904)

7. Adjustments between Accounting Basis and Funding Basis under Regulations

2013/14	General Fund Balances Restated £'000	Capital Receipts Reserve Restated £'000	Capital Grants Unapplied Restated £'000	Movement in Unusable Reserves Restated £'000
Adjustments primarily involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non-current assets	1,061	-	-	(1,061)
Revaluation losses on Property, Plant and Equipment	(59)	-	-	59
Movements in the fair value of Investment Properties	48	-	-	(48)
Amortisation of intangible assets	59	-	-	(59)
Capital grants and contributions applied	-	-	-	-
Revenue expenditure funded from capital under statute	11	-	-	(11)
Soft Loans	-	-	-	-
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposals to the Comprehensive Income and Expenditure Statement	(324)	-	-	324
Other Adjustments	(6)			6
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment	(362)	-	-	362
Capital expenditure charged against the General Fund	(120)	-	-	120
Acquisition of Donated Assets	(38)	-	-	38
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(253)	-	253	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	(3)	3
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(42)	724	-	(682)
Use of the Capital Receipts Reserve to finance new capital expenditure	-	(246)	-	246
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	-	-	-	-
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	-	-	-	-
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	-	-	-

7. Adjustments between Accounting Basis and Funding Basis under Regulations continued

2013/14	General Fund Balances Restated £'000	Capital Receipts Reserve Restated £'000	Capital Grants Unapplied Restated £'000	Movement in Unusable Reserves Restated £'000
Adjustments primarily involving the Deferred Capital Receipts Reserve:				
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-	-	-
Adjustments primarily involving the Financial Instruments Adjustment Account:				
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		-	-	-
Adjustments primarily involving the Available For Sale Financial Instruments Reserve:				
Movement in fair value of available for sale financial instruments	(3)			3
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see note 36)	2,164	-	-	(2,164)
Employer's pensions contributions and direct payments to pensioners payable in the year	(1,397)	-	-	1,397
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(40)			40
Amount by which non domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from non domestic rates income calculated for the year in accordance with statutory requirements	960	-	-	(960)
Cost of Services	1,659	478	250	(2,387)

General Fund Balance

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

Capital Receipts Reserve

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

Capital Grants Unapplied

The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which the 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 is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

8. Earmarked Reserves

This consists of sums earmarked for specific purposes, e.g. funding of specific projects and service developments of strategic importance. This note sets out the amounts set aside during the accounting period and the amounts posted back to meet expenditure over the same period. The significant reserves and their intended purpose are described in more detail below:

	Balance at 31-Mar-13 £'000	Exp in Year £'000	Income in Year £'000	Balance at 31-Mar-14 £'000	Exp in Year £'000	Income in Year £'000	Balance at 31-Mar-15 £'000	See Notes Below
Bishopdale Court	5	-	-	5	-	-	5	
Building Control Reserve	25	-	-	25	-	-	25	
Buildings Reserve	50	(20)	145	175	(10)	185	350	8.1
Business Rates Equalisation		-	960	960	-	550	1,510	8.2
Contingency	33	(33)	25	25	(25)	25	25	
Edith Stead Bequest Reserve	2	-	-	2	-	-	2	
Enabling Efficiencies Fund	424	(99)	136	461	(134)	66	393	8.3
ERDF Funds	48	-	-	48	-	-	48	8.4
Future Year Budget Support			173	173	-	126	299	8.5
Insurance			10	10	-	30	40	
IT Reserve	83	(21)	250	312	(66)	404	650	8.6
Local Authority Business Growth Incentive	9		-	9	-	-	9	
Local Plan Reserve	360		40	400	(14)	-	386	8.7
New Homes Bonus	620	(172)	588	1,036	(747)	796	1,085	8.8
Partial Exemption Reserve	17	-	-	17	-	-	17	
Revenue Expenditure Reserve			148	148	(148)	121	121	8.9
Vehicle Replacement Reserve	50	-	200	250	(150)	550	650	8.10
Total	1,726	(345)	2,675	4,056	(1,294)	2,853	5,615	

8.1. The Buildings Reserve has been created to fund repairs and improvements to the Council's buildings

8.2. The Business Rates Equalisation reserve is to provide protection should the Council suffer early losses before the funding safety net is reached.

8.3. The Enabling Efficiencies Fund is used to fund the implementation of the Council's savings plan which will generate short/longer term savings.

8.4. ERDF Funds Grant from the Government for Economic Development Initiatives.

8.5. The Future Year Budget Support reserve has been created from planned income and savings generated from the Council's income and savings plan in 2013/14 and will be used to support future years budgets to mitigate the impact reductions in government grant funding.

8.6. The ICT Replacement reserve is to fund the purchase of new computer equipment and upgrade of systems

8.7. Local Plan Reserve is used to fund costs relating to the local plan, including the public consultation process and other planning cost

8.8. New Homes Bonus Reserve is used to fund local infrastructure improvements, the return of empty homes into use and to support local community, voluntary and business sectors to deliver a range of community activities and projects to the benefit of local residents.

8.9. Revenue Expenditure Reserve is for funds to cover expenditure commitments that have slipped to the following financial year.

8.10. Vehicle replacement reserve is used to fund replacements of the vehicle fleet

9. Other Operating Expenditure

2013/14 £'000		2014/15 £'000
1,183	Parish Precepts	1,204
-	Contribution of Housing Capital Receipts to Government Pool	-
(42)	Receipts from covenants	-
(309)	(Gains) / Losses on Disposal of non-Current assets	(40)
-	Other	(52)
832	**Total**	1,112

10. Financing and Investment Income and Expenditure

2013/14 £'000		2014/15 £'000
274	Interest Payable and similar charges	256
(46)	Interest Receivable and similar income	(75)
1,227	Net interest on the net defined benefit liability (asset)	880
(43)	Income and expenditure in relation to investment properties and changes in their fair value	(45)
(8)	Other investment income	(8)
1,404	**Total**	1,008

11. Taxation and Non-Specific Grant Income

2013/14 £'000		2014/15 £'000
(4,321)	Council Tax	(4,427)
(3,097)	Non Ring-fenced Government Grants	(2,949)
(291)	Capital Grants and other contributions	(239)
(6,529)	Retained Business Rates	(6,926)
5,626	Business Rates Tariff/(Top Up)	5,829
(8,612)	**Total**	(8,712)

12. Property, Plant and Equipment

12.1. Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation:

	Estimated Useful Life (years)
Buildings	
Operational Buildings, up to	100
Non-Operational Buildings, up to	50
Garages	10
Other Assets	
Vehicles and smaller items of Plant & Equipment	7
Major items of plant and equipment, up to	20

12.2. Property, Plant and Equipment

Movement on Fixed Assets

The table below and on the following page show the movement in value of the Council's non-current assets. The value of the Council's housing stock, and other properties owned by the Council are valued on a rolling programme basis except for investment properties which are valued annually at the balance sheet date. Valuations for 2013/14 have been udertaken in-house by Andrew Whelan MRICS, Estates Surveyor.

Community Assets include allotments and the cemeteries at Waltonwray's and Ingleton. Heritage Assets with significant value and which have been capitalised are comprised of the Shakespeare First Folio and the Roebuck Collection of paintings.

2014/15	Land & Buildings £'000	Vehicles Plant & Equipment £'000	Surplus Assets £'000	PPE TOTAL £'000	Investment Property £'000	Community & Heritage Assets £'000	TOTAL £'000
Tangible Assets							
Cost or Valuation at 31 March 2014	27,657	4,963	-	32,620	582	2,758	35,960
Movement in 2014/2015							
Additions	549	777	-	1,326	-	-	1,326
Donations	-	-	-	-	-	239	239
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	(115)	-	-	(115)	-	67	(48)
Revaluation increases/ (decreases) recognised in the (Surplus)/Deficit on the Provision of Services	(70)	-	-	(70)	23	15	(32)
Derecognition - disposals	(103)	(96)	-	(199)	-	-	(199)
Reclassification	-	-	-	-	-	-	-
Value as at 31 March 2015	27,918	5,644	-	33,562	605	3,079	37,246
Accumulated Depreciation and Impairment at 31 March 2014	2,252	3,389	-	5,641	-	-	5,641
Movement in 2014/2015							
Depreciation for the Year	542	477	-	1,019	-	-	1,019
Depreciation written out to the Revaluation Reserve	(150)	-	-	(150)	-	-	(150)
Impairment losses/(reversals) recognised in the Revaluation Reserve	-	-	-	-	-	-	-
Depreciation written out to the (Surplus)/Deficit on the Provision of Services	(192)	-	-	(192)	-	-	(192)
Impairment losses/(reversals) recognised in the (Surplus)/ Deficit on the Provision of Services	-	-	-	-	-	-	-
Derecognition - disposals	-	(96)	-	(96)	-	-	(96)
Other movements in Depreciation and Impairment	-	-	-	-	-	-	-
Value as at 31 March 2015	2,452	3,770	-	6,222	-	-	6,222
Net Book Value							
at 31 March 2015	25,466	1,874	-	27,340	605	3,079	31,024
at 31 March 2014	25,405	1,574	-	26,979	582	2,758	30,319

12.2. Property, Plant and Equipment continued ……

Movement on Fixed Assets continued ……

2013/14	Land & Buildings Restated £'000	Vehicles Plant & Equipment £'000	Surplus Assets £'000	PPE TOTAL £'000	Investment Property Restated £'000	Community & Heritage Assets £'000	TOTAL £'000
Tangible Assets							
Cost or Valuation at 31 March 2013	27,962	4,896	-	32,858	1,450	2,627	36,935
Movement in 2013/14							
Additions	77	214	-	291	-	13	304
Donations	-	-	-	-	-	38	38
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	(772)	-	-	- (772)	-	23	- (749)
Revaluation increases/ (decreases) recognised in the (Surplus)/Deficit on the Provision of Services	(390)	-	-	(390)	(31)	-	(421)
Derecognition - disposals	-	(147)	-	(147)	-	0	(147)
Reclassifications	780	-	-	780	(837)	57	-
Value as at 31 March 2014	27,657	4,963	-	32,620	582	2,758	35,960
Accumulated Depreciation and Impairment at 31 March 2013	2,396	3,081	-	5,477	-	-	5,477
Movement in 2013/14							
Depreciation for the Year	628	450	-	1,078	-	-	1,078
Depreciation written out to the Revaluation Reserve	(323)	-	-	(323)	-	-	(323)
Impairment losses/(reversals) recognised in the Revaluation Reserve	-	-	-	-	-	-	-
Depreciation written out to the (Surplus)/Deficit on the Provision of Services	(432)	-	-	(432)	-	-	(432)
Impairment losses/(reversals) recognised in the (Surplus)/ Deficit on the Provision of Services	-	-	-	-	-	-	-
Derecognition - disposals	-	(142)	-	(142)	-	-	(142)
Other movements in Depreciation and Impairment	(17)	-	-	(17)	-	-	(17)
Value as at 31 March 2014	2,252	3,389	-	5,641	-	-	5,641
Net Book Value							
at 31 March 2014	25,405	1,574	-	26,979	582	2,758	30,319
at 31 March 2013	25,566	1,815	-	27,381	1,450	2,627	31,458

12.3. Commitments Under Capital Contracts

The Council is required to disclose any significant commitments under capital contracts. These commitments relate to contractual obligations entered into but not discharged by 31 March 2015, and commitments to meet items in the proposed capital programme where contracts have not been entered into, which are not already reflected within the accounts.

The Council has authorised expenditure in future years of £2,644k the table analyses these schemes which are approved and contracted or approved to proceed but are not yet contracted:

	Expenditure approved and contracted at 31-Mar-15 £'000	Expenditure approved to proceed but not contracted at 31-Mar-15 £'000	Period of Investment
IT Software	-	266	1-3 years
Vehicles & Equipment	291	649	1-3 years
Home Improvement & Repair Grants	188	341	1-3 years
Improvements to Property	530	379	1-3 years
Total	**1,009**	**1,635**	

12.4. Revaluations

Non-current assets are valued on the basis recommended by CIPFA and in accordance with the 'Statements of Asset Valuation Practice and Guidance Notes' issued by the Royal Institute of Chartered Surveyors. The basis of valuation of the various categories of non-current assets is shown in point 1.17 of these Explanatory Notes (See pages 28 to 30). The Council carries out a rolling programme that ensures that all Property, Plant and Equipment is revalued at least every five years. For 2014/15 the valuation date for all assets is 1st April 2014 except for investment properties which were valued at 31st March 2015. A rolling programme of revaluations is adopted and has been implemented in accordance with the requirement of The Code except for Investment Properties which are valued annually at the balance sheet date. Valuations for 2014/15 have been undertaken in-house by Andrew Whelan MRICS, Estates Surveyor.

	Other Land and Buildings £'000	Vehicles Plant Plant Furniture & Equipment £'000	Surplus Assets £'000	Total £'000
Carried at historical cost:	31,258	5,644	-	36,902
Changes in Fair Value as at:				
31-Mar-15	672			672
31-Mar-14	(1,162)	-	-	- (1,162)
31-Mar-13	(974)	-	-	- (974)
31-Mar-12	(941)	-	-	- (941)
31-Mar-11	(1,026)	-	-	- (1,026)
Total Cost or Valuation	27,827	5,644	-	33,471

13. Heritage Assets

Heritage assets are included in the Balance Sheet at their insurance valuations. Revaluation occurs every five years with the last one being done in January 2011, unless an event dictates otherwise. There have been no revaluations or disposals of capitalised heritage assets in the year. However, the Council holds some unique items of 'Mouseman' furniture which has been valued as a collection for the first time, and this is now included in the register of heritage assets.

Heritage Assets

Five-Year Summary of Transactions:

	2010/11	2011/12	2012/13	2013/14	2014/15
	£'000	£'000	£'000	£'000	£'000
Cost of Acquisitions of Heritage Assets:					
Art Works	0	0	0	0	0
Literary Works	0	0	0	0	0
Artefacts	0	0	0	0	0
Total Value	0	0	0	0	0
Value of Heritage Assets Acquired by Donation:					
Art Works	0	1,162	0	38	0
Literary Works	0	200	0	0	0
Artefacts	0	93	0	0	0
Other	0	0	0	0	239
Total Value	0	1,455	0	38	239
Disposals in the Period	0	0	0	0	0
Impairments Recognised in the Period	0	0	0	0	0

14. Investment Properties

The following items of income and expenditure have been accounted for in the Financing and Investment Income and Expenditure line in the CIES.

	2013/14 Restated £'000	2014/15 £'000
Rental Income From Investment Property	98	64
Direct Operating expenses arising from investment property	(7)	(16)
Net Gain / (Loss)	**91**	**48**

There are no restrictions on the Council's ability to realise the value inherent in its investment property or in the Council's right to the remittance income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

14. Investment Properties continued……

The following table summarises the movement in the fair value of investment properties over the year.

	2013/14 Restated £'000	2014/15 £'000
Balance at start of the year	1,450	582
Additions:		
Purchases	-	-
Construction	-	-
Subsequent Expenditure	-	-
Disposals	-	-
Net gains/losses from fair value adjustments	(31)	23
Transfers:		
to/from Inventories	-	-
to/from Property, Plant and Equipment	(837)	-
Other Changes	-	-
Balance at end of Year	**582**	**605**

15. Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Authority as a result of past events (e.g. software licenses) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Authority. Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible asset held by the Authority meets this criterion, they are therefore carried at amortised cost.

2013/14 Software Licenses £'000		2014/15 Software Licenses £'000
	Cost	
1,124	Historic Cost brought forward 1 April	1,176
52	Additions	66
-	Disposals	-
1,176	Historic Cost carried forward 31 March	1,242
	Depreciation and Impairments	
933	Accumulated depreciation and impairment brought forward	992
59	Charge for year	68
-	Disposals	-
992	Accumulated depreciation and impairment carried forward	1,060
184	**Balance Sheet at 31 March**	**182**

16. Financial Instrument Balances

The borrowings and investments disclosed in the Balance Sheet are made up of the following categories of financial instruments. Notes 18 and 21 provide further information.

	Long-Term		Current	
	31-Mar-14 £'000	31-Mar-15 £'000	31-Mar-14 £'000	31-Mar-15 £'000
Investments				
Loans and receivables (excl cash equivalents)	-	-	1,504	4,508
Available-for-sale financial assets	3	-	-	-
Total investments	**3**	**-**	**1,504**	**4,508**
Debtors				
Loans and receivables	484	8	1,070	830
Total included in Debtors	**484**	**8**	**1,070**	**830**
Borrowings				
Financial Liabilities at amortised cost	6,012	6,004	48	48
Total included in Borrowings	**6,012**	**6,004**	**48**	**48**
Creditors				
Financial liabilities carried at amortised cost	-	-	2,566	3,309
Total Creditors	**-**	**-**	**2,566**	**3,309**

The fair values calculated using Capita's method (new borrowing rate) are as follows	31 March 2014		31 March 2015	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Financial Liabilities	5,988	6,233	5,988	7,706

The fair values calculated using PWLB's method (premature repayment rate) are as follows	31 March 2014		31 March 2015	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Financial Liabilities	5,988	7,319	5,988	9,223

The fair value is higher than the carrying amount because the authority's portfolio of loans are all at fixed rates where the interest rate payable is higher than for similar loans at the balance sheet date. This commitment to pay interest above current market rates increases the amount that the authority would have to pay if the lender requested or agreed to early repayment of the loans.

	31 March 2014		31 March 2015	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Fixed term Loans and Receivables	1,500	1,504	4,500	4,508

The fair value is almost the same as the carrying amount because the authority's portfolio of investments consists of fixed rate loans where the interest rate receivable is the same as the rates available for similar loans at the balance sheet date. This guarantee to receive interest at around current market rates reduces the amount that the authority would receive if it agreed to early repayment of the loans.

17. Inventories

The stock held by the Council is classified into 6 categories: other, which includes stock of stationery and other small value items, supplies for vehicle maintenance, waste collection sacks, craven pool catering stocks, craven pool other goods for resale and TIC & Museum stock for resale.

2014/15	Opening Balance £'000	Purchases In Year £'000	Usage In Year £'000	Closing Balance £'000
Vehicle Maintenance	23	223	(229)	17
Waste Collection Sacks	14	14	(19)	9
Craven Pool Catering & Vending	2	71	(72)	1
Craven Pool Other Goods	6	17	(20)	3
TIC & Museum	5	32	(30)	7
Other	5	8	(8)	5
Total	**55**	**365**	**(378)**	**42**

2013/14	Opening Balance £'000	Purchases In Year £'000	Usage In Year £'000	Closing Balance £'000
Vehicle Maintenance	24	238	(239)	23
Waste Collection Sacks	13	10	(9)	14
Craven Pool Catering & Vending	1	79	(78)	2
Craven Pool Other Goods	5	17	(16)	6
TIC & Museum	6	28	(29)	5
Other	4	8	(7)	5
Total	**53**	**380**	**(378)**	**55**

18. Short-Term Debtors

The following table shows the amounts owed to the Council for which payments have not been received by 31 March 2014. Payments to Government departments and the HM Customs have been grouped in Central Government Bodies. The other entities and individuals are made up of any debtors or prepayments that do not fall under the other categories. These include Council Tax and Rental debtors, as well as general debtors, joint projects and any accrued income.

31-Mar-14 £'000		31-Mar-15 £'000
977	Central Government Bodies	1,668
415	Other Local Authorities	316
1,718	Other Entities and Individuals	1,641
3,110		**3,625**
(473)	Less Provision for Bad Debts	(487)
2,637	**Total**	**3,138**

19. Cash and Cash Equivalents

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

Balance at 31-Mar-14 £'000		Balance at 31-Mar-15 £'000
30	Cash held by the Authority	4
191	Bank Current Accounts	616
5,849	Short-term Deposits	4,453
6,070		**5,073**

20. Assets Held For Sale

	2013/14 £'000	2014/15 £'000
Balance at Start of Year	828	-
Assets newly classified as held for sale	-	-
Property, Plant & Equipment Disposals	(828)	-
Balance at End of Year	-	-

21. Creditors

The following analysis identifies the Council's major creditors (payable within 12 months):

31-Mar-14 £'000		31-Mar-15 £'000
202	Central Government Bodies	178
893	Other Local Authorities	1,443
1,471	Other Entities and Individuals	1,969
2,566	**Total**	**3,590**

22. Usable Reserves

The Council keeps a number of reserves in the Balance Sheet. Some are required to be held for statutory reasons, some are needed to comply with proper accounting practice, and others have been set up voluntarily to earmark resources for future spending plans. These Reserves can be analysed between Usable (i.e. the balances are available to support the delivery of Council Services) and Unusable (i.e. they are kept to manage accounting processes for non-current assets, financial instruments, and retirement benefits and do not represent usable resources for the Authority). Unusable Reserves are detailed in note 23.

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement, and revenue earmarked reserves are set out in detail in note 8. Descriptions of each reserve are shown after the table.

2013/14 £'000		2014/15 £'000	Note
	Usable Reserves		
1,030	General Fund	1,030	22.1
4,056	Earmarked Reserves	5,615	22.2
1,772	Capital Receipts Reserve	2,223	22.3
371	Capital Grants Unapplied	370	22.4
7,229	**Total**	**9,238**	

22. Usable Reserves continued……

22.1. General Fund

This is a non-earmarked balance which is set aside to cover unforeseen events and the risk of inflation increases. The Council has a minimum level for this balance set at £1.0m. Any amounts above this may be used to support the budget and future council tax levels within the context of the Council's financial strategy.

22.2. Earmarked Reserves

The Council has reserves which have been set up voluntarily to earmark resources for future spending plans. The details of these reserves are set out in note 8.

22.3. Capital Receipts Reserve

Usable capital receipts are created from the income arising from the sale of non-current assets and other capital income including the sale of intangible assets which are assets that have no physical substance, receipts from loans, right to buy discounts and covenants which are used to finance capital expenditure. They are held in this reserve until such time as they are required.

22.4. Capital Grants Unapplied Reserve

This reserve holds grants and contributions that the Council has received from central government and other organisations towards the costs of capital expenditure that have not been used at the balance sheet date, but which will be used in the future. The contributions held in this reserve do not have conditions attached to either the timing of their use or the purpose for which they may be utilised or both.

23. Unusable Reserves

Unusable reserves are those that are kept to manage accounting processes for non-current assets, financial instruments, and retirement benefits and do not represent usable resources for the Authority.

Details of each of the reserves, together with movements in the year, are shown below the table.

2013/14 £'000		2014/15 £'000	Note
	Unusable Reserves		
	Revaluation Balances		
7,941	Revaluation Reserve	8,043	23.1
3	Available-for-Sale Financial Instruments Reserve	3	23.2
16,774	Capital Adjustment Account	17,393	23.3
-	Financial Instruments Adjustment Account	-	23.4
(20,657)	Pensions Reserve	(25,767)	23.5
1,125	Deferred Capital Receipts Reserve	475	23.6
(871)	Collection Fund Adjustment Account	(1,202)	23.7
(58)	Accumulated Absences Account	(58)	23.8
4,257	**Total**	**(1,113)**	

23.1. Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its property, plant and equipment and intangible assets. The balance is reduced when assets with accumulated gains are:

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

23. Unusable Reserves continued……

23.1. Revaluation Reserve continued……

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

2013/14 £'000		2014/15 £'000
8,857	**Balance brought forward at 1 April**	**7,941**
864	Upwards revaluation of assets	1,576
(1,290)	Downward revaluation of assets and impairment losses not charged to the surplus/deficit on the Provision of Services	(1,281)
(426)	Surplus/(Deficit) on revaluation of non-current assets not posted to the (Surplus)/Deficit on the Provision of Services	**295**
(207)	Difference between fair value depreciation and historical cost depreciation	(193)
(283)	Accumulated gains on assets sold or scrapped	
(490)	Amount written off to the Capital Adjustment Account	**(193)**
7,941	**Balance carried forward at 31 March**	**8,043**

23.2. Available-for-Sale Financial Instruments Reserve

The available-for-sale financial instruments reserve contains the gains made by the Council arising from increases in the value of its investments that have quoted market prices or otherwise do not have fixed or determinable payments. The balance is reduced when investments with accumulated gains are:

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

2013/14 £'000		2014/15 £'000
-	**Balance brought forward at 1 April**	**3**
3	Transfer from GF of value of investment	-
-	Downward revaluation of investments not charged to the surplus/deficit on the Provision of Services	-
3	**Total movement on the reserve in Year**	**-**
3	**Balance carried forward at 31 March**	**3**

23.3. Capital Adjustment Account

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

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

23. Unusable Reserves continued……

23.3. Capital Adjustment Account continued……

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

2013/14 Restated £'000		2014/15 £'000
17,462	**Balance brought forward at 1 April**	**16,774**
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(1,061)	Charges for depreciation and impairment of non-current assets	(1,019)
(59)	Amortisation of intangible assets	(68)
59	Revaluation losses on Property, Plant and Equipment	(30)
6	Adjustment to prior year revaluation	-
(11)	Revenue Expenditure Funded From Capital Under Statute	(130)
(833)	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(103)
(1,899)		(1,350)
490	Adjusting amounts written out of the Revaluation Reserve	193
(1,409)	**Net written out amount of the cost of non-current assets consumed in the year**	**(1,157)**
	Capital financing applied in the year:	
246	Use of the Capital Receipts Reserve to finance new capital expenditure	384
3	Application of grants to capital financing from the Capital Grants Unapplied Account	11
362	Minimum Revenue Provision - Borrowing	318
120	Capital expenditure charged against the General Fund	827
731	**Total capital financing applied in the year**	**1,540**
(48)	Movements in the market value of Investment Properties debited or credited to the CIES	(3)
38	Movement in the Donated Assets Account credited to the Comprehensive Income and Expenditure Statement	239
16,774	**Balance carried forward at 31 March**	**17,393**

23.4. Financial Instruments Adjustment Account

This account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefitting from gains per statutory provisions. The Council has used the Account to manage premiums paid and discounts received on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the General Fund Balance to the Account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on council tax.

23. Unusable Reserves continued……

23.4. Financial Instruments Adjustment Account

The Available-for-Sale Financial Instruments Reserve and the Financial Instruments Adjustment Account are two reserves that help to manage the accounting requirements for financial instruments. Financial instruments are required to be carried at fair value and the outcome of proper accounting practices for the Comprehensive Income and Expenditure Statement is different from that required for assessing the impact on local taxes. These reserves are matched by borrowings and investments within the Balance Sheet and are not resources available to the Council.

23.5. Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council 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 Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2013/14 £'000		2014/15 £'000
(29,506)	**Balance brought forward at 1 April**	**(20,657)**
9,616	Remeasurements of the net defined benefit liability / (asset)	(4,761)
(2,164)	Reversal of items relating to retirement benefits debited or credited to the (Surplus)/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(1,769)
1,397	Employer's pensions contributions and direct payments to pensioners payable in the year	1,420
(20,657)	**Balance carried forward at 31 March**	**(25,767)**

23.6. Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal on non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

2013/14 £'000		2014/15 £'000
650	**Balance brought forward at 1 April**	**1,125**
475	Deferred Payments re assets sold in year transferred to the Capital Receipts Reserve	(650)
1,125	**Balance carried forward at 31 March**	**475**

23. Unusable Reserves continued……

23.7. Collection Fund Adjustment Account

The Council Tax income included in the Comprehensive Income and Expenditure Statement is the accrued income for the year. The difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account.

2013/14 £'000		2014/15 £'000
49	**Balance brought forward at 1 April**	**(871)**
(920)	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax calculated for the year in accordance with statutory requirements	(331)
(871)	**Balance carried forward at 31 March**	**(1,202)**

23.8. Accumulated Absences Account

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

2013/14 £'000		2014/15 £'000
58	**Balance brought forward at 1 April**	**58**
58	**Balance carried forward at 31 March**	**58**

24. Cash Flow Statement - Operating Activities

2013/14 £'000		2014/15 £'000
	The cash flows for operating activities include the following items:	
(46)	Interest Received	(75)
274	Interest Paid	256
228		181

24. Cash Flow Statement - Operating Activities continued……

2013/14 Restated £'000		2014/15 £'000
671	Net Surplus / (deficit) on the provision of services	**1,105**
	The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:	
1,062	Depreciation, impairment and downward valuations	1,117
177	(Increase) / decrease in long term debtors	476
384	Increase / (decrease) in creditors	639
(560)	(Increase) / decrease in debtors	109
480	Increase / (decrease) in provisions	(45)
(2)	(Increase) / decrease in inventories	13
767	Movement in pension liability	349
833	Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	103
-	Changes in the value of Investment Prpoerties	3
-	amounts posted from the Donated Assets Account	(239)
(27)	Other non-cash items charged to the net surplus or deficit on the provision of services	(10)
3,114		**2,515**
	The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities:	
(724)	Proceeds from the sale of property, plant and equipment, investment property and intangibles	(143)
3,061	**Net Cash Flows From Operating Activities**	**3,477**

25. Cash Flow Statement - Investing Activities

2013/14 £'000		2014/15 £'000
(356)	Purchase of property, plant and equipment, investment property and intangible assets	(1,392)
724	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	143
(500)	Proceeds from short-term and long-term investments	(3,000)
(132)	**Net Cash Flows From Investing Activities**	**(4,249)**

26. Cash Flow Statement - Financing Activities

2013/14 £'000		2014/15 £'000
1,000	Cash receipts of short-term and long-term borrowing	-
(1,250)	Repayments of short-term and long-term borrowing	-
449	Other payments for financing activities	(225)
199	**Net Cash Flows From Financing Activities**	**(225)**

27. Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the CIES is that specified by the Service Reporting Code of Practice. However, decisions about resource allocation are taken by the Policy Committee and Council on a portfolio basis. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

No charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the CIES).

The cost of retirement benefits is based on cash flows (payment of employer pension contributions) rather than the current service cost of benefits accrued in the year.

The income and expenditure of the Council's Portfolios recorded in the budget reports for the year is set out below:

Service Information for the Year Ended 31 March 2015 - reported by Portfolio	**Chief Executive & Director of Services £'000**	**Resources £'000**	**Community £'000**	**Totals £'000**
Income				
Fees, charges and other service income	324	1,731	4,232	**6,287**
Government grants and contributions	10,293	57	423	**10,773**
Total Income	**10,617**	**1,788**	**4,655**	**17,060**
Expenditure				
Employee Expenses	1,850	1,217	3,630	**6,697**
Other Service Expenditure	683	1,536	2,527	**4,746**
Transfer Payments*	9,759	-	-	**9,759**
Capital Financing	-	-	-	**-**
Gross Expenditure	**12,292**	**2,753**	**6,157**	**21,202**
Net Services Expenditure	**1,675**	**965**	**1,502**	**4,142**
Amounts not included in CIES but reported to management	149	(75)	0	**74**
Amounts included in CIES but not reported to management	128	486	657	**1,271**
Net Cost of Service per CIES				**5,487**

Reconciliation of Portfolio Income and Expenditure to Cost of Services in the CIES

	2014/15 £'000
Net Cost of Service (above)	**5,487**
Parish Precepts	1,204
(Gains) / Losses on the disposal of non-current assets	(92)
Interest Payable and similar charges	256
Interest and Investment Income	(83)
Income & Expenditure in relation to Investment Properties	(45)
Pension Interest Cost and expected return on pension assets	880
Council Tax Income	(4,427)
Non-Domestic Rates Income	(1,097)
Non-ringfenced Government Grants	(3,188)
(Surplus) or Deficit on the Provision of Service	**(1,105)**

27. Amounts Reported for Resource Allocation Decisions continued……

Service Information for the Year Ended 31 March 2014 - reported by Portfolio	Chief Executive & Director of Services £'000	Resources £'000	Community £'000	Totals £'000
Income				
Fees, charges and other service income	900	1,707	3,805	**6,412**
Government grants and contributions	10,366	29	633	**11,028**
Total Income	**11,266**	**1,736**	**4,438**	**17,440**
Expenditure				
Employee Expenses	1,723	1,390	3,583	**6,696**
Other Service Expenditure	245	1,806	3,529	**5,580**
Transfer Payments*	9,902	-	-	**9,902**
Capital Financing	-			**-**
Gross Expenditure	**11,870**	**3,196**	**7,112**	**22,178**
Net Services Expenditure	**604**	**1,460**	**2,674**	**4,738**
Amounts not included in CIES but reported to management				**(642)**
Amounts included in CIES but not reported to management				**1,609**
Net Cost of Service per CIES				**5,705**

Reconciliation of Portfolio Income and Expenditure to Cost of Services in the CIES

	2013/14 £'000
Net Cost of Service (above)	**5,705**
Parish Precepts	1,183
(Gains) / Losses on the disposal of non-current assets	(351)
Interest Payable and similar charges	274
Interest and Investment Income	(54)
Income & Expenditure in relation to Investment Properties	(43)
Pension Net interest on the net defined benefit liability	1,227
Council Tax Income	(4,321)
Non-Domestic Rates Income	(903)
Non-ringfenced Government Grants	(3,388)
(Surplus) or Deficit on the Provision of Service	**(671)**

* Transfer payments contain housing benefit allowance subsidy which are offset by grants received from central government (shown as income within the 'Government Grants' line).

27. Amounts Reported for Resource Allocation Decisions continued ……

Reconciliation to Subjective Analysis

2014/15	Portfolios £'000	Amounts Not Reported to Management £'000	Amounts Not Included in CIES £'000	Net Cost of Service £'000	Corporate Amounts £'000	Net Position £'000
Income						
Fees, charges and other service income	6,287	-	75	6,362	-	6,362
Government grants and contributions	10,773	-	-	10,773	4,285	15,058
Interest and Investment Income	-	-		-	75	75
Income from Council Tax	-	-		-	4,427	4,427
Total Income	17,060	-	75	17,135	8,787	25,922
Expenditure						
Employee Expenses	6,697	-	149	6,846	-	6,846
Other Service Costs	4,746	-	-	4,746	-	4,746
Transfer Payments	9,759	-		9,759	-	9,759
Depreciation, amortisation and Impairment	-	932		932	-	932
Interest Payments		(8)		(8)	256	248
Precepts & Levies	-			-	1,204	1,204
Pension Defined Benefit Liability (IAS19)	-	5,641	-	5,641		5,641
Gain or Loss on Disposal of Non-current Assets	-	(92)		(92)	-	(92)
Gross Expenditure	21,202	6,473	149	27,823	1,460	29,283
(Surplus)/Deficit on the Provision of Services	4,142	6,473	74	10,688	(7,327)	3,361

27. Amounts Reported for Resource Allocation Decisions continued ……

Reconciliation to Subjective Analysis

These tables reconcile the data in the analysis of income and expenditure and relate to a subjective analysis of the (Surplus)/Deficit on the Provision of Services in the Comprehensive Income & Expenditure Statement

2013/14	Portfolios £'000	Amounts Not Reported to Management £'000	Amounts Not Included in CIES £'000	Net Cost of Service £'000	Corporate Amounts £'000	Net Position £'000
Income						
Fees, charges and other service income	6,412	-		6,412	-	6,412
Government grants and contributions	11,028	-		11,028	4,291	15,319
Interest and Investment Income	-	-		-	46	46
Income from Council Tax	-	-		-	4,321	4,321
Total Income	17,440	-	-	17,440	8,658	26,098
Expenditure						
Employee Expenses	6,696	-		6,696	-	6,696
Other Service Costs	5,580	29	(460)	5,149	(15)	5,134
Transfer Payments	9,902	-		9,902	-	9,902
Depreciation, amortisation and Impairment	-	1,110		1,110	-	1,110
Interest Payments	-	(8)		(8)	274	266
Precepts & Levies	-	-		-	1,183	1,183
Pension Defined Benefit Liability (IAS19)	-	(7,703)	-	(7,703)	-	(7,703)
Gain or Loss on Disposal of Non-current Assets	-	(309)		(309)	(42)	(351)
Gross Expenditure	22,178	(6,881)	(460)	14,837	1,400	16,237
(Surplus)/Deficit on the Provision of Services	4,738	(6,881)	(460)	(2,603)	(7,258)	(9,861)

28. Members Allowances

The Accounting Code of Practice requires disclosure of the total sum paid in the year under the Members Allowances Scheme. The total amount paid to Members (Basic Allowance, Special Responsibility Allowance and travel/subsistence payments) in 2014/15 is £150,552 (compared to £160,379 in 2013/14). The table analyses these payments.

2013/14 £'000		201415 £'000
149	Allowances	147
11	Expenses	11
160	**Total**	**158**

29. Officers' Remuneration

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

Post Title	Salary (including fees & allowances) £	Bonuses £	Benefits in Kind (car allowance) £	Total Remuneration excluding pension contributions £	Pension Contribution £	Total Remuneration including pension contributions £
2014/15						
Chief Executive	95,475	5,000	131	100,606	14,067	114,673
Director of Services	75,375	-	56	75,431	10,553	85,984
Corporate Head Financial Management Section 151 - Note 1	13,455	-	-	13,455	1,884	15,339
Corporate Head Business Support	62,094	-	9	62,103	8,693	70,796
Strategic Manager Financial Management (Section 151 Officer) - Note 2	21,521	-	1	21,522	3,013	24,535
Solicitor to the Council (Monitoring Officer)	46,572	-	2	46,574	6,520	53,094
Strategic Manager - Planning and Regeneration	52,009	-	194	52,203	7,281	59,484
2013/14						
Chief Executive	95,000	2,500	141	97,641	11,798	109,439
Director of Services	75,000	-	46	75,046	9,075	84,121
Corporate Head Financial Management Section 151	63,680	-	-	63,680	7,695	71,375
Corporate Head Business Support	61,785	600	71	62,456	7,549	70,005
Strategic Manager Legal and Democratic (Monitoring Officer)	44,421	-	8	44,429	5,375	49,804
Strategic Manager - Planning and Regeneration	50,500	-	90	50,590	6,111	56,701

Note 1 - The Corporate Head Financial Management left the Authority on 8th August 2014

Note 2 - The Strategic Manager Financial Management (Section 151 Officer) appointed 13th October 2014

29. continued …….

The numbers of employees (including senior officers) whose remuneration for the year (excluding employer's pension contributions) was £50,000 or more was:

2013/14 Total	Remuneration Band £		£	2014/15 Total
1	50,000	to	54,999	1
0	55,000	to	59,999	0
2	60,000	to	64,999	1
0	65,000	to	69,999	0
0	70,000	to	74,999	0
1	75,000	to	79,999	1
0	80,000	to	84,999	0
0	85,000	to	89,999	0
0	90,000	to	94,999	0
1	95,000	to	99,999	0
0	100,000	to	104,999	1

Termination Benefits

One exit package was approved in 2014/15 at a cost of £50,000 (2 in 2013/14 costing £22,111). The number of exit packages with the total cost per band are shown in the table below

Exit package cost band (including special payments) £		£	Number of compulsory redundancies 201314	2014/15	Number of other departures agreed 201314	2014/15	Total number of exit packages by cost band 201314	2014/15	Total cost of exit packages in each band 201314 £	2014/15 £
0	-	20,000	1	-	1	-	2	-	22,111	-
20,001	-	40,000	-	-	-	-	-	-	-	-
40,001	-	60,000	-	-	-	1	-	1	-	50,000
60,001	-	80,000	-	-	-	-	-	-	-	-
80,001	-	100,000	-	-	-	-	-	-	-	-
Total			1	-	1	1	2	1	22,111	50,000

30. External Audit Costs

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

2013/14 £'000		2014/15 £'000
61	Fees payable to Mazars with regard to external audit services carried out by the appointed auditor for the year.	61
11	Fees payable to Mazars for the certification of grant claims and returns for the year	13
2	PSIAS review fee	-
-	Fees payable in respect of other services provided by Mazars during the year	-
74	**Total**	**74**

31. Grant Income

An analysis of Government and Other Grants Included in the CIES for 2014/15 is shown below:

2013/14 £'000		2014/15 £'000
	Credited to Taxation and Non-specific Grant Income	
1,951	Revenue Support Grant	1,555
	Non-Service Related Government Grants	
599	New Homes Bonus	796
411	NNDR - Small Business Rate Relief, Retail Relief and Other S. 31 Grants	641
34	Council Tax Freeze Grant	35
42	Council Tax New Burdens and Transitional Grants	-
-	Rural Services Support Grant	7
30	SPARSE	-
46	Miscellaneous Grants & Donations	-
3,113	**Total**	**3,034**
	Credited to Services	
	Other Government Grants:-	
9,802	DWP Grant for HB	9,639
-	Council Tax Benefits	-
9	Community Right To Challenge	9
-	Assets of Community Value	8
192	Private Sector/Disabled Facilities Home Improvement Works (General Fund)	198
289	Housing Benefits Admin & Other Benefit Reforms Grants	234
119	NNDR Collection	119
-	Local Council Tax New Burdens	59
-	Local Council Tax Support Admin Subsidy	50
-	Business Rates New Burdens Admin Costs	12
5	DANP (Neighbourhood Plans)	5
-	Transparency Code Set up	6
13,529	**Total**	**13,373**

31. Grant Income continued….

The Council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them at the balance sheet date that will require the monies or property to be returned to the giver if they are not utilised for the intended purpose. Capital grant receipts in advance are sums of money that have been received from the Government such as Disabled Facilities Grants, and other organisations to contribute towards the costs of non-current assets and other capital expenditure such as grants to other organisations. When the conditions for the grant are met it is transferred to the Comprehensive Income and Expenditure Statement. Should the conditions not be met then the grant is repaid. The balances at the year-end which are included as part of creditors are as follows:

	Long-Term		Current	
	31-Mar-14 £'000	31-Mar-15 £'000	31-Mar-14 £'000	31-Mar-15 £'000
Grants Receipts in Advance (Capital Grants)				
Disabled Facilities Grant	-	-	20	-
	-	-		-
Total	**-**	**-**	**20**	**-**

	Long-Term		Current	
	31-Mar-14 £'000	31-Mar-15 £'000	31-Mar-14 £'000	31-Mar-15 £'000
Grants Receipts in Advance (Revenue Grants)				
Local Services Grant	-	-	44	196
Total	**-**	**-**	**44**	**196**

32. Related Party Transactions

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

Central Government
Members
Officers
Other Public Bodies
Entities controlled or significantly influenced by the Council

Central Government

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. council tax bills, housing benefits). Grants received from government departments are set out in the subjective analysis in Note 27 on reporting for resources allocation decisions. Grant receipts outstanding at 31 March 2015 are shown in Note 31.

Members

Members of the Council have direct control over the Council's financial and operating policies, and annually are asked to declare any third party interests (e.g. directorships, chairpersonships, etc.).

During 2014/15, there were services provided by the Council, to organisations of which Members had a declared interest. The agreements are in place with no bias, and no discounts or benefits were afforded to these organisations. The material transactions are included below.

32. Related Party Transactions continued……

Officers

During the year 2014/15 one Officer declared an interest of acting as a director of Skipton Business Improvement District as a representative of Craven district Council. No other Council Officers declared any transactions with any organisation in which they have an interest.

Other Public Bodies

The Council collects Council Tax to fund its own revenue requirements and to distribute to other precepting authorities. These being North Yorkshire County Council, The Police & Crime Commissioner for North Yorkshire, North Yorkshire Fire and Rescue Service and various Town & Parish Councils. For further details see Collection Fund Note 5.

Craven District Council Councillors who were also North Yorkshire County Councillors are as follows; Cllr Ireton, Cllr Heseltine, Cllr Barrett, Cllr Welch and Cllr Mulligan. In the year Craven District Council had £569k in receivables, they also had £886k in payables, all relating to North Yorkshire County Council.

Cllr Barrett is also a member of the North Yorkshire Fire and Rescue Service. Craven District Council had receipts from the North Yorkshire Fire and Rescue Service of £2k.

Cllr Myers is a member of the North Yorkshire Police & Crime Panel. Craven District Council had receipts from the North Yorkshire Police Authority of £23k and Nil in regard to payments.

Cllr Harbron and Cllr Heseltine are members of the Skipton Town Council. Transactions relating to Skipton Town Council were £17k in receipts and £31k in regard to payments other than that of the precepts payable.

Cllr Lis and Cllr Heseltine are members of the Yorkshire Dales National Park Authority (YDNPA) and Cllr Lis is a member of the Yorkshire Dales Millenium Trust. Transactions relating to the YDNPA were £19k in payments and £2k in receipts.There were no transactions for the Yorkshire Dales Millenium Trust.

Three Members of the Council declared an interest in grants paid to community or charitable organisations in 2014/15 as set out in the following table which also shows comparable figures for 2013/14

2013/14 Restated £'000	Organisation	2014/15 £'000
25	Citizens Advice Bureau	21
10	Settle Victoria Hall	-
8	Craven Recycled Furniture Centre	-
43	**Total**	**21**

Cllr Mason and Cllr Heseltine had an interest in Craven Citizens Advice Bureau (until February 2015), as did Cllrs Roberts and English (until January 2015). In 2013/14 Cllr Paul English also had an interest in the Craven Recycled Furniture Centre.

Cllr Whaites had an interest in Settle Victoria Hall (2013/14).

Cllr Lis was also a member of the Yorkshire Energy Trust £3k in payments.

Skipton & Craven Action for Disability: Cllr Heseltine is a director and Kerwin-Davey a Trustee, £16k of receipts.

The grants were made with proper consideration of declarations of interest, and none of the relevant members took part in any discussion relating to the grants. Details of all these transactions are recorded in the Register of Members' Interest, open for public inspection at the Council offices.

The Council does not administer any pension fund.

The Council has no controlling interest in any third party organisation or company, and has not entered into any joint ventures.

32. Related Party Transactions continued……

The table below summarise those material transactions which were a cost to the Council during the year. The table also shows the balances owed to/(from) these parties at the year end.

2013/14 Transactions £'000	2013/14 Balance Owed £'000		2014/15 Transactions £'000	2014/15 Balance Owed £'000
1,183	-	Parish Precepts	1,204	-
1,397	65	North Yorkshire Pension Fund (Employer Contributions)	1,420	-
225	225	North Yorkshire waste disposal services	-	-
2,805	**290**	**Total Payments**	**2,624**	**-**

33. Capital Expenditure and Financing

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

2013/14 £'000		2014/15 £'000	2014/15 £'000
5,910	**Opening Capital Financing Requirement**		**5,548**
	Capital investment		
282	Property Plant & Equipment	1,326	
73	Intangible assets	66	
279	Revenue Expenditure Funded from Capital Under Statute (REFCUS) - Grants	328	
	Revenue Expenditure Funded from Capital Under Statute (REFCUS) - Loans	11	
634	**Total Capital Investment**		**1,731**
	Sources of finance		
(246)	Capital receipts		(394)
(268)	Government grants and other contributions		(207)
(120)	Sums Set Aside from Revenue		(827)
(362)	MRP / Loans Fund Principal		(318)
5,548	**Closing Capital Financing Requirement**		**5,533**
	Explanation of movements in year		
-	Increase in underlying need to borrow (unsupported by government financial assistance)	-	
	MRP / Loans Fund Principal		
(362)	**Increase / (decrease) in Capital Financing Requirement**		**(15)**

34. Leases

Authority as a Lessee

Finance Leases

The Council's offices at Belle Vue square are held on a 999 year finance lease which was fully paid in 2011/12. The value is included within land and buildings note 12. Craven District Council has no other finance leases for which it is a lessee.

Operating Leases

Craven District Council had a two year operating lease at Airedale Business Park for a unit which was used as a museum store. This agreement ended in January 2014. The amount paid under these arrangements in 2013/14 was £6k. No further lease payments are due.

No expenditure was charged to the Comprehensive Income & Expenditure Statement during 2014/15

31-Mar-14 £'000		31-Mar-15 £'000
6	Minimum lease payments	-
6		**-**

Expenditure of £6k was charged to the following lines on the Comprehensive Income & Expenditure Statement in 2013/14. No further payments are due.

31-Mar-14 £'000		31-Mar-15 £'000
6	Cultural and Related Services	-
6		**-**

Authority as a Lessor

Finance Leases

Craven District Council has no finance leases for which it acts as a lessor.

Operating Leases

The Council acts as a lessor for a number of properties including industrial units, shops and offices. The income received from these tenants during the year was £73k (£70k in 2013/14).

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

31-Mar-14 £'000		31-Mar-15 £'000
70	Not later than one year	73
161	Later than one year and not later than five years	132
207	Later than five years	187
438		**392**

34. Leases continued……

The rentals receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

35. Impairment Losses

During 2014/15 the Council has recognised no impairment losses, as was the case during 2013/14.

36. Defined Benefit Pension Schemes

Participation in Pension Schemes

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

The Council participates in the Local Government Pension Scheme, administered by North Yorkshire County Council and called the North Yorkshire Pension Fund - this is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

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. However, 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.

The North Yorkshire pension scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the Pension Fund Committee of North Yorkshire County Council. Policy is determined in accordance with the Pensions Fund Regulations. The investment managers of the fund are appointed by the Committee with advice from the Corporate Director – Strategic Resources and the Fund's Investment Consultant and Independent Adviser.

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.

The principal risks to the authority of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (ie 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 the amounts required by statute as described in the accounting policies note.

Transactions Relating to Retirement Benefits

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

36. Defined Benefit Pension Schemes continued……

Transactions Relating to Retirement Benefits continued ……

2013/14 £'000	North Yorkshire Pension Fund	2014/15 £'000
	Comprehensive Income and Expenditure Statement	
	Net Cost of Services:	
937	current service cost	889
-	past service costs	-
-	past service costs (gains)	-
-	past service costs	-
-	administration expenses	-
-	settlement and curtailments	-
	Financing and Investment Income and Expenditure:	
1,227	net interest on the net defined benefit liability (asset)	880
2,164	Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	**1,769**
	Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	
(402)	Remeasurements (experience (gain)/loss on liabilities)	-
(3,590)	Remeasurements (experience (gain)/loss on financial assumptions)	8,590
(131)	Remeasurements (experience (gain)/loss on demographic assumptions)	-
(5,493)	Remeasurements (experience gain on assets)	(3,829)
(7,452)	Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	**6,530**
	Movement in Reserves Statement	
2,164	reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the code	1,769
	Actual Amount charged against the General Fund Balance for pensions in the year:	
(1,397)	employers' contributions payable to the scheme	(1,420)

36. Defined Benefit Pension Schemes continued……

Assets and Liabilities in Relation to Post-employment Benefits

The underlying assets and liabilities for retirement benefits attributable to the Council at 31 March are as follows:

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

	Funded		Unfunded	
	2013/14 £'000	2014/15 £'000	2013/14 £'000	2014/15 £'000
1April b/fwd	**56,560**	**54,221**	**473**	**263**
Current Service Cost	937	889	-	-
Interest on Pension Liabilities	2,340	2,345	19	12
Member contributions	279	288	-	-
Past Service Cost/(gain)	-	-	-	-
Remeasurements (experience (gain)/loss on liabilities)	(202)	-	(200)	-
Remeasurements (experience (gain)/loss on financial assumptions)	(3,579)	8,566	(11)	24
Remeasurements (experience (gain)/loss on demographic assumptions)	(129)	-	(2)	-
Curtailments		-	-	-
Benefits Paid	(1,985)	(2,065)	(16)	(17)
31 March c/fwd	**54,221**	**64,244**	**263**	**282**

Reconciliation of fair value of the scheme assets:

	Funded		Unfunded	
	2013/14 £'000	2014/15 £'000	2013/14 £'000	2014/15 £'000
1 April b/fwd	27,527	33,827	-	-
Interest on plan assets	1,149	1,495	-	-
Remeasurements (assets)	5,493	3,829	-	-
Administration expenses	(17)	(18)	-	-
Employer Contributions	1,381	1,403	16	17
Member Contributions	279	288	-	-
Benefits/transfers paid	(1,985)	(2,065)	(16)	(17)
31 March c'fwd	**33,827**	**38,759**	**-**	**-**

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experience in the respective markets. The actual return on scheme assets in the year was £5,324k (2013/14 £3,194k).

Scheme History

	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000
Present Value of Liabilities	46,031	49,387	57,033	54,484	64,526
Fair Value of Assets	23,717	23,870	27,527	33,827	38,759
Surplus / (Deficit) in the Scheme	**(22,314)**	**(25,517)**	**(29,506)**	**(20,657)**	**(25,767)**

The liabilities show the underlying commitments that the Council has in the long-run to pay post employment (retirement) benefits. The total liability of £26m has a substantial impact on the net worth of the authority as recorded in the Balance Sheet.

36. Retirement Benefits continued ……

However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy. For example, the deficit on the Local Government Pension Scheme will be made good by increased contributions over the remaining working life of employees as assessed by the scheme actuary.

The total contributions expected to be made to the Local Government Pension Scheme by the Council in 2015/16 is £1.343m (2014/15 1.283m).

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The assessment of the North Yorkshire Pension Fund liabilities have been assessed by Mercer Ltd, an independent firm of actuaries, estimates being based on the latest full valuation of the scheme as at 31 March 2013.

The main assumptions used in their calculations have been:

	2013/14	2014/15
Rate of CPI inflation	2.4%	2.0%
Rate of increase in salaries	3.90%	3.50%
Rate of increase in pensions	2.4%	2.0%
Discount Rate	4.4%	3.2%
Longevity at 65 for current pensioners (in years):		
Men	23	23.1
Women	25.5	25.6
Longevity at 65 for future pensioners (in years):		
Men	25.3	25.4
Women	27.8	28.0

	31-Mar-14		31-Mar-15	
	£'000	%	£'000	%
Split of Assets between Investment Categories:				
Equities:				
UK quoted	6,901	20.4%	5,737	14.8%
UK quoted (unitised)	9,302	27.5%	10,815	27.9%
Global quoted	5,581	16.5%	5,620	14.5%
Emerging markets	880	2.6%	1,085	2.8%
Bonds:				
UK Government fixed	1,725	5.1%	3,256	8.4%
UK Government indexed	2,233	6.6%	2,829	7.3%
Overseas Government fixed	169	0.5%	155	0.4%
Overseas Government indexed	68	0.2%	310	0.8%
UK Corporate (Unitised)	2,233	6.6%	2,209	5.7%
Euro Corporate (Unitised)	169	0.5%	271	0.7%
International Corporate (Unitised)	135	0.4%	155	0.4%
Property:				
UK (Unitised)	1,590	4.7%	2,519	6.5%
Alternatives:				
DGF (UK Unitised)	2,672	7.9%	3,333	8.6%
Cash:				
Cash instruments (FX)	51	0.2%	-	0.0%
Cash accounts	118	0.3%	426	1.1%
Net current assets	-	0.0%	39	0.1%
Total	**33,827**	**100.00%**	**38,759**	**100.00%**

36. Retirement Benefits continued ……

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses 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 the 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 an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

	Impact on the Defined Benefit Obligation in the scheme Increase in assumption £'000
Longevity increase of 0.1 year	1,260
Rate of inflation increase by 0.1%	1,134
Rate of increase in salaries increase 0.1%	213
Rate for discounting scheme liabilities increase by 0.1%	(1,114)

Asset and Liability Matching Strategy

The Pension Fund Committee of North Yorkshire County Council has determined the investment strategy which is aimed at growing the Fund's assets to meet benefit obligations when they fall due. As required by the regulations, the suitability of various classes of investments has been considered including assessing the benefit of asset class diversification. The Fund is primarily invested in equities (60% of scheme assets) and fixed income (24%) with investments also in property and alternatives, the proportions being not materially dissimilar to the comparative year. This strategy is reviewed periodically, dependent on changes to market conditions and the solvency position of the Fund.

Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The County Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 27 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31 March 2016.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the act, the Local Government Pension Scheme in England and Wales and the other main existing public services schemes may not provide benefits in relation to service after 31 March 2014. The act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

The council anticipates to pay £1.343m expected contributions to the scheme in 2015/16.

The weighted average duration of the defined benefit obligation for the scheme members is 20 years.

Further information can be found in the North Yorkshire Pension Fund's Annual Report which is available upon request from Financial Services, County Hall, Northallerton, DL7 8AL.

37. Contingent Liabilities

A contingent liability is a potential liability which depends on the occurrence or non-occurrence of one or more uncertain future events. The Council has identified the following contingent liabilities as at 31 March 2015.

1. Local Land Charges

Craven District Council is a defendant in proceedings brought by a group of Property Search Companies for refunds of fees paid to the Council to access land charges data. Whilst some of the costs of the claim have been estimated and provided for in the accounts, the actual value of the costs is not known, and could be considerably more than the value allowed in the accounts. This group of Property Search Companies have also intimated that they may bring a claim against all English and Welsh local authorities for alleged anti-competitive behaviour. It is not clear what the value of any such claim would be as against the Council. It is possible that additional claimants may come forward to submit claims for refunds, but none have been intimated at present.

37. Contingent Liabilities continued……

2. Municipal Mutual Insurance

The Scheme of Arrangement was enacted in 2012/13. The impact upon the Council as a scheme creditor is not clear and the consequential impact on future funding for unknown claims incurred but not reported between 1974 and 1992. Whilst the council has considered the financial impact in producing its Statement of Final Accounts there is a risk that the Council's financial liability could increase from this level.

3. Non Domestic Rates

The Council has made a provision for NDR appeals based upon its best estimates of the actual liability as at the year-end in known appeals. It is not possible to quantify appeals that have not been lodged with the Valuation Office so there is a risk to the Council that national and local appeals may have a future impact on the accounts.

4. Local Government Yorkshire & Humber

The Council was a member of (LGYH). The member Council's decided that not to continue with the existing structure and the organisation was dissolved at 31 March 2015. Under the terms of membership , any member either leaving a continuing LGYH or on dissolution of the organisation is required to provide their proportion of any past service pension deficit as calculated at the point of departure. The Pension fund for LGYH is in deficit and the Council has been advised that its estimated share of the deficit is £16,180. This has been provided for in the accounts. However until the 2014/15 accounts of the West Yorkshire pension fund have been finalised and audited the value of the Council's liability cannot be confirmed

38. Nature and Extent of Risks Arising From Financial Instruments

The Council's activities expose it to a variety of financial risks:

- Credit Risk - the possibility that other parties might fail to pay amounts due to the Council
- Liquidity Risk - the possibility that the Council might not have funds available to meet its commitments to
- Market Risk - the possibility that financial loss might arise for the Council as a result of changes in such

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services.

The Council has adopted CIPFA's Treasury Management in the Public Services: Code of Practice and has set treasury management indicators to control key financial instrument risks in accordance with CIPFA's Prudential Code.

The Council's treasury team operates under the treasury management policy, annual treasury management strategy and investment strategy approved by the Council.

Credit Risk

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

The authority manages its credit risk by restricting deposits to a maximum of £1m with any one counterparty, spreading the investment portfolio as widely as possible, and investing with credit-rated counterparties.

The Authority's maximum exposure to credit risk in relation to its investments in banks and building societies of £1.0m cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum would be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Authority's deposits, but there was no evidence at the 31 March 2015 that this was likely to crystallise.

The Authority does not expect any losses from non-performance by any of its counterparties in relation to deposits, but deposit protection arrangements would limit any losses should any arise.

The Authority generally only allows credit for customers when there are standing order or direct debit payment arrangements in place, and deals with the credit risk associated with them by making bad debts provisions within the accounts. Details of the provisions are covered in a separate note.

Collateral – during the reporting period the Council held no collateral as security.

38. Nature and Extent of Risks Arising From Financial Instruments continued……

The following analysis summarises the authority's potential maximum exposure to credit risk, based on experience of default and uncollectability over the last five financial years, adjusted to reflect current market conditions and the age of the debts.

	Amount at 31 Mar 2015 £'000 (A)	Historical experience of default % (B)	Historical experience adjusted for market conditions at 31 Mar 2015 % (C)	Estimated maximum exposure to default and uncollect-ability 31 Mar 2015 £'000 (A x C)	Estimated maximum exposure default and uncollect-ability 31 Mar 2014 £'000
Deposits with banks and financial institutions	4,500	0	0	0	0
Customers:					
Government & Local Authorities	2,004	0	0	0	0
Other	278	0.6	0.6	2	1
				2	1

No credit limits were exceeded during the reporting period by banks and financial institutions and the authority does not expect any losses from non-performance by any of its counterparties in relation to deposits. The amount past its due date for payment can be analysed by age as follows:

At 31-Mar-14 £'000		At 31-Mar-15 £'000
17	Up to 1 month	203
124	1-2 months	13
11	2-3 months	11
8	3-6 months	51
4	over 6 months	-
164		278

Liquidity Risk

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Council has ready access to borrowing from either the Public Works Loans Board or the money market. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. The Treasury Management Strategy approved by the Council each year allows flexibility for the treasury team to ensure that resources are available to fund commitments. The risk that the Council is facing, all be it some way off, is that £4.3m of its debt becomes due for repayment in 2057 and potentially will need to be replaced.

The maturity analysis of financial liabilities is as follows:

At 31-Mar-14 £'000		At 31-Mar-15 £'000
-	Less than one year	-
-	Between one and two years	-
-	Between two and five years	-
5,988	More than five years	5,988
5,988		5,988

All trade and other payables are due to be paid in less than one year.

38. Nature and Extent of Risks Arising From Financial Instruments continued ……

Market Risk

Interest Rate Risk

The authority is exposed to risk in terms of exposure to interest rate movements on its investments and borrowings. The Council's long term borrowing is at fixed rates which as interest rates have dropped has increased the fair value or increased the penalty which would need to be paid to repay the debt early. However, as borrowings are carried at amortised cost any changes in fair value have no impact on the Comprehensive Income and Expenditure Statement.

The Council has generally been a net investor/borrower and as such its earnings from its deposits form a critical element of income for delivery of services. With interest rates continuing at to be low, generating investment income has been particularly challenging and a mix of short term and longer term deposits have been made, to enable any increases in interest rates to be maximised.

During times of falling interest rates the Council will look to invest ahead of the falls and for longer periods. However, if borrowing is required then this will either be delayed or kept short. If there is potential for rates to rise then investments are kept short so that increases in rates can be taken advantage of.

The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget quarterly during the year. This allows any adverse changes to be accommodated.

According to this assessment strategy, at 31 March 2015, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

At 31-Mar-14 £'000		At 31-Mar-15 £'000
-	Increase in interest payable on variable rate borrowings	-
57	Increase in interest receivable on variable rate investments	185
-	Increase in government grant receivable for financing costs	-
57	Impact on Surplus of Deficit on the Provision of Services	185
-	Decrease in fair value of fixed rate investment assets	-
-	Impact on Other Comprehensive Income & Expenditure	-
(899)	Increase/(Decrease) in fair value of fixed rate borrowings liabilities (no impact on Consolidated Income and Expenditure Statement)	(1,237)

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

Price risk

This is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. The most common financial instruments where capital is at risk are equities and gilts.

The Council does not invest in the equity share market.

The in-house treasury team do not purchase Gilts (Government backed securities) as this is a specialist market.

Foreign exchange risk

The Council has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

39. Provisions

2013/14 £'000	Business Rates	Business Rates £'000	Other £'000	2014/15 TOTAL £'000
-	**Balance brought forward at 1 April**	480	0	**480**
480	Increase/(decrease) in provision in year	(111)	66	**(45)**
480	**Balance carried forward at 31 March**	**369**	**66**	**435**

Business Rates

The Local Government Finance Act 2012 introduced a business rates retention scheme that enabled local authorities to retain a proportion of the business rates generated in their area. The new arrangements for the retention of business rates came into effect on 1 April 2014.

Craven District Council, as the business rates billing authority, acts as an agent on behalf central government, North Yorkshire County Council, North Yorkshire Fire & Rescue Service and themselves and are required to make a provision for any refunds that may become payable to ratepayers following successful appeals against the rateable value of their properties on the ratings list.

The Council retains a 40% share of net business rates income under the new localised scheme. The amount shown in the Council's Balance Sheet reflects the Council's proportion of the appeals provision as at 31 March 2015.

Local Government Yorkshire & Humber

The Council was a member of (LGYH), which ceased to exist as at 31 March 2015. The Pension fund for LGYH was in deficit and the Council has been advised that its estimated share of the deficit is £16,180.

Local Land Charges

Craven District Council is a defendant in proceedings brought by a group of Property Search Companies for refunds of fees paid to the Council to access land charges data. In the current litigation the Council faces a claim of £4,140 plus interest and costs. A second group of Property Search Companies are also seeking to claim refunds although no proceedings have yet been issued. The Council has been informed that the value of those claims at present is £31,330 plus interest and costs. The second group of Property Search Companies have also intimated that they may bring a claim against all English and Welsh local authorities for alleged anti-competitive behaviour. It is not clear what the value of any such claim would be as against the Council. It is possible that additional claimants may come forward to submit claims for refunds, but none have been intimated at present. A provision of £50,000 has been made.

40. Changes In Accounting Policies, Accounting Treatment And Presentation

Restatement of Accounts

Under IAS8 Councils are required to disclose changes made to the previous years Statement of Accounts in relation to changes in accounting policy and material prior period adjustments. The following tables explain the differences between the amounts presented in the 2013/14 financial statements and the equivalent amounts presented in the 2014/15 financial statements. None of these changes have affected the general fund balances held by the Council.

Prior Period Adjustments

Prior period adjustments have been made to the Council's 2013/14 published financial statements in relation to the following:

Investment Properties

The Council has re-classified some of its investment properties as operational assets, and identified some assets included in the accounts as operational when they should be classed as investment properties.

The table below shows the effect that these changes have had on the 2013/14 comparative figures:

40. Changes In Accounting Policies, Accounting Treatment And Presentation continued……

Comprehensive Income and Expenditure Account

Net Expenditure	Published Accounts £'000	Restatement £'000	Restated Accounts £'000
Central Services to The Public	290	-	290
Cultural and Related Services	1,045	-	1,045
Environmental and Regulatory Services	1,840	(14)	1,826
Planning Services	1,103	(40)	1,063
Highways and Transport Services	(887)	-	(887)
Other Housing Services	493	-	493
Corporate and Democratic Core	1,172	-	1,172
Non Distributed Costs	703	-	703
Cost of Services	**5,759**	**(54)**	**5,705**
Other Operating Expenditure	832	-	832
Financing and Investment Income & Expenditure	1,350	54	1,404
Taxation and Non-Specific Grant Income	(8,612)	-	(8,612)
(Surplus) or Deficit on the Provision of Services	**(671)**	**-**	**(671)**
Other Comprehensive Income & Expenditure			-
(Surplus) or Deficit on Revaluation of Property Plant & Equipment Assets	(864)	-	(864)
Impairment Losses on Non-Current assets charged to the Revaluation Reserve	1,290	-	1,290
Remeasurement of net defined benefit / liability	(9,616)	-	(9,616)
Total Comprehensive Income and Expenditure	**(9,861)**	**-**	**(9,861)**

Notes to the Accounts

	Published Accounts £'000	Restatement £'000	Restated Accounts £'000
Note 10: Financing and Investment Income and Expenditure			
Income and Expenditure in relation to investment properties and changes in their fair value	(97)	54	(43)
Note 12.2: Property, Plant & Equipment - Movement on Fixed Assets			
Historic valuation PPE	26,795	862	27,657
Historic valuation Investment Property	1,444	(862)	582
Note 14: Investment Properties			
Rental income from Investment Properties	141	(43)	98
Direct operating expenses arising from Investment Properties	(13)	6	(7)
Transfers to/from Property, Plant & Equipment	25	(862)	(837)
Note 23.3: Capital Adjustment Account			
Charges for depreciation and impairment of non-current assets	(1,078)	17	(1,061)
Movement in the market value of Investment Properties debited or credited to the Comprehensive Income & Expenditure Statement	(31)	(17)	(48)

SECTION 5

SUPPLEMENTARY FINANCIAL STATEMENT

Collection Fund and Notes

THE COLLECTION FUND

The Council is required by the Local Government Finance Act 1988 to maintain a Collection Fund to account for the income from Council Tax, Non-Domestic (Business) Rates and any residual Community Charges. This income finances the net expenditure requirements (demands) of the authorities within the Craven area, including the District Council itself, North Yorkshire County Council (NYCC), Police and Crime Commissioner North Yorkshire (PCCNY) , North Yorkshire Fire and Rescue Service (NYFRS) and the Parish Councils.

Since the collection of Council Tax is in substance an agency arrangement, the cash collected by the billing authority from Council Tax debtors belongs proportionately to the billing authority and the major preceptors. There will therefore be a debtor or creditor position between the billing authority and each major preceptor to be recognised in the Council's Balance Sheet since the net cash paid to each major preceptor in the year will not be its share of cash collected from Council Taxpayers.

2013/14		2014/15			
£'000		NNDR £'000	Council Tax £'000	Total £'000	Notes
	Income				
32,542	Council Tax	-	33,714	33,714	
-	Council Tax Benefits	-	-	-	
17,806	Non Domestic Ratepayers	17,207	-	17,207	4
17	Transitional Protection Payments	57	-	57	
50,365	**Total Income**	**17,264**	**33,714**	**50,978**	
	Expenditure				
31,750	Demands on Collection Fund	-	32,958	32,958	5
300	Payments of previous surplus	-	300	300	
	Business Rates:				
0	- Payment to National Pool	-	-	-	
9379	- Payment to Government	9,113	-	9,113	4
1685	- Payment to NYCC	1,640	-	1,640	4
187	- Payment to NYFRS	182	-	182	4
7489	- Payment to Craven DC	7,290	-	7,290	4
119	- Costs of Collection Allowance (to CDC)	119	-	119	
0	- Interest on Overpayments	1	-	1	
132	Bad and Doubtful Debts - Write Offs	98	90	188	5
132	Contribution to Provision for bad and Doubtful Debts	8	38	46	5
1,199	Appeals - Write Offs	(1,777)	-	(1,777)	5
-	Contribution to Provision for Appeals	1,500	-	1,500	5
52,372	**Total Expenditure**	**18,174**	**33,386**	**51,560**	
2,007	**(Surplus) / Deficit for the year**	**910**	**(328)**	**582**	
	COLLECTION FUND BALANCE				
(492)	**Balance Brought Forward**	2,400	**(885)**	1,515	6
2,007	(Surplus) / Deficit for the year	910	(328)	582	6
1,515	**Balance Carried Forward**	**3,310**	**(1,213)**	**2,097**	6

NOTES TO THE COLLECTION FUND

1. General

This account represents the transactions of the Collection Fund, a statutory fund separate from the General Fund of the Council. The Collection Fund accounts independently for income relating to Council Tax and Non Domestic Rates on behalf of those bodies (including the Council's own General Fund) for whom the income has been raised. The costs of administering collection are accounted for in the General Fund.

The year-end surplus or deficit on the Collection Fund is to be distributed between billing and precepting authorities on the basis of estimates made by 15 January each year of the year-end balance.

2. Council Tax

Council Tax income derives from charges raised according to the value of residential properties, which have been classified into 9 valuation bands at estimated 1April 1991 values. Individual charges are calculated by estimating the amount of income required to fund the demands on the collection fund for the forthcoming year and dividing this by the Council Tax base. The numbers of properties making up the tax base are shown in the table below. A number of adjustments are then made to reflect discounts, reliefs and exemptions that apply to properties in each band. The numbers of properties after the above adjustments are then converted into the Band D equivalent using the proportions shown in the table.

Band	Council Tax Setting				
	Total No Of Dwellings	Discounts Exemptions Allowances	Revised No. of Dwellings	Ratio	Band D equivalent dwellings
-A	8	(1)	7	5/9	4.20
A	4,102	(750)	3,352	6/9	2,234.30
B	5,925	(827)	5,098	7/9	3,964.70
C	5,716	(672)	5,044	8/9	4,483.80
D	4,062	(399)	3,663	9/9	3,663.30
E	3,081	(265)	2,816	11/9	3,441.20
F	1,955	(145)	1,810	13/9	2,614.80
G	1,276	(86)	1,190	15/9	1,983.80
H	95	(11)	84	18/9	167.50
Total	**26,220**	**(3,156)**	**23,064**		**22,557.60**
Net effect of premiums and discounts					(1,377.64)
COUNCIL TAX BASE (Band D Equivalent)					**21,179.96**

The adjustment for anticipated changes include: successful appeals against valuation banding, new properties, demolitions, disabled persons relief and exempt properties, plus the impact of legislation on second homes and empty properties.

The total council tax income in the year, including the income from benefits, is equivalent to the average Band D charge for the year multiplied by the year-end tax base.

3. Council Tax Income

The average Band D Council Tax for a property (£1,502.68 in 2014/15) was set by dividing the total of Precepts and Demands on the Collection Fund by the Council Taxbase shown above. The Council Tax for dwellings in other Valuation Bands is the appropriate Proportion of the Band D tax.

3. Council Tax Income continued……

The basic amount for a band D property in 2014/15 of £1,502.68 is broken down as follows:

2013/14 £		2014/15 £
152.21	Craven District Council	152.21
1,057.48	North Yorkshire County Council	1,078.52
204.55	Police and Crime Commissioner North Yorkshire	208.62
62.10	North Yorkshire Fire & Rescue Authority	63.33
1,476.34		**1,502.68**

4. Income from Business Ratepayers

NNDR is organised on a national basis. The Government specifies an amount, 48.2p in 2014/15, (47.1p in 2013/14) and, subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying their rateable value by that amount. The total non-domestic rateable value at 31st March 2015 was £47.264m (31st March 2014 £47.081m).

The Council collects National Non-Domestic Rates (NNDR) for its area based on local rateable values provided by the Valuation Office Agency (VOA) multiplied by a uniform business rate set nationally by Central Government. In previous financial years the total amount due, less certain allowances, was paid to a central pool (the NNDR pool) administered by Central Government, which, in turn, paid to Local Authorities their share of the pool, such shares being based on a standard amount per head of the local adult population.

In 2013/14, the administration of NNDR changed following the introduction of a business rates retention scheme which aims to give Councils a greater incentive to grow businesses but also increases the financial risk due to volatility and non-collection of rates. Instead of paying NNDR to the central pool, local authorities retain a proportion of the total collectable rates due. In the case of Craven the local share is 40%. The remainder is distributed to preceptors and in the case of Craven these are Central Government (50%), North Yorkshire County Council (9%) and 1% to the North Yorkshire Fire & Rescue Authority.

The business rates shares payable for 2014/15 were estimated before the start of the financial year as £9.113m to Central Government, £1.640m to NYCC, £182k to NYFRS and £7.290m to Craven Council. These sums have been paid in 2014/15 and charged to the collection fund in year.

When the scheme was introduced, Central Government set a baseline level for each authority identifying the expected level of retained business rates and a top up or tariff amount to ensure that all authorities receive their baseline amount. Tariffs due from authorities payable to Central Government are used to finance the top ups to those authorities who do not achieve their targeted baseline funding. In this respect Craven made an estimated tariff payment from the General Fund in 2014/15 to the value of £5.718m (£5.608 in 2013/14) (see note 11).

The total income from business rate payers collected in 2014/15 was £17.264m (£17.823m in 2013/14). This sum includes £57k (£66k in 2013/14) of transitional protection payments from ratepayers, which under Government regulation should have a neutral impact on the business rate retention scheme.

In addition to the top up, a ‘safety net’ figure is calculated at 92.5% of baseline amount which ensures that authorities are protected to this level of Business Rates income. For Craven the value of safety net figure is £1.224m. The comparison of business rate income to the safety net uses the total income collected from business rate payers and adjusts for losses in collection, losses on appeal, transitional protection payments, the cost of collection and the revision to Small Business Rate Relief (announced in the Autumn Statement 2012) not allowed for when the safety net was set. The Council does not qualify for a safety net payment for 2014/15.

In addition to the local management of business rates, authorities are expected to finance appeals made in respect of rateable values as defined by VOA and hence business rates outstanding as at 31 March 2015. As such, authorities are required to make a provision for these amounts. Appeals are charged and provided for in proportion of the precepting shares. The total provision as at 31 March 2015 has been calculated at £922k (£1,199k at 31 March 2014).

21,817	Gross Amount Due	21,873
(3,373)	Charitable Relief etc.	(3,931)
17	Transitional Protection Payments	57
(638)	Other Reliefs: Empty and Part Occupation Relief etc.	(735)
17,823		**17,264**

3,161	Craven District Council	3,224
21,962	North Yorkshire County Council	22,843
4,248	Police and Crime Commissioner North Yorkshire	4,419
1,290	North Yorkshire Fire & Rescue Authority	1,341
1,089	Parishes	1,131
31,750	**Total**	**32,958**

	Council Tax Bad & Doubtful Debts	
31	Write-offs during the year	90
(99)	Contributions to provisions during the year	(128)
(68)	**Net (increase)/decrease in provision in year**	**(38)**
(324)	Balance at 1 April	(392)
(392)	**Balance at 31 March**	**(430)**
	NNDR Bad & Doubtful Debts	
101	Write-offs during the year	98
(165)	Contributions to provisions during the year	(106)
(64)	**Net (increase)/decrease in provision in year**	**(8)**
(144)	Balance at 1 April	(208)