Thanet District Council
Statement of Accounts

2014-15

September 2015

Contents

Explanatory Foreword

Introduction

The purpose of this foreword is to provide the reader with an understanding of the accounting statements, a review of the Council's financial performance in 2014-15 and an explanation of the overall financial position.

Accounting Statements

The accounts have been prepared in accordance with the Accounts and Audit Regulations and the Code of Practice and guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). The accounting policies adopted by the Council are outlined in this document and have been fairly and consistently applied.

The statements comprise:

The Core Statements

Movement in Reserves Statement - This Statement shows the movement in the year on the different reserves held by the Authority, analysed into "usable" reserves (those that can be applied to fund expenditure or reduce local taxation) and other reserves. The "Surplus or (Deficit) on 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 and Housing Revenue Account (HRA) for Council Tax setting and dwellings rent setting purposes. The "Net increase/decrease before transfers to Earmarked Reserves" line shows the statutory General Fund balance and HRA balance before any discretionary transfers to or from Earmarked Reserves undertaken by the Council.

***Comprehensive Income and Expenditure Statement* –** 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.

***Balance Sheet* –** This statement 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 are 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".

***Cash Flow Statement* –** This 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.

***Notes to the Core Financial Statements* –** These are set out after the above core statements. They provide further information and interpretation of the content of the individual statements.

The Supplementary Financial Statements

***Housing Revenue Account* –** The Council is required by law to account separately for the provision of housing. This account shows the expenditure on managing, maintaining and providing the Council's housing stock and how this is financed by rents and other income.

***Collection Fund Statement* –** The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates.

Context for the 2014-15 Accounts

Current Economic Climate

The current economic climate and that of recent years has had considerable impact on the Council, particularly due to its strong reliance on revenue from interest on reserves and fees and charges. The Bank of England base rate has remained at an historic low of 0.5% which has resulted in reduced investment receipts for the Council. There continues to be pressure in terms of generating fee income, car parking has seen this more than any other area this year, but this pressure is not limited to income and the pressure remains to deliver high quality services for less.

Local Government in general, and district councils specifically, are facing the toughest financial outlook for many decades. The Council has had cuts in formula grant of 16.9% in 2011-12, 7.4% in 2012-13 and 15% in 2014-15. Reductions in spending power of 5.1% in 2014-15 and 5.3% in 2015-16 have also been announced by the Department for Communities and Local Government (DCLG) in the Local Government Finance Report.

A range of savings options have been developed over the medium term to mitigate the impact of these cuts and enable the Council to deliver a balanced budget. These total £1.218m and include £0.932m of savings for 2015-16 already agreed in the 2014 budget setting as well as other planned savings for 2015-16 which include;

- £228k as a result of a Corporate review of budgets
- £28k as a result of reviewing insurance recoveries
- £30k as a result of contract reviews

The Council has reviewed its level of reserves, taking account of the financial risks that could pose a threat to the Authority over the medium term and also in light of the cuts in future funding. The Council has set its optimal level of general reserves at 12% of the net revenue budget. The general reserves as at 31 March 2015 are £2.011m which represents 12% of the 2015-16 net revenue budget and are therefore in line with the Council's optimal reserve level. In addition to the general reserve, a number of earmarked reserves exist. These are sums set aside for specific purposes and essentially allow funds to be saved over a number of years for large and often one-off items of expenditure, thereby smoothing the impact on Council Tax. The need for these reserves is reviewed regularly.

Also affected by the current economic climate are asset disposals. The Council's ability to generate funds from releasing capital resources has been limited affecting the Council's capital programme. Only the most important capital projects are now selected for inclusion within the programme which means that the programme is now driven predominately in response to health and safety issues and those projects that are key corporate priorities.

Summary of the 2014-15 financial year

The Council provides a variety of services relating to residents, customers and housing tenants. Its spending is split between revenue and capital in accordance with statute and accounting practice. Revenue expenditure is generally incurred on items that are consumed within the year and is financed from Council Tax, National Non-Domestic Rates, Government grants, fees and charges and other miscellaneous income. Capital expenditure is incurred on items that provide value to the Council or community for more than one year and is generally financed by borrowing, grants, revenue balances and proceeds from the sale of capital assets.

Revenue Outturn

In February 2014 the Council approved a net revenue budget for 2014-15 of £17.831m. This enabled the Council to implement a council tax freeze in line with Government's recommendations and therefore qualify for Section 31 council tax freeze grant funding.

As highlighted above, the current economic climate has had a considerable impact on the Council's financial position, particularly due to its strong reliance on revenue from interest on reserves and fees and charges. The Council has monitored its budget position very closely during the course of the year and has encouraged managers to make efficiency savings wherever possible. As a result the Council has managed to make the required transfers to Earmarked Reserves as planned in the budget and during in-year budget monitoring.

The outturn against the budget is shown in the following table:

	2014-15 Gross Expenditure £'000s	2014-15 Gross Income £'000s	2014-15 Net Expenditure £'000s	2014-15 Net Original Budget £'000s	2014-15 Variance £'000s
Cost of Services	**133,310**	**111,767**	**21,543**	**18,084**	**3,459**
Precepts paid to Parish Councils			780	-	780
Payments to the Housing Capital Receipts Pool			186	186	-
Gains/losses on disposal of fixed assets			963	963	-
Other Operating Expenditure			**1,929**	**1,149**	**780**

Interest payable and similar charges	1,073	1,133	(60)
Impairment of Financial Instruments	90	61	29
Pension interest costs	3,760	3,760	-
Interest receivable & investment income	(188)	(131)	(57)
Gains/losses on trading undertakings	(16)	(16)	-
Changes in the fair value of Investment Properties	(622)	(622)	-
Gains/losses on Investment Properties	(511)	(511)	-
Financing & Investment Income & Expenditure	**3,586**	**3,674**	**(88)**
Council Tax Income	(9,125)	(8,325)	(800)
Business Rate Income	(12,637)	(8,608)	(4,029)
Business Rate Expenditure (Tariff)	8,394	-	8,394
Non-ring fenced government grants	(7,579)	(6,100)	(1,479)
Capital grants & contributions	(3,529)	-	(3,529)
Taxation & Non-Specific Grant Income	**(24,476)**	**(23,033)**	**(1,443)**
(Surplus)/Deficit on Provision of Services	**2,582**	**(126)**	**2,708**

Cabinet received regular budget monitoring information throughout the year. The last report in March 2015, based on information to the end of January, reflected a breakeven position for the General Fund for the year. Net planned use of reserves was £0.123m. This outturn was a direct result of managers continuing to achieve savings in year to counteract budget pressures. Strict controls over recruitment were maintained and managers were encouraged to identify efficiency savings and delay spending where possible where no service impact would result.

A number of contributions to and from Earmarked Reserves were made at 31 March 2015 to deliver the General Fund budget (£2.267m) with the difference being a contribution from General Fund Balance (£166k). These are detailed in the following table:

Movement on Reserves	**2014-15 £'000s**
Destination Management Reserve: Monies have been set aside from the New Homes Bonus to support the objectives of the Destination Management Plan by enhancing council assets that help to support and encourage tourism.	400
Council Election Reserve: This is a saving account for the elections which occur every four years.	1
Cremator and Cemeteries Works Reserve: The Council has an obligation to be environmentally compliant. The surcharge on both cremations and burials is set aside in this reserve to support cremator burner replacement and works required at the cemeteries.	158
Customer Services Reserve: This reserve is to offset significant variations in benefit subsidy. Due to the volatility of this activity and the tight financial constraints which preclude the budgets being set at a level that would be sufficient for upper activity levels, it is prudent to set aside under spends that arise in this area as a contingency for future years. This reserve will also support any potential shortfall in business rates, under the new business rates retention scheme.	1,816
Decriminalisation Reserve: The Council administers on street parking but must	28

account for the income and expenditure separately under relevant legislation. This reserve holds any unutilised revenues from parking charges. These are used to fund future parking, transport or environmental improvement related schemes.	
Homelessness Reserve: This represents the roll forward of under spends on the service to be used for future expenditures due to the volatility of this area.	16
Office Accommodation Reserve: This reserve allows for the appropriate level of funding to be drawn down as and when required in relation to the current accommodation strategy.	1
Renewal Reserve: This is a saving account for specific purposes based on the average annual amount required e.g. for the cost of Disclosure and Barring Service (DBS) checks.	1
HRA Slippage Reserve: To set aside sums at year end to meet ad hoc and specified liabilities on the Housing Revenue Account which, due to timing difficulties, cannot be spent until after the 31 March.	270
Total Contribution to Reserves	**2,691**
Capital Projects Reserve: Revenue monies and other contributions set aside for capital projects.	(968)
East Kent Services Reserve: This reserve is ringfenced for future investment within the service delivered by East Kent Services to enable further savings to be identified in future years.	(487)
Economic Development and Regeneration Reserve: This reserve is to cover one off service improvements and initiatives within Economic Development and Regeneration, including feasibility works and match funding.	(4)
General Fund Repairs Reserve: Set aside for necessary essential repairs and maintenance and minor improvements to the Council's assets.	(63)
Housing Intervention Reserve: To fund anticipated costs associated with the Authority's Intervention Schemes.	(74)
Information Technology Reserve: To control and enhance the development of new Information Technology initiatives with the objective of improving efficiency throughout the Council's activities.	(39)
Insurance & Risk Management: To meet potential increases in insurance premiums and to cover the cost of large excesses relating to insurance claims as well as unforeseen one-off risk related expenditure.	(154)
Local Plan Reserve: Due to the variable profile of spend on this activity and the variable cost in relation to consultation and inspection, any under spend is set aside in this reserve to be drawn against as and when required.	(7)
Maritime Reserve: This reserve is to be used to fund potential future works at the Port and Harbour and for income protection/maximisation works.	(163)
New Homes Bonus: Monies at year end have been put into a new earmarked reserve. These monies have not been reflected in the above outturn position.	(98)
Pay and Reward Reserve: Cabinet agreed that any under spends arising in-year (other than those allocated as above) would be set aside in this reserve to accommodate the Pay and Reward scheme.	(86)
Pensions Earmarked Reserve: Due to the uncertainty around pensions, a reserve has been set up from pension savings in order to mitigate future risks around pensions.	(249)
Priority Improvement Reserve: This reserve is for one-off projects and pump priming investment into service improvements.	(268)
GF Slippage Reserve: To set aside sums at year end to meet ad hoc and specified liabilities on the General Fund which, due to timing difficulties, cannot be spent until after 31 March.	(286)
Unringfenced Grants Reserve: Any under spend against unringfenced grant funding is set aside in this earmarked reserve to be utilised in future years.	(263)
VAT Reserve: This reserve has been set up to hold funds reimbursed in relation	(4)

to our Fleming claim and will be used to cover any one off cost deemed appropriate	
Waste Reserve: This reserve has been set up to hold contributions towards the Waste service for expenditure such as the refurbishment of vehicles and service enhancements.	(64)
HRA Properties Reserve: The reserve is to set aside and hold HRA balances for the purchase and refurbishment of new HRA properties.	(484)
Total Contribution from Reserves	**(3,761)**
Total Net Movement	**(1,070)**

The outturn position has enabled the Council's general fund balances to be maintained at 12% of its net revenue budget requirement for 2015-16 which is in line with its financial risk assessment of reserve levels as approved by Members in February 2015. Earmarked Reserves have been reviewed as part of the year end process and are considered adequate to meet the on-going needs and plans of the authority.

Material or Unusual Charges or Credits to the Accounts

In September 2012, the Council imposed a temporary ban (lasting approximately five weeks) on the movement of live animals through the Port of Ramsgate. The Council was served with a judicial review application in October 2012 seeking to quash the decision on the grounds that it was unlawful, there was a further claim for resultant damages.

The High Court found in favour of the Claimants, agreeing that the ban was unlawful, and that the Council were liable for damages. A quantum of damages hearing was listed for June 2015. Settlement for the initial claims have been agreed and payment was made in March 2015, with a subsequent payment in April 2015. A total sum of £2.3m has been paid to claimants.

Following a ruling in January 2015 on the valuation method of rateable values for purpose built GP surgeries, there have been significant reductions. Subsequent overpayments can be backdated to earlier periods and as a result the provision for business rate appeals in the Collection Fund accounts has been increased by £3.679m.

Under the Business Rate Retention Scheme the council's share of the increase to the provision equates to £1.472m (40%), of which £1.197m will be funded by safety net payments from central government.

Major Changes to Services

There are no major changes to services in 2014-15.

Future Service Delivery Plans

The Council faces cuts in government funding of 14.69% in 2015-16 (£1.42m) and a provisional 10% in 2016-17 (£0.807m), with further cuts expected over the next few years. In order to deliver a balanced budget moving forward, the Council needs to make savings of £0.929m in 2016-17 and identify further savings of circa £0.400m in 2017-18. The Council has reviewed staff structures to enable the Council to develop plans to deal with the continuing budget cuts; is looking to identify further savings from the shared service arrangements and reviewing which budgets can be reduced as a result of under-spending in prior years. The Council is also undertaking a service review programme to identify the further savings required in order to be able to continue to deliver key priority services to residents and ensure delivery of the Council's Corporate Plan objectives. This programme will include looking at key themes such as Digitalisation, Partnership working and possible Joint Ventures to see which services can be reduced whilst still meeting customer needs; which can be delivered in a different way to reduce costs; and will look to identify where there are further efficiencies to be made within service areas.

Housing Revenue Account

The decrease in the Housing Revenue Account balance for the year was £272k against a budgeted deficit of £531k. A re-profiling of the New Build Programme resulted in a reduced revenue contribution made to the capital programme and funds have been set aside in the New Properties Reserve as agreed with Cabinet on 20 January 2015. The HCA Empty Homes programme completed on 31 March 2015, with the aim of delivering a minimum of 30 new affordable housing units. A further commitment has been given to an on-going empty homes refurbishment programme for the creation of a further 14 units over the next few years. The council is continuing on with Margate Intervention as a long-term regeneration programme in the Cliftonville West and Margate Central area with Kent County Council and the Homes and Community Agency to transform the housing market in two of Britain's most deprived wards.

Major Variances on the Housing Revenue Account	**2014-15 £'000s**
Reduced revenue contribution to capital expenditure	(715)
Increased contribution to New Properties Reserve	776
Increase in social dwelling rents	(98)
Reduction in new affordable rent income due to slippage	172
Increased income from service charges & aerials	(89)
Increase in shops/land income	(14)
Reduction in day to day expenditure	(306)
Increase in Pension costs	36
Increase in Member recharges	38
Reduction in bad debt contribution	(99)
Increase in Insurance Premium payments	38
Other various	2
	(259)

The accumulated HRA reserve balance at 31 March 2015 is £5.392m. The balance provides flexibility for delivery of the Housing Business Plan which has recently been reviewed.

Capital Expenditure

The Capital Programme has also been affected by the national economic situation, particularly in regard to the Council's ability to generate capital receipts to fund the programme. Budget monitoring during 2014-15 highlighted a potential shortfall against the budget for capital receipts and consequently a number of capital projects have been re-phased into 2015-16 to ensure the programme can be funded.

Total expenditure on capital items, including grants and loans, amounted to £15.333m, of which £10.849m was met by capital grants and other contributions, £1.940m from revenue resources, £0.199m from capital receipts and £2.345m from internal borrowing.

As at 31 March 2015, capital receipts of £2.512m, unapplied capital grants of £108k and the Capital Projects Reserve balance of £0.954m were carried forward to fund the 2015-16 programme.

The main items of capital expenditure are set out below:

	2014-15 £'000s
Fixed Assets	
Council Dwellings	4,294
Other HRA Assets	2,855
General Fund assets	6,027
Expenditure not resulting in assets	2,157
Total Capital Expenditure	**15,333**

Expenditure in respect of acquiring new assets totalled £3.159m (see following paragraph 'Material Acquisitions/New Assets' for further detail), the remaining expenditure related to the improvement of existing assets.

Due to the decline in capital receipts, the Council has had to scale back its capital projects to match its funding envelope. The capital programme is now very much driven by those capital schemes that have a health and safety implication, are a corporate priority or deliver a revenue saving to the Authority. The major new projects planned over the coming year include:

- CCTV upgrade at a total budget of £425k (project due to continue until 2016-17), to be funded from reserves and capital receipts.
- Ramsgate Port and Harbour Low Carbon Plan at a total budget of £1.145m (project due to continue until 2017-18), to be funded from prudential borrowing.

Capital Receipts

Royal Sands

The development agreement dated 2006 (and amended 2009) between the Council and developer SFP Ventures(UK) Ltd became the subject of legal dispute and as such the parties entered into a dispute resolution situation supported by independent legal advisors. This process led to the parties agreeing a new agreement for sale of the site, with the company SFP Ventures (UK) Ltd being bought out by Cardy Construction, but with the Council retaining performance monitoring and an Option agreement to purchase the site back should the owner trigger an event of default. The contracts for sale exchanged in March 2015, with completion to happen once the Council has undertaken some works which will commence in July 2015, completion is expected in early October 2015, after which the receipt achieved will be reported.

Material Acquisitions/New Assets

The following new assets have been recognised in the Balance Sheet as at 31 March 2015:

- Skateparks (£147k)
- IT Systems (£59k)
- Mower (£25k)
- Street Scene Vehicles (£430k)
- 3 Bell Cottages (£130k)
- 93 West Cliff Road (£284k)
- 21 Clifton Road (£158k)
- 2 Senlac Close(£238k)
- 39 Holly Lane (£167k)
- 9 Highbury Gardens (£136k)

- 23 Cannonbury Road (£234k)
- 53 Cecilia Road (£143k)
- 19 Margate Road (£130k)
- 20 St Lukes Road (£130k)
- 1 Denmark Road (£161k)
- 13 Oakdene Road (£130k)
- 20 La Belle Alliance Square (£178k)
- 24 Ethelbert Crescent (£279k)

As part of a national government scheme designed to tackle the problem of empty homes in England, the Council was awarded £4.131m for a funding bid submitted for parts of Cliftonville West and Central Margate wards, aimed at bringing 160 housing units back into use.

The money was used to buy empty properties from owners. Depending upon the condition of the property and the circumstances, some will be demolished while others will be redeveloped, refurbished or converted.

Heritage Assets

The Council is required to disclose heritage assets separately. Heritage assets can be defined as tangible or intangible, and are intended to be preserved in trust for future generations because of their historical, artistic, scientific, technological, geophysical or environmental qualities and are held and maintained principally for their contribution to knowledge and culture. The value of heritage assets as at 31 March 2015 is £685k (2013-14 £642k). These relate to public statues, artefacts or collections within museums, art collections, civic regalia and historic amusement park rides. For further details see notes 12, 48 and 49.

New Liabilities

On 3 June 2011, a Compulsory Purchase Order (CPO) was served on the land owners of the Dreamland site, pursuant to Section 226 of the Town and Country Planning Act 1990. A public inquiry took place between 10 January 2012 and 26 March 2012 and the CPO was subsequently confirmed on 17 August 2012. The land owners then lodged an appeal which was dismissed by the High Court on 2 May 2013. The Council have now taken formal ownership of the site however, the on-going legal process with the former land owners has resulted in the Council setting aside monies for potential compensation as a cost of acquisition based on expert valuation advice. Expenditure to date associated with the CPO process has been capitalised, as these costs relate to the acquisition of the site.

Treasury Management

During 2014-15, the Council complied with all its legislative and regulatory requirements with regard to its treasury activities. The Council's debt and investment position is organised by the treasury management service in order to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well established both through regular reporting to Members and through officer activity detailed in the Council's Treasury Management Practices.

As at 31 March 2015, the Council had £29.435m in investments. As a result of the continuing difficulties in economic conditions, interest rates remained at historic lows. The Council maintained an average balance of £39.813m of internally managed funds which earned an average rate of 0.53%. This compares with a budget assumption of £20m investment balances earning an average rate of 0. 50%. However, the performance indicator for investment returns is to achieve returns above the 7 day LIBID rate. This average rate for 2014-15 was 0.35% so this performance indicator has been met.

Continued uncertainty in the aftermath of the 2008 financial crisis promoted a cautious approach, whereby investments continued to be dominated by low counterparty risk considerations. The treasury strategy has therefore been to postpone borrowing to avoid the cost of holding higher levels of investments and to reduce counterparty risk.

No rescheduling of debt was done as the average 1% differential between the PWLB new borrowing rates and premature repayment rates made rescheduling unviable. The Council repaid £0.393m of maturing debt during the year (£0.100m having a rate of 2.48% and £0.293m having a rate of 1.97%) and took out three new loans to fund the maturing debt and unfinanced capital expenditure. One was a 21 year loan at a rate of 3.08%, one was a 25 year loan at 3.16% and the other was a 50 year loan at a rate of 4.19%. This reduced the Council's average borrowing rate to 3.77%. The Council's total principal debt outstanding as at 31 March 2015 was £30.659m. The management of the debt portfolio resulted in a fall in the average interest rate of 0.49%, representing a net saving of £139k per annum.

In order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the Capital Financing Requirement (CFR) in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years. The CFR is the Council's underlying need to borrow for capital expenditure. The CFR results from the capital activity of the Council and resources used to pay for the capital spend. It represents the unfinanced capital expenditure for the year and prior years' unfinanced capital expenditure which has not yet been paid for by revenue or other resources.

The Council's unfinanced capital expenditure for 2014-15 is shown in the following table:

2013-14 Actual £'000s		**2014-15 Estimate £'000s**	**2014-15 Actual £'000s**
6,689	Non-HRA capital expenditure	18,416	8,184
3,958	HRA capital expenditure	14,044	7,149
10,647	**Total capital expenditure**	**32,460**	**15,333**
	Resourced by:		
1,756	Capital receipts	1,633	199
4,703	Capital grants	10,444	5,324
1,324	Capital reserves	10,912	5,525
593	Revenue	3,057	1,940
2,271	**Unfinanced capital expenditure**	**6,414**	**2,345**

The Council's CFR for the General Fund as at 31 March 2015 was £22.390m, calculated as follows:

31 March 2014 Actual £'000s	**CFR**	**31 March 2015 Original Indicator £'000s**	**31 March 2015 Actual £'000s**
19,450	**Opening balance**	**20,898**	**20,898**
2,066	Add unfinanced capital expenditure (as above)	6,189	2,120
(618)	Less MRP/*	(853)	(853)
-	Asset transfer to HRA	225	225
20,898	**Closing balance**	**26,459**	**22,390**

** The Council is required to make an annual revenue charge, called the Minimum Revenue Provision (MRP) to reduce the CFR. This is effectively a repayment of the non-HRA borrowing need*

The Council's CFR for the Housing Revenue Account as at 31 March 2015 was £20.874m, calculated as follows:

31 March 2014 Actual £'000s	CFR	31 March 2015 Original Indicator £'000s	31 March 2015 Actual £'000s
22,325	**Opening balance**	**20,874**	**20,874**
205	Add unfinanced capital expenditure (as above)	225	225
(1,656)	HRA loan repayments	-	-
-	Asset transfer to General Fund	(225)	(225)
20,874	**Closing balance**	**20,874**	**20,874**

Gross borrowing should not, except in the short term, have exceeded the CFR for 2014-15 plus the expected changes to the CFR over 2015-16 and 2016-17. This indicator allows the Council some flexibility to borrow in advance of its immediate capital needs in 2014-15. Gross borrowing as at 31 March 2015 was £30.659m and therefore, the Council has not exceeded its CFR.

Pensions Liability

As part of the Conditions of Employment, the Council offers retirement benefits in accordance with statutory requirements. These payments, investment assets and future liabilities are managed as part of the Kent County Pension Fund on behalf of all contributing member authorities. Local authorities are required to account for their share of the pension deficit, the impact of which can be seen in note 39 to the Core Financial Statements.

Thanet's net liability on the Kent County Council Pension Fund as at 31 March 2015 is £109.6m (£83.9m as at 31 March 2014), giving an increase in liability of £25.7m. The liabilities show the underlying commitments that the Authority has in the long run to pay retirement benefits. The total liability of £109.6m has a substantial impact on the net worth of the Council as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy. The deficit on the pension scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary. Finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

Compliance with International Accounting Standard 19 Employee Benefits does not impact directly on the actual level of employer contributions paid to the Kent County Council Pension Fund. Employers' levels of contributions are determined by triennial actuarial valuations which are based on the Fund's actual investment strategy (rather than being based on corporate bond yields).

The movement to the Fund is set out in more detail in note 39 to the Core Financial Statements.

Provisions

The Council holds a provision of £439k in respect of asbestos related compensation claims through employer's liability insurance following a Supreme Court Judgement in favour of the claimants, and also £110k in respect of claims lodged relating to land charges search fees under the Competition Act.

On 13 September 2012, the Council imposed a temporary ban (lasting approximately five weeks) on the movement of live animals through the Port of Ramsgate. The Council was served with a judicial review application in October 2012 seeking to quash the decision on the grounds that it was unlawful, there was a further claim for resultant damages.

The High Court found in favour of the Claimants, agreeing that the ban was unlawful, and that the council were liable for damages. A quantum of damages hearing was listed for June 2015. A provision was made in the 2013-14 accounts for £1.4m in order to comply with proper accounting practice, this was increased during the 2014-15 accounting period with a contribution of £678k. Settlement for the initial claim has been agreed and paid in March 2015.

Following a ruling in January 2015 on the valuation method used to set rateable values for purpose built GP surgeries, there have been substantial reductions implemented by the Valuation Office Agency (VOA), and subsequent overpayments are subject to backdating to earlier periods. As a result the provision for business rate appeals in the Collection Fund accounts has been increased by £3.679m.

Under the Business Rate Retention Scheme the council's share of the increase to the provision equates to £1.472m (40%) of which £1.197m will be funded by safety net payments from central government, which have been accrued to the Comprehensive Income & Expenditure Statement.

Approval

In accordance with the Accounts and Audit (England) Regulations 2011, the Governance and Audit Committee approved the 2014-15 Statement of Accounts on 24 September 2015.

Signed : Date: 24 September 2015

Chair of the Governance and Audit Committee

For further information on the accounts please contact the Head of Financial Services on 01843 577617 or write to : Head of Financial Services, Thanet District Council, PO Box 9, Cecil Street, Margate, Kent CT9 1XZ

Statement of Responsibilities for the Statement of Accounts

Both the Council and the Section 151 Officer have certain responsibilities in respect of 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 the responsibility for the administration of those affairs; and
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- to approve the Statement of Accounts.

In this Authority, the Responsible Officer is the Director of Corporate Resources & Section 151 Officer.

Director of Corporate Resources & Section 151 Officer's Responsibilities

The Director of Corporate Resources & Section 151 Officer is responsible for the preparation of the authority's Statement of Accounts in accordance with proper practices as set out in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in United Kingdom ("the Code").

In preparing this statement of accounts, the Director of Corporate Resources & Section 151 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;
- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities;
- gained appropriate assurance over the accuracy of the statement of accounts prior to approval.

The Statement of Accounts gives a true and fair view of the financial position of Thanet District Council as at 31 March 2015 and of its income and expenditure for the year ended on that date.

Tim Willis CPFA
Director of Corporate Resources & Section 151 Officer
Date: 30 September 2015

Independent Auditors Report to the Members of Thanet District Council

We have audited the financial statements of Thanet District Council for the year ended 31 March 2015 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, the Collection Fund Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

This report is made solely to the members of Thanet District Council, as a body, in accordance with Part II of the Audit Commission Act 1998 and as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Chief Financial Officer and auditor

As explained more fully in the Statement of the Chief Financial Officer's Responsibilities, the Chief Financial Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards also require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Financial Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the explanatory foreword to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of Thanet District Council as at 31 March 2015 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and applicable law.

Opinion on other matters

In our opinion, the information given in the explanatory foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We are required to report to you if:

- in our opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007; or
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998; or
- we designate under section 11 of the Audit Commission Act 1998 a recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects.

Conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources

Respective responsibilities of the Authority and the auditor The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission in October 2014.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2014, as to whether the Authority has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2015.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2014, we are satisfied that, in all significant respects, Thanet District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2015.

Certificate

We certify that we have completed the audit of the financial statements of Thanet District Council in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Darren Wells
for and on behalf of Grant Thornton UK LLP, Appointed Auditor

Grant Thornton UK LLP
Fleming Way
Manor Royal
Crawley
RH10 9GT

Date:

Movement in Reserves Statement

Restated For the Year Ended 31 March 2014	General Fund Balance £'000s	Earmarked GF / HRA Reserves £'000s	Housing Revenue Account £'000s	Capital Receipts Reserve £'000s	Major Repairs Reserve £'000s	Capital Grants Unapplied £'000s	Total Usable Reserves £'000s	Unusable Reserves £'000s	Total Authority Reserves £'000s
	Note 6	Note 7	Note 6	Note 23A	Note 3 to the HRA	Note 23	Note 23	Note 24	
Balance at 1 April 2013	**2,177**	**12,781**	**10,245**	**1,619**	**3,625**	**226**	**30,673**	**48,236**	**78,909**
Surplus or (deficit) on provision of services	(3,589)	-	3,803	-	-	-	214	-	**214**
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	9,030	**9,030**
Total Comprehensive Income and Expenditure	**(3,589)**	**-**	**3,803**	**-**	**-**	**-**	**214**	**9,030**	**9,244**
Adjustments between accounting basis & funding basis under regulations (Note 6)	3,133	-	(1,148)	31	(1,130)	(2)	884	(884)	**-**
Net Increase/ Decrease before Transfers to Earmarked Reserves	**(456)**	**-**	**2,655**	**31**	**(1,130)**	**(2)**	**1,098**	**8,146**	**9,244**
Transfers to/from Earmarked & Other Reserves	456	3,976	(7,236)	(22)	3,504	-	678	(678)	**-**
Increase/ Decrease (movement) in Year	**-**	**3,976**	**(4,581)**	**9**	**2,374**	**(2)**	**1,776**	**7,468**	**9,244**
Balance at 31 March 2014 carried forward	**2,177**	**16,757**	**5,664**	**1,628**	**5,999**	**224**	**32,449**	**55,704**	**88,153**

Movement in Reserves Statement cont'd

For the Year Ended 31 March 2015	General Fund Balance	Earmarked GF / HRA Reserves	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
	Note 6	Note 7	Note 6	Note 23A	Note 3 to the HRA	Note 23	Note 23	Note 24	
Balance at 1 April 2014	**2,177**	**16,757**	**5,664**	**1,628**	**5,999**	**224**	**32,449**	**55,704**	**88,153**
Surplus or (deficit) on provision of services	(5,690)	-	3,108	-	-	-	(2,582)	-	**(2,582)**
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	(3,142)	**(3,142)**
Total Comprehensive Income and Expenditure	**(5,690)**	**-**	**3,108**	**-**	**-**	**-**	**(2,582)**	**(3,142)**	**(5,724)**
Adjustments between accounting basis & funding basis under regulations (Note 6)	6,171	-	(1,898)	898	(2,012)	(116)	3,043	(3,043)	**-**
Net Increase/ Decrease before Transfers to Earmarked Reserves	**481**	**-**	**1,210**	**898**	**(2,012)**	**(116)**	**461**	**(6,185)**	**(5,724)**
Transfers to/from Earmarked & Other Reserves	(647)	(1,070)	(1,482)	(14)	2,571	-	(642)	642	**-**
Increase/ Decrease (movement) in Year	**(166)**	**(1,070)**	**(272)**	**884**	**559**	**(116)**	**(181)**	**(5,543)**	**(5,724)**
Balance at 31 March 2015 carried forward	**2,011**	**15,687**	**5,392**	**2,512**	**6,558**	**108**	**32,268**	**50,161**	**82,429**

Comprehensive Income and Expenditure Statement

31 March 2014				31 March 2015		
Expenditure £'000s	Income £'000s	Net £'000s		Expenditure £'000s	Income £'000s	Net £'000s
			Gross expenditure, gross income and net expenditure on continuing operations			
5,430	1,000	4,430	Cultural and Related Services	5,484	975	4,509
13,275	4,558	8,717	Environment and Regulatory Services	14,700	6,004	8,696
4,348	1,987	2,361	Planning Services	4,971	2,126	2,845
7,343	5,441	1,902	Highways and Transport Services	8,590	4,864	3,726
1,400	-	1,400	- Compensation Claim Provision	-	-	-
79,580	76,826	2,754	Other Housing Services	79,884	77,791	2,093
9,185	13,333	(4,148)	Local Authority Housing (HRA)	9,557	13,554	(3,997)
7,328	5,655	1,673	Central Services	7,602	5,642	1,960
2,310	469	1,841	Corporate and Democratic Core	2,327	417	1,910
231	359	(128)	Non Distributed Costs	195	394	(199)
130,430	**109,628**	**20,802**	**Cost of Services**	**133,310**	**111,767**	**21,543**
		1,864	Other Operating Expenditure	Note 8		1,929
		2,472	Financing and Investment Income and Expenditure	Note 9		3,586
		(25,352)	Taxation and Non-Specific Grant Income and Expenditure	Note 10		(24,476)
		(214)	**(Surplus) or Deficit on Provision of Services**			**2,582**
		(9,123)	(Surplus) or Deficit on revaluation of non-current assets			(19,615)
		-	Impairment losses on non-current assets charged to the Revaluation Reserve			-
		93	Re-measurements of the net defined benefit liability			22,757
		(9,030)	**Other Comprehensive Income and Expenditure**			**3,142**
		(9,244)	**Total Comprehensive Income and Expenditure**			**5,724**

Balance Sheet as at 31 March 2015

31 March 2014 £'000s			31 March 2015 £'000s	31 March 2015 £'000s
	Property, Plant & Equipment	Note 11		
91,502	Council Dwellings		96,838	
42,321	Other land and buildings		56,699	
4,362	Vehicles, plant, furniture and equipment		4,300	
14,611	Infrastructure		14,081	
5,050	Assets under construction		9,100	
1,951	Surplus assets not held for sale		1,781	
642	**Heritage Assets**	Note 12	685	
23,998	**Investment Property**	Note 13	24,623	
-	**Intangible Assets**	Note 14	-	
319	**Long Term Debtors**	Note 18	278	
184,756	**Long Term Assets**			**208,385**
6,800	**Short Term Investments**	Note 15	6,800	
257	**Inventories**	Note 16	132	
13,868	**Short Term Debtors**	Note 18	16,693	
(4,765)	**Impairment of Debtors**	Note 18	(7,485)	
25,051	**Cash and Cash Equivalents**	Note 19	23,766	
101	**Assets Held for Sale (< 1year)**	Note 20	247	
41,312	**Current Assets**			**40,153**
717	**Short Term Borrowing**	Note 15	1,789	
13,126	**Short Term Creditors**	Note 21	12,556	
1,816	**Provisions**	Note 22	1,227	
6,027	**Grant Receipts in Advance**	Note 33	5,659	
21,686	**Current Liabilities**			**21,231**
26,859	**Long Term Borrowing**	Note 15	29,220	
87,823	**Other Long Term Liabilities**	Note 39/40	113,879	
1,547	**Grant Receipts in Advance**	Note 33	1,779	
116,229	**Long Term Liabilities**			**144,878**
88,153	**Net Assets**			**82,429**
	Represented By:			
	Usable Reserves			
2,177	General Fund	Note 23	2,011	
16,757	Earmarked Reserves	Note 7	15,687	
5,664	Housing Revenue Account	Note 23	5,392	
1,628	Capital Receipts Reserve	Note 23A	2,512	
5,999	Major Repairs Reserve	Note 23	6,558	
224	Capital Grants Unapplied	Note 23	108	
	Unusable Reserves			
22,377	Revaluation Reserve	Note 24A	40,231	
(181)	Accumulated Absences Reserve	Note 24G	(187)	
(83,923)	Pensions Reserve	Note 24E	(109,620)	
116,790	Capital Adjustment Account	Note 24B	121,601	
22	Deferred Capital Receipts	Note 24D	15	
619	Collection Fund Adjustment Account	Note 24F	(1,879)	
88,153	**Total Reserves**			**82,429**

Signed: Tim Willis CPFA

Date: 30 September 2015 Director of Corporate Resources & Section 151 Officer

Cash Flow Statement

2013-14 £'000s			2014-15 £'000s	2014-15 £'000s
(214)	**Net (surplus) or deficit on the provision of services**			**2,582**
(14,752)	Adjust net surplus or deficit on the provision of services for non-cash movements	Note 25a		(12,791)
6,116	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	Note 25b		4,069
(8,850)	**Net cash flows from Operating Activities**			**(6,140)**
8,209	Investing Activities	Note 26		10,359
(3,713)	Financing Activities	Note 27		(2,934)
(4,354)	**Net (increase) or decrease in cash and cash equivalents**	Note 19		**1,285**
(20,697)	Cash and cash equivalents at the beginning of the reporting period			(25,051)
(25,051)	**Cash and cash equivalents at the end of the reporting period**			**(23,766)**

Notes to the Core Financial Statements

1. Accounting Policies

General

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

The accounting policies that have been adopted are set out in the following paragraphs. Where an accounting policy has not been adopted, or where it has been varied, then a note to that effect has been provided.

The qualitative characteristics, fundamental accounting principles, concepts and estimation techniques upon which the accounts have been prepared are set out below. The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

Qualitative Characteristics of Financial Information

Relevance

In accordance with IAS 1, Accounting Policies, all information about the Authority's financial performance that is useful for assessing the stewardship of public funds and making economic decisions is disclosed within the accounts.

Reliability

The Accounts represent fairly the substance of transactions that have taken place. The accounts are free from material error, complete within the bounds of materiality and have been prudently prepared.

Comparability

Comparative figures have been included to allow performance to be compared with a prior period or other authorities and entities with similar information.

Faithful Representation

In order to provide useful financial information it may be necessary to explain the extent to which information has been estimated, including any judgements made. A representation of that estimate can be faithful if the amount is described clearly and accurately as being an estimate, nature and limitations of the estimating process are explained and no errors have been made in selecting and applying an appropriate process for developing the estimate.

Verifiability

Information represented enables different knowledgeable and independent observers to reach consensus, although not necessarily complete agreement that particular depiction is a faithful representation. Verification can be direct for example by observing the counting of cash, or indirect by checking the inputs, formula or other technique and recalculating the results using the same methodology.

Timeliness

Information is available to decision-makers in time to be capable of influencing their decisions.

Understandability

In accordance with IAS 1, the accounts have been prepared in such a way to aid the understanding of the reader. We do, however, recognise the complexities contained within the Statement of Accounts. The Statements are prepared in accordance with accounting concepts, treatments and terminology that require reasonable knowledge of accounting and local government if they are to be properly understood. Technical terms have been avoided where possible, in favour of plain language. There is also a Glossary of Terms included which can be found on pages 111 - 116.

The Explanatory Foreword on pages 5–16 sets out the local authority financial reporting framework and the key aspects of the Authority's financial performance and standing.

Materiality

Materiality is a measure to ensure that information is of such significance as to justify its inclusion in the financial statements. An item of information is considered material to the financial statements if its misstatement or omission might reasonably be expected to influence assessments of the Authority's stewardship, economic decisions, or comparisons with other entities, based upon those financial statements. If there are two or more similar items the materiality of the items in aggregate, as well as of items individually, are considered.

Council policy is to consider the following factors when assessing whether items are material:

- The item's size, judged in the context of both the financial statements as a whole and of such other information available as would affect consideration of the financial statements

- The item's nature, in relation to:

    - The transactions or other events giving rise to it
    - The legality, sensitivity, normality and potential consequences of the event or transaction
    - The identity of the parties involved
    - The particular headings or disclosures affected.

Strict compliance with the Code, as to both disclosure and accounting principles, is not considered necessary where the amounts involved are not material to the fair presentation of the financial position and transactions of the Authority and to the understanding of the Statement of Accounts by the reader.

Accounting Concepts

Accruals

The accounts, other than cash flow information, have been prepared on an accruals basis. This means that sums due to or from the Council in respect of the year of account are included whether or not the cash has actually been received or paid in the year.

Going Concern

The Accounts have been prepared on a going concern basis, on the assumption that the Authority will continue in operational existence for the foreseeable future. This means in particular that the Comprehensive Income and Expenditure Statement and Balance Sheet assume no intention to curtail significantly the scale of the operation.

Primacy of Legislation

Local Authorities derive their power from statute and their financial and accounting framework is closely controlled by primary and secondary legislation. Where there is a conflict between a legal requirement and an accounting standard, the legal requirement will take precedence over the accounting standard.

Estimation Techniques

An accounting policy specifies the basis on which an item is to be measured. Where there is uncertainty over the monetary amount corresponding to that basis the amount will be arrived at using an estimation technique.

Accruals of Income and Expenditure

Revenue streams are accounted for in the year they are due irrespective of whether the sums have been paid or received as follows:

- Revenue from the sales of goods is recognised when the Authority transfers the risks and rewards of ownership to the purchaser and it is probable that the economic benefits will flow to the Authority
- Revenue from the provision of services is recognised when the Authority can reliably measure the level of completion of the transaction and it is probable that economic benefits will flow to the Authority
- Supplies of goods are recorded as expenditure when they are consumed, when there is a delay between the date the supplies are received and when they are consumed, they are carried as inventories on the Balance Sheet
- Expenditure in relation to services received (including the services provided by employees) are recorded when the services are received rather than when payments are made

Exceptions to this principle are public utility accounts which are charged according to the date of the meter reading and some recurring sundry debtor accounts and annual fees for which the due dates do not coincide with normal quarter or year dates, subject to materiality. This policy is applied consistently each year and does not have a material effect on the year's accounts. The income to be recovered through on-going benefit deduction is accounted for in the year of account and not when the cash has been received or paid in the year and the income to be recovered through the issue of fines is accounted for in the year of account and not when the cash has been received or paid in the year. Where revenue and expenditure have been recognised but cash has not been received or paid a debtor or creditor for the relevant amount is recorded in the Balance Sheet.

Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

Exceptional Items

Exceptional items are ones that are material in terms of the Council's overall expenditure and not expected to recur frequently or regularly, and are disclosed separately on the face of the Comprehensive Income and Expenditure Statement and in notes to the accounts.

Prior Period Adjustments

Material adjustments applicable to prior years arising from changes in accounting policies or standards will be reflected by restating the comparable figures in the Statement of Accounts, together with a disclosure note detailing the reasons for such restatement.

Changes in Accounting Policy

The Code from time to time requires Local Authorities to amend their accounting policies. Where a change is made it is applied retrospectively (unless stated otherwise) by adjusting opening balances and prior period comparative amounts as if the new policy had always been applied.

Charges to Revenue for Non-Current Assets

Service revenue accounts are debited with the following amounts to record the real cost of holding fixed assets during the year:

a) Depreciation attributable to the assets used by the relevant service
b) Impairment losses on non-current assets where there are no accumulated gains in the Revaluation Reserve against which they can be written off
c) Amortisation of intangible assets attributable to the service.

The Authority is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement (Minimum Revenue Provision, (MRP)). Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance (MRP) by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement.

With regard to the Housing Revenue Account (HRA) post self-financing guidance was issued by the Department of Communities and Local Government that any charges made to the revenue account for HRA Non-Dwelling assets for an impairment or downward revaluation would no longer be able to undertake the same accounting treatment as the general fund to negate the impact on the council dwelling rent payer and this now shows as a true cost to the HRA. However, in undertaking this treatment it causes an imbalance in the councils capital financing requirement and balance sheet and it is understood that a review of the treatment is currently being undertaken by the Department of Communities and Local Government and CIPFA.

Employee Benefits

Benefits Payable During Employment

Overtime payments relating to the previous financial year are accrued to that year. The full costs of employees are charged to the accounts of the period within which the employees worked.

The Code requires that Councils identify the costs of any Employee Benefits accrued but untaken at the balance sheet date. These costs primarily consist of any untaken leave, flexitime and lieu time. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services so that the holiday benefits are accounted for in the financial year in which the holiday absence occurs. The adjustment is reversed out of the Comprehensive Income and Expenditure Statement so that there is no charge to the taxpayer.

Pensions General

The Accounting Standards, IAS 19 and 26 regarding Employee Benefits and Retirement Benefits, require recognition of pension assets and liabilities in the Balance Sheet and the operating costs of providing retirement benefits together with changes in the value of assets and liabilities to be reflected in the Comprehensive Income and Expenditure Statement. In order that IAS 26 requirements do not impact upon council tax levels, the movement on the net assets and liabilities (net of the employer's contributions and actuarial gains and losses) is reversed out to the Pension Reserve through the Movement in Reserves Statement.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the appropriate service in the Comprehensive Income and Expenditure Statement when the Authority is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

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

Post Employment Benefits

Contributions to the pension scheme are determined by the Fund's actuary on a triennial basis. The latest formal valuation of the Fund for the purpose of setting employers' actual contributions was as at 31 March 2014 and this has been used to update the service cost figures.

Liabilities of the pension scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method. This requires 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 and projections of earnings for current employees.

Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bonds.

The assets of the pension fund attributable to the Council are included in the Balance Sheet at their fair value:

- Quoted securities – current bid price
- Unquoted securities – professional estimate
- Unitised securities – current bid price
- Property – market value

Previously, quoted securities were valued at mid-market value rather than bid price.

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

Service Costs comprising;

Current Service Cost – the increase in liabilities as a result of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the revenue accounts of services for which the employees worked.

Past Service Cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Cost of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs.

Interest Cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement.

Remeasurements;

Expected Return on Assets – the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return – credited to Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement.

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 the Pensions Reserve.

Contributions Paid to the Funds - cash paid as employer's contributions to the pension fund.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are 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.

The Authority 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.

Events After the Reporting Period

Where an event occurs after the Balance Sheet date, whether favourable or unfavourable, and also provides evidence of conditions that existed at the Balance Sheet date, the amounts recognised in the Statement of Accounts will be adjusted. Any disclosures affected by the new information about the adjusting event will also be updated in light of the new information.

Events that occur after the Balance Sheet date indicative of conditions arising after the Balance Sheet date will not be adjusted in the Accounting Statements, but will be disclosed in the Notes to the Core Financial Statements, to include:

- the nature of the event, and
- an estimate of the financial effect or a statement that such an estimate cannot be made reliably

Events after the Balance Sheet date will be reflected up to the date when the Statement of Accounts is authorised for issue.

Financial Instruments - Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. Annual charges to the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. For the Council's borrowings this means that interest charged to the Comprehensive Income and Expenditure Statement represent the amounts payable for the year in accordance with the loan agreements. Under the requirements of IFRS 7 and 9 and IAS 39 interest due (but not yet paid) on outstanding loans is added to the principal amount outstanding and is shown under short term borrowing in the Balance Sheet.

Financial Instruments - Financial Assets

Financial assets are classified into two types:

- Loans and receivables - assets that have fixed or determinable payments not linked to market price
- Available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments. (The Council does not hold any "Available-for-sale assets")

Loans and receivables are initially measured at fair value and subsequently carried at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Authority has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement. A small element of the loans are classified as soft loans (made at less than market rate) so there is a requirement to record any loss in the Comprehensive Income and Expenditure Statement to represent interest forgone over the life of the loan.

Where assets are identified as impaired (in the case of trade debtors where there is a likelihood the payments due will not be made as a result of past events) the asset is written down and a charge made to the Comprehensive Income and Expenditure Statement under the heading “Impairment of Financial Instruments”.

Any gains and losses that arise on the de-recognition (i.e. cessation or transfer of the loan) of the asset are credited/debited to the Comprehensive Income and Expenditure Statement.

Government and Non-Government Grants and Contributions

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

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

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

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

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

Revenue grants are matched in service revenue accounts with the service expenditure to which they relate. Grants to cover general expenditure (e.g. Revenue Support Grant) are credited to the foot of the Comprehensive Income and Expenditure Statement under Taxation and Non–Specific Grant Income.

Heritage Assets

A heritage asset is a tangible or intangible asset that is intended to be preserved in trust for future generations because of its historical, artistic, scientific, technological, geophysical or environmental qualities and is held and maintained principally for its contribution to knowledge and culture.

The Authority has identified the following asset groups as classified as Heritage Assets:

- Public statues
- Artefacts and or collections within museums

- Art collections
- Civic regalia
- Historic amusement park rides

Heritage assets (other than operational heritage assets) shall normally be measured at valuation in accordance with FRS 30. Where it is not practicable to obtain a valuation at a cost which is commensurate with the benefits to users of the financial statements, heritage assets shall be measured at historical cost (less any accumulated depreciation, amortisation and impairment losses). Valuations may be made by any method that is appropriate and relevant. There is no requirement for valuations to be carried out or verified by external valuers, nor is there any prescribed minimum period between valuations. However, where heritage assets are measured at valuation, the carrying amount shall be reviewed with sufficient frequency to ensure the valuations remain current. Where no records of valuation are available the assets are not included on the Authority's Balance Sheet but a disclosure is made as to these assets.

Acquisitions are initially recognised at cost or if bequeathed or donated at nil cost, at valuation.

Heritage assets are reviewed for evidence of impairment, including doubts as to authenticity. Any impairment is accounted for in accordance with the Council's policy within the Property Plant and Equipment accounting policy. The proceeds of any disposals likewise follow the Council's general accounting policy.

The Authority accounts for heritage assets in accordance with FRS 30, except where interpretations or adaptations to fit the public sector are detailed in the Code. References in FRS 30 to UK accounting standards shall be taken to refer to the equivalent IFRS or IPSAS.

Operational heritage assets (i.e. those that, in addition to being held for their heritage characteristics, are also used by the Authority for other activities or to provide other services) shall be accounted for as operational assets, and shall be valued in the same way as other assets of that general type.

Intangible Assets

In line with IAS 38 (Intangible Assets), expenditure on intangible fixed assets is capitalised at cost. An intangible fixed asset is one that has no physical substance but is identifiable and the Authority has control, (either through custody or legal protection) over the future economic benefits derivable from it.

Purchased intangible assets (e.g. software licences) should be capitalised as assets. Internally developed intangible assets should only be capitalised where criteria set out in section 4.5.2.7 of The Code are met. The Authority must satisfy itself that these criteria can be met and that internal systems are able to distinguish between Research and Development phases of a project.

Council policy is to write down intangible assets to the relevant service revenue account in the year that they occur.

Group Accounts

The Code's definition of an interest in another entity includes "the means by which an entity has control or joint control of, or significant influence over, another entity". In accordance with IFRS 10 Consolidated Financial Statements and IFRS 11 Joint Arrangements, assessment of any involvement/interest for the purposes of group accounts will consider the above when determining whether or not a group relationship exists. This is considered to apply where the Authority has all of the following:

- sole control of another entity and power over it;
- exposure to risks or rights to variable returns;
- and the ability to use its power over the other entity to influence those returns.

Subject to the assessment set out above if the Authority's interest is deemed to be a group relationship the Council may still only prepare single entity accounts if the group interest is not material.

Inventories, Rechargeable Works and Long Term Contracts

Inventories relate to printing, stationery and marketing merchandise held at Visitor Information Centres and Museums and stores held at the Parks and Waste Direct Labour Organisations.

The Code and SSAP 9 (Stocks and Long-term contracts), require stocks to be shown at the lower of actual cost or net realisable value. The stock at the printing unit is measured at average cost of stock held as it is considered that the financial effect of the different treatment is not material.

Any work in progress is subject to an interim valuation at the year end. Rechargeable Works are included at cost.

Long Term contracts are defined as "contracts entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or of a combination of assets or services which together constitute a single project) where the time taken substantially to complete the contract is such that the contract activity falls into different accounting periods." The Council makes a disclosure in the notes to the Core Financial Statements in respect of any capital contracts meeting this definition.

Joint Operations

Joint Operations are activities undertaken by the Authority in conjunction with other bodies where there is joint control and the parties have rights to the assets, and obligations for the liabilities of the arrangement. Joint control exists where unanimous consent is required from the parties sharing control for decisions about relevant activities. The Authority recognises on its Balance Sheet its own assets and the liabilities that it incurs, and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure it incurs and the share of the income it may earn from the activity of the operation.

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. The accounting treatment for leases depends on whether the Council is a lessee; is paying a third party rental payments for the right to use an asset, or a lessor where it is granting the right to use an asset to an external third party. The accounting treatment for each is given below:

Where the Council is a Lessee

Finance Leases: Where the Council enters into material finance leases, the asset is recognised in the Council's Balance Sheet, together with any associated liability to fund the asset. The cost of the fixed asset is then charged to the Comprehensive Income and Expenditure Statement over the life of the asset in accordance with the Council's depreciation policy.

Rentals payable under finance leases are apportioned between a finance charge and a reduction in the liability. The apportionment basis used ensures that the finance charge is allocated over the term of the lease.

Operating Leases: Leases that do not meet the definition of finance leases are accounted for as operating leases. Rentals payable are charged to the relevant service revenue account on a straight-line basis over the term of the lease, generally meaning that rentals are charged when they become payable.

Where the Council is a Lessor

Finance Leases: The asset is removed from the Balance Sheet as the risks and rewards are with the lessee with the amounts due from finance leases recorded in the Balance Sheet as a debtor. Rentals received are apportioned between reducing the debtor and finance interest earnings. The apportionment basis used ensures that earnings are normally allocated to the lease term to give a constant periodic rate of return to the Council.

Operating Leases: Rentals receivable are charged to the relevant service revenue account over the term of the lease, generally meaning that rentals are charged when they become payable.

Embedded Leases: The IFRS reporting arrangements require the Council to determine whether or not it benefits from the exclusive use of tangible assets within any of its contract arrangements with third parties. If the Council decides that this is the case it has to decide whether the arrangement is to be considered a lease in accordance with IFRIC 12. The Council has determined that there are no contracts that fall within these criteria.

Overheads

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2014-15 (S*e*RCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Authority's status as a multi-functional, democratic organisation.
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale.

These two cost categories are defined in S*e*RCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Operations.

Property, Plant and Equipment and Investment Property

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as either Property, Plant and Equipment or Investment Properties.

Recognition: Expenditure on the acquisition, creation or enhancement of non-current assets has been capitalised on an accruals basis at cost with subsequent measurement as explained below. Expenditure on non-current assets is capitalised, provided that the asset yields benefit to the Council and the services it provides, for a period of more than one financial year. Subsequent expenditure on non-current assets is capitalised in accordance with IAS 16. This excludes expenditure on routine repairs and maintenance of non-current assets, which is charged directly to service revenue accounts. The Council has set a de minimus level in respect of the recognition of capital expenditure of £10,000.

Non-current assets are classified into groupings required by The Code, comprising

a) Property, Plant and Equipment, which can be further analysed as
   - Land and Operational Buildings
   - Council Dwellings
   - Infrastructure Assets
   - Vehicles Plant and Equipment
   - Community Assets
   - Assets under Construction

b) Heritage Assets

c) Investment Properties

d) Intangible Assets (see separate Accounting Policy)

Measurement: Non-current assets have been valued on the basis recommended by CIPFA and in accordance with the Statements of Asset Valuation Principles and Guidance Notes issued by the Royal Institution of Chartered Surveyors (RICS). They have been classified in accordance with the IFRS Code and have been valued on the following bases:

a) **Land and Operational Buildings** – the lower of net current replacement cost or net realisable value (as certified by the Estates Surveyor)

b) **Council Dwellings** – existing use value for social housing, including regional adjustment factors as amended from time to time

c) **Heritage Assets** – (see separate accounting policy)

d) **Infrastructure Assets** – historical costs net of depreciation

e) **Vehicles, Plant and Equipment** – the lower of net current replacement cost or net realisable value

f) **Community Assets** – historic cost

g) **Investment Properties** – normally open market value

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

Depreciated replacement cost is only used where there is no active market for the asset being valued: that is where there is no useful or relevant evidence of recent sales transactions due to the specialised nature of the asset.

Revaluation: Revaluations of non-current assets are undertaken on a 5-year rolling programme, revaluing approximately one fifth of the Authority's assets annually. Council

Dwellings are re-valued annually using the Beacon principle. Identified material changes to asset valuations will be adjusted in the interim period, as they occur. The Asset Valuations in these accounts have been prepared by the Council's internal Estates Surveyors, Natalie Beldin, Bsc (Hons) MRICS, Chartered Surveyor and Lesley Trim BSc MRICS Chartered Surveyor RV. The valuations were produced in accordance with guidelines issued by CIPFA, and in accordance with the Royal Institute of Chartered Surveyors current guidance notes for Asset Valuation. The date of valuation for the General Fund is 1 April 2014.

The basis for Council Dwellings valuations is Existing Use Value for Social Housing (EUV-SH). Under this method the vacant possession value of the dwellings is reduced to 32% of the market value, to reflect the occupation by a secure tenant. A full valuation of the Beacon properties is undertaken every five years but an annual adjustment is made to reflect market changes during the year. The date of valuation for the Housing Revenue Account is 31 March 2015.

Surpluses from any revaluation of assets are credited to the Revaluation Reserve and are used to offset any subsequent revaluation loss with the exception of investment properties that are charged directly to the Comprehensive Income and Expenditure Statement and reversed out to the Capital Adjustment Account to ensure that no cost falls to the taxpayer. The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

The Council has decided to adopt a phased approach to annual valuation of its Investment Properties due to the size of the portfolio. From April 2010 investment properties with a value in excess of £100,000 are valued annually with the remaining properties included in the existing 5 yearly rolling programme of revaluation.

Investment Property: Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale. Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at 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 Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal. Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

Components: The Code requires local authorities to identify elements of major assets that have either a capital cost that is significant in relation to the total cost of the asset and/or has a different useful life or depreciation method. The Council accounts for components for assets with a gross book value in excess of £1m and where any individual component has a value in excess of £100,000. The component proposals for the HRA dwelling stock differ from that above. The Council componentises its Council Dwelling stock on a dwelling basis and proportions the overall valuation into four key components. Those components that are depreciable are depreciated over the remaining useful life of the council dwelling, resulting in an overall stock depreciation figure.

Impairment: Assets are assessed at each year end as to whether there is any indication that an impairment charge may be required. Where indications exist that may give rise to impairment of an asset 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, the accounting entries are:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

The HRA dwelling stock is revalued annually using beacon property values. Any change in valuation is assessed to determine any annual impairment charges.

Disposals: Income from the disposal of non-current assets is accounted for on an accruals basis. When an asset is disposed of or decommissioned, the value of the asset in the Balance Sheet, any receipt from disposal and any costs associated with the disposal are accounted for in the Comprehensive Income and Expenditure Statement so comprising any gains or losses on disposal. Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account. Amounts in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to Right to Buy disposals are payable to Government, net of allowable deductions. Since the changes to the pooling of capital receipts (1st April 2012) and the introduction of the Governments 1-4-1 replacement programme, which the authority adopted, a higher proportion of receipts are retained. These housing receipts are retained for the 1-4-1 replacement of Council Dwellings and for investment in certain regeneration projects or affordable housing. The balance of receipts is required to be credited to the Usable 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 through the Movement in Reserves Statement.

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 appropriated to the Capital Adjustment Account through the Movement in Reserves Statement.

Depreciation: With the exception of Investment Properties and Land (which are not subject to depreciation), assets are depreciated on a straight line basis over their useful economic life as follows:

Council Dwellings	Up to 60 years
Infrastructure	Up to 40 years
Heritage Assets	Varies on asset type, see separate accounting policy
Other Buildings	Specifically determined by Estates Officer
Vehicles	Up to 12 years
Plant	Up to 10 years
Surplus assets	Up to 40 years

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account. On revaluation, accumulated depreciation is written out for both current value and historical cost with subsequent depreciation calculated on a straight line basis over the remaining useful life of the asset.

Newly acquired assets are depreciated in the year of acquisition unless the purchase is near to the financial year end and the change in depreciation charge is considered material in which case depreciation will apply to the following year. Assets in the course of construction are depreciated when they are brought into use.

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately (see Component section above).

The Council componentises its housing stock and then depreciates the depreciable components over the useful economic life of each council dwelling.

Provisions

Provisions represent sums set aside for liabilities or losses which are likely or certain to be incurred but it is uncertain as to the amounts or dates on which they will arise. Provisions are charged direct to the appropriate service revenue account and when the expenditure is incurred to which the provision relates it is charged direct to the provision.

HRA Leasehold Service Charge accounts are raised after the accounts have closed as they are based on actual cost in order to comply with Leasehold conditions. A provision is made on the Leasehold Maintenance Holding Account for the estimated cost of services, day to day repairs, recurring maintenance and major works incurred during the financial year.

Reserves

Amounts set aside for purposes falling outside of the definition of provisions are considered as reserves. The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. The IFRS standards require details of Reserves to be reported in the Movement in Reserves Statement, in the Core Financial Statements. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year within the Cost of Services in the Comprehensive Income and Expenditure Statement and an equal amount is appropriated back to the General Fund from the relevant reserve so that there is no charge to the taxpayer.

Details of the Council's reserves can be found within the notes to the Core Financial Statements. Certain reserves are kept to manage the accounting processes for tangible fixed assets and retirement benefits and they do not represent usable resources for the Council.

The Statement of Accounts also clearly separates the usable and unusable reserves in the Financing section of the Balance Sheet.

Contingent Gains/Liabilities

Contingent Liabilities are defined as possible obligations that arise from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control. If such obligations are likely, they are quantified and a disclosure note is added to the Accounts.

A Contingent Gain arises where an event has taken place that gives the Authority a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority. Contingent Gains are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

Revenue Expenditure Funded from Capital Under Statute (REFCUS)

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Council policy is to write down this expenditure in the year that it occurs. The full cost is charged to the relevant service in the Comprehensive Income and Expenditure Statement but then reversed out through the Movement in Reserves Statement to ensure that there is no effect on the revenue accounts as a whole.

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 and has the following specific criteria attached to it:

- Management is committed to sell
- The asset is available for immediate sale
- A buyer is being actively sought
- The sale is likely (within 12 months)
- The asset is for sale at a fair price
- It is unlikely that the sale process will stop

If the asset meets these criteria it should be newly classified as a current asset and no longer depreciated. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell.

Impairment of Debtors

Provisions are made for bad and doubtful statutory debts and these are charged to the appropriate revenue service. In accordance with the CIPFA guidelines, for Council Tax and Business Rate debts, the older the debt the greater the provision, although depending on specific circumstances this may not be applied. Debts relating to garage rents are subject to a flat rate percentage based on historical trends. All other HRA related debts over £2,500 are analysed and a provision made depending on individual circumstances, with the exception of leaseholder accounts as the Housing Act states that tenants should not subsidise Leaseholders, therefore no bad debt provision is made within the HRA. Housing benefit overpayment debt provision is subject to a range of specific percentages dependant on whether the debt is to be collected from on-going benefit.

Trade debtors are classified as financial instruments and impairments are charged to ‘Impairment of Financial Instruments’ in the Comprehensive Income & Expenditure Statement.

Previous guidance set out more detailed criteria for the assessment of the “impairment” of the outstanding debt and stressed a need to look at individual large debts and their specific circumstances as well as estimating a more general provision based on historic payment trends, these criteria are continued into the current policy.

Collection Fund

Billing authorities are required by statute to maintain a separate fund for the collection and distribution of amounts due in respect of Council Tax and Business Rates. Statute determines the amount required to be transferred from the Collection Fund to the General Fund (an authority's precept for the year plus/minus its share of the surplus/deficit on the Collection Fund for the previous year estimated on 15 January for Council Tax and 31 January for Business Rates). The Council Tax and Business Rate income included in the Comprehensive Income and Expenditure Statement is the accrued income for the year. The difference between this amount and the amount required by regulation is taken to the Collection Fund Adjustment Account, and is included as a reconciling item in the Movement in Reserves Statement to negate the effect on the taxpayer. Council Tax and Business Rates are collected on an agency basis, so the Balance Sheet reflects the debtor/creditor position between the Council, Central Government and major preceptors, since the cash paid to preceptors in the year is not the share of actual cash collected from council tax and business rate payers.

New arrangements for the retention of business rates came into effect on 1 April 2013 along with the requirement for an additional provision to be set aside for potential changes to rateable values as a result of appeals. The council's share of this provision sits alongside the impairment provision for unrecoverable debt (Note 18) and is calculated using Valuation Office data on successful and outstanding appeals. As there is potential for such appeals to be backdated to the last Valuation Office valuation of the rating list, (the closing date for backdating to the 2010 list being 31st March 2015) the amount set aside includes an element for backdating. Appeals that have yet to be lodged are reflected in the accounts as contingent liabilities as it is not possible to calculate a realistic estimate of amounts that may become payable in the future.

Value Added Tax

In accounting for VAT, the Council complies with the SSAP 5, Accounting for Value Added Tax and VAT is excluded from the main accounting statements unless it is not recoverable. The Council's partial exemption status is reviewed on an annual basis.

2. Accounting Standards issued, Not Adopted

The 2014-15 Code requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified in the Code. Paragraph 3.3.4.3 (and IAS 8) 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 for the relevant financial year. The standards that paragraph 3.3.4.3 of the Code are likely to apply to are set out below and further details of the disclosures required will be provided in the 2015-16 Code:

- **IFRS 13 Fair Value Measurement (May 2011)**
- **IFRIC 21 Levies**
- **Annual Improvements to IFRS's 2011-2013 Cycle**

The issues included in the Annual Improvements to IFRS's 2011-2013 cycle are:

- **IFRS 1 Meaning of effective IFRS's;**
- **IFRS 3 Scope exceptions for joint ventures;**
- **IFRS 13 Scope of paragraph 52 (portfolio exception); and**
- **IAS 40 Clarifying the interrelationship of IFRS 3 Business Combinations and IAS40 Investment Property when classifying as investment property or owner-occupied property**

3. Critical Judgements in applying Accounting Policies

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

The critical judgements made in the Statement of Accounts are:

- There is a high degree of uncertainty about future levels of funding for local government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision. The Council is satisfied that its financial management procedures are robust and that it has sufficient reserves to mitigate any adverse economic trends.

- The Council revalues its General Fund Operational Land and Buildings on a five yearly rolling cycle in accordance with RICS and CIPFA guidance. It is not considered feasible or financially viable to value all assets annually and the Council has implemented a desk top review process to assess whether or not the valuation held on the balance sheet is materially different from that if an actual year end valuation had taken place. This assessment has identified an estimated increase of £1,135k (2.12%) against the operational asset base of £53.43m and so is considered to be immaterial and no adjustment has been made to the balance sheet. The current revaluation policy (including frequency, methodology and classifications) states that any material changes to asset valuations will be adjusted in the interim period as they occur.

- The Council's 50:50 ownership (with Kent County Council) of East Kent Opportunities LLP is accounted for as a joint operation under IFRS 11 Joint Arrangements. If EKO were to cease operations the council would retain ownership of the land it originally contributed to the partnership currently valued at £6.812m and would be required to repay its share of the cost of construction of the Spine Road £2.8m. The Council's accounts reflect these risks and rewards.

4. Assumptions made about the Future and other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Authority's Balance Sheet at 31 March 2015 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Result Differs from Assumptions
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 operational 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 £519k 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 to provide the Authority with expert advice about the assumptions 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 £4.145m and an increase of one year to the mortality rate would result in a decreased pension liability of £8.153m. However, the assumptions interact in complex ways.
Arrears	At 31 March 2015, the Authority had a balance of sundry debtors of £1.027m. A review of balances suggested that an impairment of doubtful debts of 100% would be made for those debts over 1 year old, 50% for those debts over 6 months old and full recovery has been assumed for those debts under 6 months old. However, in the current economic climate it is not certain that such an allowance would be sufficient.	If collection rates were to deteriorate, an impairment of doubtful debts of 10% for those debts under 6 months old (total £644k) would require an additional £64.4k to be set aside as an allowance.

Investment Property Asset Values	The Council has in excess of 200 investment properties. An annual valuation of all these assets is not practical, therefore only those assets with a value over £100k are valued annually with the remainder valued on a rolling 5 year basis.	Investment assets totaling £6.771m have not been revalued in 2014-15. In general, the asset valuations for investment properties have gone up by 6.46% in 2014-15. If the same increase were to be applied to those investment properties not revalued, then this would require an adjustment of £0.437m to the asset valuation.
Business Rate Appeals	The Council has a significant number of outstanding appeals against the 2010 Valuation Office (VO) rating list (Rateable Value £38.569m) which can take a number of years to be heard. An estimate of the expected refunds to business ratepayers as a result of these appeals for prior, current and future years is based on VO data for settled and outstanding appeals, assuming average percentages of claims being successful (34.16%) and average percentages of reductions to rateable value (7.92%). The council's share of the provision set aside for appeals is £0.975m.	If the top ten appeals were successful (RV 14.5m) and rateable values were reduced by 15% and backdated to 2010 then an additional £1.773m would need to be set aside in the provision for appeals.

5. Events After The Reporting Period

The Statement of Accounts were authorised for issue by the Director of Corporate Resources & S151 Officer on 30 September 2015. Events taking place after this date will not be reflected in the financial statements or notes.

Where events taking place before this date provided information about conditions existing at 31 March 2015, the figures and disclosures in the financial statements have been adjusted to reflect this information.

Following a ruling in January 2015 on the method of calculation of rateable values for purpose built GP surgeries, substantial reductions have been made to these values by the Valuation Office Agency (VOA). Subsequent overpayments of business rates in relation to these premises are subject to backdating to earlier periods, and as a result the provision for appeals has been increased within the accounts.

6. Adjustments Between Accounting Basis and Funding Basis under Regulations

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

Restated 2013-14	**General Fund Balance £'000s**	**Housing Revenue Account £'000s**	**Capital Receipts Reserve £'000s**	**Major Repairs Reserve £'000s**	**Capital Grants Unapplied £'000s**	**Movement in Unusable Reserves £'000s**
Adjustments primarily involving the Capital Adjustment Account						
Depreciation and impairment of non-current assets	3,578	2,525	-	-	-	(6,103)
Revaluation losses of non-current assets	159	-	-	-	-	(159)
Movements in the fair value of investment properties	(1,482)	-	-	-	-	1,482
Amortisation of intangible assets	-	-	-	-	-	-
Capital grants and contributions applied	(1,861)	(1,835)	-	-	(2)	3,698
Revenue expenditure funded from capital under statute	951	-	-	-	-	(951)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CI&E Statement	572	2,386	-	-	-	(2,958)
Statutory provision for repayment of debt	(618)	-	-	-	-	618
Capital expenditure charged to the General Fund	-	(586)	-	-	-	586
Adjustments primarily involving the Capital Receipts Reserve						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CI&E Statement	(773)	(1,179)	1,952	-	-	-
Costs of disposal funded from capital receipts	5	-	(5)	-	-	-
Use of the CRR to finance new capital expenditure	-	-	(1,756)	-	-	1,756
Use of the CRR to finance the payments to the Government capital receipts pool	160	-	(160)	-	-	-
Adjustments primarily involving the Major Repairs Reserve						
Reversal of Depreciation	-	(2,525)	-	-	-	2,525
Use of the MRR to finance new capital expenditure	-	-	-	(1,130)	-	1,130
Adjustments primarily involving the Pensions Reserve						
Reversal of retirement benefit related items debited/credited to the CI&E Statement	7,583	129	-	-	-	(7,712)
Employer's pension contributions and in year payments direct to pensioners	(4,599)	(63)	-	-	-	4,662
Adjustments primarily involving the Collection Fund Adjustment Account						
Amount by which Council Tax income credited to the CI&E Statement is different from that calculated for the year in accordance with statute	(557)	-	-	-	-	557
Adjustments primarily involving the Accumulated Absences Account						
Amount by which officer remuneration charged to the CI&E Statement on an accruals basis differs from that chargeable in the year in accordance with statutory requirements	15	-	-	-	-	(15)
Total Adjustments	**3,133**	**(1,148)**	**31**	**(1,130)**	**(2)**	**(884)**

2014-15	General Fund Balance £'000s	Housing Revenue Account £'000s	Capital Receipts Reserve £'000s	Major Repairs Reserve £'000s	Capital Grants Unapplied £'000s	Movement in Unusable Reserves £'000s
Adjustments primarily involving the Capital Adjustment Account						
Depreciation and impairment of non-current assets	4,314	2,803	-	-	-	(7,117)
Revaluation losses of non-current assets	169	-	-	-	-	(169)
Movements in the fair value of investment properties	(622)	-	-	-	-	622
Amortisation of intangible assets	47	-	-	-	-	(47)
Capital grants and contributions applied	(2,931)	(938)	-	-	(116)	3,985
Revenue expenditure funded from capital under statute	431	-	-	-	-	(431)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CI&E Statement	183	2,066	-	-	-	(2,249)
Statutory provision for repayment of debt	(853)	-	-	-	-	853
Capital expenditure charged to the General Fund	-	(1,940)	-	-	-	1,940
Adjustments primarily involving the Capital Receipts Reserve						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CI&E Statement	(144)	(1,142)	1,286	-	-	-
Costs of disposal funded from capital receipts	3	-	(3)	-	-	-
Use of the CRR to finance new capital expenditure	-	-	(199)	-	-	199
Use of the CRR to finance payments to the Government capital receipts pool	186	-	(186)	-	-	-
Adjustments primarily involving the Major Repairs Reserve						
Reversal of Depreciation	-	(2,803)	-	-	-	2,803
Use of the MRR to finance new capital expenditure	-	-	-	(2,012)	-	2,012
Adjustments primarily involving the Pensions Reserve						
Reversal of retirement benefit related items debited/credited to the CI&E Statement	7,758	115	-	-	-	(7,873)
Employer's pension contributions and in year payments direct to pensioners	(4,874)	(59)	-	-	-	4,933
Adjustments primarily involving the Collection Fund Adjustment Account						
Amount by which Council Tax and NDR income credited to the CI&E Statement is different from that calculated for the year in accordance with statute	2,498	-	-	-	-	(2,498)
Adjustments primarily involving the Accumulated Absences Account						
Amount by which officer remuneration charged to the CI&E Statement (accruals basis) differs from that chargeable in the year in accordance with statutory requirements	6	-	-	-	-	(6)
Total Adjustments	**6,171**	**(1,898)**	**898**	**(2,012)**	**(116)**	**(3,043)**

7. Earmarked Reserves

This note sets out the amounts set aside from the General Fund and HRA balances in Earmarked Reserves to provide financing for future expenditure plans and the amounts posted back from Earmarked Reserves to meet General Fund and HRA expenditure in 2014-15.

	1 April 2013 £'000s	Transfers Between Reserves £'000s	Revenue Appropriations £'000s	1 April 2014 £'000s	Transfers Between Reserves £'000s	Revenue Appropriations £'000s	31 March 2015 £'000s
General Fund							
Capital Projects	1,278	411	233	1,922	(1,194)	226	954
Council Election	87	-	30	117	-	1	118
Cremator and Cemeteries Works	182	(147)	212	247	-	159	406
Customer Services	1,010	(100)	(324)	586	-	1,816	2,402
Decriminalisation	145	6	31	182	-	28	210
Destination Management	-	-	-	-	500	(100)	400
Dreamland Reserve	-	117	-	117	-	-	117
East Kent Services	754	(60)	96	790	(22)	(465)	303
Economic Development & Regeneration	339	(117)	(20)	202	-	(4)	198
Environmental Action Plan	212	(50)	-	162	-	-	162
General Fund Repairs	368	-	11	379	(130)	67	316
Homelessness	201	-	59	260	-	16	276
Housing Intervention	682	-	(436)	246	-	(74)	172
Information Technology	486	-	(136)	350	-	(39)	311
Insurance & Risk Management	222	-	35	257	-	(154)	103
Local Plan	392	-	33	425	-	(7)	418
Maritime	723	(188)	(17)	518	(81)	(81)	356
New Homes Bonus	782	(236)	(311)	235	(500)	402	137
Office Accommodation	85	-	(54)	31	-	-	31
Pay and Reward	380	-	(2)	378	-	(87)	291
Pensions (Earmarked)	661	-	-	661	-	(249)	412
Performance Reward Grant	55	(53)	(2)	-	-	-	-
Planning Delivery Grant	1	(1)	-	-	-	-	-
Priority Improvement	874	-	(128)	746	(12)	(256)	478
Renewal	42	(35)	2	9	-	1	10
Slippage Fund – GF	987	(53)	453	1,387	(25)	(261)	1,101
Unringfenced Grants	477	85	54	616	(40)	(223)	353
VAT	441	-	(4)	437	-	(4)	433
Vehicle Plant & Equip Replacement Reserve	-	227	-	227	-	-	227
Waste	347	-	(270)	77	-	(64)	13
HRA							
HRA Properties	500	-	4,687	5,187	(489)	4	4,702
Slippage Fund – HRA	68	-	(62)	6	-	271	277
	12,781	**(194)**	**4,170**	**16,757**	**(1,993)**	**923**	**15,687**

Revenue Appropriations	923
Funding for Capital Programme	(1,993)
Contributions to Reserves as per Movement in Reserves Statement	**(1,070)**

The above reserves have been established under the Local Government and Housing Act 1989 to meet liabilities certain to be incurred but uncertain as to the amount or the date on which they will arise (or both).

Capital Projects – Revenue monies and other contributions set aside for capital projects.

Council Elections – This is a saving account for the elections which occur every four years.

Cremator and Cemeteries Works – The Council has an obligation to be environmentally compliant. The surcharge on both cremations and burials is set aside in this reserve to support cremator burner replacement and works required at the cemeteries.

Customer Services – This reserve is to be used to offset significant variations in benefit subsidy. Due to the volatility of this activity and the tight financial constraints which preclude the budgets being set at a level that would be sufficient for upper activity levels, it is prudent to set aside under spends that arise in this area as a contingency for future years. This reserve will also support any potential shortfall in business rates, under the new business rates retention scheme.

Decriminalisation – The Council administers on street parking but has to account for the income and expenditure separately. This reserve holds any unutilised revenues from parking charges. These are used to fund future parking, transport or environmental improvement related schemes.

Destination Management - Monies have been set aside from the New Homes Bonus to support the objectives of the Destination Management Plan by enhancing council assets that help to support and encourage tourism.

Dreamland Reserve – This reserve has been set up to bolster the contingency for the Dreamland project.

East Kent Services – This reserve is ring fenced for future investment within the services delivered by East Kent Services to enable further savings to be identified in future years.

Economic Development and Regeneration – This reserve is to cover one off service improvements and initiatives within Economic Development and Regeneration, including feasibility works and match funding.

Environmental Action Plan - The Environmental Action Plan (EAP) is a fundamental part of the Council's Corporate Plan and a key corporate priority. The EAP will be used to finance various environmental improvements throughout the District.

General Fund Repairs – To make provision for necessary essential repairs and maintenance and minor improvements to the Council's assets.

Homelessness – This represents the roll forward of under spends on the service to be used for future expenditures due to the volatility of this area.

Housing Intervention – To fund anticipated costs associated with the Authority's Intervention Schemes.

Information Technology - To control and enhance the development of new Information Technology initiatives with the objective of improving efficiency throughout the Council's activities.

Insurance & Risk Management – This reserve is held to meet potential increases in insurance premiums and to cover the cost of large excesses relating to insurance claims as well as unforeseen one-off risk related expenditure.

Local Plan – Due to the variable profile of spend on this activity and the variable cost in relation to consultation and inspection, any under spend is set aside in this reserve to be drawn against as and when required.

Maritime – This reserve is to be used to fund potential future works at the Port and Harbour and for income protection/maximisation works.

New Homes Bonus – This reserve holds the unallocated balance of monies from the New Homes Bonus.

Office Accommodation – This reserve allows for the appropriate level of funding to be drawn down as and when required in relation to the current accommodation strategy.

Pay and Reward – This reserve is to be used to fund costs associated with the implementation of the new Pay and Reward Scheme using set aside vacant post savings.

Pensions (Earmarked) - Due to the uncertainty around Pensions any pension under spends identified are transferred to this reserve in order to mitigate future risk.

Priority Improvement – This reserve is for one-off projects and pump priming investment into service improvements.

Renewal – This is a saving account for specific purposes based on the average annual amount required e.g. for the cost of Disclosure and Barring Service (DBS) checks.

Slippage Fund GF - To set aside sums at year end to meet ad hoc and specified liabilities on the General Fund which, due to timing difficulties, cannot be spent until after the 31 March.

Unringfenced Grants – Any under spend against unringfenced grant funding is set aside in this earmarked reserve to be utilised in future years.

VAT - This reserve has been set up to hold funds reimbursed in relation to our Fleming claim and will be used to cover any one off cost deemed appropriate.

Vehicle Plant and Equipment Replacement Reserve – This reserve is set aside to replace vehicles, plant and equipment coming to the end of their useful lives. Service underspends in relation to front line operational services are set aside to support the replacement programme.

Waste – This reserve has been set up to hold contributions towards the Waste service for expenditure such as the refurbishment of vehicles and service enhancements.

HRA Properties - The reserve is to set aside and hold HRA balances for the purchase and refurbishment of new HRA properties.

Slippage Fund HRA - To set aside sums at year end to meet ad hoc and specified liabilities on the Housing Revenue Account which, due to timing difficulties, cannot be spent until after the 31 March.

8. Other Operating Expenditure

2013-14 £'000s		2014-15 £'000s
698	Parish Council Precepts	780
160	Payments to the Housing Capital Receipts Pool	186
1,006	(Gains)/Losses on the disposal of non-current assets	963
1,864	**Total**	**1,929**

9. Financing and Investment Income and Expenditure

2013-14 £'000s		2014-15 £'000s
1,137	Interest Payable and Similar Charges	1,073
5	Impairment of Financial Instruments	90
3,391	Net Interest on the Net Defined Benefit Liability	3,760
(185)	Interest Receivable and similar income	(188)
32	(Gain)/Loss on Trading Operations (see below)	(16)
(426)	Income and Expenditure on investment properties-Note 13	(511)
(1,482)	Changes in fair value of investment properties	(622)
2,472	**Total**	**3,586**

Trading Operations

Under accounting definitions the Council operates trading operations, relating to the Building Control service. The following table shows the details of the income and expenditure of the trading operations:

2013-14 (Surplus)/Deficit £'000s	Trading Service	2014-15 Expenditure £'000s	2014-15 Income £'000s	2014-15 (Surplus)/ Deficit £'000s
32	**Building Control**	**324**	**(340)**	**(16)**

Building Control	2012-13 (Surplus)/ Deficit £'000s	2013-14 (Surplus)/ Deficit £'000s	2014-15 (Surplus)/ Deficit £'000s
Turnover	(279)	(304)	(340)
Expenditure	298	336	324
Total	**19**	**32**	**(16)**

10. Taxation and Non-Specific Grant Income

2013-14 £'000s		2014-15 £'000s
8,840	Council Tax Income	9,125
12,650	Business Rates Income	12,637
(8,234)	Business Rates Expenditure (Tariff)	(8,394)
8,627	Non Ring Fenced Government Grants	7,579
3,469	Capital Grants and Contributions (see note 33)	3,529
25,352	**Total**	**24,476**

11. Property, Plant and Equipment

	Council Dwellings £'000s	Other Land and Buildings £'000s	Heritage Assets £'000s	Vehicles, Plant and Equip £'000s	Infra-structure Assets £'000s	Community Assets £'000s	Assets Under Construction £'000s	Surplus Property £'000s	Total £'000s
As at 1 April 2013	**85,650**	**42,542**	**705**	**8,331**	**20,904**	**-**	**3,949**	**3,109**	**165,190**
Additions	1,688	5,905	-	3,194	245	-	1,219	-	**12,251**
Disposals	-	(6)	-	(107)	-	-	-	(601)	**(714)**
Reclassifications	(434)	(135)	-	-	-	5	(118)	2	**(680)**
Revaluation & Restatements	4,777	1,525	-	-	-	-	-	-	**6,302**
Recognition	-	58	-	-	-	-	-	-	**58**
Downward Revaluation and Impairment charged to CI&E	-	(242)	(63)	(67)	-	-	-	-	**(372)**
Downward Revaluation & Impairment charged to the Revaluation Reserve	(179)	(955)	-	-	-	(5)	-	(491)	**(1,630)**
Gross Asset Valuation	**91,502**	**48,692**	**642**	**11,351**	**21,149**	**-**	**5,050**	**2,019**	**180,405**
Depreciation b/fwd	-	5,092	-	6,037	6,008	-	-	91	17,228
Depreciation 2013-14	2,398	1,978	-	1,055	530	-	-	14	5,975
Write out Accumulated Depreciation on Revaluation	(2,398)	(676)	-	-	-	-	-	-	(3,074)
Write out acc dep charged to Revaluation Reserve	-	-	-	-	-	-	-	(44)	(44)
Other depreciation adj	-	(23)	-	(103)	-	-	-	7	(119)
Gross Depreciation c/fwd	**-**	**6,371**	**-**	**6,989**	**6,538**	**-**	**-**	**68**	**19,966**
Net Book Value:									
as at 31 March 2014	**91,502**	**42,321**	**642**	**4,362**	**14,611**	**-**	**5,050**	**1,951**	**160,439**
as at 31 March 2013	**85,650**	**37,450**	**705**	**2,294**	**14,896**	**-**	**3,949**	**3,018**	**147,962**

	Council Dwellings £'000s	Other Land and Buildings £'000s	Heritage Assets £'000s	Vehicles, Plant and Equip £'000s	Infra-structure Assets £'000s	Community Assets £'000s	Assets Under Construction £'000s	Surplus Property £'000s	Total £'000s
As at 1 April 2014	**91,502**	**48,692**	**642**	**11,351**	**21,149**	**-**	**5,050**	**2,019**	**180,405**
Additions	4,294	3,317	175	1,054	6	9	4,275	-	**13,130**
Disposals	-	(25)	(150)	(1,076)	-	-	-	(11)	**(1,262)**
Reclassifications	(181)	(11)	-	8	-	-	(225)	(266)	**(675)**
Revaluation & Restatements	2,293	9,913	7	-	-	-	-	212	**12,425**
Recognition			31	-	-	-	-	-	**31**
Downward Revaluation and Impairment charged to CI&E	-	(224)	(20)	(9)	(7)	(9)	-	-	**(269)**
Downward Revaluation & Impairment charged to the Revaluation Reserve	(1,070)	(1,201)	-	-	-	-	-	(150)	**(2,421)**
Gross Asset Valuation	**96,838**	**60,461**	**685**	**11,328**	**21,148**	**-**	**9,100**	**1,804**	**201,364**
Depreciation b/fwd	-	6,371	-	6,989	6,538	-	-	68	19,966
Depreciation 2014-15	2,570	2,913	-	1,000	529	-	-	23	7,035
Write out Accumulated Depreciation on Revaluation	(2,570)	(5,485)	-	-	-	-	-	(68)	(8,123)
Write out acc dep charged to Revaluation Reserve	-	-	-	-	-	-	-	-	-
Other depreciation adjustments	-	(37)	-	(961)	-	-	-	-	(998)
Gross Depreciation c/fwd	**-**	**3,762**	**-**	**7,028**	**7,067**	**-**	**-**	**23**	**17,880**
Net Book Value:									
as at 31 March 2015	**96,838**	**56,699**	**685**	**4,300**	**14,081**	**-**	**9,100**	**1,781**	**183,484**
as at 31 March 2014	**91,502**	**42,321**	**642**	**4,362**	**14,611**	**-**	**5,050**	**1,951**	**160,439**

The accounting policies in relation to the measurement used for determining the gross carrying amount of Property, Plant and Equipment, and the depreciation method and rates that are used can be found in Note 1.

Revaluations

For those assets not re-valued as part of the rolling programme or subject to impairment review, the Council is not aware of any material change in value therefore the valuations have not been updated.

Valuations of Non-Current Assets Carried at Current Value

	Council Dwellings £'000	Land, Buildings £'000	Heritage £'000	Surplus £'000	Investment Properties £'000	Total £'000
Carried at Current Value						
Pre 2010	-	-	-	-	-	**-**
2010/11	-	1,300	573	63	1,548	**3,484**
2011/12	-	974	-	90	768	**1,832**
2012/13	-	541	-	33	3,532	**4,106**
2013/14	-	3,017	-	206	923	**4,146**
2014/15	96,838	54,629	112	1,412	17,852	**170,843**
Total Value	**96,838**	**60,461**	**685**	**1,804**	**24,623**	**184,411**

Vehicles, plant and equipment and infrastructure assets are carried at historical cost.

12. Heritage Assets

A reconciliation of the carrying amount of heritage assets at the beginning of the financial period and at the Balance Sheet date is shown in Note 11.

	War Memorials Public Statues £,000s	Museum Artefacts £,000s	Art Collection £,000s	Civic Regalia £,000s	Dreamland £,000s	Total £,000s
1 April 2014	**82**	**30**	**86**	**11**	**433**	**642**
Additions	-	-	-	-	175	175
Disposals	-	-	-	-	(105)	(105)
Recognition	31	-	-	-	-	31
Upward Revaluation	-	-	-	7	-	7
Devaluation/Impairment to C I & E	-	-	(1)	-	(64)	(65)
31 March 2015	**113**	**30**	**85**	**18**	**439**	**685**

The Authority's heritage assets are mainly held in the Authority's museums but also include public statues, civic regalia and historic amusement park rides.

The museums each have collections of heritage assets which are held in support of the primary objective of the Authority's museum, i.e. increasing the knowledge, understanding and appreciation of the Authority's history and local area.

Heritage assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Authority's accounting policies on property, plant and equipment. The Council has set a de-minimus level in respect of the recognition of heritage assets of £10,000. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below. The accounting policies in relation to heritage assets that are deemed to include intangible elements are set out in Note 1.

The Authority's collections of heritage assets are accounted for as follows:

Public Statues

This includes a bronze statue on Margate seafront and a museum marble bust. The Council also has recorded several war memorials within its community asset portfolio, each valued at a notional £1.

Museum Artefacts and Art Collections

The Council commissioned an independent expert to review its collections at the Old Town Hall Margate, the Dickens House Museum and the Maritime Museum. The asset classification now used is based on the report of the expert John Harrison MSc AMA dated 13 March 2012 which has identified an underlying small value of most of the exhibits (approximately 7,000 items in total) but has separately identified those with values above £10k and those below this with specific "collectable" interest.

The Council has determined that these assets have indeterminate lives and so does not consider it appropriate to charge depreciation.

The collection is relatively static and acquisitions and donations are rare. Where they do occur acquisitions are initially recognised at cost and donations are recognised at valuation ascertained by the museum's curators in accordance with the authority's policy.

Civic Regalia

The Council, not unlike many others, has a small collection of civic regalia, mainly comprising the mayors chain. This has been included on the asset register at its insurance valuation.

Dreamland

The Council has been successful in a CPO to acquire the Dreamland site in Margate. This site comprises land that has been used as an amusement park/fairground and a cinema complex with associated facilities. The main expenditure incurred to date on the site is shown on the Balance Sheet as an asset under construction. The Heritage asset disclosure relates to the acquisition of several historic amusement park rides which will be used on the site once it reopens.

Heritage Assets – General

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Authority's general policies on impairment. The Council will occasionally dispose of heritage assets which have a doubtful provenance or are unsuitable for public display. The proceeds of such items are accounted for in accordance with the Authority's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

13. Investment Property

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. There are no restrictions on the Authority's ability to realise the value inherent in its investment property or on the Authority's right to the remittance of income and the proceeds of disposal. The Authority has no contractual obligations to purchase, construct or develop investment property or carry out repairs, maintenance or enhancement.

2013-14 £'000s		2014-15 £'000s
(1,292)	Rental Income from Investment property	(1,244)
866	Direct operating expenses arising from investment property	733
(426)	**Net (Gain)/Loss**	**(511)**

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

2013-14 £'000s		2014-15 £'000s
22,789	**Balance at start of the year**	**23,998**
-	Purchases	-
32	Subsequent Expenditure	92
(305)	Disposals	(138)
1,476	Net gains/losses from fair value adjustments	550
-	Reclassifications	44
6	Recognitions	77
23,998	**Balance at end of the year**	**24,623**

14. Intangible Assets

There was 2014-15 spend of £61k on intangible assets (2013-14: £nil), for software on both upgraded and new systems. The Council's policy is to write down intangible assets to the relevant service revenue account in the year that they occur and hence the opening and closing balances for intangible assets are both nil despite any expenditure on intangible assets during the financial year.

15. Financial Instruments Balances

The borrowings and investments disclosed in the Balance Sheet are made up of the following categories of financial instruments:

	Long-Term		Current	
	31 March 2014 £'000s	31 March 2015 £'000s	Restated 31 March 2014 £'000s	31 March 2015 £'000s
Borrowings	26,859	29,220	393	1,439
Trade creditors	-	-	5,138	5,442
Deferred liabilities	642	642	2,775	2,775
+ Accrued interest	-	-	324	350
Financial liabilities at amortised cost	27,501	29,862	8,630	10,006
Total financial liabilities	**27,501**	**29,862**	**8,630**	**10,006**
Short term investments	-	-	6,800	6,800
Cash and Cash Equivalents	-	-	25,051	23,766
Trade debtors	-	-	4,784	4,597
Capital/Revenue Grant Debtors	-	-	762	2,920
Car Loans	9	-	-	1
Mortgages	23	17	-	
Charitable Loans	23	20	-	
Home Safety Loans	14	14	-	
Leisure Services Loans	250	227	-	
+ Accrued interest on investments	-	-	44	38
Loans and receivables at amortised cost	319	278	37,441	38,122
Total financial assets	**319**	**278**	**37,441**	**38,122**

Note 1 – Under accounting requirements the carrying value of the financial instrument value is shown in the Balance Sheet which includes the principal amount borrowed or lent and further adjustments for breakage costs or stepped interest loans (measured by an effective interest rate calculation) including accrued interest. Accrued interest is shown separately in current assets/liabilities where the payments/receipts are due within one year. The effective interest rate is effectively accrued interest receivable under the instrument, adjusted for the amortisation of any premiums or discounts reflected in the purchase price.

Note 2 – Fair value has been measured by:

- Direct reference to published price quotations in an active market; and/or
- Estimating using a valuation technique.

Note 3 – Local authorities sometimes give financial guarantees that require them to make specified payments to reimburse the holder of a debt if the debtor fails to make payment when due in accordance with the terms of the contract. The Council provided a financial guarantee in respect of the refurbishment of Hartsdown Leisure Centre that was undertaken by Thanet Leisure Force (now Your Leisure Kent Limited). A similar arrangement has been entered into for the new Ramsgate Swimming Pool. Further details of these contingent liabilities can be found in Note 41. Should payment under the guarantees become probable, the amount of the liabilities will need to be determined under IAS 37. As it is not probable that payment by the Authority will be required, the guarantees have been recognised as contingent liabilities only and as such have not been recognised as current or long term liabilities in the above table.

Note 4 - The Council has made small soft loans at less than market rates (soft loans). For further details on these loans please see Note 24C.

Note 5 – The Council has a small balance outstanding from employees in respect of car loans. This balance is deemed below the de-minimus level and no further disclosure is proposed.

Financial Instruments Gains/Losses

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

2013-14			2014-15	
Financial Liabilities Amortised cost £'000s	**Financial Assets Loans and receivables £'000s**		**Financial Liabilities Amortised cost £'000s**	**Financial Assets Loans and receivables £'000s**
1,136	-	Interest expense	1,072	-
-	5	Impairment losses	-	90
1	-	Fee expense	1	-
1,137	**5**	**Interest payable and similar charges**	**1,073**	**90**
-	(185)	Interest income	-	(188)
-	-	Gains on de-recognition	-	-
-	**(185)**	**Interest and investment income**	**-**	**(188)**
957		**Net (gain)/loss for the year**	**975**	

Fair Value of Assets and Liabilities carried at Amortised Cost

Financial liabilities and financial assets represented by loans and receivables are carried on the Balance Sheet at amortised cost (in long term assets/liabilities with accrued interest in current assets/liabilities). Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- For loans from the PWLB and other loans payable, premature repayment rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures;
- For loans receivable prevailing benchmark market rates have been used to provide the fair value;
- No early repayment or impairment is recognised;
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values are calculated as follows:

31 March 2014			31 March 2015	
Carrying Amount £'000s	**Fair Value £'000s**		**Carrying Amount £'000s**	**Fair Value £'000s**
23,018	25,485	PWLB debt	26,451	32,351
4,558	4,415	Other debt	4,558	5,761
27,576	**29,900**	**Total debt**	**31,009**	**38,112**
3,417	3,417	Deferred liabilities	3,417	3,417
4,655	4,655	Trade creditors	4,992	4,992
35,648	**37,972**	**Total Financial Liabilities**	**39,418**	**46,521**

The fair value of the liabilities is greater than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the balance sheet date. This shows a notional future loss (based on economic conditions at 31 March 2015) arising from a commitment to pay interest to lenders above current market rates.

31 March 2014			31 March 2015	
Carrying Amount £'000s	**Fair Value £'000s**		**Carrying Amount £'000s**	**Fair Value £'000s**
14	14	Home Safety Loans	14	14
23	23	Charitable Loans	20	20
9	9	Employee Car Loans	1	1
31,895	31,895	Money market loans < 1 year	29,435	29,435
23	23	Mortgages	17	17
250	250	Leisure services loans	227	227
4,784	4,784	Trade debtors	3,977	3,977
36,998	**36,998**	**Total Loans and Receivables**	**33,691**	**33,691**

Trade Debtors and trade creditors are both carried at cost (invoiced amount) as this is a fair approximation of their value.

16. Inventories

		Balance at start of year £'000s	Purchases £'000s	Recognised as an expense in the year £'000s	Balance at year end £'000s
Museum Stock	**2014-15**	4	4	4	4
	2013-14	2	5	3	4
Dane Park Stores	**2014-15**	15	36	40	11
	2013-14	10	36	31	15
Stationery Stores	**2014-15**	1	11	11	1
	2013-14	2	12	13	1
Waste Stock	**2014-15**	231	529	650	110
	2013-14	185	527	481	231
VIC Stock	**2014-15**	6	7	7	6
	2013-14	6	6	6	6
Total	**2014-15**	**257**	**587**	**712**	**132**
	2013-14	**205**	**586**	**534**	**257**

17. Construction Contracts

As at 31 March 2015 the Authority had a number of construction contracts in progress in excess of £75k, the construction of North Thanet Sea Wall (J Breheny), works to the Dreamland site (Coombs, WGH and Topbond), works to 19 Hawley Square (J Rospo), Empty Properties (W W Martin) and the Intervention Programme (Standage, Jenner, and W W Martin). The value of work completed at 31 March 2015 has been established using a stage of completion methodology based on architects'/surveyors' certificates obtained at the year end. The amounts due are as follows:

	North Thanet Sea Wall £'000s	Dreamland £'000s	19 Hawley Square £'000s	Empty Property £'000s	Housing Intervention £'000s
Costs incurred to date	**133**	**3023**	**78**	**99**	**748**
Revenue recognised:					
Prior to 1 April 2014	-	-	-	-	-
During 2014-15	(133)	(3,023)	(78)	(99)	(748)
Profit/Loss	-	-	-	-	-
Advances received	-	(2,664)	(45)	-	(577)
Gross amount due	**133**	**359**	**33**	**99**	**171**
Comprising:					
Amounts not billed	126	240	31	94	134
Retentions	7	119	2	5	37

18. Debtors

2013-14 £'000s	Amounts falling due in one year	2014-15 £'000s
3,147	Council Tax and Non Domestic Rates	3,491
1,087	Central Government bodies	1,063
717	Other Local Authorities	102
-	NHS	2
8,917	Other Entities and Individuals	12,035
(4,765)	Less Impairment Provision	(7,485)
9,103	**Total Short Term Debtors**	**9,208**

The decrease in Central Government Bodies relates to Housing Benefit Subsidy which is owed to, rather than due from Central Government for 2014-15 and is therefore reflected in Note 21 below (£697k).

The decrease in Other Local Authorities reflects a contribution due from Kent County Council for 2013-14 only towards a joint project (£645k).

The increase in Other Entities and Individuals relates mainly to external funding owed to the Council for project delivery (£2.159m).

Long Term Debtors

2013-14 £'000s	Amounts falling due after one year	2014-15 £'000s
23	Mortgages	17
23	Charitable Loans	20
14	Home Safety Loans	14
9	Car Loans	-
250	Leisure Services Loans	227
319	**Total Long Term Debtors**	**278**

19. Cash and Cash Equivalents

Restated 31 March 2014 £'000s		31 March 2015 £'000s	Movement 2014-15 £'000s
4,236	Cash held by the Authority	1,131	(3,105)
7,977	Bank current accounts	6,005	(1,972)
12,838	Short Term deposits	16,630	3,792
25,051	**Total Cash and Cash Equivalents**	**23,766**	**(1,285)**

In the 2013-14 comparative £4.007m has been reclassified from short term deposits to bank current accounts to more accurately reflect the nature of the deposits.

20. Current Assets Held for Sale

Current assets held for sale are those assets that are available for immediate sale, that are actively being marketed and are expected to be sold within one year of the date of classification.

31 March 2014 £'000s		31 March 2015 £'000s
120	**Balance Outstanding at start of year**	**101**
664	Assets newly classified as held for sale	740
-	Assets declassified as held for sale	-
1,403	Revaluation gains	1,368
(2,086)	Disposals	(1,962)
101	**Balance Outstanding at year end**	**247**

21. Creditors

Restated 2013-14 £'000s	**Amounts falling due in one year**	2014-15 £'000s
880	Council Tax & Non Domestic Rates	649
2,294	Central Government bodies	1,695
18	Public Corporations and trading funds	13
5,443	Other Local Authorities	4,907
4,491	Other Entities and Individuals	5,292
13,126	**Total Short Term Creditors**	**12,556**

The restatement reflects £934k owed from Central Government in respect of Business Rates transferred from the Other Local Authority category where it was included in error in the 2013-14 accounts.

22. Provisions

	Compensation Claims £'000s
Balance as at 1 April 2014	**1,816**
Additional provisions made in 2014-15	812
Amounts used in 2014-15	(1,401)
Unused amounts reversed in 2014-15	-
Balance at 31 March 2015	**1,227**

The Council holds a provision of £439k in respect of asbestos related compensation claims through employer's liability insurance following a Supreme Court Judgement in favour of the claimants, and also £110k in respect of claims lodged relating to land charges search fees under the Competition Act.

Proceedings arising from the animal export ban

On 13 September 2012, the Council imposed a temporary ban (lasting approximately five weeks) on the movement of live animals through the Port of Ramsgate. The Council was served with a judicial review application in October 2012 seeking to quash the decision on the grounds that it was unlawful, there was a further claim for resultant damages.

The High Court found in favour of the Claimants, agreeing that the ban was unlawful, and that the council were liable for damages. A quantum of damages hearing was listed for June 2015. A provision was made in the 2013-14 accounts for £1.4m in order to comply with proper accounting practice, this was increased during the 2014-15 accounting period with a contribution of £678k. Settlement for the initial claim has been agreed and paid in March 2015.

23. Usable Reserves

	1 April 2013 £'000s	Transfers Between Reserves £'000s	Revenue Move-ments £'000s	1 April 2014 £'000s	Transfers Between Reserves £'000s	Revenue Move-ments £'000s	31 March 2015 £'000s
Capital Receipts	1,619	31	(22)	1,628	898	(14)	2,512
Major Repairs	3,625	(1,130)	3,504	5,999	(2,012)	2,571	6,558
General Fund Balance	2,177	456	(456)	2,177	(716)	550	2,011
HRA Balance	10,245	(7,236)	2,655	5,664	1,210	(1,482)	5,392
Capital Grants Unapplied	226	(2)	-	224	(116)	-	108
Earmarked Reserves	12,781	(194)	4,170	16,757	(1,993)	923	15,687
Total	**30,673**	**(8,075)**	**9,851**	**32,449**	**(2,729)**	**2,548**	**32,268**

Capital Receipts Reserve – see Note 23A below**.**

Major Repairs Reserve - resources available to meet capital investment in council housing (see HRA Note 3).

General Fund Balance - resources available to meet future running costs for non - housing services.

Housing Revenue Account Balance - resources available to meet future running costs for council houses (See HRA Note 1).

Capital Grants Unapplied Reserve – represents accumulated funds in respect of Performance Reward Grant received towards capital projects for which the Council has met the conditions that otherwise may have required repayment of the monies. The movement in the year represents a transfer between revenue and capital in respect of the grant.

Earmarked Reserves - see Note 7.

23A. Usable Capital Receipts Reserve

This reserve holds the net 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.

The Local Authorities (Capital Finance) (Amendment No.3) Regulations 1998 allows for 100% of all eligible General Fund receipts to be used for capital purposes.

2013-14 £'000s		**2014-15 £'000s**
1,619	**Balance at 1 April**	**1,628**
1,954	Capital Receipts in year	1,293
(1,755)	Capital Receipts applied during the year	(199)
(160)	Housing Pooled Capital Receipts	(186)
(30)	Cost of sales/Right to Buy admin costs	(24)
1,628	**Balance at 31 March**	**2,512**

24. Unusable Reserves

2013-14 £'000s		**2014-15 £'000s**
22,377	Revaluation Reserve	40,231
116,790	Capital Adjustment Account	121,601
22	Deferred Capital Receipts Reserve	15
(83,923)	Pensions Reserve	(109,620)
619	Collection Fund Adjustment Account	(1,879)
(181)	Accumulated Absences Account	(187)
55,704	**Total Unusable Reserves**	**50,161**

24A. Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

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

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

2013-14 £'000s		2014-15 £'000s
15,085	**Balance as at 1 April**	**22,377**
10,536	Upward revaluation of assets	20,996
(1,471)	Downward revaluation of assets and impairment losses charged to the reserve	(1,521)
58	Gains through acquisition/recognition of non-current assets in the year	140
9,123	**Surplus or deficit arising on revaluation of non-current assets**	**19,615**
(239)	Difference between fair value depreciation and historical cost depreciation	(382)
(1,592)	Accumulated gains on assets disposed of	(1,379)
(1,831)	Amount written off to the Capital Adjustment Account	**(1,761)**
22,377	**Balance as at 31 March**	**40,231**

24B. Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement. The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains. Note 6 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2013-14 £'000s		2014-15 £'000s
114,011	**Balance at 1 April**	**116,790**
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(6,103)	Charges for depreciation and impairment of non-current assets	(7,117)
(159)	Revaluation losses on Property, Plant and Equipment	(169)
-	Amortisation of intangible assets	(47)
(951)	Revenue expenditure funded from capital under statute	(431)
(2,958)	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(2,249)
103,840		**106,777**

1,831	Adjusting amounts written out of the Revaluation Reserve	1,761
105,671	Net written out amount of the cost of non-current assets consumed in the year	**108,538**
	Capital Financing applied in the year:	
1,756	Use of the Capital Receipts Reserve to finance new capital expenditure	199
193	Use of the Earmarked Reserves	3,452
1,130	Use of the Major Repairs Reserve to finance new capital expenditure	2,012
3,696	Capital Grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	3,985
2	Application of grants to capital financing from the Capital Grants Unapplied Account	-
618	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	853
1,656	HRA Loan repayment from the Major Repairs Reserve	-
586	Capital Expenditure charged against the General Fund and HRA balances	1,940
1,482	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	622
116,790	**Balance at 31 March**	**121,601**

24C. Financial Instrument Adjustment Account

The Authority has 22 soft loans and as the total impaired cost for these small loans is only £94k over the next 10 years these charges have been deemed below the de minimus levels and therefore immaterial. No accounting entries have been undertaken to reflect the impairment although the Authority has still undertaken an evaluation to ascertain the amount of subsidisation that has taken place.

24D. Deferred Capital Receipts Reserve

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

	1 April 2013 £'000s	**Income £'000s**	**1 April 2014 £'000s**	**Income £'000s**	**31 March 2015 £'000s**
Mortgages	24	2	22	7	15
Total	**24**	**2**	**22**	**7**	**15**

24E. Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2013-14 £'000s		**2014-15 £'000s**
(80,780)	**Balance as at 1 April**	**(83,923)**
(4,526)	Re-measurement of the net defined benefit liability	(30,184)
4,662	Employers contributions payable in the year	4,933
(3,279)	Reversal of items relating to retirement benefits debited to the (surplus) or deficit on the provision of services in the Comprehensive Income and Expenditure Statement	(446)
(83,923)	**Balance as at 31 March**	**(109,620)**

24F. Collection Fund Adjustment Account

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

2013-14 £'000s		**2014-15 £'000s**
62	**Balance at 1 April**	**619**
165	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement differs from income calculated for the year according to statute	(83)
392	Amount by which non domestic rates income credited to the Comprehensive Income and Expenditure Statement differs from income calculated for the year according to statute	(2,415)
619	**Balance at 31 March**	**(1,879)**

24G. 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 £'000s		2014-15 £'000s
(166)	**Balance at 1 April**	**(181)**
166	Settlement or cancellation of accrual made at the end of the preceding year	181
(181)	Amounts accrued at the end of the current year	(187)
(15)	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from that chargeable in the year in accordance with statutory requirements	(6)
(181)	**Balance at 31 March**	**(187)**

25. Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

2013-14 £'000s		2014-15 £'000s
(185)	Interest Received	(188)
1,137	Interest Paid	1,073

25A. Cash Flow Statement – Adjust net surplus or deficit on the provision of services for non-cash movements

2013-14 £'000s		2014-15 £'000s
(6,103)	Depreciation	(7,117)
(159)	Impairment and downward valuations	(169)
-	Amortisation	(47)
5	Impairment Losses on Investments	-
-	(Increase)/Decrease in impairment provision for bad debt	-
1,062	Movement in Creditors	(39)
927	Movement in Debtors	105
52	Movement in Inventories	(125)
(3,143)	Pension Liability	(4,487)
(2,959)	Carrying amount of non-current assets sold	(2,249)
1,482	Movement in Investment Property Values	622
(1,399)	Contribution (to)/from Provisions	589
(4,517)	Other non-cash items charged to the net surplus or deficit on the provision of services	126
(14,752)		**(12,791)**

25B. Cash Flow Statement – Adjust net surplus or deficit on the provision of services for investing and financing activities

2013-14 £'000s		2014-15 £'000s
4,162	Capital Grants credited	2,783
1,954	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	1,286
6,116		**4,069**

26. Cash Flow Statement - Investing Activities

2013-14 £'000s	**Investing Activities**	2014-15 £'000s
11,382	Purchase of Property, plant and equipment, investment property and intangible assets	14,415
3,500	Purchase of short term and long term investments	-
272	Other Payments for investing activities	6
(1,954)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(1,286)
-	Proceeds from short term and long term investments	-
(4,991)	Other receipts from investing activities	(2,776)
8,209	**Net cash flows from Investing activities**	**10,359**

27. Cash Flow Statement - Financing Activities

2013-14 £'000s	**Financing Activities**	2014-15 £'000s
(3,050)	Cash Receipts of short and long term borrowing	(3,800)
1,920	Repayments of short and long term borrowing	393
(2,583)	Other payments for financing activities	473
(3,713)	**Net cash flows from Financing activities**	**(2,934)**

28. Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice. However, decisions about resource allocation are taken by the Authority's Cabinet on the basis of budget reports analysed across directorates. These reports are prepared on a different basis from the accounting policies used in the financial statements. The 2013-14 comparators have been restated to reflect the restructure implemented from 1 April 2014.

The income and expenditure of the Authority's principal directorates recorded in the budget reports for the 2013-14 is as follows:

Restated 2013-14 Service Information	Chief Executive	Director of Corporate Resources & S151	Director of Community Services	Director of Operational Services	East Kent Shared Services	East Kent Housing	Total of General Fund Services	HRA	Comprehensive Income and Expenditure Statement
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Fees, Charges and Other Income	(2)	(2,872)	(5,321)	(7,219)	(8,017)	(70)	**(23,501)**	(13,333)	**(36,834)**
Interest and Investment Income	-	(102)	-	(1)	-	-	**(103)**	(82)	**(185)**
Government Grants	-	(70,736)	(427)	(297)	(58)	-	**(71,518)**	-	**(71,518)**
Recharges	(28)	(442)	(88)	(151)	-	-	**(709)**	-	**(709)**
Total Income	**(30)**	**(74,152)**	**(5,836)**	**(7,668)**	**(8,075)**	**(70)**	**(95,831)**	**(13,415)**	**(109,246)**
Employee expenses	270	2,841	5,820	8,181	9,994	-	**27,106**	402	**27,508**
Other Operating expenses	27	71,024	5,054	11,506	2,493	21	**90,125**	13,538	**103,663**
Total Expenditure	**297**	**73,865**	**10,874**	**19,687**	**12,487**	**21**	**117,231**	**13,940**	**131,171**
Cost of Services	**267**	**(287)**	**5,038**	**12,019**	**4,412**	**(49)**	**21,400**	**525**	**21,925**

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

Reconciliation to Cost of Services in Comprehensive Income & Expenditure Statement	2013-14
	£'000s
Cost of Services Analysis	21,925
Amounts not reported to Management (incl. in cost of services)	6,353
Amounts reported to Management not in cost of services	(7,476)
Cost of Services in Comprehensive Income & Expenditure Statement	**20,802**

Reconciliation to Subjective Analysis 2013-14

This reconciliation shows how the figures in the analysis by directorate income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement:

	Service Analysis by Directorate	Amounts not reported to Management	Amounts not included in the cost of services	Allocation of recharges to HRA	Cost of Services	Corporate Amounts	(Surpus)/Deficit on the Provision of Services
	£'000s	**£'000s**	**£'000s**	**£'000s**	**£'000s**	**£'000s**	**£'000s**
Fees Charges and Other Service Income	(36,834)	-	1,596	(3)	(35,241)	(1,597)	(36,838)
Interest and Investment Income	(185)	-	185	-	-	(185)	(185)
Income from Council Tax	-	-	-	-	-	(8,840)	(8,840)
Business Rates Income/Tariff	-	-	-	-	-	(4,415)	(4,415)
Government Grants	(71,518)	(1,458)	232	-	(72,744)	(12,096)	(84,840)
Recharges to HRA	(709)	-	-	709	-	-	-
Total Income	**(109,246)**	**(1,458)**	**2,013**	**706**	**(107,985)**	**(27,133)**	**(135,118)**
Employee Expenses	27,508	-	(4)	(357)	27,147	4	27,151
Other Operating Expenses	103,663	492	(9,485)	(233)	94,437	1,186	95,623
Support Services (HRA)	-	116	-	(116)	-	-	-
Capital and Financing charges	-	7,203	-	-	7,203	(1,465)	5,738
Interest Payments	-	-	-	-	-	1,137	1,137
Precepts and Levies	-	-	-	-	-	698	698
Payments to Housing Capital Receipts Pool	-	-	-	-	-	160	160
Gain or Loss on the Disposal of Non-current assets	-	-	-	-	-	1,006	1,006
Other Expenditure	-	-	-	-	-	3,391	3,391
Total Expenditure	**131,171**	**7,811**	**(9,489)**	**(706)**	**128,787**	**6,117**	**134,904**
Surplus or deficit on the provision of services	**21,925**	**6,353**	**(7,476)**	**-**	**20,802**	**(21,016)**	**(214)**

The income and expenditure of the Authority's principal directorates recorded in the budget reports for the 2014-15 is as follows:

2014-15 Service Information	Chief Executive	Director of Corporate Resources & S151	Director of Community Services	Director of Operational Services	East Kent Shared Services	East Kent Housing	Total of General Fund Services	HRA	Comprehensive Income and Expenditure Statement
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Fees, Charges and Other Income	2	(3,127)	(5,067)	(7,648)	(7,377)	(69)	**(23,286)**	(13,537)	**(36,823)**
Interest and Investment Income	-	(210)	-	(1)	-	-	**(211)**	(91)	**(302)**
Government Grants	-	(69,954)	(659)	(417)	(40)	-	**(71,070)**	(18)	**(71,088)**
Recharges to the HRA	(56)	(522)	(77)	(160)	-	-	**(815)**	-	**(815)**
Total Income	**(54)**	**(73,813)**	**(5,803)**	**(8,226)**	**(7,417)**	**(69)**	**(95,382)**	**(13,646)**	**(109,028)**
Employee expenses	457	2,300	5,708	8,617	9,931	-	**27,013**	439	**27,452**
Other Operating expenses	33	77,949	5,518	8,175	1,333	20	**93,028**	9,789	**102,817**
Total Expenditure	**490**	**80,249**	**11,226**	**16,792**	**11,264**	**20**	**120,041**	**10,228**	**130,269**
Cost of Services	**436**	**6,436**	**5,423**	**8,566**	**3,847**	**(49)**	**24,659**	**(3,418)**	**21,241**

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

Reconciliation to Cost of Services in Comprehensive Income & Expenditure Statement	**2014-15 £'000s**
Cost of Services Analysis	21,241
Amounts not reported to Management (incl. in cost of services)	6,850
Amounts reported to Management not in cost of services	(6,548)
Cost of Services in Comprehensive Income & Expenditure Statement	**21,543**

Reconciliation to Subjective Analysis 2014-15

This reconciliation shows how the figures in the analysis of directorate income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement:

	Service Analysis by Directorate	Amounts not reported to Management	Amounts not included in the cost of services	Allocation of recharges to HRA	Cost of Services	Corporate Amounts	(Surplus)/Deficit on the Provision of Services
	£'000s	**£'000s**	**£'000s**	**£'000s**	**£'000s**	**£'000s**	**£'000s**
Fees Charges and Other Service Income	(36,823)	-	1,577	10	(35,236)	(1,578)	(36,814)
Interest and Investment Income	(302)	-	188	-	(114)	(188)	(302)
Income from Council Tax	-	-	-	-	-	(9,125)	(9,125)
Income from Business Rates/Tariff	-	-	-	-	-	(4,243)	(4,243)
Government Grants	(71,088)	(14)	320	-	(70,782)	(11,109)	(81,891)
Recharges to the HRA	(815)	-	-	815	-	-	-
Total Income	**(109,028)**	**(14)**	**2,085**	**825**	**(106,132)**	**(26,243)**	**(132,375)**
Employee Expenses	27,452	-	(3)	(395)	27,054	3	27,057
Other Operating Expenses	102,817	1,020	(8,630)	(279)	94,928	1,110	96,038
Support Services (HRA)	-	151	-	(151)	-	-	-
Capital and Financing charges	-	5,693	-	-	5,693	(593)	5,100
Interest Payments	-	-	-	-	-	1,073	1,073
Precepts and Levies	-	-	-	-	-	780	780
Payments to Housing Capital Receipts Pool	-	-	-	-	-	186	186
Gain or Loss on the Disposal of Non-current assets	-	-	-	-	-	963	963
Other Expenditure	-	-	-	-	-	3,760	3,760
Total Expenditure	**130,269**	**6,864**	**(8,633)**	**(825)**	**127,675**	**7,282**	**134,957**
Surplus or deficit on the provision of services	**21,241**	**6,850**	**(6,548)**	**-**	**21,543**	**(18,961)**	**2,582**

29. On Street Parking Services

The Council administers and controls the on-street parking services on behalf of Kent County Council. Any surpluses on the account are used by the Council for future investment in the local transport infrastructure within the area.

2013-14 £'000s		2014-15 £'000s
	Net Cost of Service	
(145)	**Brought Forward**	**(182)**
1,071	Gross Expenditure	1,000
10	Movement in Provision for unpaid fines	3
14	Use of Reserve	11
(1,132)	Gross Income	(1,041)
(182)	**Balance Carried Forward**	**(209)**

30. Members' Allowances

2013-14 £'000s		2014-15 £'000s
368	Allowances	368
2	Expenses	1
370	**Total**	**369**

Member allowances are informed by the recommendations of the Independent Remuneration Panel. These allowances are provided to 56 Members.

31. Remuneration of Employees

The table below shows the number of employees whose remuneration, excluding employer's pension contributions, exceeded £50,000. Remuneration is defined as the amounts paid to or receivable by an employee, and includes sums due by way of expenses allowance and the estimated monetary value of any other benefits received by an employee other than cash.

2013-14 Number of Staff		Remuneration Band	2014-15 Number of Staff	
Total	**Left during year**	**£**	**Total**	**Left during year**
8	-	50,000 – 55,000	4	-
4	-	55,001 – 60,000	5	1
1	-	60,001 – 65,000	5	1
3	-	65,001 – 70,000	3	-
2	-	70,001 – 75,000	-	-
1	1	75,001 – 80,000	2	1
-	-	80,001 – 85,000	1	1
-	-	85,001 – 90,000	-	-
2	-	90,001 – 95,000	-	-
-	-	95,001 – 100,000	-	-
1	-	100,001 – 105,000	1	1
-	-	105,001 – 110,000	1	-
-	-	110,001 – 115,000	-	-
1	-	115,001 – 120,000	-	-

The following table sets out the remuneration disclosures for Senior Officers whose salary is less than £150,000 but equal to or more than £50,000 per year for 2013-14.

Post Holder	Salary (incl. fees & allowances) £	Other Cash Benefits £	Comp. for loss of office £	Total Remun. Excl. pension contribs £	Pension contribs £	Total Incl. pension contribs £
Chief Executive & S151 Officer	116,500	5,000	-	121,500	15,123	**136,623**
Shared Services Director (1)	97,863	4,500	-	102,363	12,798	**115,161**
Director of Operational Services	89,548	4,000	-	93,548	12,089	**105,637**
Director of Community Services	87,770	4,000	-	91,770	11,771	**103,541**
Corporate and Regulatory Services Manager	71,285	3,500	-	74,785	9,601	**84,386**
Assistant Director Customer Delivery (1)	71,335	3,500	-	74,835	9,317	**84,152**
Financial Services Manager & Deputy S151	62,405	3,000	-	65,405	8,402	**73,807**
Head of ICT (1)	56,954	3,000	-	59,954	7,461	**67,415**
Total	**653,660**	**30,500**	**-**	**684,160**	**86,562**	**770,722**

Note 1: The Shared Services Director, Assistant Director - Customer Delivery and the Head of ICT are all East Kent Services staff.

The following table sets out the remuneration disclosures for Senior Officers whose salary is less than £150,000 but equal to or more than £50,000 per year for 2014-15.

Post Holder	**Salary (incl. fees & allowances)**	**Other Cash Benefits**	**Comp. for loss of office**	**Total Remun. Excl. pension conts**	**Pension contribs**	**Total Incl. pension contribs**
	£	**£**	**£**	**£**	**£**	**£**
Chief Executive (2)	88,916	3,750	-	92,666	12,270	**104,936**
Interim Chief Executive (3)	78,735	3,629	-	82,364	10,849	**93,213**
Shared Services Director (1)(4)	58,586	2,625	-	61,211	7,675	**68,886**
Shared Services Director (1)(5)	36,595	1,500	-	38,095	4,396	**42,491**
Director of Operational Services (6)	77,920	3,405	-	81,325	10,718	**92,043**
Director of Community Services (7)	24,906	1,097	-	26,003	3,392	**29,395**
Corporate and Regulatory Services Manager (8)	6,118	301	-	6,419	844	**7,263**
Assistant Director Customer Delivery (1)	72,828	3,500	-	76,328	9,512	**85,840**
Head of Financial Services & Deputy S151 (9)	5,417	250	-	5,667	748	**6,415**
Head of ICT (1)	58,614	3,000	-	61,614	7,670	**69,284**
Total	**508,635**	**23,057**	**0**	**531,692**	**68,074**	**599,766**

Note 1: The Shared Services Director, Assistant Director Customer Delivery and the Head of ICT are all East Kent Services staff.

Note 2: From 30 December 2014 and after seven and a half years with the Council, Chief Executive & S151 Officer Sue McGonigal decided to move on and explore other opportunities. The post became vacant from 01/01/2015 through to the end of the financial year. The annualised salary was £113,999.

Note 3: Interim Chief Executive in post from 10/07/2014 through to the end of the financial year. The annualised salary was £108,169.

Note 4: Shared Services Director post became vacant from 01/11/2014 and remained vacant until 30/11/2014. The annualised salary was £100,433

Note 5: Shared Services Director started in post on 01/12/2014. The annualised salary was £100,666

Note 6: Director of Operational services post became vacant from the 07/02/2015 and remained vacant until the end of the financial year. The annualised salary was £91,249

Note 7: Director of Community Services post became vacant from 10/07/2014 and remained vacant until the end of the financial year. The annualised salary was £89,498.

Note 8: Corporate and Regulatory Services Manager post became vacant from 01/05/2014 and remained vacant until the end of the financial year. The annualised salary was £71,120

Note 9: Head of Financial Services & Deputy S151 post became vacant from 01/05/2014 and remained vacant until the end of the financial year. The annualised salary was £65,009

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

Bands	Number of Compulsory Redundancies		Number of other departures		Total Number of packages in each band		Total cost of packages in each band	
	13-14	14-15	13-14	14-15	13-14	14-15	13-14 £'000	14-15 £'000
0 - 20,000	-	3	-	-	-	3	-	20
20,001 - 40,000	1	2	2	2	3	4	74	126
40,001 - 60,000	-	1	-	-	-	1	-	54
60,001 - 80,000	-	-	-	-	-	-	-	-
80,001 - 100,000	-	-	-	-	-	-	-	-
Total Cost Included in Bandings							**74**	**200**

32. External Audit Costs

The Council has incurred the following fees 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 external auditors.

2013-14 £'000s	Fees payable to external auditors	2014-15 £'000s
78	External audit work carried out by the appointed auditor	88
-	Prior year refund of audit services fees	(8)
15	Statutory Inspection/Objections	6
44	Certification of grant claims and returns	31
1	Other Services	2
138	**Total**	**119**

33. Grant Income

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

Credited to Taxation and Non Specific Grant Income

2013-14 £'000s	Grant	2014-15 £'000s
(250)	Environment Agency – Margate Coast Protection	(7)
5	Environment Agency – Pegwell Bay	1
-	Environment Agency – North Thanet	(155)
-	European Fisheries Fund	(158)
(321)	HCA – Empty Properties	(89)
(1,514)	HCA – Cluster Bid	(849)
(365)	Historic Grants	(1,990)
(17)	Interreg – Yacht Valley	(72)
-	KCC – Members Grant	(11)
-	KCC – Military Road Arches	(19)
(5)	Section 106	(20)
(445)	DCLG Weekly Waste Scheme	(55)
-	DCLG Planning Delivery Grant	(17)
(557)	KCC - Waste Containment	(88)
(3,469)	**Total**	**(3,529)**

Credited to Services

2013-14 £'000s	Grant	2014-15 £'000s
-	Armed Forces Community Covenant	(61)
(60)	Arts Council England	(108)
(31)	Big Lottery Fund	-
(17)	Dame Kelly Holmes Trust	(1)
(1,481)	DCLG	(1,735)
(13)	DCMS - Free Swimming	-
(1)	DEFRA	-
(70,341)	DWP	(69,330)
(46)	English Heritage	(47)
(47)	Environment Agency	(25)
-	GOSE	(53)
-	HCA	(97)
(138)	Heritage Lottery Fund	(453)
(35)	Interreg	(173)
(361)	KCC	(406)
(4)	KCC-Second Homes	(6)
(10)	Kent Fire	-
(28)	Kent Police	(1)
-	Kent Resource Partnership	(14)
-	Meanwhile	(1)
(192)	NNDR	(193)
(16)	Orbit	(16)
(26)	Pipeline	(5)
(21)	Police and Crime Commissioner	(48)
(97)	Section 106	(334)
-	Street Games	(22)
-	Vattenfall	(20)
(1,296)	Other Contributions	(874)
(74,261)	**Total**	**(74,023)**

The Authority has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver. The balances at the year end are as follows:

Capital Grants Receipts In Advance

2013-14 £'000s	Grant	2014-15 £'000s
-	Coastal Communities Fund	(82)
(31)	DCLG - Housing Planning Delivery Grant	-
(5)	DCLG – Council Tax Bills	(5)
(55)	DCLG – Weekly Waste Scheme	-
(81)	Environment Agency –Coast Protection	(1,229)
(5)	ERDF	-
(2,538)	HCA – Cluster Bid	(1,611)
(5)	HLF – Ramsgate THI	(5)

(19)	KCC – Military Road Arches	-
(11)	KCC – Skatepark	-
(88)	KCC - Waste Containment	-
-	KCC – Winter Warmer	(22)
(1,868)	Section 106	(1,644)
(409)	Regional Housing Board	(409)
(1,026)	SFP Bond	(1,036)
(93)	Vattenfall	(53)
(6,234)	**Total**	**(6,096)**

Revenue Grants Receipts in Advance

2013-14 £'000s	Grant	2014-15 £'000s
(1)	Arts Council England – MACH Phase 1	(1)
(105)	Arts Council England – MACH Phase 2	(8)
(10)	Arts Council England – Portas Pilot Project	(10)
(1)	Big Lottery Fund – Footprints in the Sand	(16)
-	Coastal Communities Fund	(10)
(1)	Dame Kelly Holmes Trust	(1)
(19)	DCLG - Support Town Centres	(18)
(17)	DCLG - Habitats Grant	(10)
(63)	DCLG - Mortgage Rescue Programme	(62)
(73)	DCLG - Seaside Fund	(59)
(2)	DCLG – Council Tax Bills	(2)
(35)	DCLG – Preventing Repossessions	(31)
(60)	DCLG – Portas Pilots	(28)
(1)	DCLG – Weekly Waste	-
(4)	DCMS – Free Swimming Initiative	(4)
(4)	DEFRA – Lower Proms	(4)
(5)	DEFRA – Water Bathing Safety	(5)
(168)	DWP - Housing Benefit Reform	(192)
-	DWP – IT System Changes	(5)
-	DWP – Behaviour Change Project	(25)
(10)	East Kent Local Strategic Partnership	(10)
(4)	Environment Agency	(4)
(8)	GOSE - Migration Impact Fund	(8)
(27)	HCA – Single Conversation	(27)
(8)	Interreg – Tudor House	(8)
(20)	KCC – Building Safer Communities	-
(298)	KCC – Council Tax Discount Scheme	(25)
(24)	KCC – Margate Task Force	(14)
(105)	KCC – MTF Housing	(73)
(46)	KCC – Margate Intervention	(1)
(2)	KCC – Margate Beach Court	(40)
(34)	KCC – Troubled Families Grant	(46)
-	KCC – Transition Funding	(255)
(21)	Kent Police – Margate Task Force	(20)
-	Kent Police – Council Tax Discount Scheme	(63)
(6)	Kent Fire – Margate Task Force	(20)
-	Kent Fire – Council Tax Discount Scheme	(7)
-	Kent Resource Partnership	(28)
-	LGA	(15)
(1)	Meanwhile – Phase 1A	-
(13)	Migration Impact Fund - Customer Services	(13)
-	PCC	(18)

2013-14 £'000s	Grant	2014-15 £'000s
(4)	Pipeline – Sport 4 NRG	-
(12)	Section 106	(29)
(6)	Sports Funding	-
(13)	Street Games UK	(4)
(102)	Thanet Coast Project	(97)
(4)	Thanet Sports Network	(3)
-	Vattenfall	(20)
(3)	Windows of Opportunity	(3)
(1,340)	**Total**	**(1,342)**

Capital grant receipts in advance are made up of both long and short term grants and are therefore disclosed in the balance sheet as follows:

2013-14 £'000s	Grant	2014-15 £'000s
(1,340)	Revenue – Short Term	(1,342)
(4,687)	Capital – Short Term	(4,317)
(1,547)	Capital – Long Term	(1,779)
(7,574)	**Total**	**(7,438)**

34. Related Party Transactions

The Authority is required to disclose material transactions with related parties. 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 Authority.

Related party transactions can occur where one party has direct or indirect control of the other party, or the parties are subject to common control from a third party, where one party has influence over the financial and operating policies of the other, or where parties entering into a transaction are subject to influence from the same source, inhibiting those parties from pursuing their own separate interests. The transaction must be material to either party to require disclosure.

Related Parties can include Central Government, other Local Authorities, Subsidiary and Associated Companies, Joint Venture Parties, Members, the Chief Executive, the Directors and the Council's Monitoring Officer. Close family within any of the above groups may also be classed as Related Parties.

Members and Senior Officers - Members of the Council and certain senior officers have direct control over the financial and operating policies of the Authority and are therefore in a position of influence. The total of members' allowances paid in 2014-15 is shown in Note 30. During 2014-15 a questionnaire was distributed to the 56 Current Members and 7 relevant officers.

The Interim Director of Resources & S151 Officer, the Legal Services Manager & Monitoring Officer and the Interim Director of Community Services declared employment agency payments totalling £296k.

At the time of preparing this statement returns had not been received from 7 of the 56 Members. Their previous declarations have been reviewed and none of the Members who have yet to return their forms had previously made any disclosures.

Government Departments – Central Government has significant influence over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. Council Tax bills, Housing Benefits). Grants received from government departments are set out in the subjective analysis in Note 28 Amounts Reported for Resource Allocation Decisions. Grant receipts and amounts outstanding at 31 March 2015 are shown in Note 33.

East Kent Housing Ltd. - The Council, together with Canterbury City Council, Dover District Council and Shepway District Council jointly own East Kent Housing Ltd, an Arms Length Management Organisation (ALMO), whose principal activity is to manage each of the four council's housing stock. For financial accounting purposes, East Kent Housing (the Company) is regarded as a related party.

Management Fee - The ALMO costs apportioned to the Council equate to a simple 25% of their total expenditure. Whereas the management fee for the period ended 31 March 2015 payable by Thanet District Council amounted to £1.305m. This fee is based on the number of housing dwellings and the initial management expenditure relating to them at the commencement of the arrangement. Detail of this is included in the management agreement between the Council and East Kent Housing Limited.

Amounts Due to/from Thanet District Council - The balance owed to and from Thanet District Council at the year end was £68k and £4k respectively, and are included within note 18 and 21 to the core financial statements.

East Kent Services - The Council is a partner in a number of shared service arrangements principally with other East Kent Local authorities In 2009-10 the East Kent HR Partnership was formed incorporating Thanet, Canterbury and Dover District Councils and in February 2011 the East Kent Shared Service was formed incorporating various services from Thanet, Dover and Canterbury, this included Revenues and Benefits, ICT and Customer Services. Thanet is the host Authority for this arrangement. Neither arrangements are believed to have any joint account implications and are accounted for as related parties. The Council's financial statements include the costs and liabilities relating to its share of the shared service arrangements on a gross accounting basis across the relevant service headings.

35. Capital Expenditure and Capital Financing

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

2013-14 £'000s		2014-15 £'000s	2014-15 £'000s
41,775	**Opening Capital Financing Requirement**		**41,772**
	Capital Investment		
8,426	Property, Plant and Equipment	13,023	
33	Investment Properties	92	
-	Intangible assets	61	
2,188	Revenue Expenditure Funded from Capital under statute (including external funding)	2,157	
10,647			15,333

	Sources of finance		
(1,756)	Capital Receipts	(199)	
(6,027)	Government Grants and other contributions	(10,849)	
(593)	Direct revenue contributions	(1,940)	
-	HRA downward revaluations (revenue contribution)	-	
(618)	MRP	(853)	
(1,656)	Repayment of HRA Loan Principal	-	
(10,650)			(13,841)
41,772	**Closing Capital Financing Requirement**		**43,264**
	Explanation of movements in year		
(1,656)	Increase/(decrease) in underlying need to borrowing (supported by government financial assistance)	-	
2,271	Increase/(decrease) in underlying need to borrowing (unsupported by government financial assistance)	2,345	
(618)	MRP	(853)	
(3)	**Increase/(decrease) in Capital Financing Requirement**		**1,492**

Capital Expenditure and Financing

The total capital expenditure in 2014-15 amounted to £15.333m. This included £7.149m in relation to HRA which was funded through the Major Repairs Allowance £2.012m, grants £0.938m, Capital receipts £0.085m and revenue/reserves £3.889m. The balance of £0.225m was unfinanced.

General fund capital expenditure was £8.184m, funded from grants £4.386m, capital receipts £0.114m, and revenue/reserves £1.564m. The balance of £2.120m was unfunded.

Included in the capital expenditure of £15.333m is £3.159m for the acquisition of new assets (as set out in the Capital Expenditure section of the explanatory Foreword). Other significant expenditure includes £4.274m for assets under construction £0.245m for coast protection work, and £4.652m on HRA enhancements.

36. Finance and Operating Leases

Finance Leases

The Council has two car park leases which are 125 years long. These leases have been reviewed and substantially all the risks and rewards of the lease lie with the Council. Therefore, to reflect this, a long term obligation exists for the remaining years of the lease.

The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet. The car park leases were re-valued during 2014-15 and have been assessed as having a nil value due to the significant on-going revenue deficits being incurred for each of the car parks.

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

The minimum lease payments are made up of the following amounts:

	2013-14 £'000s	2014-15 £'000s
Finance lease liabilities (net present value of minimum lease payments)		
Non-current	570	570
Finance costs payable in future years	72	72
Minimum lease payments	**642**	**642**

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

	2013-14 £'000s	2014-15 £'000s
Less than 1 year	-	-
More than 1 year less than 5 years	1	1
More than 5 years	641	641
	642	**642**

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2014-15 £374k contingent rents were payable by the Authority (2013-14 £375k).

Operating Leases: Council as Lessee

The Council lease a number of photocopiers.

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

2013-14 £'000s		2014-15 £'000s
48	Not later than one year	48
138	Later than one year and not later than five years	95
5	Later than five years	0
191	**Total**	**143**

Operating Leases: Council as Lessor

As a lessor, the Council has in excess of 200 operating leases relating to its General Fund and HRA investment properties that are considered cancellable. The majority of minimum lease payments receivable (£1.244m subject to rent review) relate to more than 5 years, the average lease term for such properties being 6 years. These assets can be found in the fixed asset note under Investment Properties. The asset valuations are apportioned as follows:

Asset Valuations

2013-14 £'000s		2014-15 £'000s
360	Investment Properties HRA	71
23,638	Investment Properties General Fund	24,552
23,998	**Total**	**24,623**

37. Impairment Losses on Property Plant and Equipment

The Code requires disclosure by class of assets of the amounts charged to the Surplus or Deficit on the Provision of Services and to Other Comprehensive Income and Expenditure in the Comprehensive Income and Expenditure Statement for impairment losses and impairment reversals.

Vehicles, Plant & Equipment – Total impairment £0.009m (2013-14: £0.067m)

The value of impairments for Vehicles, Plant and Equipment relates to costs attributable to bringing assets to the locations necessary for their proper operation but which did not increase their value.

Community Assets – Total impairment £0.009m (2013-14: £nil)

The value of impairments for Community Assets is as a result of capital expenditure the Authority incurred to enhance its assets and their economic useful life but which did not increase the asset's value.

38. Termination Benefits

The Authority terminated the contracts of 8 TDC employees in 2014-15, incurring liabilities of £200k.

39. Defined Benefit Pension Scheme

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

Thanet District Council participates in the Local Government Pension Scheme administered by Kent County Council in accordance with the Local Government Pension Scheme Regulations 2014. This is a funded defined benefit scheme based on career average revalued salary and length of service on retirement, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

The administering authority for the Fund is Kent County Council. The Pension Fund Committee oversees the management of the Fund, whilst the day to day fund administration is undertaken by a team within the administering authority. Where appropriate some functions are delegated to the Fund's professional advisors.

In addition, the Council is responsible for all pension payments relating to added years benefits it has awarded, together with the related increases.

In general, participating in a defined benefit pension scheme means that the employer is exposed to a number of risks:

- Investment risk – the Fund holds investment in asset classes, such as equities, which have volatile market values and whilst these assets are expected to provide real returns in the long term, the short term volatility can cause additional funding to be required if a deficit emerges;

- Interest rate risk – the Fund's liabilities are assessed using market yields on high quality corporate bonds to discount future liability cash flows. As the Fund holds assets such as equities the value of the assets and liabilities may not move in the same way;
- Inflation risk – all of the benefits under the Fund are linked to inflation and so deficits may emerge to the extent that the assets are not linked to inflation; and
- Longevity risk – in the event that the members live longer than assumed a deficit will emerge in the Fund. There are also other demographic risks.

The cost of retirement benefits are recognised in the Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However the charge required to be made against the council tax is based on the cash payable in the year, so the real cost of retirement benefits is adjusted in the Council's accounts as a reversing entry in the Movement in Reserves Statement.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statements during the year:

2013-14 £'000s	**Amounts recognised in the Comprehensive Income and Expenditure Statement**	**2014-15 £'000s**
	Cost of Services	
4,321	Service cost	4,113
3,296	Net Interest on the defined liability	3,676
95	Administration Expenses	84
7,712	**Total Post Employment Benefit Charged to the (Surplus)/Deficit on the Provision of Services**	**7,873**

Re-measurement of Net Defined Benefit

2013-14 £'000s		**2014-15 £'000s**
(4,433)	Return on Plan assets in excess of interest	(7,427)
8,962	Other Actuarial gains/(losses) on assets	-
(2,887)	Changes in Financial Assumptions	30,709
4,003	Changes in Demographic Assumptions	-
(5,552)	Experience gain/(loss) on defined benefit obligation	(525)
7,805	**Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement**	**30,630**

2013-14 £'000s	**Amounts recognised in the Movement in Reserves Statement**	**2014-15 £'000s**
(7,712)	Reversal of net charges made to the (surplus)/deficit on the provision of services for post-employment benefits in accordance with the Code	(7,873)
	Actual amount charged against the general fund balance for pensioners	
4,662	Employers' contributions payable to the scheme	4,933

Changes have been made to the presentation of prior year figures in this note, note 9 and the core financial statements to reflect updates to the Code in line with IAS 19 and aid comparison between years.

Assets and Liabilities in relation to Retirement Benefits

The following table shows a reconciliation of the present value of the scheme liabilities:

2013-14 £'000s		2014-15 £'000s
194,039	**Balance as at 1 April**	**195,898**
4,321	Current service cost	4,113
8,024	Interest cost	8,691
(2,887)	Change in Financial Assumption	30,709
4,003	Change in Demographic Assumption	-
(5,552)	Experience loss/(gain) on defined benefit obligation	(525)
1,021	Contributions by scheme participants	1,048
(6,433)	Benefits paid	(6,415)
(638)	Unfunded pension payments	(620)
-	Past Service Costs including curtailments	-
195,898	**Closing Defined Benefit Obligation**	**232,899**

The following table shows a reconciliation of the fair value of the scheme assets:

2013-14 £'000s		2014-15 £'000s
113,259	**Balance as at 1 April**	**111,975**
4,728	Interest On assets	5,015
4,433	Return on Assets less interest	7,427
(8,962)	Other Actuarial gains/(Losses)	-
(95)	Administration Expenses	(84)
4,662	Employer contributions including unfunded	4,933
1,021	Contributions by scheme participants	1,048
(7,071)	Benefits paid including unfunded	(7,035)
-	Settlement prices received/(paid)	-
111,975	**Closing Fair Value of Employer Assets**	**123,279**

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 experienced in the respective markets.

In relation to the previous year and as a result of moving a proportion of the Authority's business into Shared Service there were substantial movements in liabilities assumed in a business combination, past service costs and receipts/payments of bulk transfer values and these have been reflected in the above tables.

The actual gain on scheme assets in the year was £12.442m, (2013-14 £9.161m).

The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The total liability of £109.6m has a substantial impact on the net worth of the Council as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy. The deficit on the pension scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary. Finance is only required to be raised to cover discretionary benefits when the pensions are actually paid. The contributions expected to be made to the scheme by the Council in the year to 31 March 2016 is £4.32m.

Balance Sheet Disclosure as at 31 March 2014

Net Pension assets as at	31 March 2013 £'000s	31 March 2014 £'000s	31 March 2015 £'000s
Present value of funded obligation	185,406	187,179	223,866
Fair value of scheme assets (bid value)	(113,259)	(111,975)	(123,279)
Net Liability	**72,147**	**75,204**	**100,587**
Present value of unfunded obligation	8,633	8,719	9,033
Net Liability in Balance Sheet	**80,780**	**83,923**	**109,620**

IAS 19 does not impact directly on the actual level of employer contributions paid to the Kent County Council Fund. Employers' levels of contributions are determined by triennial actuarial valuations which are based on the Fund's actual investment strategy (rather than being based on corporate bond yields).

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 scheme has been assessed by Barnett Waddingham, an independent firm of actuaries. Estimates have been based on the latest full valuation of the scheme as at 31 March 2013.

The principal assumptions used by the actuary have been:

31 March 2014		31 March 2015
	Mortality assumptions:	
	Longevity at 65 for current pensioners:	
22.7 yrs	Men	22.8 yrs
25.1 yrs	Women	25.2 yrs
	Longevity at 65 for future pensioners:	
24.9 yrs	Men	25.1 yrs
27.4 yrs	Women	27.6 yrs
3.6%	Rate of inflation (RPI)	3.2%
4.6%	Rate of increase in salaries	4.2%
2.8%	Rate of increase in pensions	2.4%
4.5%	Rate for discounting scheme liabilities	3.3%
50.0%	Take-up of option to convert annual pension into retirement lump sum	50.0%
	Members will exchange half of their commutable pension for cash at retirement	
	Active members will retire one year later than they are first able to do so without reduction	

The Local Government Pension Scheme's assets consist of the following categories, by proportion of the total assets held:

31 March 2014 £'000s	31 March 2014 %		31 March 2015 £'000s	31 March 2015 %
79,502	71	Equity investments	84,248	68
1,120	1	Gilts	1,289	1
12,317	11	Bonds	13,712	11
11,198	10	Property	15,314	13
3,359	3	Cash	3,371	3
4,479	4	Target Return Portfolio	5,345	4
111,975		**Total**	**123,279**	

The following provides detail of these assets as at 31 March 2015, representing the percentages of the total Fund held in each asset class, split by those that have a quoted market price in an active market, and those that do not.

Employer asset share – bid value		**31 March 2015 % Quoted**	**31 March 2015 % Unquoted**
Fixed Interest			
Government Securities	UK	-	-
	Overseas	1.0%	-
Corporate Bonds	UK	5.9%	-
	Overseas	5.3%	-
Equities	UK	31.3%	-
	Overseas	35.0%	-
Property	All	-	12.5%
Others	Absolute return portfolio	-	4.3%
	Private equity	-	0.9%
	Infrastructure	-	1.1%
	Cash/temporary investments	-	2.1%
Net Current Assets	Debtors	-	1.0%
	Creditors	-	(0.4%)
Total		**78.5%**	**21.5%**

The sensitivity analysis below has 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. For the adjustment to the mortality age rating assumption, it has been assumed that a member has the mortality of someone a year older or a year younger, for example, under +1 year we have assumed that a 40 year old actually has the mortality of a 41 year old. As required under IAS 19, the projected unit method of valuation has been used to calculate the service cost. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Sensitivity Analysis

	£'000s	**£'000s**	**£'000s**
Adjustment to Discount Rate	+0.1%	0.0%	-0.1%
Present value of total obligation	228,754	232,899	237,122
Projected Service Cost	4,659	4,777	4,898
Adjustment to Long Term Salary Increase	+0.1%	0.0%	-0.1%
Present value of total obligation	233,463	232,899	232,338
Projected Service Cost	4,779	4,777	4,775

Adjustment to Pension Increases & Deferred Revaluation	0.1%	0.0%	-0.1%
Present value of total obligation	236,591	232,899	229,275
Projected Service Cost	4,896	4,777	4,661
Adjustment to Mortality age rating assumption	+1 year	None	-1 Year
Present value of total obligation	224,746	232,899	241,124
Projected Service Cost	4,615	4,777	4,941

These assumptions are set with reference to market conditions at 31 March 2015.

Our estimate of the duration of the Employer's liabilities is 19 years.

The discount rate is the annualized yield at the 19 year point on the Merill Lynch AA-rated corporate bond yield curve which has been chosen to meet the requirements of IAS 19, and with consideration of the duration of the Employer's liabilities. This is consistent with the approach used at the last accounting date. The Retail Prices Index (RPI) increase assumption is set based on the difference between conventional gilt yields and index-linked gilt yields at the accounting date using data published by the Bank of England (BoE), specifically the 19 year point on the BoE market implied inflation curve. The RPI assumption is therefore 3.2% p.a. This is consistent with the approach used at the last accounting date. As future pension increases are expected to be based on the Consumer Prices Index (CPI) rather than RPI, we have made a further assumption about CPI which is that it will be 0.8% p.a. below RPI i.e. 2.4% p.a. We believe that this is a reasonable estimate for the future differences in indices, based on the different calculation methods used.

Projected Pension Expense for the year to 31 March 2016

	£'000s
Service Cost	4,777
Net Interest on the Defined Liability (asset)	3,547
Administration Expenses	92
Total	**8,416**
Employer Contributions	4,319

40. Other Long Term Liabilities

Other long term liabilities on the Balance Sheet include the multi storey car parks finance lease obligation £0.642m (see Note 36 for further detail), the pension liability £109.620m (see previous note), and a deferred credit of £2.918m which relates to capital expenditure incurred on one of the Council's leisure facilities by the entity that operates it under a lease arrangement, where expenditure is released to the Comprehensive Income and Expenditure Statement (2014-15 £0.340m) over the remaining term of the lease. In addition £0.699m relates to projects still to be delivered by East Kent Services on behalf of the other partners in the shared service arrangement (see Note 46 for further detail of the arrangement).

41. Contingent Liabilities

Your Leisure Kent Limited

It was agreed at Cabinet on 6 August 2009 that Thanet Leisure Force (now Your Leisure Kent Limited), the company engaged to run the Authority's leisure facilities would borrow money (£1.62m) through a range of loans varying from 5 to 15 years, facilitated by Alliance Leisure to invest in the authority's asset Hartsdown Leisure Centre. To facilitate the loan arrangement, Alliance Leisure acting on behalf of the lender require the Council to act as Guarantor should Your Leisure Kent Ltd default on the loan payments or cease trading and the outstanding loan obligation transfers to the Council. As at 31 March 2015 payments totalling £978k have been made by Your Leisure Kent Ltd.

In February 2012 Thanet Leisure Force (Your Leisure Kent Ltd) entered into an agreement with Alliance Leisure to secure funding for the provision of a new swimming pool in Ramsgate, together with a spa facility and café. The capital costs of the development were £3.8m. The Council is acting as guarantor, however the agreement includes an additional clause which states that were Alliance Leisure to terminate the agreement, the Council would be given a period of 30 days to agree a new party to take over all Your Leisure's rights and obligations under the agreement. In reality therefore, in the event of default by Your Leisure Kent Ltd, the Council would either find another party to work with, or take over the running of this facility itself. A full financial assessment has been undertaken which demonstrates that the efficiency savings from the new facility and additional income generated by the spa will be sufficient to cover the costs of the rentals to Alliance Leisure and therefore the risk to the Council is considered minimal. As at 31 March 2015 payments totalling £748k have been made by Your Leisure Kent Ltd.

East Kent Housing

The Council, together with Canterbury City Council, Dover District Council and Shepway District Council jointly own East Kent Housing Ltd, an Arms Length Management Organisation (ALMO), whose principal activity is to manage each of the four council's housing stock. For financial accounting purposes in accordance with IFRS 11 Joint Arrangements, East Kent Housing (the Company) is accounted for as a related party.

On the basis of IAS 19 East Kent Housing Limited has an anticipated net pension liability of £8.206m, which it has insufficient other net assets to meet. The Council has a legal obligation to guarantee this liability under the terms of the Management Agreement. This has been determined to be a contingent liability because;

- it is unlikely that there will be an outflow of resources to settle the pension obligation and
- a reliable estimate cannot be made of the amount required to settle this obligation

Excellent Homes for All

The Council has committed to a back to back agreement for the "Excellent Homes for All" Private Finance Initiative (PFI). The project is being procured by Kent County Council (KCC) in partnership with five District and Borough Councils. The land to be included in the PFI belongs to Kent County Council with the exception of a site belonging to Ashford Borough Council. The project will deliver at least 220 new affordable housing units across Ashford, Dartford, Dover, Thanet and Tunbridge Wells.

In PFI projects the public sector specifies the outputs that it requires from new facilities and sources a private sector contractor who secures funding from lending institutions to design, build and operate assets to an agreed standard. The public sector partner then pays a regular monthly payment (unitary charge) to the Special Purpose Vehicle (SPV) to cover those costs and has agreement to use the assets and the services provided.

The majority of the unitary charge which KCC has to pay on behalf of the partnership for the project is covered by PFI credits in this instance £66.83m, a grant that KCC will receive from central government. PFI credits are intended to cover the costs of building the facilities and the associated funding costs and will be paid over quarterly in arrears. The majority of running costs, such as energy, communal cleaning and catering are recovered by the contractor through the rents and service charges to the tenants. KCC will administer an equalisation reserve on behalf of all the partners to address payment timing differences and manage cash flow.

The Back to Back agreement covers project governance, nomination rights, risk sharing and contract management requirements for the project. It operates on a number of key principals:

- If a risk occurs under the contract as a consequence of the actions of one party, that party should be responsible for the cost.
- If a risk occurs under the contract which is the result of a choice made by all of those partners or is the fault of no partner then a mechanism should be applied to share those costs. KCC would take 25% of the cost with the remainder being shared between the five District and Borough Councils primarily on the basis of the number of housing units gained from the project.
- Any decisions under the Back to Back to agreement which may result in an increase of risk or cost to any of the partners must be taken as unanimous decisions between all the partners through the Project Board

Estimated completion for the project is March 2016.

42. Contingent Assets

Fleming Claims

Off street car parking claims of £4.835m have previously been rejected by HMRC pending the final litigation on the Isle of Wight case. Following the decision of the First Tier (Tax) Tribunal in October 2012 which found in favour of HMRC the Isle of Wight Council submitted an appeal against the decision, and the case went to the Upper Tribunal (Tax and Chancery). Their decision (December 2014) also found in favour of HMRC and a further appeal has been lodged (to be heard in December 2015) so all pending claims and appeals continue to be treated as contingent assets subject to the outcome of the latest appeal.

Where interest has been paid on claims that have been settled, this has been statutory interest only. However, the Council has also requested compound interest on all claims. The claims for compound interest have currently been rejected following the taxpayer loss in the F J Chalke Limited & Anor case (better known as the VIC GLO) regarding compound interest. These decisions are still under appeal.

43. Nature and Extent of Risk arising from Financial Instruments

Key Risks

The Council’s activities expose it to a variety of financial risks, the key risks are:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Council;
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments;

- Re-financing risk – the possibility that the Council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms;
- Market risk - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rate or stock market movements.

Overall Procedures for Managing Risk

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

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

Credit Risk

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

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poor's Credit Ratings Services. The Annual Investment Strategy also considers maximum amounts and time limits with a financial institution located in each category. The credit criteria in respect of financial assets held by the Council are detailed below:

- Credit ratings of Short Term of F1, Long Term A (Fitch or equivalent rating), with the lowest available rating being applied to the criteria
- UK institutions provided with support from the UK Government.

This Council uses the creditworthiness service provided by Capita Asset Services. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies - Fitch, Moodys and Standard and Poors, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

- credit watches and credit outlooks from credit rating agencies,
- CDS spreads to give early warning of likely changes in credit ratings,
- sovereign ratings to select counterparties from only the most creditworthy countries.

The full Investment Strategy for 2014-15 was approved by Full Council on 6 February 2014 and a revised version was approved by Full Council on 2 October 2014 (available on the Council's website).

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings and parameters set by the Council.
The Authority's maximum exposure to credit risk in relation to its investments in financial institutions of £29.435m as at 31 March 2015 cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of 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 following analysis summarises the Council's maximum exposure to credit risk on other financial assets, based on experience of default, adjusted to reflect current market conditions:

Restated 2013-14	Amount at 31 March 2014 £'000s (a)	Historical experience of default % (b)	Adjustment for market conditions at 31 March 2014 % (c)	Estimated maximum exposure to default £'000s (a * c)
Trade Debtors	7,917	39.57	39.57	3,133
Capital/Revenue Grant Debtors	762	-	-	-
Mortgages	23	-	-	-
Car Loans (Employee)	9	-	-	-
Home Safety Loans	14	-	-	-
Charitable Loans	23	-	-	-
Leisure Services Loans	250	-	-	-
Total	**8,998**			**3,133**

2014-15	Amount at 31 March 2015 £'000s (a)	Historical experience of default % (b)	Adjustment for market conditions at 31 March 2015 % (c)	Estimated maximum exposure to default £'000s (a * c)
Trade Debtors	8,094	43.21	43.21	3,497
Capital/Revenue Grant Debtors	2,920	-	-	-
Mortgages	17	-	-	-
Car Loans (Employee)	1	-	-	-
Home Safety Loans	14	-	-	-
Charitable Loans	20	-	-	-
Leisure Services Loans	227	-	-	-
Total	**11,293**			**3,497**

The estimated maximum exposure to default for trade debtors is equivalent to the bad debt provision.

No credit limits have been exceeded during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits and bonds.

The Council does not generally allow credit for its trade debtors, such that £4.958m of the £8.094m balance is past its due date for payment. Employee car loans are repaid by salary deduction so there is no risk of default. The past due amount of trade debtors can be analysed by age as follows:

31 March 2014 £'000s		31 March 2015 £'000s
1,626	Less than three months	1,345
476	Three to six months	543
746	Six months to one year	702
2,404	More than one year	2,368
5,252	**Total**	**4,958**

Rechargeable works debtors are not included in the table above as they cannot be broken down by age in the same way as other debtors. The table below shows the changes in debtors for rechargeable works within the year:

31 March 2014 £'000s		31 March 2014 £'000s
180	**Debt brought forward from previous year (more than 1 year old)**	**241**
61	Costs incurred in financial year (less than 1 year old)	210
-	Debtor invoices raised in year	(218)
241	**Total debt outstanding at year end**	**233**

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

Liquidity Risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when it is needed.

The Council has ready access to borrowings from the Money Markets to cover any day to day cash flow need, and the PWLB and Money Markets for access to longer term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The maturity analysis of investments is as follows:

31 March 2014 £'000s		31 March 2015 £'000s
27,615	Less than one year	29,435
27,615	**Total**	**29,435**

Refinancing and Maturity Risk

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

The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council approved treasury and investment strategies that address the main risks and the central treasury team address the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The maturity analysis of fixed interest rate financial liabilities (borrowings) together with the maximum limits for amounts maturing in each period (approved by Council in the Treasury Management Strategy) is as follows:

31 March 2014 £'000s		**Approved Maximum Limits 2014-15 £'000s**	**31 March 2015 £'000s**
324	Less than one year	13,254	1,790
960	Maturing in 1 - 2 years	13,254	480
-	Maturing in 2 - 5 years	13,254	6,239
11,690	Maturing in 5 - 10 years	14,580	7,367
4,341	Maturing in 10 - 20 years	13,254	2,787
3,840	Maturing in 20 - 30 years	13,254	4,926
1,920	Maturing in 30 - 40 years	13,254	1,920
-	Maturing in 40 - 50 years	13,254	1,000
-	Maturing in 50 years and above	13,254	-
23,075	**Total**		**26,509**

Not shown in the table above are:

Trade and other payables (£13.181m) which are due to be paid in less than one year, and a loan with Dexia (£4.5m) that matures in over 50 years (see Market Risk section below).

Market Risk

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

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

Borrowings are not carried at fair value on the Balance Sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in the Other Comprehensive Income and Expenditure Statement.

The Council has a long term loan of £4.5m from Dexia Credit Local Bank which has a lender's option/borrower's option (LOBO) feature. The option allows Dexia to increase the interest rate every six months although if Dexia exercises this option the Council may repay the loan. If Dexia decides not to exercise this option, the loan will continue at the fixed rate until maturity. All of the Council's other borrowings are at fixed rate. The Council holds both variable and fixed rate investments.

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

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

2013-14 £'000s		**2014-15 £'000s**
45	Increase in interest payable on variable rate borrowings	45
(270)	Increase in interest receivable on variable rate investments	(293)
(225)	**Impact on Comprehensive Income and Expenditure Statement**	**(248)**
(2,079)	Decrease in fair value of fixed rate borrowings liabilities (no impact on Comprehensive Income and Expenditure)	(3,288)

The approximate impact of a 1% fall in interest rates would be as above but with the movements reversed. These assumptions are based on the same methodology used in the Note – Fair value of Assets and Liabilities carried at Amortised Cost.

Price risk - The Council, excluding the pension fund, does not generally invest in equity shares or marketable bonds.

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

44. Trust Funds

The Trust Funds consist of monies left in trust with the Authority and invested in accordance with specific bequests. The Council is sole trustee and only administers these funds, hence they do not form part of the Council's Accounts. The annual interest accruing thereon is distributed as follows:

	Expenditure 2014-15 £	Income 2014-15 £
Kenrick Trust	2.50	2.50
Farrar Award	26.32	26.32
Simpson Bequest	3.18	3.18
Woodward Trust	115.27	115.27

Kenrick Trust (Capital Value £100)	To the Magistrates Court Poor Box for distribution amongst the poor of Margate
Farrar Award (Capital Value £234)	To provide a prize to a nominated senior student at King Ethelbert School for Craft, Design & Technology
Simpson Bequest (Capital Value £100)	To the trustees of Ramsgate Charities for distribution amongst the poor of Ramsgate
Woodward Trust (Capital Value £253)	For the maintenance of graves in perpetuity – in the closed churchyard St John the Baptist Zion Emmanuel Cemetery

45. Harbours

Expenditure on harbours includes the Port of Ramsgate, Ramsgate Royal Harbour, Broadstairs and Margate Harbours and is included under the heading Highways, Roads and Transport Services. The majority of income and expenditure takes place within the Ramsgate operations.

2013-14 (Surplus)/ Deficit £'000s		2014-15 Expenditure £'000s	2014-15 Income £'000s	2014-15 (Surplus)/ Deficit £'000s
6,058	Port of Ramsgate	4,538	(638)	3,900
(130)	Ramsgate Royal Harbour	2,162	(2,073)	89
(57)	Broadstairs Harbour	17	(73)	(56)
12	Margate Harbour	17	(6)	11
5,883	**Total**	**6,734**	**(2,790)**	**3,944**

There is a reduction in expenditure between 2013-14 and 2014-15. The main factors are that there was £4.8m one off spend in 2013-14 (£3.4m Ferry company debt write off and £1.4m animal export ban compensation provision). And also in 2013-14 there were asset revaluations.

46. Joint Operations

In order to bring about the Economic Development and Regeneration of the area, Thanet District Council in partnership with Kent County Council set up a seperate vehicle (East Kent Opportunities LLP) which was incorporated on 4 March 2008, to develop and market the sites known as Eurokent and Manston Park. The member agreement was signed on 22 August 2008 stating that TDC and KCC have 50:50 ownership, control and economic participation in the joint operation. Both parties contributed 38 acres of land each to EKO LLP.

In accordance with IFRS 11 the Council has accounted for its share of the assets, liabilities, and income and expenditure within its own single entity accounts, but consider that including the Council's share of the liability owed to Kent County Council for the cost of construction of the spine road as a deferred liability instead of imputed cash provides more transparency. In addition the Council's share of EKO's landholdings are included in these accounts at the Council's own land valuation as this is considered more appropriate.

47. Heritage Assets – Summary of Transactions

The Code requires that the financial statements shall contain a summary of transactions relating to heritage assets disclosing the following information for the accounting period and each of the previous four accounting periods where it is practicable to do so:

a) the cost of acquisitions of heritage assets

b) the value of heritage assets acquired by donation

c) the carrying amount of heritage assets disposed of in the period and the proceeds received, and

d) any impairment recognised in the period

The Council has set a de minimus level in respect of the recognition of heritage assets of £10,000.

The following summary shows separately the assets that are reported in the Balance Sheet and those that are not. The Council carries out a regular review of its assets and has identified a relatively small amount of Heritage Assets, mainly the artefacts held at the Council's museums and vintage Dreamland rides.

The table therefore only reflects the summary of transactions for the two financial years:

	2013-14 £'000s	**2014-15 £'000s**
Cost of Recognition/acquisition of Heritage assets		
Art		
- Items with value > £10,000	85	85
- balance of collection	121	121
Furniture/Dolls etc		
- Items with value > £10,000	30	30
- balance of collection	14	14
Civic Statues		
- Items with value > £10,000	82	113
Posters		
- balance of collection	16	16
Civic Regalia		
- Items with value > £10,000	12	18
- balance of collection	11	11
Miscellaneous		
- balance of collection	52	52
Dreamland		
- Items with value > £10,000	433	440
Total Value of Assets	**856**	**900**
Total Value shown on Balance Sheet (net of impairment/devaluation)	**642**	**685**

48. Heritage Assets – Further information on the Museum's Collections

War Memorials and Public Statues

There are several 'traditional style' war memorials in varying locations throughout the District. These are included in the Community asset portfolio with no material value.

Museum Artefacts and Art Collection

The artefact collections at Margate Museum are typical of a mixed social history collection with a good proportion of the collections being of local origin and/or relevance. This includes a large number of the souvenirs and ephemera one would expect from a seaside town with a long history of tourism and entertainment. There are also artefacts from local industries, especially the Cobb Brewery, and from the agricultural past of the area. As with many local history museums, there is a collection of artefacts reflecting Margate's World War experiences and, as the Museum is sited in the town's old Gaol, some items drawn from the Police profession. Other groups of items include coins, medals and tokens, the town's official Weights and Measures, a small number of medical, technical and audio equipment, and a collection of local newspapers. There is a small collection of archaeology owned by the Museum which is supported by a larger collection of material on loan from Thanet Archaeological Trust.

The artefacts with the higher financial values include a very important wooden doll dating back to 1750, a marble bust by Sir Francis Chantry, a few theatrical posters, and Victorian furniture (mostly at Dickens House, Broadstairs).

The artefact collection is supported by a large fine art collection including some oils on canvas by notable artists, with the bulk of this collection made up of several hundred engravings of local scenes and seascapes, again, with some works by notable artists. Of particular note and financial value is the Rowe Bequest of engravings including many produced by Phillipe Loutherberg; the large oil on canvas by James Webb depicting Margate from the Pier; and significant but lower value oil paintings by Alfred Clint, George Chambers and Arthur Meadows.

This important collection is supported by a large photographic collection, including the Sunbeam Studio collection (tourist portraits) and material from the East Kent Times; an extensive collection of postcards depicting local scenes underlines the strength and importance of visual images of local scenes in the Museum's collection.

Civic Regalia

The District has a collection of various fine civic regalia including regalia deriving from past districts which were subsumed into Thanet in 1974. The most often viewed regalia are the chains and Badges of Office.

A valuation of civic regalia for insurance purposes was last undertaken in 2012-13.

Dreamland

The Dreamland amusement park was a fundamental element of the Margate seafront and comprised a cinema, amusement arcades, cafes and a traditional collection of fairground rides. Unfortunately the site has been closed for a number of years and the Council has been involved in a CPO to acquire the site with the intention of reopening the facilities including the traditional fairground. It is intended that the management of the site will be undertaken by a third party but the assets will be retained in Council ownership. The Council has acquired five rides that it will be use in the restored park. The rides are being refurbished and will be stored off site until they can be securely sited in the park.

Preservation and Management

No specific preservation treatments or action has been taken with regard to any of the Council's heritage assets. All items, except the war memorials and public sculptures, are held in civic property and none have been reported as incurring deterioration or impairment. The paintings are in general on open display and it is therefore trusted that any change in the condition of the assets would be noticed.

Some of the civic regalia has occasionally incurred damage, however this has been commensurate with being actively used on Council business and has been readily repaired. Acquisitions of new heritage assets by direct purchase are not anticipated in the future, however the Council will be happy to consider acceptance of assets offered by donation or gift.

Except for war memorials and sculptures, all Heritage assets are generally currently insured under the Council's All Risks insurance policy. In order to support this insurance a full valuation of all civic regalia items is periodically undertaken and these are the valuations used in the Balance Sheet.

49. Accounts Authorised for Issue

The date that the accounts were authorised for issue was the date that the Director of Corporate Resources & Section 151 Officer, Tim Willis, signed the Statement of Responsibilities for the Statement of Accounts on page 18.

These financial statements replace the unaudited draft financial statements certified by the Interim Section 151 Officer, Patricia Marshall on 30 June 2015.

Housing Revenue Account Income and Expenditure Statement for the year ended 31 March 2015

2013-14 £'000s		2014-15 £'000s
	INCOME	
12,390	Dwelling rents (gross)	12,710
231	Non-dwelling rents (gross)	231
315	Charges for services and facilities	356
397	Contributions towards expenditure	257
-	Housing Revenue Account subsidy receivable	-
13,333	Sub-Total Income	13,554
	EXPENDITURE	
3,073	Repairs and maintenance	3,070
2,717	Supervision and management – General	2,757
495	Supervision and management – Special	468
255	Rents, rates, taxes and other charges	329
110	Increased provision for bad or doubtful debts	121
2,525	Depreciation and impairments of fixed assets	2,803
10	Debt management costs	9
9,185	Sub-Total Expenditure	9,557
(4,148)	**Net Cost of HRA Services per Authority Comprehensive Income and Expenditure Statement**	**(3,997)**
94	HRA Services share of Corporate and Democratic Core	163
(4,054)	**Net Cost of HRA Services**	**(3,834)**
1,207	(Gain) or loss on sale of HRA non-current assets	924
961	Interest payable and similar charges	831
(82)	Interest and investment income	(91)
(1,835)	Capital grants and contributions received	(938)
(3,803)	**(Surplus)/Deficit for the year on HRA services**	**(3,108)**

Movement on the Housing Revenue Account Statement

2013-14 £'000s		2014-15 £'000s
(10,245)	Balance on the HRA at the end of the previous year	**(5,664)**
(3,803)	(Surplus) or deficit for the year on the HRA Income and Expenditure Account	(3,108)
1,148	Adjustments between accounting basis and funding basis under regulations	1,898
(2,655)	(Increase) or decrease in the Housing Revenue Account Balance before transfers to/(from) reserves	(1,210)
7,236	Transfer to/(from) Earmarked & Other Reserves	1,482
4,581	(Increase)/decrease in the year on the Housing Revenue Account	**272**
(5,664)	Balance on the HRA at the end of the current year	**(5,392)**
	Reversal of items debited/(credited) to the HRA Income and Expenditure Statement to be removed for determining the movement on the HRA balance for the year	
1,835	Capital grants and contributions received	938
(1,207)	Gain or loss on sale of HRA non-current assets	(924)
63	Net charges made for retirement benefits in accordance with IAS 19	59
691		**73**
	Addition of items not debited/(credited) to the Comprehensive Income & Expenditure Statement to be included for determining the movement on the HRA balance for the year	
(129)	Employers contributions payable to the Kent Pension Fund and retirement benefits payable direct to pensioners	(115)
586	HRA contribution to finance capital expenditure	1,940
457		**1,825**
1,148	**Net additional amount required by statute to be debited/(credited) to the HRA balance for the year**	**1,898**

Notes to the Housing Revenue Account

1. Housing Revenue Account

The Housing Revenue Account is a record of expenditure on, and income from, the provision of local authority housing, and the form and content of the Account is prescribed by statute. The Housing Revenue Account is "ring-fenced" and must be self-supporting. Contributions both to and from the Housing Revenue Account (e.g. from the General Fund) are limited to special circumstances.

2. Housing Stock

The Council was responsible for managing an average of 3,034 dwellings during 2014-15 including the Authority's share of shared ownership dwellings.

The stock as at 31 March 2015 is comprised of the following types of dwellings:

Stock as at 31 March 2014		Stock as at 31 March 2015
1,592	Houses	1,586
189	Low Rise Flats (1 to 2 Storey)	194
850	Medium-Rise Flats (3 to 5 Storey)	846
406	High-Rise Flats (6 Storeys or more)	408
3,037	**Total**	**3,034**

The total balance sheet value of the land, houses and other property within the Housing Revenue Account was as follows:

31 March 2014 £'000s		31 March 2015 £'000s
91,502	Council Dwellings	96,838
4,116	Operational Land & Buildings	6,760
360	Investment	71
95,978	**Total**	**103,669**

The vacant possession value of dwellings within the Authority's Housing Revenue Account as at 1 April 2015 was £302m. The difference between the vacant possession and balance sheet values of dwellings reflects the economic cost of providing social housing.

3. Major Repairs Reserve

The Major Repairs Allowance was an element of Housing Revenue Account Subsidy. A transitional transfer to the Major Repairs Reserve equal to the self financing settlement figure can continue to be transferred for a 5 year period. The movement on the Major Repairs Reserve during the year ended 31 March 2015 is summarised below:

2013-14 £'000s		2014-15 £'000s
(3,625)	**Balance on Major Repairs Reserve at 1 April**	**(5,999)**
(5,160)	Amount transferred to the Major Repairs Reserve	(2,571)
1,656	Repayment of principal debt borrowed	-
1,130	Amount transferred from the Major Repairs Reserve for capital expenditure on HRA Land, Houses and Other Property	2,012
(5,999)	**Balance on Major Repairs Reserve at 31 March**	**(6,558)**

4. Housing Revenue Account Capital Expenditure

2013-14 £'000s		2014-15 £'000s
205	Borrowing	225
586	Revenue Contribution to Capital	3,889
1,130	Financed from Major Repairs Reserve	2,012
202	Funded from Capital Receipts	85
1,835	Funded by grants and external contributions	938
3,958	**Total Housing Revenue Account Capital Expenditure**	**7,149**

2013-14 £'000s		2014-15 £'000s
3,958	Houses (dwellings and other land & buildings)	7,149
-	Investment properties	-
3,958	**Total**	**7,149**

5. Capital Receipts from Disposal of Land, Houses and Other Property within the Housing Revenue Account

2013-14 Total £'000s		2014-15 Usable £'000s	2014-15 Contribution to Gov't Pool £'000s	2014-15 Total £'000s
778	Sale of Dwellings	1,029	(186)	843
241	Sale of Land	-	-	-
-	Repayment of Discount	8	-	8
2	Mortgage Repayments	7	-	7
1,021	**Total**	**1,044**	**(186)**	**858**

6. Rent Arrears

Arrears of current and former tenant dwelling rents and other charges at 31 March 2015 amounted to £794k. This figure includes the full week rent charge but only payments up to and including 31 March 2015.

At the end of the rent week ended 5 April 2015 the arrears had reduced to £723k.

2013-14 £'000s		2014-15 £'000s
211	Current Tenant Rent Arrears	208
509	Former Tenant Rent Arrears	515
720	**Total**	**723**

7. Provision for Bad Debt and Doubtful Debts

The provision for bad and doubtful debts relating to the Housing Revenue Account is £661k as at 31 March 2015. The provision in 2013-14 was £627k.

8. Depreciation and Impairment of Fixed Assets

2013-14 Depreciation £'000s	2013-14 Impairment £'000s		2014-15 Depreciation £'000s	2014-15 Impairment £'000s
2,398	-	Houses	2,571	-
127	-	Other Property - Operational Assets	232	-
-	-	Investment Properties	-	-
2,525	**-**	**Total**	**2,803**	**-**

Impairment losses on HRA assets are debited to the Revaluation Reserve where a balance exists for the asset, or debited to the HRA Income and Expenditure Statement in accordance with the general provisions of the Code.

9. Pension Costs

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

Thanet District Council participates in the Local Government Pension Scheme administered by Kent County Council. This is a funded scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

The cost of retirement benefits are recognised in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However the charge required to be made against the Housing Revenue Account is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the Housing Revenue Account after Net Operating Expenditure. The following transactions have been made in the Housing Revenue Account during the year:

2013-14 IAS19 Adjustments £'000s		2014-15 IAS19 Adjustments £'000s
(66)	Current Service Costs	(56)
(63)	Movement on Pension Reserve	(59)
129	HRA contributions payable to scheme	115
-	**Net Impact**	-

It has not been possible to determine how much of the pension interest costs and expected return on assets per the actuarial report relate to the Housing Revenue Account, so these have been fully allocated to the General Fund.

Collection Fund Statement for the year ended 31 March 2015

2013-14 Council Tax £'000s	2013-14 Non-Domestic Rates £'000s			2014-15 Council Tax £'000s	2014-15 Non-Domestic Rates £'000s
		INCOME			
58,820		Council Tax (net of Benefits and Transitional Relief)	Note 2	61,168	
	31,061	Non-Domestic Rates Income	Note 3		32,549
	108	Transitional Protection Payment			-
58,820	**31,169**	**Total Income**		**61,168**	**32,549**
		EXPENDITURE			
56,437		Precepts and Demands from County Council, Police and Crime Commissioner, Fire and Rescue and the Billing Authority	Note 5	59,247	
		Non-Domestic Rates			
	14,488	- Payment to Central Government			15,984
	2,608	- Payment to County Council			2,877
	289	- Payment to Fire and Rescue			320
	11,590	- Payment to Billing Authority			12,788
	192	- Cost of Collection Allowance			193
	-	Transitional Protection Payment			2
		Bad and doubtful debts/ appeals			
406	571	- Amounts Written Off in year		185	295
818	(57)	- Provision for Bad and Doubtful Debts		893	13
-	508	- Provision for Appeals		-	6,116
-	-	Contributions towards previous years estimated surplus		1,396	-
57,661	**30,189**	**Total Expenditure**		**61,721**	**38,588**
(1,159)	**(980)**	**(Surplus)/Deficit for Year**		**553**	**6,039**
(429)	**-**	**Balance at Beginning of Year**		**(1,588)**	**(980)**
(1,588)	**(980)**	**Balance at End of Year**		**(1,035)**	**5,059**

Notes to the Collection Fund Statement

1. General

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to the local authority, major preceptors and Central Government of both council tax and non-domestic rates in accordance with the relevant sections of the Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992).

The transactions presented in the Collection Fund Statement are those permitted by the above statute and reflect the full (surplus)/deficit on the fund at the end of the year. The Comprehensive Income and Expenditure Statement recognises income on a full accruals basis even though the distribution or recovery of the Collection Fund balance occurs in the following financial year. The authority's share of this balance created by the timing differences is held in the Collection Fund Adjustment Account on the Balance Sheet.

2. Council Tax

Council tax income derives from charges raised for domestic properties, based on their market value as at 1 April 1991. Each property falls within one of eight valuation bands as follows:

Valuation Band	Range of Values
A	Up to and including £40,000
B	£40,001 - £52,000
C	£52,001 - £68,000
D	£68,001 - £88,000
E	£88,001 - £120,000
F	£120,001 - £160,000
G	£160,001 - £320,000
H	More than £320,000

The charge for each property is calculated by estimating the income required for Kent County Council, Kent Police and Crime Commissioner, Kent Fire and Rescue and Thanet District Council to provide services to the District, then dividing this by the tax base.

The following table shows the number of properties per band discounted and converted to Band D equivalents thus calculating the Council Tax base:

Band	Estimated Number of Taxable Properties after Discount	Ratio	Band D Equivalent
A	7,841	6/9	5,227
B	12,616	7/9	9,812
C	13,247	8/9	11,775
D	6,384	1	6,384
E	3,436	11/9	4,200
F	1,320	13/9	1,907
G	616	15/9	1,027
H	18	2	36
TOTAL	**45,478**		**40,368**
Add Band D equivalent military dwellings			24
Adjustment for Non-collection (3%)			(1,211)
COUNCIL TAX BASE			**39,181**

Estimated income for 2014-15 was £59.247m, actual income was £61.168m. After set aside and write off of bad debt (£1.078m) and redistribution of estimated prior year surpluses to major preceptors (£1.396m) the deficit for the year (£0.553m) has resulted in a decreased surplus on the fund of £1.035m.

3. Income from Business Rates

The Council collects non-domestic rates for its area which are based on local rateable values multiplied by a national uniform rate. The total amount, less certain reliefs and other deductions, is distributed between Central Government, County, Fire and Rescue and the Billing Authority in accordance with statutory regulations. Under these arrangements, the amounts included in these accounts can be analysed as follows:

2013-14 £'000s		2014-15 £'000s
	Non-Domestic Rateable Value £86,963,331	
41,137	Multiplied by the Uniform Business Rate (48.2p for 2014/15)	41,916
(10,948)	Less allowances and other adjustments	(7,009)
(1,022)	Less bad debt/appeals provision	(6,424)
29,167	**Net collectable Non-Domestic Rates**	**28,483**
(192)	Less cost of collection allowance	(193)
28,975	**Non-Domestic Rate Income for 14-15**	**28,290**

The Non-Domestic Rate multiplier for 2014-15 was 47.1p for qualifying properties of less than £18,000 rateable value and 48.2p for all others (2013-14 46.2p and 47.1p respectively.)

4. (Surplus)/Deficit of the Revenue Account

The introduction of Council Tax brought with it the requirement to share any surplus or deficit (in proportion to precepts) as estimated at 15 January between the major preceptors and the billing authority. The estimated surplus for 2014-15 was £1.396m. The actual surplus on the Collection Fund at year end (£1.035m) represents partly an increase in the resources attributable to the Authority, and partly amounts due to major preceptors. In order to comply with the Code of Practice on Local Authority Accounting (Code) 2014 this has been split between Thanet District Council fund balances (£0.144m) and other local authority creditors (£0.891m) within the Balance Sheet.

A change in statutory regulations for the distribution of non-domestic rates income similarly requires any surplus or deficit estimated at 31 January to be shared between central government, major preceptors (excluding the Police and Crime Commissioner) and the billing authority in prescribed proportions. There was no estimated surplus or deficit for 2014-15. The actual deficit (£5.059m) due to the increase in provision for rating appeals is split between Thanet District Council (£2.024m) and other local authorities and central government (£3.035m).

The increase in the provision for rating appeals is primarily as a result of a ruling in January 2015 on the valuation method for purpose built GP surgeries. Substantial reductions have been made by the Valuation Office Agency (VOA) to the rateable values for such premises and subsequent overpayment of business rates is subject to backdating to earlier periods.

5. Precepts and Demands on the Collection Fund

2013-14 £			2014-15 £
39,805,791	Kent County Council		41,871,734
5,374,530	Kent Police and Crime Commissioner		5,653,111
2,581,461	Kent Fire and Rescue		2,715,280
7,977,000	Thanet District Council		8,227,000
55,738,782	**Total**		**58,467,125**
	Parishes and Charter Trustees		
4,016	-	Acol	4,141
47,708	-	Birchington	38,430
193,969	-	Broadstairs	265,214
12,390	-	Cliffsend	13,979
15,522	-	Manston	15,992
84,607	-	Margate	87,585
46,150	-	Minster	50,269
7,258	-	Monkton	7,962
274,183	-	Ramsgate	281,637
11,980	-	St Nicholas at Wade	15,125
697,783	**Total**		**780,334**

Glossary of Terms

Accruals

The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

Actuarial Gains & Losses

Changes in actuarial deficits or surpluses that arise because:

a) events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses);

b) the actuarial assumptions have changed.

Asset

An item having value measurable in monetary terms. Assets can be defined as fixed or current. A fixed asset has a value for more than one year (for example a building or long term investment). A current asset can be readily converted into cash (for example stocks or a short term debtor).

Balance Sheet

This statement is fundamental to the understanding of an authority's financial position at the year end. It shows the balances and reserves at an authority's disposal and its long-term indebtedness, and the fixed and net current assets employed in its operations, together with summarised information on the fixed assets held.

Budget

The spending plans of the Council over a specific period of time – generally the financial year, 1 April to 31 March.

Business Rate Tariff

Payment made from the local authority to Central Government, where the business rate baseline (the authorities share of non-domestic rates income) is higher than the baseline funding level assessed and set by central government.

Capital Expenditure

Expenditure on the acquisition of a fixed asset or expenditure that adds to, and not merely maintains, the value of an existing fixed asset.

Capital Financing

The raising of money to pay for capital expenditure. There are various methods of financing capital expenditure, including borrowing, leasing, using capital receipts, grants or contributions from third parties, or directly from revenue budgets.

Capital Programme

The capital schemes the Council intends to carry out over a specified period of time.

Capital Receipts

Proceeds from the sale of capital assets.

Chartered Institute of Public Finance and Accountancy (CIPFA)

This is the accountancy body that represents at national level the interests of local government and public sector finance, and issues guidance to local authorities on best practice.

Collection Fund

A statement that shows the transactions of the billing authority in relation to non-domestic rates and the council tax, and illustrates the way in which these have been distributed to preceptors and the General Fund.

Community Assets

Assets that the Council intends to hold in perpetuity, or that have no determinable useful life, and that may have restrictions on their disposal. Examples of community assets include parks and historical buildings.

Contingent Asset

A possible asset that arises from past events confirmed only by the occurrence or non-occurrence of one or more uncertain future events that are not completely within the control of the authority so are not included in the balance sheet.

Contingent Liability

A possible obligation that arises from past events confirmed only by the occurrence or non-occurrence of one or more uncertain future events not completely within the control of the authority, or a present obligation arising from past events that is not recognised in the balance sheet because the amount can not be reliably measured or settlement is unlikely.

Corporate and Democratic Core

This is an element of the Service Expenditure Analysis that brings together the costs of democratic representation and management and corporate management, excluding them from the total cost of any particular service.

Creditor

Amounts owed by the Council for works done, goods received or services rendered before the end of the accounting period but for which payment had not been made by the end of that period.

Current Service Cost

The increase in the present value of the pension scheme liabilities expected to arise from employee service in the current period.

Debtor

Amounts due to the Council for works done, goods or services provided before the end of the accounting period but for which payment had not been received by the end of that period.

Depreciation

The measure of the wearing out, or other reduction in the useful economic life of a fixed asset, whether arising from use, passage of time or obsolescence through technological or other changes.

Direct Labour Organisation (DLO)

The term Direct Labour Organisation (DLO) is used to describe an organisation directly employed by the Authority that has been exposed to competition and has been established under the Local Government Act 1988.

Expected Rate of Return on Assets

The average rate of return expected over the remaining life of the related obligation on the actual assets held by the pension scheme.

Finance Lease

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee.

Financial Instrument

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. Financial instruments include bank deposits, investments, debtors, long-term debtors, creditors, temporary loans and borrowings.

Government Grants

Financial assistance from Central Government, (including government agencies and similar bodies), in the form of a cash grant. In return the Local Authority will comply with the conditions attached to the issuing of the grant that usually states how the money is to be used.

Heritage Asset

Heritage assets can be defined as tangible or intangible, and are intended to be preserved in trust for future generations because of their historical, artistic, scientific, technological, geophysical or environmental qualities and are held and maintained principally for their contribution to knowledge and culture.

Housing Benefits

A system of financial assistance to individuals towards certain housing costs administered by local authorities and subsidised by central government.

Housing Revenue Account

Reflects a statutory obligation to account separately for local authority housing provision. It shows the major elements of housing revenue expenditure and how this is met by rents, subsidy and other income.

Impairments

A reduction to the value of a fixed asset (below its carrying amount in the Balance Sheet) due to a clear consumption of economic benefits or a general fall in market value.

Income

Amounts which the Council receives or expects to receive from any source, including rents, fees, charges, sales and grants.

Comprehensive Income and Expenditure Statement

A statement that brings together expenditure and income relating to all of the local authority's functions and demonstrates how that cost has been financed from government grants and income from local taxpayers.

Infrastructure Assets

This category of non-current assets includes such facilities as highways, footpaths and sea defences.

Intangible Assets

An intangible fixed asset is one that has no physical substance but is identifiable and the Authority has control (either through custody or legal protection) over the future economic benefits. An example would be a software licence.

International Financial Reporting Standards (IFRSs) and International Accounting Standards (IASs)

In order for Financial Statements to make sense to users who rely on them for decision making purposes, there has to be consistency in the way items are treated in those statements. IFRSs and IASs give us this consistency by ensuring that all preparers of accounts follow these standards so that the accounts give a true and fair view of the state of affairs at the end of the financial year.

Inventories

Comprise goods or other assets purchased for resale and consumable stores.

Investments

A long term investment is intended to be held for use on a continuing basis in the activities of the authority. Investments should be so classified only where an intention to hold the investment for the long term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment.

Investment Properties

Interest in land and/or buildings:

a) in respect of which construction work and development have been completed; and,

b) that is held for its investment potential, any rental income being negotiated at arms length.

Liability

An amount owed by the Council that will be paid at some time in the future.

Non-Current Assets

Tangible or Intangible assets that yield benefits to the local authority and the services it provides for a period of more than one year.

Non-Domestic Rate

The Non-Domestic Rate (Business Rate) is a standard rate in the pound set by the Government on the assessed rateable value of business properties.

Non-Operational Assets

Fixed assets held by a local authority but not directly occupied, used or consumed in the delivery of services. Examples of non-operational assets are investment properties and assets that are surplus to requirements, pending sale or redevelopment.

Operating Lease

A lease where the ownership of the asset remains with the lessor, not the Council.

Operational Assets

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

Past Service Cost

Discretionary benefits awarded on early retirement are treated as past service costs.

Precept

The levy made by precepting authorities on billing authorities, for example the Kent Police Authority levies a precept on Thanet District Council.

Projected Unit Method

An accrued benefits valuation method in which the pension scheme liabilities make allowance for projected earnings. An accrued benefits evaluation method is a valuation method in which the scheme liabilities at the valuation date relate to:

a) the benefits for pensioners and deferred pensioners and their dependants, allowing where appropriate for future increases, and

b) the accrued benefits for members in service on the valuation date.

Provision

An amount set aside for liabilities or losses which are certain to arise, but which due to their nature cannot be quantified with certainty.

Reserves

Surpluses and deficits that have been accumulated over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Council. Some capital reserves such as the revaluation reserve cannot be used to meet current expenditure.

Revenue Account

The main account of the Council into which grants and other income is paid and from which the cost of providing services is met.

Revenue Expenditure

The day to day costs of the running of services, including salaries, wages, materials etc.

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