

# NEWARK AND SHERWOOD DISTRICT COUNCIL

## STATEMENT OF ACCOUNTS

2014-2015

### CONTENTS

Page

2-7	Explanatory Foreword
8	Statement of Responsibilities for the Statement of Accounts
9-10	Report of Auditor
11-16	Financial Statements
11-12	Movement in Reserves Statement
13	Comprehensive Income and Expenditure Statement
14	Balance Sheet
15-16	Cash Flow Statement
17-69	Notes to Financial Statements
70-75	Supplementary Statements
70	Housing Revenue Account
71	Movement on Housing Revenue Account Balance
72-75	Housing Revenue Account Notes
76	Collection Fund
77	Collection Fund Notes
78-90	Group Accounts
78	Introduction
79-80	Group Movement in Reserves Statement
81	Group Comprehensive Income and Expenditure Statement
82	Group Balance Sheet
83	Group Cash Flow Statement
84-90	Notes to the Group Accounts
91-93	Annual Governance Statement

## EXPLANATORY FOREWORD

### 1 Introduction

The Council's accounts for the year 2014/2015 are set out on pages 1 to 90. These comprise various statutory statements concerning internal controls, the accounts of the District Council and the Group Accounts which combine the accounts with those of Newark and Sherwood Homes Limited.

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2014/2015 (the Code) and the Service Reporting Code of Practice 2014/2015 (SeRCOP) applicable to local authorities. The Code designates certain of the financial statements as "core" and requires these to be grouped together in a specified order, to be followed by a consolidated set of notes to the accounts covering all of the core statements. Supplementary statements are presented (with their own notes) after the notes on the core statements.

The Code sets out the proper accounting practices required for Statements of Accounts, by section 21(2) of the Local Government Act 2003 prepared in accordance with the statutory framework established for England by the Accounts and Audit Regulations 2003, updated by the Accounts and Audit Regulations 2011.

The Statement of Accounts provides information on how the Council has used the financial resources available to it and answers the following significant questions:

- How much did the Council's services cost in 2014/2015?
- Where did the money come from?
- What were the major influences on the Council's Income and Expenditure?
- What were the Council's Assets and Liabilities at the close of 2014/2015

### 2 Review of 2014/2015

#### Introduction

The Council incurs both revenue and capital expenditure during the year. Revenue expenditure is generally on items that are consumed within one year, and financed from Government Grants, Council Tax, Council House Rents and various fees and charges. However, capital expenditure is on assets that have a life beyond one year and is financed from supported capital borrowing, proceeds from the sale of assets (capital receipts), capital grants and contributions, major repairs reserve and direct revenue financing.

During the year Council spending has been subject to regular monitoring and scrutiny. Quarterly monitoring reports have been considered by the appropriate service committee with Policy committee having an overview of all areas.

2014/2015 has presented the Council with a number of challenges in successfully managing its budgets. Officers and Members have worked closely together to find savings in the provision of services. These included savings achieved through scrutiny and streamlining of processes to achieve additional efficiencies together with continued in depth scrutiny of all expenditure and income to ensure high levels of value for money. During 2014/2015 the Council commenced work on the creation of a new leisure management company to take over the running of leisure services and commenced the building work on the Newark Leisure Centre. In addition the groundwork was completed for the devolution of some local services to Newark Town Council.

#### The General Fund (the Council's Revenue Account)

The Budget for 2014/2015 was achieved with a 0% change on the Council Tax giving a Band D Council Tax of £160.73.

The total net expenditure budget for the year was set at £15.7m, representing the net cost of providing the Council's services (including Parish Precepts). The financing of the total net expenditure budget for the year is shown as follows:

	£'000
Government Revenue Support Grant	3,729
Non Domestic Rate Income	3,775
Council Tax Income	8,229
<b>Total</b>	<b>15,733</b>

The following table identifies significant variances in service expenditure analysed by committee. Comparison of actuals is against the original budget for 2014/2015 i.e. the budget as approved by Council when setting the Council Tax for 2014/2015 prior to the start of the financial year as well as the revised budget ie the budget which has been adjusted during the financial year to take into account any variation not known at the time of budget setting.

	Actuals	Revised Budget	Revised Budget Variance	Original Budget	Original Budget Variance
	£'000	£'000	£'000	£'000	£'000
<b>Committee</b>					
Economic Development	969	1,842	(873)	1,234	(265)
Homes and Communities	1,655	1,820	(165)	1,706	(51)
Leisure and Environment	6,205	6,617	(412)	6,834	(629)
Policy	2,720	3,589	(869)	3,433	(713)
Pensions	686	1,135	(449)	263	423
<b>Total Services</b>	<b>12,235</b>	<b>15,003</b>	<b>(2,768)</b>	<b>13,470</b>	<b>(1,235)</b>
Central Reversals	(2,234)	(2,234)	0	(1,290)	(944)
Centrally Funded Expenditure	631	741	(110)	1,033	(402)
Centrally Funded Income	4,649	1,302	3,347	(14)	4,663
Council Tax Freeze Grant	(64)	(64)	0	(64)	0
Parishes	2,598	2,598	0	2,598	0
<b>Council Tax Requirement</b>	<b>17,815</b>	<b>17,346</b>	<b>469</b>	<b>15,733</b>	<b>2,082</b>
Formula Grant	(3,729)	(3,729)	0	(3,729)	0
Retained NDR	(4,074)	(3,600)	(474)	(3,775)	(299)
Collection Fund	(8,229)	(8,229)	0	(8,229)	0
<b>Total Net Expenditure</b>	<b>1,783</b>	<b>1,788</b>	<b>(5)</b>	<b>0</b>	<b>1,783</b>
Unbudgeted Transactions	(1,788)	(1,788)	0	0	(1,788)
<b>Total (Surplus)/Deficit</b>	<b>(5)</b>	<b>0</b>	<b>(5)</b>	<b>0</b>	<b>(5)</b>

Net Expenditure on the General Fund committees for 2014/2015 was under the original budget by £1,235k. Revised budget is used for performance management purposes throughout the financial year and explanations of the revised budget variance of (£2,768k) can be found in the appropriate committee report on the Council's website.

The major variances against original budget are due to:

- £736k net reduction in staffing costs resulting from
  - Vacant posts across a range of Council service areas including Revenues and Benefits, Environmental Health, Refuse Collection and back office services
  - Restructure of Leisure staff
  - Restructure of Economic Growth staff
  - Transitional delay of pension auto enrolment for those staff eligible for the delay
  - Changes in the calculation of the employer's pension contribution rate
- £617k additional income received in respect of
  - Newark lorry park continuing to overachieve against budget on cashless payment
  - Increasing numbers of planning applications and receipt of associated fees
- £944k underspend on Central Reversals is offset by an equivalent amount of overspend on capital charges within Committee Services
- £3,347k variance against Centrally Funded Income consists of the transfers to Usable Reserves of all other variances.

Unbudgeted transactions of £1,788k consist of the following receipts, all of which have been transferred to reserves within Centrally Funded Income

- New Homes Bonus grant
- Movement on the Doubtful Debt Provision
- The Council's share of the surplus from Mansfield Crematorium

### Housing Revenue Account

The Council maintains a separate revenue account for recording all income and expenditure relating to the management and maintenance of its housing stock. This is known as the Housing Revenue Account (HRA) and the items to be charged to it are prescribed by statute.

The Housing Revenue Account includes a management fee paid to Newark and Sherwood Homes Ltd to manage the stock owned by the Council under arms length arrangements. The management agreement came into effect on 1 November 2004.

The Localism Act 2011 legislated for a reform of council house financing known as self financing. The objectives of the reforms are:

- To give local authorities the resources, incentives and flexibility they need to manage their own housing stock for the long-term and to drive up quality and efficiency.
- To give tenants the information they need to hold their landlord to account, by replacing the current opaque system with one which has a clear relationship between the rent a landlord collects and the services they provide.

For the District Council this means that it retains the rental income from its housing stock and the charge for depreciation remains as a charge on the HRA. An amount equivalent to depreciation is transferred to the Major Repairs Reserve to ensure there is sufficient funding for the capital programme during the life of the 30 year business plan. In 2014/2015 an additional amount was also transferred to the Major Repairs Reserve.

In 2014/2015 the Council budgeted for no change in the HRA working balance. The actual year end position shows a decrease in the working balance of £3.4m. The key reason for the difference being the transfer of additional funds to the Major Repairs Reserve.

### Joint Arrangements – Mansfield Crematorium

Mansfield Crematorium has been recognised as a joint arrangement between Mansfield District Council, Ashfield District Council and Newark and Sherwood District Council. The authority accounts directly for its part of the assets, liabilities, income, expenditure and cash flows held arising from the operations of the crematorium. In 2014/2015 Mansfield Crematorium made a surplus of £834k, £87k of which is attributable to Newark and Sherwood District Council and is shown in the Comprehensive Income and Expenditure Statement under Environmental and Regulatory Services.

### Capital Expenditure and Income

Capital expenditure can be defined as that which generates an asset that has a useful life of more than one year. The capital account shows the Income and Expenditure transactions the Council makes when it:

- Buys or sells land or property
- Builds new property
- Carries out major repairs to the Council's properties
- Improves the Council's properties
- Provides grants for the above types of activity

The table below summarises capital expenditure and financing for 2014/2015.

	Original Budget £'000	Final Budget £'000	Actuals £'000	Variance £'000
Housing Services	9,221	9,420	8,722	(698)
Other Services	7,996	7,627	5,734	(1,893)
Total Capital Expenditure	17,217	17,047	14,456	(2,591)
Borrowing	1,033	1,929	1,225	(704)
Other Sources of Financing	16,184	15,118	13,231	(1,887)
Total Financing	17,217	17,047	14,456	(2,591)

The phasing of the capital budget has been monitored and adjusted through the course of the year to reflect the actual programme of work on projects planned for delivery over more than one financial year. The principal schemes contributing to the £2.6m underspending are:

- Council house property investment programme (£430k) - slippage and underspends against estimates on several small projects.
- Affordable Housing (£289k) – rephasing of projects
- National Civil War Centre (£1,163k) – rephasing of project
- New Council offices (£221k) – rephasing of project
- Delays in the acquisition of Ollerton Hall (£288k)

Further analysis of the principal items of capital expenditure and finance are provided on pages 46 and 47.

#### Minimum Revenue Provision

The Local Government Act 2003 requires authorities to set aside an amount from revenue (Minimum Revenue Provision) for the repayment of external loans which have been taken out to fund capital expenditure. In line with CLG Regulations from 2008/09 the Council is required to approve an MRP Statement for each year. For capital expenditure incurred before 1 April 2008 or which in the future will be Supported Capital Expenditure (ie Central Government provides revenue to pay for the borrowing), the MRP policy is the Capital Financing Requirement method outlined in the MRP guidance provided to local authorities by Communities and Local Government as part of the implementation of the Local Authorities (Capital Finance and Accounting) (England)(Amendment) Regulations 2008(SI 2008/414). From 1 April 2008 for all unsupported borrowing the MRP policy is the Asset Life Method whereby MRP will be based on the estimated life of the assets, in accordance with regulations.

#### Council Tax Collection

The net collectable amount for 2014/2015 Council Tax was £62.5m, of which £60.7m has been received. This represents a collection rate of 97%. Total Council Tax arrears, including costs, amounted to £3.7m as at 31 March 2015 and will be collected during 2015/2016. Council tax is collected on behalf of Nottinghamshire County Council, Nottinghamshire Fire Authority and Nottinghamshire Police Authority. Amounts collected, bad debt write offs and any surplus or deficit on collection are distributed according to precept.

#### Significance of Pension Liabilities and Assets

The application of IAS 19 has resulted in a pension liability of £66.5m shown in the Balance Sheet. This amount is matched by a pension reserve, also shown in the Balance Sheet, and therefore has no impact on the Council's overall financial position as at 31 March 2015.

Note 50 on page 59 gives further analysis of the Council's pension liability.

#### Treasury Management Performance

During the financial year, the Council operated within the treasury limits set out in the Council's Treasury Management and Annual Investment Strategy which was approved on 10 March 2014.

Continuing problems in the financial markets meant that some previously highly rated institutions that had been used for temporarily investing surplus funds remain downgraded and at the same time interest rates continue at historically low levels. In response the Council reviewed its Treasury Management Strategy and as a result it was decided to continue with reduced exposure to the market by utilising internal balances to finance some capital expenditure and also not to renew maturing debt. Remaining cash that is held for daily cashflow purposes is invested in AAA rated or Government backed institutions and instant access Money Market Funds.

In October 2008 the Icelandic banking sector defaulted on its obligations. At that time the Council had £2m invested in Glitnir. On 28 October 2011 the Icelandic Supreme Court ruled that Local Authorities investors were preferential creditors and were, therefore, entitled to receive full repayment of their investments. £1.7m was received on 16 March 2012 with the remaining balance being held in a ring fenced Icelandic bank account until currency exchange restrictions are lifted.

Interest credited to the Comprehensive Income and Expenditure Statement in 2014/2015 was £88k which represents an average interest rate of 0.42% for short term instant access deposits. However, due to the nature of investment markets longer term fixed deposits achieved an average interest rate of 0.59%. This compares to the 3 month London Inter-Bank rate (LIBID) of 0.43% for the year.

The Council held investments of £17.2m at 31 March 2015.

### Reserves and Balances

The General Fund working balance at the end of the financial year is £2,939k which will be carried over into 2015/2016. The working balance is maintained to provide a financial cushion should unexpected events occur that lead to significant unplanned expenditure that would not be met from other sources or by specific Central Government Grants. The current target working balance for the General Fund is set at £2.9m.

The Housing Revenue Account working balance of £2m represents the existing revenue balance.

The Council holds a number of earmarked reserves to finance future capital and revenue expenditure. The value of specific reserves held at 31 March 2015 is £19,929k. A full analysis of earmarked reserves is contained in Note 42 Usable Reserves.

### Consolidated Group Accounts

The authority is required under the Local Government Act 2003 to produce a set of Group accounts where it has subsidiaries, joint ventures or associates. The criteria for deciding if the authority has such relationships are laid down by the Code of Practice on Local Authority Accounting in the United Kingdom 2014/2015. The authority is required to consolidate its accounts with those of Newark and Sherwood Homes Ltd which is a wholly owned subsidiary of the authority.

## **3** Statutory Statements

The following Statement of Accounts for Newark and Sherwood District Council presents the overall financial position for the Authority for the year ended 31 March 2015, and has been produced in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2014/2015 published by the Chartered Institute of Public Finance and Accountancy (CIPFA).

**Statement of Responsibilities for the Statement of Accounts (page 8)** which is required under current Codes of Practice for Local Authority Accounting to be signed by the Chief Financial Officer stating the accounts present a true and fair view of the financial position of the Council.

**Auditor's Report (pages 9-10)** which provides an opinion on the fairness of the accounts presented.

**Annual Governance Statement (pages 91-93)** which sets out the framework within which financial control is exercised and the main components of the system including internal audit arrangements. The statement identifies any significant control issues and action being taken to address them. This has to be certified by the Chief Executive and the Leader of the Council.

## **4** Financial Statements

The Statements required by the Code comprise the following:

- Movement in Reserves Statement
- Comprehensive Income and Expenditure Statement
- Balance Sheet
- Cash Flow Statement
- Notes to Core Statements

These are described in more detail in the notes below.

**Movement in Reserves Statement (pages 11-12).** This statement shows the movement in the year on the different reserves held by the authority, analysed into 'usable reserves' (ie those that can be applied to fund expenditure or reduce local taxation) and unusable reserves. The Surplus/(Deficit) on the Provision of Services line shows the true economic cost of providing the authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for council tax setting and dwellings rent setting purposes. The Net Increase/(Decrease) before Transfers to Earmarked Reserves line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

**Comprehensive Income and Expenditure Statement (page 13).** This account summarises the resources that have been generated and consumed in providing services and managing the Council during the financial year. It includes all day-to-day expenses and related income on an accruals basis, as well as transactions measuring the value of non current assets consumed and the real projected value of retirement benefits earned by employees in the year. It includes the amounts spent not only on local taxpayer services but also local rent payer services.

**Balance Sheet (page 14)** which summarises the Council's assets and liabilities together with the sources of funds i.e. what the Council owns, who it owes money to, who owes it money and what reserves it has to meet future spending.

**Cash Flow Statement (pages 15-16)** which summarises the movement in cash i.e. excluding internal provisions which have no effect on cash.

**Notes to Financial Statements (pages 17-69).** These are notes relating to the preceding financial statements which explain and provide additional information to figures included in these statements.

**Housing Revenue Account (pages 70-75).** This reflects a statutory obligation to account separately for the Council's housing landlord function. It shows the major elements of housing revenue expenditure – maintenance, administration and capital financing costs, and how these are met by rents, service charges and other income.

**Collection Fund (pages 76-77).** The Account details all monies due from Council Tax and Non Domestic Rate payers and payments made to the County Council, Police and Fire Authorities and the District Council. A proportion of Non Domestic Rates is paid to central government and the remainder is paid into a County Pool and redistributed to Pool members.

**Group Accounts (pages 78-90).** The District Council has considered the relevant legislation and accounting guidance and has concluded that it will need to prepare Group Accounts. These consolidate the accounts of the District Council with those of Newark and Sherwood Homes Ltd which is wholly owned by the District Council. After due consideration no other third party organisation's accounts need to be consolidated.

## STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

### **The Authority's Responsibilities**

1 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. In this authority, that officer is the Director of Resources.
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- approve the Statement of Accounts.

### **Responsibilities of the Director of Resources**

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

3 In preparing this Statement of Accounts, the Director of Resources has:

- selected suitable accounting policies and then applied them consistently
- made judgments and estimates that were reasonable and prudent
- complied with the local authority Code.

4 The Director of Resources has also:

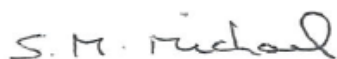
- kept proper accounting records which were up to date
- taken reasonable steps for the prevention and detection of fraud and other irregularities

### Certificate of the Director of Resources

5 This statement of accounts is that upon which the auditor should enter his opinion. It presents a true and fair view of the financial position of the authority at 31st March 2015 and its income and expenditure for the year then ended.



**D. Dickinson BA, CPFA**  
**Director - Resources**  
**Date: 9<sup>th</sup> September 2015**



**Councillor Mrs S. M. Michael**  
**Chairman – Audit and Accounts Committee**  
**Date : 9<sup>th</sup> September 2015**



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEWARK AND SHERWOOD DISTRICT COUNCIL**

We have audited the financial statements of Newark and Sherwood District Council for the year ended 31 March 2015 on pages 11 to 90. 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 the Authority, as a body, in accordance with Part II of the Audit Commission Act 1998. Our audit work has been undertaken so that we might state to the members of the Authority, as a body, 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 members of the Authority, as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of the Director of Resources and auditor**

As explained more fully in the Statement of the Director of Resources Responsibilities, the Director of Resources 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, 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 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 Director of Resources; 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 the Authority and the Group as at 31 March 2015 and of the Authority's and the Group's expenditure and income for the year then ended;
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

### **Matters on which we are required to report by exception**

The Code of Audit Practice 2010 for Local Government Bodies requires us to report to you if:

- the annual governance statement which accompanies the financial statements does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007; or
- the information given in the explanatory foreword for the financial year for which the financial statements are prepared is not consistent with the financial statements; or
- any matters have been reported in the public interest under section 8 of Audit Commission Act 1998 in the course of, or at the conclusion of, the audit; or
- any recommendations have been made under section 11 of the Audit Commission Act 1998; or
- any other special powers of the auditor have been exercised under the Audit Commission Act 1998.

We have nothing to report in respect of these matters.

## **Conclusion on Newark and Sherwood District Council's arrangements for securing economy, efficiency and effectiveness in the use of resources**

### **Authority's responsibilities**

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.

### **Auditor's responsibilities**

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.

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 audit 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, Newark and Sherwood 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 Newark and Sherwood District Council in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice 2010 for Local Government Bodies issued by the Audit Commission.

**John Cornett**  
**for and on behalf of KPMG LLP, Appointed Auditor**

Chartered Accountants  
St Nicholas House  
Park Row  
Nottingham  
NG1 6FQ

24<sup>th</sup> September 2015

**MOVEMENT IN RESERVES STATEMENT**

<b>Newark and Sherwood District Council</b>	General Fund	Earmarked	Housing	Major	Grants &	Capital	Total	Unusable	Total
<b><u>Movement in Reserves Statement for the financial year 2014/2015</u></b>	Balance	General Fund Reserves	Revenue Account	Repairs Reserve	Contributions Unapplied	Receipts Reserve	Usable Reserves	Reserves	Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 31 March 2014</b>	<b>2,934</b>	<b>15,205</b>	<b>5,401</b>	<b>1,425</b>	<b>6,009</b>	<b>7,024</b>	<b>37,998</b>	<b>25,424</b>	<b>63,422</b>
<b>Movement in Reserve during 2014/15</b>									
Surplus/(Deficit) on Provision of Services	5,450		9,136				14,586		14,586
Other Comprehensive Expenditure and Income							0	(11,706)	(11,706)
<b>Total Comprehensive Expenditure and Income</b>	<b>5,450</b>	<b>0</b>	<b>9,136</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>14,586</b>	<b>(11,706)</b>	<b>2,880</b>
<b>Adjustments between Accounting basis and Funding basis under Regulations</b>									
Depreciation and impairment of non current assets	1,507		(7,427)				(5,920)	5,920	0
Depreciation charged to the Major Repairs Reserve				2,599			2,599	(2,599)	0
Use of Major Repairs Reserve to finance capital expenditure				(6,015)			(6,015)	6,015	0
Capital grants and contributions	(4,870)				(199)		(5,069)	5,069	0
Capital receipts used to finance capital expenditure						(1,154)	(1,154)	1,154	0
Movement in Donated Assets							0	0	0
Revenue expenditure funded from capital under statute	774						774	(774)	0
Net gain/loss on sale of non current assets	(23)		3,892			1,225	5,094	(5,094)	0
Amount by which finance costs are different	(4)						(4)	4	0
Amount by which pension costs are different	2,294		(260)				2,034	(2,034)	0
Collection Fund income adjustment	25						25	(25)	0
Statutory provision for repayment of debt	(709)						(709)	709	0
Capital expenditure charged to the General Fund balance	(140)		(771)				(911)	911	0
Transfer to unusable reserves	(46)						(46)	46	0
Transfer re Housing Pooled Receipts	395					(395)	0	0	0
	(797)	0	(4,566)	(3,416)	(199)	(324)	(9,302)	9,302	0
<b>Net Increase/(Decrease) before Transfers to Earmarked Reserves</b>	<b>4,653</b>	<b>0</b>	<b>4,570</b>	<b>(3,416)</b>	<b>(199)</b>	<b>(324)</b>	<b>5,284</b>	<b>(2,404)</b>	<b>2,880</b>
Net transfer (to)/from earmarked reserves	(4,648)	4,724	(7,971)	7,971	(121)	0	(45)	45	0
<b>Increase/(Decrease) in year</b>	<b>5</b>	<b>4,724</b>	<b>(3,401)</b>	<b>4,555</b>	<b>(320)</b>	<b>(324)</b>	<b>5,239</b>	<b>(2,359)</b>	<b>2,880</b>
<b>Balance at 31 March 2015 carried forward</b>	<b>2,939</b>	<b>19,929</b>	<b>2,000</b>	<b>5,980</b>	<b>5,689</b>	<b>6,700</b>	<b>43,237</b>	<b>23,065</b>	<b>66,302</b>

<b><u>Newark and Sherwood District Council</u></b>	<i>General</i>	<i>Earmarked</i>	<i>Housing</i>	<i>Major</i>	<i>Grants &amp;</i>	<i>Capital</i>	<i>Total</i>	<i>Unusable</i>	<i>Total</i>
<b><u>Movement in Reserves Statement for the financial</u></b>	<i>Fund</i>	<i>General Fund</i>	<i>Revenue</i>	<i>Repairs</i>	<i>Contributions</i>	<i>Receipts</i>	<i>Usable</i>	<i>Reserves</i>	<i>Authority</i>
<b><u>year 2013/2014</u></b>	<i>Balance</i>	<i>Reserves</i>	<i>Account</i>	<i>Reserve</i>	<i>Unapplied</i>	<i>Reserve</i>	<i>Reserves</i>	<i>£'000</i>	<i>Reserves</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<b>Balance at 31 March 2013</b>	<b>2,901</b>	<b>10,637</b>	<b>5,223</b>	<b>1,604</b>	<b>5,098</b>	<b>5,985</b>	<b>31,448</b>	<b>21,986</b>	<b>53,434</b>
<b>Movement in Reserve during 2013/14</b>									
Surplus/(Deficit) on Provision of Services	658		9,578				10,236		10,236
Other Comprehensive Expenditure and Income							0	(248)	(248)
<b>Total Comprehensive Expenditure and Income</b>	<b>658</b>	<b>0</b>	<b>9,578</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,236</b>	<b>(248)</b>	<b>9,988</b>
<b>Adjustments between Accounting basis and Funding basis under Regulations</b>									
Depreciation and impairment of non current assets	2,013		(8,891)				(6,878)	6,878	0
Depreciation charged to the Major Repairs Reserve				2,449			2,449	(2,449)	0
Use of Major Repairs Reserve to finance capital expenditure				(6,598)			(6,598)	6,598	0
Capital grants and contributions	(2,164)				1,056		(1,108)	1,108	0
Capital receipts used to finance capital expenditure						(194)	(194)	194	0
Movement in Donated Assets							0		0
Revenue expenditure funded from capital under statute	1,022						1,022	(1,022)	0
Net gain/loss on sale of non current assets	(37)		3,708			1,694	5,365	(5,365)	0
Amount by which finance costs are different	(3)						(3)	3	0
Amount by which pension costs are different	2,602		(190)				2,412	(2,412)	0
Collection Fund income adjustment	641						641	(641)	0
Statutory provision for repayment of debt	(691)						(691)	691	0
Capital expenditure charged to the General Fund balance	0		(57)				(57)	57	0
Transfer to unusable reserves	(42)						(42)	42	0
Transfer re Housing Pooled Receipts	461					(461)	0	0	0
	<b>3,802</b>	<b>0</b>	<b>(5,430)</b>	<b>(4,149)</b>	<b>1,056</b>	<b>1,039</b>	<b>(3,682)</b>	<b>3,682</b>	<b>0</b>
<b>Net Increase/(Decrease) before Transfers to Earmarked Reserves</b>	<b>4,460</b>	<b>0</b>	<b>4,148</b>	<b>(4,149)</b>	<b>1,056</b>	<b>1,039</b>	<b>6,554</b>	<b>3,434</b>	<b>9,988</b>
Net transfer (to)/from earmarked reserves	(4,427)	4,568	(3,970)	3,970	(145)	0	(4)	4	0
<b>Increase/(Decrease) in year</b>	<b>33</b>	<b>4,568</b>	<b>178</b>	<b>(179)</b>	<b>911</b>	<b>1,039</b>	<b>6,550</b>	<b>3,438</b>	<b>9,988</b>
<b>Balance at 31 March 2014 carried forward</b>	<b>2,934</b>	<b>15,205</b>	<b>5,401</b>	<b>1,425</b>	<b>6,009</b>	<b>7,024</b>	<b>37,998</b>	<b>25,424</b>	<b>63,422</b>

**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.

<b><u>Newark and Sherwood District Council</u></b>		2014/2015	2014/2015	2014/2015		2013/2014	2013/2014	2013/2014
<b><u>Comprehensive Income and Expenditure Statement</u></b>		£'000	£'000	£'000		£'000	£'000	£'000
<b><u>for the financial year 2014/2015</u></b>		Gross	Gross	Net		Gross	Gross	Net
	Note	Spend	Income	Spend		Spend	Income	Spend
Central Services to the Public		2,464	(1,710)	754		2,724	(1,468)	1,256
Cultural and Related Services		5,852	(3,282)	2,570		6,375	(3,147)	3,228
Environmental and Regulatory Services		7,024	(2,345)	4,679		7,228	(2,172)	5,056
Highways and Transport Services		526	(1,274)	(748)		496	(1,112)	(616)
Housing Revenue Account		3,876	(22,190)	(18,314)		4,123	(22,091)	(17,968)
Housing Services		27,983	(27,198)	785		28,889	(27,675)	1,214
Planning Services		4,462	(3,089)	1,373		4,932	(2,748)	2,184
Corporate and Democratic Core		2,201	(43)	2,158		2,179	(86)	2,093
Non Distributed Costs		1,060	0	1,060		794	0	794
<b>(Surplus)/Deficit on Continuing Operations</b>		<b>55,448</b>	<b>(61,131)</b>	<b>(5,683)</b>		<b>57,740</b>	<b>(60,499)</b>	<b>(2,759)</b>
Other Operating Expenditure	10	8,992	(1,351)	7,641		8,536	(1,734)	6,802
Financing and Investment Income and Expenditure	11	6,659	(547)	6,112		6,812	(595)	6,217
Taxation and Non Specific Grant Income	12	0	(22,656)	(22,656)		0	(20,496)	(20,496)
<b>(Surplus)/Deficit on Provision of Services</b>		<b>71,099</b>	<b>(85,685)</b>	<b>(14,586)</b>		<b>73,088</b>	<b>(83,324)</b>	<b>(10,236)</b>
(Surplus)/Deficit on Revaluation of Non Current Assets				(1,581)				(558)
Actuarial (Gains)/Losses on Pensions Assets/Liabilities				13,287				806
<b>Other Comprehensive Income and Expenditure</b>				<b>11,706</b>				<b>248</b>
<b>Total Comprehensive Income and Expenditure</b>				<b>(2,880)</b>				<b>(9,988)</b>

There have been no acquired operations or discontinued operations in the financial years 2013/2014 and 2014/2015.

## BALANCE SHEET

The Balance Sheet shows the value, as at the balance sheet date, of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories. The first category of reserves are usable reserves ie those reserves the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those 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'.

<b>Newark and Sherwood District Council</b>		31st March 2015	31st March 2014	31st March 2013
<b>Balance Sheet as at 31st March 2015</b>	Note	£'000	£'000	£'000
Property Plant and Equipment	20	208,338	195,126	187,145
Heritage Assets	23	1,580	1,580	1,580
Investment Property	24	2,686	2,389	2,626
Intangible Assets	26	162	201	173
Assets Held for Sale		0	0	0
Long Term Investments	52	0	10	10
Long Term Debtors	31	348	2,008	2,839
<b>Long Term Assets</b>		<b>213,114</b>	<b>201,314</b>	<b>194,373</b>
Short Term Investments	52	575	3,479	1,467
Inventories	32	100	92	110
Short Term Debtors	33	11,281	10,089	11,802
Cash and Cash Equivalents		17,083	6,841	1,517
Assets Held for Sale	25	163	21	0
<b>Current Assets</b>		<b>29,202</b>	<b>20,522</b>	<b>14,896</b>
Bank Overdraft		0	0	0
Short Term Borrowing	52	(10,106)	(14,134)	(10,774)
Short Term Creditors	34	(10,611)	(6,307)	(4,960)
Short Term Provisions	35	(45)	(52)	(1)
Short Term Grants Receipts in Advance		(85)	(306)	(469)
<b>Current Liabilities</b>		<b>(20,847)</b>	<b>(20,799)</b>	<b>(16,204)</b>
Long Term Creditors	37	(2,690)	(1,528)	(1,684)
Long Term Provisions	38	(640)	(667)	0
Long Term Borrowing	52	(84,642)	(83,659)	(89,676)
Other Long Term Liabilities	39	(66,765)	(51,444)	(48,227)
Capital Grants Receipts in Advance	40	(430)	(317)	(44)
<b>Long Term Liabilities</b>		<b>(155,167)</b>	<b>(137,615)</b>	<b>(139,631)</b>
<b>Net Assets</b>		<b>66,302</b>	<b>63,422</b>	<b>53,434</b>
Usable Reserves	41	43,237	37,998	31,448
Unusable Reserves	41	23,065	25,424	21,986
<b>Total Reserves</b>		<b>66,302</b>	<b>63,422</b>	<b>53,434</b>

## CASH FLOW STATEMENT

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

<b>Newark and Sherwood District Council</b>		2014/2015		2013/2014		
<b>Cash Flow Statement for 2014/2015</b>		Note	£'000	£'000	£'000	£'000
<b><u>Operating Activities</u></b>						
<b>Cash outflows</b>						
Cash paid to and on behalf of Employees			13,023		13,129	
Other Operating Costs			35,294		30,125	
Revenue Expenditure funded from Capital			774		1,022	
Housing Benefits paid out			14,759		15,115	
Contribution to Housing Pooled Receipts			395		461	
Parish Precepts			2,404		2,311	
Interest Paid			4,435	71,084	4,773	66,936
<b>Cash inflows</b>						
Council Tax Income			(8,345)		(8,409)	
Rents			(9,915)		(9,658)	
Non Domestic Rates			(3,934)		(4,084)	
Revenue Support Grant			(3,729)		(4,855)	
DWP Grants for Rebates			(25,884)		(26,303)	
Other Government Grants			(1,843)		(2,121)	
Cash Received for Goods and Services			(25,700)		(25,853)	
Interest Received			(546)	(79,896)	(595)	(81,878)
<b>Operating Activities Net Cash Flow</b>	55			<b>(8,812)</b>		<b>(14,942)</b>
<b><u>Investing Activities</u></b>						
<b>Cash outflows</b>						
Purchase of Fixed Assets			5,218		9,975	
<b>Cash inflows</b>						
Sale of Fixed Assets			(1,225)		(2,730)	
Capital Grants Received			(5,018)		(2,445)	
Other Capital Cash Income			56		169	
			(6,187)		(5,006)	
<b>Investing Activities Net Cash Flow</b>				<b>(969)</b>		<b>4,969</b>
<b><u>Financing Activities</u></b>						
<b>Cash outflows</b>						
Repayments of Amounts Borrowed			16,617		12,964	
Agency Payments			0		12	
Capital Element of Finance Lease Rentals			0		0	
			16,617		12,976	
<b>Cash inflows</b>						
Agency Payments			(580)		0	
Repayment of investments			(2,904)		2,012	
New Loans Raised			(13,594)		(10,339)	
			(17,078)		(8,327)	
<b>Financing Activities Net Cash Flow</b>				<b>(461)</b>		<b>4,649</b>

	Note	2014/2015		2013/2014	
		£'000	£'000	£'000	£'000
<b>Operating Activities Net Cash Flow</b>			(8,812)		(14,942)
<b>Investing Activities Net Cash Flow</b>			(969)		4,969
<b>Financing Activities Net Cash Flow</b>			(461)		4,649
<b><u>Net Increase/Decrease in Cash and Cash Equivalents</u></b>			<b><u>(10,242)</u></b>		<b><u>(5,324)</u></b>
Cash and Cash Equivalents at 1 April					
Cash held		55		42	
Bank current accounts		(37)		(848)	
Short term deposits	52	<u>6,823</u>	6,841	<u>2,323</u>	1,517
Cash and Cash Equivalents at 31 March					
Cash held		42		55	
Bank current accounts		371		(37)	
Short term deposits	52	<u>16,670</u>	17,083	<u>6,823</u>	6,841

The notes on pages 17 to 69 form an integral part of these financial statements.



**NOTES TO THE ACCOUNTS FOR THE FINANCIAL YEAR 2014/2015**

1 Accounting Policies

**1.1 General Principles**

The Statement of Accounts summarises the Council's transactions for the 2014/2015 financial year and its position at the year-end of 31 March 2015. It has been prepared in accordance with 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, supported by International Financial Reporting Standards (IFRS). The accounting convention adopted is historical cost, modified firstly by the revaluation of certain categories of non current assets and secondly as regards the valuation of stocks. Accounting policies and estimation techniques have been selected and exercised, having regard to the accounting principles and concepts set out in IAS 8, specifically the qualitative characteristics of financial information:

- Relevance
- Reliability
- Comparability
- Understandability
- Materiality

and pervasive accounting concepts:

- Accruals
- Going Concern
- Primacy of legislative requirements

**1.2 Accruals of Income and Expenditure**

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

- Fees, charges and rents due from customers are accounted for as income at the date the Council provides the relevant goods or services.
- Supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption, they are carried as stocks on the Balance Sheet.
- Works are charged as expenditure when they are completed, before which they are carried as works in progress on the Balance Sheet.
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where income 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. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

Income and expenditure are credited and debited to the relevant service revenue account, unless they properly represent capital receipts or capital expenditure.

**1.3 Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors**

Prior period adjustments may arise as a result of a change in accounting policy or to correct a material error. Changes in accounting estimates are accounted for prospectively ie in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Amendments have been made to the following accounting standards which have been adopted fully by the Council in the 2014/2015 statements:

- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interest in Other Entities
- IAS 27 Separate Financial Statements
- IAS 28 Investments in Associates and Joint Ventures
- IAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
- IAS 1 Presentation of Financial Statements

The preparation of IFRS accounts requires the use and calculation of estimates. It also requires management to exercise its judgement in applying the use of the Council's accounting policies. The areas involved in a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in the relevant sections of the financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results may differ from these estimates.

#### **1.4 Provisions, Contingent Liabilities and Contingent Assets**

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

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

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

Provisions may also be created where there is some uncertainty over the Council's entitlement to receive income. This may arise in connection with changes in the eligibility criteria of central government programmes or as a result of the interpretation of new legislation.

Contingent Liabilities: arises where an event has taken place that gives the authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events, not wholly within the control of the authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets: 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 assets 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.

#### **1.5 Reserves**

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year to score against the Surplus/Deficit on Continuing Operations in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non current fixed assets and retirement benefits and do not represent usable resources for the Council - these reserves are explained in the relevant policies below.

## **1.6 Government and Other Grants and Contributions**

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations (including donated assets), both revenue and capital, are recognised as due to the Council when there is reasonable assurance that

- The Council will comply with any conditions attached to the payments
- 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.

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 Comprehensive Income and Expenditure Account.

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 and New Homes Bonus Grant) and all capital grants and contributions are credited to Taxation and Non Specific Grant Income. Capital grants are reversed out of the General Fund Balance in the Movement in Reserves Statement.

Community Infrastructure Levy: the authority has elected to charge a Community Infrastructure Levy (CIL). The levy will be charged on new builds with appropriate planning consent. The Council charges and collects the levy which is received without outstanding conditions and is, therefore, treated in accordance with the policy set out above. The income from the levy will be largely used to fund capital infrastructure projects, however a small proportion may be used to fund revenue expenditure.

## **1.7 Post Employment Benefits**

The Council fully complies with the requirements of IAS 19 Employee Benefits and recognises the cost of retirement benefits in the revenue account when employees earn them rather than when the benefits are eventually paid as pensions.

Employees of the Council are members of the Local Government Pensions Scheme, administered by Nottinghamshire County Council (the pension fund). The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

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

Liabilities are discounted to their value at current prices, using a discount rate 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.

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

- Service Cost comprising
  - current service cost - the increase in liabilities as a result of years 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 (Surplus)/Deficit on Continuing Operations in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs

- net interest on the net defined benefit liability or asset ie net interest expense for the authority – the change during the period in the net defined benefit liability or asset that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability or asset at the beginning of the period – taking into account any changes in the net defined benefit liability or asset during the period as a result of contribution and benefit payments
- Remeasurements comprising
  - the return on plan assets – excluding amounts included in net interest on the defined benefit liability or asset – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
  - actuarial gains and losses – changes in the net pensions 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 as Other Comprehensive Income and Expenditure
- Contributions paid to the pension fund - cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

Statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement on the General Fund Balance this means that there are appropriations 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 any amounts payable to the fund but unpaid at the year-end.

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

## 1.8 Value Added Tax

Income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to HM Revenue and Customs and all VAT paid is recoverable from them.

## 1.9 Overheads and Support Services

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 2014/2015 (SerCOP). 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 Council's status as a multi-functional, democratic organisation.
- Non Distributed Costs - discretionary benefits awarded to employees retiring early and depreciation and impairment losses chargeable on non operational properties.

These two cost categories are defined in SerCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement Account, as part of Continuing Operations.

The bases of allocation used for the main categories of overhead and support services are outlined below:

<u>Service</u>	<u>Basis of Charge</u>
Administrative Buildings	Area occupied
Information Communication Technology	Systems operated and equipment utilised
Audit	Staff time
Revenue Collection Services	Transactions
Human Resources	Staff numbers
Administrative Services	Staff time
Legal	Staff time
Financial Services	Staff time and transactions
Central printing, telephones and postages	Transactions
Corporate Property Services	Staff time
Management and Administration	Staff time

## 1.10 Non Current Assets

Non current assets are assets that have physical substance and are held for use in the provision of services or for administrative purposes on a continuing basis.

Recognition: expenditure on the acquisition, creation or enhancement of non current assets is capitalised on an accruals basis, provided that it yields benefits to the Council and the services that it provides for more than one financial year. Expenditure that secures but does not extend the previously assessed standards of performance of an asset (e.g. repairs and maintenance) is charged to revenue as it is incurred. Expenditure under the value of £15,000 is treated as de-minimis.

Measurement: assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use. Assets are then carried in the Balance Sheet using the following measurement bases:

- Investment properties – fair value
- Infrastructure assets – are written off in full if they have no tangible value
- Community Assets (including property Heritage Assets) and Assets Under Construction (excluding Investment Property under construction) – measured at historical cost
- Other Land and Buildings, Vehicles, Plant and Equipment and Surplus Assets – fair value or, where there is no market based evidence of fair value, depreciated historical cost
- Council dwellings – fair value measured using existing use value – social housing
- Assets Held for Sale – the lower of carrying amount and fair value less costs to sell
- Heritage Assets (non property) – insurance cost valuation

Fair Value is defined as the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction and can be further assessed as follows:

- Property Plant and Equipment – the amount that would be paid for the asset in its existing use
- Investment Properties – the amount that would be paid for the asset in its highest and best use ie market value
- Assets Held for Sale – the amount that would be paid for the asset in its highest and best use ie market value

Valuation: assets are included in the Balance Sheet at current value on the basis recommended by CIPFA and in accordance with the Appraisal and Valuation Manual issued by the Royal Institution of Chartered Surveyors (RICS). Non current assets are classified into the groupings required by the CIPFA Code of Practice on Local Authority Accounting.

Assets included in the Balance Sheet at current value are revalued where there have been material changes in the value, but as a minimum every five years. Community Assets, Infrastructure Assets and Assets Under Construction are held at historical cost and are not revalued. Increases in valuations (except increases in Investment Properties) are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of an impairment loss previously charged to a service revenue account. All gains on Investment Properties are charged to a service revenue account.

The Revaluation Reserve contains revaluation gains recognised since 1<sup>st</sup> April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment: the values of each category of assets and of material individual assets that are not being depreciated are reviewed at the end of each financial year for evidence of reductions in value. Where impairment is identified as part of this review or as a result of a valuation exercise, this is accounted for by:

- Non-revalued asset – recognised in the Comprehensive Income and Expenditure Statement
- Revalued asset (for both asset specific and non asset specific impairment) - recognised in the Revaluation Reserve up to the credit balance existing in respect of the asset and thereafter to the Comprehensive Income and Expenditure Statement
- Investment Properties and Assets Held for Sale– all impairments are charged direct to the Comprehensive Income and Expenditure Statement

Impairment losses are not proper charges to the General Fund and any such amounts are transferred to the Capital Adjustment Account and reported in the Movement in Reserves Statement.

Disposals and Non Current Assets Held for Sale: when it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell, Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale they are reclassified back to non current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the value of the asset in the Balance Sheet is written off to the Comprehensive Income and Expenditure Statement as part of other operating expenditure. Receipts from disposals are credited to the Comprehensive Income and Expenditure Statement as part of other operating expenditure (i.e. netted off against the carrying value of the asset at the time of 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 housing disposals is payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the Movement in Reserves Statement.

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

The Council has taken advantage of the ability to earmark all sales of non right to buy housing revenue account land and property for the provision of affordable housing. In this way 100% of such sales can be retained.

Depreciation: depreciation is provided for on all non current assets with a determinable finite life (except for investment properties, assets held for sale and land with an unlimited useful life) by allocating the value of the asset in the Balance Sheet over the periods expected to benefit from their use.

Depreciation is calculated on the following bases:

<u>Asset</u>	<u>Depreciation Method</u>	<u>Useful Life in Years</u>
Council Dwellings	Straight line allocation over the life of the property as estimated by the Valuer	35 – 50
Other Buildings	Straight line allocation over the life of the property as estimated by the Valuer	20 – 100
Vehicle, Plant and Equipment	Straight line allocation, taking into account any residual value, over their useful life as advised by a suitably qualified officer	5 – 10
Infrastructure	Straight line (where asset has tangible value)	25
Community Assets	Straight line	100
Surplus Assets	Straight line	10 -100
Land	No depreciation charged	
Assets Under Construction	No depreciation charged	
Assets Held for Sale	No depreciation charged	
Investment Properties	No depreciation charged	

Where an asset has major components with different estimated useful lives these are depreciated separately. Land and buildings are separate assets and are accounted for separately, even when they are acquired together.

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.

Heritage Assets: Heritage Assets are assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture. Assets are recognised and valued in accordance with the policy on Property, Plant and Equipment unless the cost of the valuation is not commensurate with the benefit to the users of the financial statement; in such an instance historical cost (less any accumulated depreciation, amortisation and impairment losses) is used. Valuation is made by an appropriate method and after an appropriate period. Depreciation is not charged on heritage assets which have indefinite lives, however, the value of an asset will be reviewed where there is evidence of impairment and any such impairment will be dealt with in accordance with the non current asset impairment policy above. Disposals of heritage assets are dealt with in accordance with the non current asset disposal policy above.

Intangible Assets: expenditure on assets that do not have physical substance but are identifiable and controlled by the Council (e.g. software licences) is capitalised when it will bring benefits to the Council for more than one financial year. The balance is amortised to the relevant service revenue account over the economic life of the investment to reflect the pattern of consumption of benefits.

### **1.11 Charges to Revenue for Non Current Assets**

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

- depreciation attributable to the assets used by the relevant service
- impairment losses where there are no accumulated gains in the Revaluation Reserve against which they can be written off or which have been recognised on investment properties and assets held for sale
- amortisation of intangible assets attributable to the service.

The Council is not required to raise council tax to cover depreciation, impairment losses or amortisations. However, it is required to make an annual contribution from revenue to contribute towards the reduction in its overall borrowing requirement (equal to at least 4% of the underlying amount measured by the adjusted Capital Financing Requirement, excluding amounts attributable to HRA activity). Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

### **1.12 Revenue Expenditure Funded from Capital under Statute**

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

### **1.13 Leased Assets**

Finance leases. Assets acquired under finance leases are capitalised in the authority's accounts, together with the liability to pay future rentals. The Council accounts for leases as finance leases when substantially all the risks and rewards relating to the leased property transfer to the Council. Rentals payable are apportioned between

- a charge for the acquisition of the interest in the property (recognised as a liability in the Balance Sheet at the start of the lease, matched with a non current asset - the liability is written down as the rent becomes payable) and
- a finance charge (debited to (Surplus)/Deficit on Continuing Services in the Comprehensive Income and Expenditure Statement as the rent becomes payable).

Non current assets recognised under finance leases are accounted for using the policies applied generally to Non Current Assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life.

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.

## 1.14 Financial Liabilities

Financial liabilities are recognised on the Balance Sheet where 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. The effective annual interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised. For most of the borrowings held by the Council this means the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

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

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

## 1.15 Financial Assets

Financial assets are classified into two types:

- Loans and Receivables – assets that have fixed or determinable payments but are not quoted in an active market
- 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 assets of this type.

Loans and Receivables: are recognised in 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 credits to 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 the Council has made this means 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 is the amount receivable for the year in the loan agreement.

However, the Council has made a number of loans under its Enterprise Scheme to help new businesses at less than market rates (soft loans). Where these are material a loss is recorded in the Comprehensive Income and Expenditure Statement in line with statutory guidelines.

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

Any gains and losses that arise on the derecognition of the asset are credited/debited to the Comprehensive Income and Expenditure Statement.

Instruments entered into before 1<sup>st</sup> April 2006: the Council does not hold any instruments of this type.

## 1.16 Interests in Companies and Other Entities

The Council has material interests in companies and other entities that have the nature of subsidiaries, associates and joint ventures and require it to prepare group accounts. In the Council's own single entity accounts the interests in companies and other entities are recorded as investments i.e. at cost less any provision for losses.



Newark and Sherwood Homes Ltd is a wholly owned subsidiary of the authority which manages the housing stock, owned by the Council, under an arms length arrangement and their accounts are consolidated with the authority's in accordance with IAS 27.

Mansfield Crematorium has been recognised as a joint arrangement between Mansfield District Council, Ashfield District Council and Newark and Sherwood District Council. The authority accounts directly for its part of the assets, liabilities, income, expenditure and cash flows held arising from the operations of the crematorium.

### **1.17 Cash Equivalents**

Cash equivalents are held for the purpose of meeting short term commitments rather than for investment or other purposes. The Council classifies the following as cash equivalents:

- Overdrawn balances on the Council's bank accounts. Bank overdrafts are an integral part of the authority's cash management and bank balances fluctuate on a regular basis from being positive to overdrawn.
- Short term investments with immediate call back or instant access. Any short term investment which is for a fixed term, regardless of the remaining length of that term, is accounted for as a financial instrument. Interest follows the related investment.

### **1.18 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 in exchange for those benefits and are charged on an accruals basis to the appropriate service or, where applicable, to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement at the earlier of when the authority can no longer withdraw the offer of those benefits or when the authority recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the authority to the pension fund or pensioner in year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserve 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 cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

### **1.19 Events After the Reporting Period**

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

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

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

## **2 Accounting Standards that have been issued but not yet adopted**

The Code of Practice requires that where new or amended accounting standards have been issued but not adopted by 31st March, the Council discloses the impact that this change would have had on the current year's financial statements had it already been adopted. The following changes to accounting standards will be applicable to the Council's accounts from 1 April 2015.

#### **Amendments to IFRS 13 Fair Value Measurements**

- Provides a consistent definition of fair value and enhanced disclosure requirements
- Requires Surplus Assets to be valued at market value rather than existing use value
- It is not anticipated there will be any changes to the accounts.

#### **Amendments to IFRIC 12 Levies**

- Specifies the obligating event as the event that triggers the timing of the payment of the levy
- It is not anticipated there will be any changes to the accounts.

### 3 Critical Judgements in applying Accounting Policies

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

- The authority has a deposit with the Icelandic Bank, Glitnir, which defaulted on its obligations in October 2008. A decision by the courts has confirmed the authority as a preferred creditor, however, the full deposit has not yet been repaid and the authority is exposed to exchange rate risk as a result.
- The authority is a trustee of Southwell Leisure Centre Trust which operates the leisure centre at Southwell. It has been determined that the authority does not have control of the Trust and it is not a subsidiary of the authority.

### 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.

Where a component part of a non current asset has been replaced or restored, the carrying amount of the old component has been derecognised to avoid double counting and the new component reflected in the carrying amount. The cost of the new component part has been used to determine the amount to be derecognised.

The items in the Council's Balance Sheet for which there may be a significant risk of material adjustment in the forthcoming financial year are as follows:

- Property, Plant and Equipment – assets are depreciated over useful lives that are dependent on assumptions made about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain if 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 is reduced depreciation increases and the carrying amount of the asset falls.
- 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 pension liability of changes in individual assumptions can be measured, however, the assumptions interact in complex ways.
- Business Rates – since the introduction of the Business Rates Retention Scheme effective from 1<sup>st</sup> April 2013 local authorities are liable for successful appeals against business rates charged to businesses in 2014/15 and earlier financial years in their proportionate share. A provision has been recognised for the best estimate of the amount that businesses have been overcharged up to 31<sup>st</sup> March 2015.

### 5 Material Items of Income and Expenditure

During 2014/2015 the following material transactions, which are not disclosed separately in the Comprehensive Income and Expenditure Statement, took place:

- £1,651k s106 receipt and Community Infrastructure Levy from property developers
- £466k net payments in relation to the building of Newark Leisure Centre
- £2,242K net payments in relation to the National Civil War Centre
- £823K net payments in relation to the building of new council housing
- £462k cost of purchasing replacement refuse lorries and street cleansing vehicles

### 6 Material Interest in Joint Bodies

The Council appoints six of the nine Trustees of the Southwell Leisure Centre Trust and provides grant aid which for 2014/2015 was £155,593 (2013/2014 £194,566). The Trust is administered in accordance with the Scheme of Administration established 24th October 1974 as amended by the Charity Commissioners on the 29<sup>th</sup> December 1983. The object of the Trust is to establish and maintain leisure facilities for the inhabitants of Southwell and district and to achieve a breakeven position on operations.

The Council has a joint interest in Mansfield Crematorium. The annual net surplus from the running of the crematorium amounts to £87k (2013/2014 £66k) and is included within the net cost of Environmental and Regulatory Services. The Council also includes its share of the assets and liabilities of the crematorium in its Balance Sheet.

The transactions are summarised below:

<b><u>Mansfield Crematorium</u></b>	2014/2015	2013/2014
	£'000	£'000
<b><u>Comprehensive Income and Expenditure Statement</u></b>		
Gross Expenditure	90	93
Gross Income	(176)	(159)
Net Cost of Service	(86)	(66)
Financing and Investment Income and Expenditure	(1)	0
(Surplus)/Deficit on Provision of Services	(87)	(66)

<b><u>Mansfield Crematorium</u></b>	2014/2015	2013/2014
	£'000	£'000
<b><u>Balance Sheet</u></b>		
Property Plant and Equipment	207	211
Investments	147	34
Debtors	21	22
Cash and Cash Equivalents	83	166
Creditors	(72)	(28)
Provisions	0	(1)
Net Assets	386	404
Usable Reserves	173	191
Unusable Reserves	213	213
Total Reserves	386	404

#### 7 Authorisation of Accounts

The Statement of Accounts was issued and authorised by David Dickinson, BA, CPFA, Director of Resources, on 29<sup>th</sup> June 2015.

#### 8 Trust Funds

The Council acts as sole trustee for two Trusts;

##### The W.E. Knight Trust

A permanently endowed charity established by an indenture dated 6 January 1920 as varied by a conveyance of 6 July 1933 by the Trustees to the Mayor, Aldermen and Burgesses of the Borough of Newark-on-Trent. Separate accounts for this Charity have been maintained since 1 April 1984. Up to that date the costs of administering the Trust and any income received had been included in the accounts of the Borough and District Councils. The Trustees resolved at their meeting on the 22 July 2013 to retain the income earned by the endowment until a significant sum had been accrued at which time a decision on distribution would be taken.

##### The Gilstrap Endowment

Created for the purpose of establishing a Library to be vested in the Newark Corporation and to provide financial assistance towards the salaries and expenses of such Library. The accounts in respect of the Endowment were maintained by Nottinghamshire County Council until 31 March 1987 when Newark and Sherwood District Council took over as Trustees consequent upon the County Council acquiring a new site for a Central Library. The District Council agreed a new scheme of administration which was sealed by the Charity Commissioners on the 28 August 1990 and applied the income of the Endowment to the upkeep and use of the Gilstrap building. From 1 April 2013 the Gilstrap building was leased to Nottinghamshire County Council with the rental income being applied in fulfilment of the Trust objectives. The new arrangements were approved by the Charity Commission prior to agreement of the lease.

The endowed funds of the charities are Gilstrap Endowment Fund £131,616.94 and W.E. Knight Trust Fund £133,850. These wholly consist of cash which is invested in the financial markets.

9 Prior Year Restatement

There were no prior year adjustments for 2014/2015.

10 Other Operating Expenditure

Other Operating Expenditure can be analysed as follows:

	2014/2015			2013/2014		
	Spend £'000	Income £'000	Net Spend £'000	Spend £'000	Income £'000	Net Spend £'000
Parish Precepts	2,404	0	2,404	2,310	0	2,310
Parish Support Grant	194	0	194	262	0	262
Contribution to Housing Pooled Receipts	395	0	395	461	0	461
Trading Undertakings (Gain)/Loss on Disposal of Non Current Assets	0	0	0	10	(3)	7
Provision for Doubtful Debt	5,095	(1,225)	3,870	5,404	(1,731)	3,673
Contribution to Newark and Sherwood Homes Ltd	123	(126)	(3)	89	0	89
	781	0	781	0	0	0
	<u>8,992</u>	<u>(1,351)</u>	<u>7,641</u>	<u>8,536</u>	<u>(1,734)</u>	<u>6,802</u>

11 Financing and Investment Income and Expenditure

Financing and Investment income and expenditure can be analysed as follows:

	2014/2015			2013/2014		
	Spend £'000	Income £'000	Net Spend £'000	Spend £'000	Income £'000	Net Spend £'000
Interest Payable	4,413	0	4,413	4,741	0	4,741
Investment and Other Interest	0	(547)	(547)	0	(594)	(594)
Exchange Rate Adjustment	32	0	32	0	(1)	(1)
Net Interest on the Net Defined Benefit Liability (Asset)	2,214	0	2,214	2,071	0	2,071
	<u>6,659</u>	<u>(547)</u>	<u>6,112</u>	<u>6,812</u>	<u>(595)</u>	<u>6,217</u>

12 Taxation and Non Specific Grant Income

Taxation and Non Specific grant income can be analysed as follows:

	2014/2015 £'000	2013/2014 £'000
<u>Revenue</u>		
Council Tax Payers	(8,345)	(8,137)
Revenue Support Grant	(3,730)	(4,855)
New Burdens Grant	(16)	(16)
Capacity Funding	(93)	0
Council Tax Freeze Grant	(65)	(64)
New Homes Bonus	(1,570)	(1,172)
Non Domestic Rates	(3,932)	(4,086)
Efficiency Support Grant	0	(2)
	<hr/>	<hr/>
	(17,751)	(18,332)
<u>Capital</u>		
Grants and Contributions	(4,905)	(2,164)
	<hr/>	<hr/>
Total Grants Received	(22,656)	(20,496)

The Council's internal performance management reports are based on the committee structure of the Council. The performance on each committee is reported on a quarterly basis. The Council's actual year end figures, as reported in this management format, are disclosed below.

<b><u>2014/2015</u></b>	<u>Economic Development</u>	<u>Homes and Communities</u>	<u>Leisure and Environment</u>	<u>Policy</u>	<u>Housing Revenue Account</u>	<u>Total</u>
	£'000	£'000	£'000	£'000	£'000	£'000
Employees	1,465	1,735	5,023	3,842	0	12,065
Premises	449	28	949	520	0	1,946
Transport	19	13	1,274	37	0	1,343
Supplies and Services	1,626	981	2,268	1,760	0	6,635
Transfer Payments	0	63	0	26,185	0	26,248
<b>Total Expenditure</b>	<b>3,559</b>	<b>2,820</b>	<b>9,514</b>	<b>32,344</b>	<b>0</b>	<b>48,237</b>
Income	(4,138)	(902)	(4,795)	(28,542)	0	(38,377)
<b>Total Income</b>	<b>(4,138)</b>	<b>(902)</b>	<b>(4,795)</b>	<b>(28,542)</b>	<b>0</b>	<b>(38,377)</b>
<b>Net Expenditure</b>	<b>(579)</b>	<b>1,918</b>	<b>4,719</b>	<b>3,802</b>	<b>0</b>	<b>9,860</b>
<b>Memorandum Items</b>						
Support Services	1,362	697	2,255	3,382	0	7,696
Capital Charges	0	512	527	(1)	0	1,038
Internal Recharges	(538)	(1,521)	(1,337)	(4,875)	0	(8,271)
Grants and Rechargeable Works	12	49	0	(46)	0	15
	257	1,655	6,164	2,262	0	10,338
<b>Reconciliation to (Surplus)/Deficit on Continuing Operations</b>						
Add service expenditure not reported to management	712	0	41	458	(18,314)	(17,103)
Add corporate expenditure not reported to management						1,082
Remove amounts included on management report but excluded from Continuing Operations						0
<b>(Surplus)/Deficit on Continuing Operations in Comprehensive Income and Expenditure Statement</b>	<b>969</b>	<b>1,655</b>	<b>6,205</b>	<b>2,720</b>	<b>(18,314)</b>	<b>(5,683)</b>

Reconciliation of service information reporting to Comprehensive Income and Expenditure Statement.

<b>2014/2015</b>	<u>Service Analysis</u>	<u>Services Not</u>	<u>Not Reported to</u>	<u>Not Included in</u>	<u>Allocation of</u>	<u>Continuing</u>	<u>Corporate</u>	<u>Total</u>
		<u>in Analysis</u>	<u>Management</u>	<u>I&amp;E</u>	<u>Recharges</u>	<u>Operations</u>	<u>Amounts</u>	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fees, Charges and Other Service Income	(47,648)		(22,513)		9,206	(60,955)	(126)	(61,081)
Income on Joint Associates		(176)				(176)		(176)
Interest and Investment Income						0	(547)	(547)
Income from Council Tax						0	(8,345)	(8,345)
Income from Non Domestic Rates						0	(3,932)	(3,932)
Government Grants and Contributions						0	(10,379)	(10,379)
Disposal of Assets						0	(1,225)	(1,225)
<b>Total Income</b>	<b>(47,648)</b>	<b>(176)</b>	<b>(22,513)</b>	<b>0</b>	<b>9,206</b>	<b>(61,131)</b>	<b>(24,554)</b>	<b>(85,685)</b>
Employee Expenses	12,065	686	260		(4,667)	8,344		8,344
Other Service Expenses	37,187	483	8,764		(2,382)	44,052	1,098	45,150
Expenditure on Joint Associates		89				89		89
Support Service Recharges	7,696		24		(1,900)	5,820		5,820
Depreciation, Amortisation and Impairment	1,038		(3,638)		(257)	(2,857)		(2,857)
Interest Payments						0	6,659	6,659
Precepts and Levies						0	2,404	2,404
Payments to Housing Capital Receipts Pool						0	395	395
Disposal of Assets						0	5,095	5,095
<b>Total Operating Expenses</b>	<b>57,986</b>	<b>1,258</b>	<b>5,410</b>	<b>0</b>	<b>(9,206)</b>	<b>55,448</b>	<b>15,651</b>	<b>71,099</b>
<b>(Surplus)/Deficit on Provision of Services</b>	<b>10,338</b>	<b>1,082</b>	<b>(17,103)</b>	<b>0</b>	<b>0</b>	<b>(5,683)</b>	<b>(8,903)</b>	<b>(14,586)</b>

Services Not in Analysis: comprises the Drainage Rate Levy, Mansfield Crematorium and the Pension Fund deficit.

Not Reported to Management: includes any late adjustments which have been made to the accounts following the production of the outturn performance reports. The Housing Revenue Account is also included within this analysis for 2014/2015 as no outturn report has been presented to committee.

<b>2013/2014</b>	<u>Economic Development</u>	<u>Homes and Communities</u>	<u>Leisure and Environment</u>	<u>Policy</u>	<u>Housing Revenue Account</u>	<u>Total</u>
	£'000	£'000	£'000	£'000	£'000	£'000
Employees	1,740	1,763	5,402	4,483	0	13,388
Premises	478	50	925	429	0	1,882
Transport	23	14	1,372	39	0	1,448
Supplies and Services	1,486	1,028	2,075	1,783	0	6,372
Transfer Payments	0	113	0	26,800	0	26,913
<b>Total Expenditure</b>	<b>3,727</b>	<b>2,968</b>	<b>9,774</b>	<b>33,534</b>	<b>0</b>	<b>50,003</b>
Income	(3,658)	(962)	(4,686)	(28,675)	0	(37,981)
<b>Total Income</b>	<b>(3,658)</b>	<b>(962)</b>	<b>(4,686)</b>	<b>(28,675)</b>	<b>0</b>	<b>(37,981)</b>
<b>Net Expenditure</b>	<b>69</b>	<b>2,006</b>	<b>5,088</b>	<b>4,859</b>	<b>0</b>	<b>12,022</b>
<b>Memorandum Items</b>						
Support Services	1,553	722	2,760	3,434	0	8,469
Capital Charges	0	0	5	1	0	6
Internal Recharges	(607)	(1,468)	(1,744)	(5,120)	0	(8,939)
Grants and Rechargeable Works	(2)	69	42	29	0	138
	<b>1,013</b>	<b>1,329</b>	<b>6,151</b>	<b>3,203</b>	<b>0</b>	<b>11,696</b>
<b>Reconciliation to (Surplus)/Deficit on Continuing Operations</b>						
Add service expenditure not reported to management	89	497	1,718	742	(17,968)	(14,922)
Add corporate expenditure not reported to management						474
Remove amounts included on management report but excluded from Continuing Operations						(7)
<b>(Surplus)/Deficit on Continuing Operations in Comprehensive Income and Expenditure Statement</b>	<b>1,102</b>	<b>1,826</b>	<b>7,869</b>	<b>3,945</b>	<b>(17,968)</b>	<b>(2,759)</b>

Not included in I&E: comprises the Catering Services element of trading undertakings as detailed in Note 14.



Reconciliation of service information reporting to Comprehensive Income and Expenditure Statement.

<b>2013/2014</b>	<u>Service Analysis</u>	<u>Services Not</u>	<u>Not Reported to</u>	<u>Not Included in</u>	<u>Allocation of</u>	<u>Continuing</u>	<u>Corporate</u>	<u>Total</u>
		<u>in Analysis</u>	<u>Management</u>	<u>I&amp;E</u>	<u>Recharges</u>	<u>Operations</u>	<u>Amounts</u>	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<i>Fees, Charges and Other Service Income</i>	(46,920)		(23,329)	3	9,906	(60,340)	(3)	(60,343)
<i>Income on Joint Associates</i>			(159)			(159)	(1)	(160)
<i>Interest and Investment Income</i>						0	(595)	(595)
<i>Income from Council Tax</i>						0	(8,137)	(8,137)
<i>Income from Non Domestic Rates</i>						0	(4,085)	(4,085)
<i>Government Grants and Contributions</i>						0	(8,274)	(8,274)
<i>Disposal of Assets</i>						0	(1,730)	(1,730)
<b>Total Income</b>	<b>(46,920)</b>	<b>0</b>	<b>(23,488)</b>	<b>3</b>	<b>9,906</b>	<b>(60,499)</b>	<b>(22,825)</b>	<b>(83,324)</b>
<i>Employee Expenses</i>	13,388		230		(5,256)	8,362	0	8,362
<i>Other Service Expenses</i>	36,753	474	11,323	(2)	(2,517)	46,031	353	46,384
<i>Expenditure on Joint Associates</i>			93			93	0	93
<i>Support Service Recharges</i>	8,469		252	(8)	(1,890)	6,823	8	6,831
<i>Depreciation, Amortisation and Impairment</i>	6		(3,332)		(243)	(3,569)	0	(3,569)
<i>Interest Payments</i>						0	6,812	6,812
<i>Precepts and Levies</i>						0	2,311	2,311
<i>Payments to Housing Capital Receipts Pool</i>						0	461	461
<i>Disposal of Assets</i>						0	5,403	5,403
<b>Total Operating Expenses</b>	<b>58,616</b>	<b>474</b>	<b>8,566</b>	<b>(10)</b>	<b>(9,906)</b>	<b>57,740</b>	<b>15,348</b>	<b>73,088</b>
<b>(Surplus)/Deficit on Provision of Services</b>	<b>11,696</b>	<b>474</b>	<b>(14,922)</b>	<b>(7)</b>	<b>0</b>	<b>(2,759)</b>	<b>(7,477)</b>	<b>(10,236)</b>

14 Trading Operations

The Council undertakes a small number of Trading Operations. Any forecast surplus or deficit as a result of these services is included in the Council's annual budget and within Continuing Operations in the Comprehensive Income and Expenditure Statement where appropriate. Catering Services is shown within Other Operating Expenditure as a Trading Undertaking.

	2014/2015 Expenditure £'000	2014/2015 Income £'000	2014/2015 (Surplus)/Deficit £'000	2013/2014 (Surplus)/Deficit £'000
Industrial Estates	1,380	(918)	462	(220)
Palace Theatre	1,027	(816)	211	228
Building Control	161	(39)	122	(29)
Catering	0	0	0	7
Car Parks	432	(1,238)	(806)	(665)
	<u>3,000</u>	<u>(3,011)</u>	<u>(11)</u>	<u>(679)</u>

Industrial Estates – provision of units in industrial estates in various parts of the district. 2014/2015 saw increases in expenditure of £711k following revaluation of the Business Innovation Centre.

Palace Theatre – provision of performing arts facilities.

Building Control – operation of statutory building control service. 2014/2015 saw the deferral of building control income received for the period 2009/2010 to 2014/2015. This has effectively transferred income of £204k into 2015/2016.

Catering – provision of catering services for internal and external functions at Kelham Hall which ceased on 31<sup>st</sup> March 2013. 2013/2014 figures show the residual cost of closing this service.

Car Parks - the Council is a member of the Nottinghamshire Parking Partnership which administers all on street and off street parking fines for the county. Included in the surplus figure above is the sum of £62k in respect of off street parking fine income owed to the Council by the Partnership as detailed below. Whilst car parking income has fallen year on year 2014/2015 has seen an increase in surplus due to the use of reactive staffing and the income being generated from the lorry park.

	Gross Expenditure £'000	Gross Income £'000	Net Income £'000
Off Street Parking - amount due to Newark and Sherwood	93	(155)	(62)
On Street Parking - retained by Partnership to fund future highways expenditure	147	(211)	(64)
Total	<u>240</u>	<u>(366)</u>	<u>(126)</u>

15 Members Allowances

Total allowances paid in 2014/2015 were £253,003 (2013/2014 £252,313) made up of Special Responsibility Payments £46,683 (2013/2014 £50,354), Basic Allowances £191,078 (2013/2014 £186,729) and £15,242 Travel and Subsistence payments (2013/2014 £15,230).

Amounts payable to senior employees in 2014/2015 are disclosed below.

	<u>2014/2015</u>	<u>2013/2014</u>
	£	£
<b><u>Chief Executive</u></b>		
Salary	113,490.00	113,490.00
Expenses, Allowances and Other Benefits	1,958.00	1,573.05
Employer's Contribution to Pension	14,186.28	24,854.28
% Employee's Contribution to Pension	11.4%	7.5%
<b><u>Deputy Chief Executive</u></b>		
Salary	92,166.51	91,707.96
Expenses, Allowances and Other Benefits	150.85	93.40
Employer's Contribution to Pension	11,520.80	20,084.04
% Employee's Contribution to Pension	10.5%	7.5%
<b><u>Director of Resources</u></b>		
Salary	74,802.82	72,417.00
Expenses, Allowances and Other Benefits	83.00	53.46
Employer's Contribution to Pension	9,350.33	15,859.32
% Employee's Contribution to Pension	9.9%	7.2%
<b><u>Director of Safety</u></b>		
Salary	72,576.37	69,987.00
Expenses, Allowances and Other Benefits	420.00	210.20
Employer's Contribution to Pension	9,072.04	15,327.12
% Employee's Contribution to Pension	9.9%	7.2%
<b><u>Director of Community</u></b>		
Salary	70,349.97	67,557.00
Expenses, Allowances and Other Benefits	1,691.65	1,837.50
Employer's Contribution to Pension	8,793.76	14,795.04
% Employee's Contribution to Pension	9.9%	7.2%
<b><u>Director of Customers</u></b>		
Salary	78,114.97	67,557.00
Expenses, Allowances and Other Benefits	545.95	356.50
Employer's Contribution to Pension	9,764.38	14,795.04
% Employee's Contribution to Pension	9.9%	7.2%
<b><u>Director of Growth</u></b>		
<b><u>Post vacant from August 2013</u></b>		
Salary	0.00	24,244.24
Expenses, Allowances and Other Benefits	0.00	70.05
Employer's Contribution to Pension	0.00	5,369.17
% Employee's Contribution to Pension	0.0%	7.2%

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

Exit Package Cost Band	No of Compulsory Redundancies		No of Other Agreed Departures		Total No of Exit Packages		Total Cost of Exit Packages	
	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15 £'000	2013/14 £'000
£0 to £20,000			3	9	3	9	6	57
£20,001 to £40,000				3		3		82
£40,001 to £60,000				1		1		56
£60,001 to £80,000								
£80,001 to £100,000								
£100,000 to £150,000								
£150,000 plus								
<b>Total</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>13</b>	<b>3</b>	<b>13</b>	<b>6</b>	<b>195</b>

The number of employees, including senior employees as disclosed above, whose remuneration, excluding pension contributions, was £50,000 or more in bands of £5,000 were:-

	Number of Employees 2014/2015	Employees Included in 2013/2014 leaving in same year	Number of Employees 2013/2014
£50,000 to £54,999		1	1
£55,000 to £59,999			
£60,000 to £64,999			
£65,000 to £69,999			2
£70,000 to £74,999		3	2
£75,000 to £79,999		1	
£80,000 to £84,999			
£85,000 to £89,999			
£90,000 to £94,999		1	1
£95,000 to £99,999			
£100,000 to £104,999			
£105,000 to £109,999			
£110,000 to £114,999			
£115,000 to £119,999		1	1
		<b>7</b>	<b>7</b>
		<b>0</b>	<b>0</b>

## 17 Related Party Transactions

The Authority is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the council or to be controlled or influenced by the council. Disclosure of these transactions allows an assessment of 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.

Most transactions with related parties are disclosed elsewhere in the Statement of Accounts as follows:

<u>Party</u>	<u>Disclosure</u>	<u>Page</u>
<ul style="list-style-type: none"> <li>Central Government has effective control 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 the Authority has with other parties.</li> </ul>	<ul style="list-style-type: none"> <li>Comprehensive Income and Expenditure Statement</li> </ul>	13
	<ul style="list-style-type: none"> <li>Cash Flow Statement</li> </ul>	15-16
<ul style="list-style-type: none"> <li>Members of the council have direct control over the council’s financial and operating policies.</li> </ul>	<ul style="list-style-type: none"> <li>Note 15 Members Allowances</li> </ul>	34
<ul style="list-style-type: none"> <li>Precepts from other Local Authorities</li> </ul>	<ul style="list-style-type: none"> <li>Statutory Register of Interests</li> </ul>	
<ul style="list-style-type: none"> <li>Newark and Sherwood Homes Ltd is a wholly owned subsidiary of the authority</li> </ul>	<ul style="list-style-type: none"> <li>Collection Fund Accounts</li> </ul>	76-77
<ul style="list-style-type: none"> <li>The authority has joint control of Mansfield Crematorium</li> </ul>	<ul style="list-style-type: none"> <li>Group Accounts</li> </ul>	78-90
<ul style="list-style-type: none"> <li>The authority appoints the majority of trustees of the Southwell Leisure Centre Trust.</li> </ul>	<ul style="list-style-type: none"> <li>Note 6 Material Interests in Joint Bodies.</li> </ul>	26
	<ul style="list-style-type: none"> <li>Note 6 Material Interests in Joint Bodies.</li> </ul>	26

During 2014/2015 the following transactions occurred with companies and organisations in which Members, Officers and their close family members, had an interest.

	Receipts £'000	Payments £'000
AW Lymn	1	
Asda	1,726	
Raphael Healthcare	2	
Center Parcs Ltd	5	
New College Nottingham	86	
Sherwood Forest Hospitals Trust	2	
Newark Amateur Operatic Society	7	
Newark on Trent Twinning Association		1

18 Grant Income

The Council credited the following grants and contributions to the Comprehensive Income and Expenditure Statement.

	2014/2015 £'000	2013/2014 £'000
<b>Credited to Taxation and Non Specific Grant Income</b>		
Revenue Support Grant	(3,729)	(4,855)
New Homes Bonus Grant	(1,570)	(1,172)
New Burdens Grant	(16)	(16)
Non Domestic Rates s31 Grant	(678)	(454)
Capacity Funding	(94)	0
Council Tax Freeze Grant	(65)	(64)
Section 106	(49)	(74)
Other Third Parties	(1,118)	(1,262)
Nottinghamshire County Council Contributions	(435)	0
Lottery Funding	(2,429)	(345)
Private Sector Disabled Facilities	(375)	(393)
Landfill Tax	0	(87)
Community Infrastructure Levy	0	(3)
Supported Housing	(499)	0
Other Government Grants	0	(2)
	<u>(11,057)</u>	<u>(8,727)</u>
<b>Credited to Services</b>		
Housing Benefits Subsidy	(14,563)	(14,905)
Council Tax Support	(11,432)	(11,474)
Housing Benefits Grant	(573)	(643)
Other Housing Grants	(138)	(112)
New Burdens Grant	(94)	(102)
Local Transparency	(6)	(7)
Inspire	0	(3)
Severe Weather Funding	(173)	0
Welfare Reform	(45)	0
Neighbourhood Planning	(10)	0
	<u>(27,034)</u>	<u>(27,246)</u>

The Council has received a number of grants and contributions that have yet to be recognised as income as they have conditions attached to them that could require the monies or property to be returned to the giver. Details of these are included in Note 40 Capital Grants Receipts in Advance.

19 Audit Fees

For 2014/2015 Newark and Sherwood District Council incurred the following fees relating to external audit and inspection:

	2014/2015 £	2013/2014 £
Fees Payable to the Audit Commission and KPMG in respect of:		
External Audit Services	64,438	63,537
Audit Commission Rebate - External Audit Services	(6,530)	(7,245)
Certification of Grant Claims	9,830	8,800
Other Services	2,300	1,136
	<u>70,038</u>	<u>66,228</u>

20 Property Plant and Equipment

<b>Property Plant and Equipment As at 31st March 2015</b>	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles Plant Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	TOTAL £'000
<b>Cost or Valuation</b>								
At 1 April 2014	151,048	39,193	8,007	0	741	0	1,297	200,286
Additions	5,462	472	485				7,197	13,616
Revaluation increases/(decreases) to Revaluation Reserve	79	1,576						1,655
Revaluation increases/(decreases) to (Surplus)/Deficit on Provision of Services	5,126	(2,170)						2,956
Derecognition - Disposals	(709)		(68)					(777)
Derecognition - Other	(4,028)	(231)						(4,259)
Reclassifications (to)/from Held for Sale		(165)						(165)
Reclassifications - Other	2,535				(250)		(2,285)	0
<b>At 31 March 2015</b>	<b>159,513</b>	<b>38,675</b>	<b>8,424</b>	<b>0</b>	<b>491</b>	<b>0</b>	<b>6,209</b>	<b>213,312</b>
<b>Depreciation and Impairment</b>								
At 1 April 2014	0	2,127	2,981	0	45	0	7	5,160
Depreciation charge	2,214	673	634		12			3,533
Depreciation written out to Revaluation Reserve								0
Depreciation written out to Surplus/Deficit on the Provision of Services	(2,208)	(1,447)						(3,655)
Impairment losses/reversals to Revaluation Reserve								0
Impairment losses/reversals to (Surplus)/Deficit on Provision of Services								0
Disposals	(6)		(58)					(64)
Reclassifications								0
<b>At 31 March 2015</b>	<b>0</b>	<b>1,353</b>	<b>3,557</b>	<b>0</b>	<b>57</b>	<b>0</b>	<b>7</b>	<b>4,974</b>
<b>Balance Sheet amount at 31 March 2015</b>	<b>159,513</b>	<b>37,322</b>	<b>4,867</b>	<b>0</b>	<b>434</b>	<b>0</b>	<b>6,202</b>	<b>208,338</b>
<b>Balance Sheet amount at 1 April 2014</b>	<b>151,048</b>	<b>37,066</b>	<b>5,026</b>	<b>0</b>	<b>696</b>	<b>0</b>	<b>1,290</b>	<b>195,126</b>

<b><u>Property Plant and Equipment</u></b> <b><u>As at 31st March 2014</u></b>	<i>Council Dwellings</i> £'000	<i>Other Land and Buildings</i> £'000	<i>Vehicles Plant Equipment</i> £'000	<i>Infrastructure Assets</i> £'000	<i>Community Assets</i> £'000	<i>Surplus Assets</i> £'000	<i>Assets Under Construction</i> £'000	<i>TOTAL</i> £'000
<b>Cost or Valuation</b>								
At 1 April 2013	142,752	39,929	7,455	0	734	0	840	191,710
Additions	6,261	366	625		7		766	8,025
Revaluation increases/(decreases) to Revaluation Reserve	34	525						559
Revaluation increases/(decreases) to (Surplus)/Deficit on Provision of Services	9,101	(1,627)						7,474
Derecognition - Disposals	(4,942)		(333)					(5,275)
Derecognition - Other	(2,158)							(2,158)
Reclassifications (to)/from Held for Sale								0
Reclassifications - Other			260				(309)	(49)
At 31 March 2014	151,048	39,193	8,007	0	741	0	1,297	200,286
<b>Depreciation and Impairment</b>								
At 1 April 2013	0	1,812	2,713	0	33	0	7	4,565
Depreciation charge	2,050	697	575		12			3,334
Depreciation written out to Revaluation Reserve			(307)					(307)
Depreciation written out to Surplus/Deficit on the Provision of Services	(2,045)	(382)						(2,427)
Impairment losses/reversals to Revaluation Reserve								0
Impairment losses/reversals to (Surplus)/Deficit on Provision of Services								0
Disposals	(5)							(5)
Reclassifications								0
At 31 March 2014	0	2,127	2,981	0	45	0	7	5,160
<b>Balance Sheet amount at 31 March 2014</b>	151,048	37,066	5,026	0	696	0	1,290	195,126
<b>Balance Sheet amount at 1 April 2013</b>	142,752	38,117	4,742	0	701	0	833	187,145



Finance Leases

The authority has just one finance lease which is a 125 year lease on Clipstone Holding Centre. The asset is included on the Balance Sheet under Property, Plant and Equipment.

The net carrying amounts of the asset as at 31<sup>st</sup> March was:

	31 March 2015 £'000	31 March 2014 £'000
Land and Buildings	271	393
	271	393

The authority is committed to making minimum payments under the leases comprising settlement of the long term liability for the interest in the property acquired by the authority in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

	31 March 2015 £'000	31 March 2014 £'000
Finance Lease Liabilities (net present value of minimum lease payments)	223	223
Finance costs payable in future years minimum lease payments	2,558	2,583
	2,781	2,806

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

	Minimum Lease Payments		Finance Lease Liabilities (NPV)	
	31 March 2015 £'000	31 March 2014 £'000	31 March 2015 £'000	31 March 2014 £'000
Not later than one year	25	25	0	0
Later than one year and not later than five years	100	100	0	0
Later than five years	2,656	2,681	224	224
	2,781	2,806	224	224

The authority has sub let Clipstone Holding Centre units held under the finance lease. The annual minimum payments expected to be received is £49k (£47k in 2013/2014).

Operating Leases

Vehicles, Plant, Furniture and Equipment – the authority uses a range of vehicles, mowers and associated equipment, together with items of fitness equipment, financed under the terms of operating leases.

Land and Buildings – the authority leases several items of land and buildings, which include small pieces of land, cashiers office and a car park to the rear of London Road, the leasing arrangements for each being accounted for as operating leases.

Future minimum lease payments due in future years are:

	31 March 2015 £'000	31 March 2014 £'000
Not later than one year	149	313
Later than one year and not later than five years	363	459
Later than five years	2,598	2,457
<b>Total Operating Lease Costs for 2014/2015</b>	<b>3,110</b>	<b>3,229</b>

The expenditure charged to services in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

	31 March 2015 £'000	31 March 2014 £'000
Minimum lease payments	332	366
Contingent rents	0	0
Sublease payments receivable	0	0
<b>Total Operating Lease Costs for 2014/2015</b>	<b>332</b>	<b>366</b>

## 22 Disclosure as Lessor

### Finance Leases

The authority has no finance leasing arrangements as lessor.

### Operating Leases

The authority has granted leases in respect of a range of industrial units, in addition to a livestock market, lorry wash and other commercial land and buildings. A number of village halls are also included. From 1 April 2013 part of the main council offices have been leased. All arrangements are accounted for as operating leases with the village halls being charged peppercorn rents. All the leases as lessor are land and buildings. The Council does not currently lease any vehicle, plant or equipment.

Aggregate rentals received by the Authority in its capacity as lessor for 2014/2015 represented £1,092k (£1,099k 2013/2014).

The total future lease commitments are:

	31 March 2015 £'000	31 March 2014 £'000
Not later than one year	407	474
Later than one year and not later than five years	960	1,242
Later than five years	1,115	1,245
	<b>2,482</b>	<b>2,961</b>

The following table shows the reconciliation of the carrying value of the heritage assets held by the authority. The museum collection was valued during 2011/2012 by Golding Young for the purposes of insurance.

	Museum Collection £'000	Other Assets £'000	Total Assets £'000
<b>Cost or Valuation</b>			
At 1 April 2014	1,491	89	1,580
Additions			0
Disposals			0
Revaluations			0
Depreciation			0
At 31 March 2015	1,491	89	1,580
<b>Cost or Valuation</b>			
At 1 April 2013	1,491	89	1,580
Additions			0
Disposals			0
Revaluations			0
Depreciation			0
At 31 March 2014	1,491	89	1,580

The Council's heritage assets held on the Balance Sheet have been split into the following categories:

- Museum Collection – The Council has an extensive museum collection comprising art, civil war artefacts, clocks, coins and tokens and other items of interest. The museum was established in 1912 and the majority of artefacts have been donated by local residents over the course of the years. All exhibits are currently held at the Council's resource centre pending completion of the new National Civil War Centre and Museum in Newark; however, all items are available for viewing by appointment. The collection is the responsibility of the Museum Business Manager and is kept in a controlled environment to ensure minimal deterioration. Should any remedial conservation be required this is contracted out to specialist third parties on an as and when basis. Items are valued for insurance purposes at a minimum of every five years and held on the balance sheet at this value. The assets held within the museum collection are deemed to have indeterminate lives and as such are not depreciated.  
A significant item of the collection is the Newark Torc, a complete Iron Age gold alloy neck ring which was purchased by a combination of council funding, grant funding and public donations in 2006. The torc will be on display at the National Civil War Centre.
- Other – other heritage assets held by the Council include various sculptures which have been commissioned and are on display in the Council's parks and gardens and the Chairman's chains of office. Items are valued on an annual basis for insurance purposes and held on the balance sheet at this value.

The Council also owns heritage assets which are not shown on the Balance Sheet as detailed below:

- Newark Castle – the castle was built in the 12<sup>th</sup> century and is a scheduled ancient monument. The castle was partly destroyed at the end of the English Civil War but has a number of rooms which are open to the public as part of a guided tour and is sited in a public garden. The Council does not consider that reliable cost or valuation information can be obtained for the castle due to the age and state of the building. A fund is in place to cover the costs of any future repairs and renewals.
- Queen's Sconce – this scheduled ancient monument is one of the few remaining earthworks from the English Civil War. It is distinctively star shaped and is considered an internationally important heritage feature, surrounded by open space and playing fields. The Council does not consider that reliable cost or valuation information can be obtained for the sconce due to the age and nature of the structure. A fund is in place to cover the costs of any future repairs and renewals.

24 Investment Properties

The Council leases a number of its investment properties on an operating lease. These properties are held solely for the purpose of earning rental and do not support any of the Council's service objectives.

	2014/2015 £'000	2013/2014 £'000
Rental Income	(80)	(114)
Direct Operating Expenses	5	6
	(75)	(108)

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

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

	31st March 2015 £'000	31st March 2014 £'000	1st April 2013 £'000
<b>Balance Sheet value</b>			
At 1 April	2,389	2,626	2,689
Additions	54		
Revaluation increases/(decreases) to (Surplus)/Deficit on Provision of Services	274	48	(63)
Disposals	(31)	(285)	
Reclassifications			
At 31 March	2,686	2,389	2,626

25 Assets Held for Sale

The Council holds the following current assets with the intent of selling them within 12 months of the balance sheet date.

	2014/2015 £'000	2013/2014 Closing £'000	2013/2014 Opening £'000
Balance outstanding at start of year	21	0	0
Assets newly classified as held for sale:			
Property Plant and Equipment		140	697
Assets declassified as held for sale:			
Assets Sold	(91)	(119)	(697)
Transfers	233	0	0
Balance outstanding at year end	163	21	0

During 2014/2015 the Council's intangible assets consisted of computer software. These were considered to have significant long term value to justify inclusion within the Balance Sheet. They are amortised on a straight line basis over the estimated period of economic benefit to the Council which varies between 5 and 10 years depending on the particular system. The amortisation amount is charged to the relevant revenue service and is included within the (Surplus)/Deficit on Continuing Operations.

	31st March 2015 £'000	31st March 2014 £'000	1st April 2013 £'000
<b>Cost or Valuation</b>			
At 1 April	928	869	691
Additions	(8)	10	0
Revaluation increases/(decreases) to Revaluation Reserve	0	0	0
Revaluation increases/(decreases) to (Surplus)/Deficit on Provision of Services	0	0	0
Disposals	0	0	0
Reclassifications	0	49	178
<b>At 31 March</b>	<b>920</b>	<b>928</b>	<b>869</b>
<b>Depreciation and Impairment</b>			
At 1 April	727	696	677
Amortisation	31	31	19
Impairment losses/reversals to Revaluation Reserve	0	0	0
Impairment losses/reversals to (Surplus)/Deficit on Provision of Services	0	0	0
Disposals	0	0	0
<b>At 31 March</b>	<b>758</b>	<b>727</b>	<b>696</b>
<b>Balance Sheet amount 31 March</b>	<b>162</b>	<b>201</b>	<b>173</b>
<b>Balance Sheet amount 1 April</b>	<b>201</b>	<b>173</b>	<b>14</b>

27 Nature of Asset Holdings

The nature of the asset holdings are shown below.

<b>2014/2015</b>	Owned	Leased	Joint Arrangement	Total
	£'000	£'000	£'000	£'000
<u>Property, Plant and Equipment</u>				
Council Dwellings	159,513			159,513
Other Land and Buildings	35,805	271	207	36,283
Vehicles, Plant, Furniture and Equipment	4,867			4,867
Community Assets	434			434
Surplus Assets	0			0
Infrastructure	0			0
Assets Under Construction	7,241			7,241
	<hr/>			
	207,860	271	207	208,338
Heritage Assets	1,580			1,580
Intangible Assets	162			162
Assets Held for Sale	163			163
Investment Properties	2,686			2,686
	<hr/>			
	212,451	271	207	212,929
	<hr/>			

28 Capital Expenditure and Financing

The main items of capital expenditure were:-

	2014/2015 £'000	2013/2014 £'000
Council Dwellings	5,462	6,261
Other Land and Buildings	472	366
Vehicles, Plant, Furniture and Equipment	485	625
Investment Properties	54	0
Community Assets	0	7
Assets Under Construction	7,197	766
Intangible Assets	(8)	10
	<hr/>	
	13,662	8,035
Plus:		
De-Minimis	20	92
Revenue Expenditure Funded from Capital under Statute	774	1,022
	<hr/>	
	14,456	9,149
	<hr/>	

The expenditure on non current assets was financed as follows:-

	2014/2015 £'000	2013/2014 £'000
Internal Borrowing	1,225	1,142
Capital Receipts	1,154	194
Government Grants	900	642
Contributions from Third Parties	4,204	465
Specific Reserves and Provisions	6,973	6,706
	<u>14,456</u>	<u>9,149</u>

The Capital Financing Requirement is a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The analysis of the Capital Financing Requirement is as follows:

	2014/2015 £'000	2013/2014 £'000
Opening Capital Financing Requirement	121,614	121,093
Increase in underlying need to borrow (unsupported by government financial assistance)	528	521
Closing Capital Financing Requirement	<u>122,142</u>	<u>121,614</u>

The Council has a Capital Programme for 5 years of which £9.9m is contractually committed as at 31 March 2015. Similar commitments at 31 March 2014 were £4.6m.

	2014/2015 £'000	2013/2014 £'000
New Council House Build	71	19
Newark Leisure Centre	8,725	60
National Civil War Centre	954	4,405
Newark Signage	107	0
Buy back of Council House	0	38
Council House Planned Maintenance	0	21
Humberstone Road Open Space (Southwell)	0	13
Sconce and Devon Park	0	30
	<u>9,857</u>	<u>4,586</u>

The list below includes all assets valued over the 'De-Minimis' level of £15,000 plus other significant assets:

	31st March 2015	31st March 2014	31st March 2013
Council Dwellings	5,439	5,438	5,464
Administrative Buildings and Local Offices	3	3	3
Depots	1	1	1
Off Street Car Parks	13	13	13
Leisure Centres and Pools	1	1	1
Joint Use Leisure Centres	2	2	2
Garage Sites	38	38	38
Industrial Estates	12	12	12
Cemeteries	2	2	2
Other Properties	81	84	86
Public Conveniences	5	5	5
Museums	1	1	1
Other	4	3	3
Theatres	1	1	1
Village Halls and Community Centres	5	5	5

30 Valuation of Assets

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. All 2014/2015 valuations were carried out by David Bingham of Herbert Button and Partners who is suitably qualified for this purpose. Valuations were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Plant and machinery is included implicitly in the valuation of the buildings. Properties regarded by the authority as operational were valued on the basis of open market value for the existing use or, where this could not be assessed because there was no market for the asset, the depreciated replacement cost. Properties regarded by the authority as non-operational have been valued on the basis of open market value.

The significant assumptions applied in estimating the fair values are:

- good title can be shown and all valid planning permissions and statutory approvals are in place;
- the property is connected and has a right to use mains services and that sewers, main services and roads giving access to it have been adopted;
- an inspection of those parts not inspected would not reveal defects that would affect the valuation;
- the testing of electrical or other services would not reveal defects that would cause the valuation to alter;
- there are no deleterious or hazardous materials or existing or potential environmental factors that would affect the valuation.



The following statement shows the progress of the Council's rolling programme for the revaluation of non current assets.

<b><u>Property, Plant and Equipment</u></b>	Council Dwellings £'000	Other Land & Buildings £'000	Vehicles Plant & Equipment £'000	Infra-Structure £'000	Community Assets £'000	Assets Under Construction £'000	Total £'000
Valued at Historical Cost			7,939		491	1,297	9,727
Valued at Current Value in							
2014/2015	159,513	6,694					166,207
2013/2014		5,796					5,796
2012/2013		10,618					10,618
2011/2012		6,334					6,334
2010/2011		8,761					8,761
	<u>159,513</u>	<u>38,203</u>	<u>7,939</u>	<u>0</u>	<u>491</u>	<u>1,297</u>	<u>207,443</u>
Additions		472	485			4,912	5,869
Gross Book Value	<u>159,513</u>	<u>38,675</u>	<u>8,424</u>	<u>0</u>	<u>491</u>	<u>6,209</u>	<u>213,312</u>

<b><u>Other Non Current Assets</u></b>	Assets Held For Sale £'000	Heritage Assets £'000	Investment Properties £'000	Intangible Assets £'000	Total £'000
Valued at Historical Cost				928	928
Valued at Current Value in					
2014/2015	163		2,632		2,795
2013/2014					0
2012/2013		1,205			1,205
2011/2012					0
2010/2011		375			375
	<u>163</u>	<u>1,580</u>	<u>2,632</u>	<u>928</u>	<u>5,303</u>
Additions			54	(8)	46
Gross Book Value	<u>163</u>	<u>1,580</u>	<u>2,686</u>	<u>920</u>	<u>5,349</u>

31 Long Term Debtors

The Council has powers under various statutes to make loans to third parties for the purchase and improvement of property, industrial development, provision of recreational facilities etc. Under the provision of Section 437 of the Housing Act 1985 the Council had powers to grant mortgages in connection with the sale of Council Houses, however, it no longer does this.

The amounts outstanding in respect of the various categories of loans made at 31st March were:-

	31st March 2015 £'000	31st March 2014 £'000	1st April 2013 £'000
Loans to Housing Associations	29	31	32
Loans to Parish Councils	22	10	11
Loans to Staff for Assisted Car Purchase	6	20	29
Growth Investment Loans	286	215	31
Deferred sale receipt	0	1,726	2,726
	<u>343</u>	<u>2,002</u>	<u>2,829</u>
Council House Mortgages	5	6	10
	<u>348</u>	<u>2,008</u>	<u>2,839</u>

32 Inventories

The stocks held by the Council valued using the First in First out method of valuation can be analysed as follows:-

	31st March 2015 £'000	31st March 2014 £'000	1st April 2013 £'000
Leisure Centres, Museums, TIC's etc	26	20	24
Administrative Stores	1	2	3
Miscellaneous	0	0	0
Transport Stores	73	70	83
	<u>100</u>	<u>92</u>	<u>110</u>

33 Short Term Debtors

The amounts due to the Council were:-

	31st March 2015 £'000	31st March 2014 £'000	1st April 2013 £'000
Amounts falling due within one year:-			
Central Government Bodies	1,292	942	1,933
Other Local Authorities	1,633	2,720	1,923
NHS Bodies	0	7	1
Public Corporations and Trading Funds	0	0	0
Bodies external to General Government	8,848	6,976	8,313
	<u>11,773</u>	<u>10,645</u>	<u>12,170</u>
Less Provision for Doubtful Debt	(492)	(556)	(368)
	<u>11,281</u>	<u>10,089</u>	<u>11,802</u>

The movement on the provision for doubtful debt comprises £82k write offs and (£18k) contribution.

34 Short Term Creditors

The amounts owed by the Council were:-

	31st March 2015 £'000	31st March 2014 £'000	1st April 2013 £'000
Amounts falling due within one year:-			
Central Government Bodies	3,451	772	316
Other Local Authorities	867	1,519	623
NHS Bodies	0	47	47
Public Corporations and Trading Funds	0	0	0
Bodies external to General Government	6,293	3,969	3,974
	<u>10,611</u>	<u>6,307</u>	<u>4,960</u>

35 Short Term Provisions

	Outstanding Legal Cases £'000	Total £'000
Balance as at 1st April	52	52
Use of provision in year	(7)	(7)
Balance as at 31st March	<u>45</u>	<u>45</u>

The Council has outstanding claims in respect of incorrectly charged land search fees. Provision has been made for the full sum currently in dispute. Having settled other similar claims it is expected the cases will be settled during 2015/2016.

36 Termination Benefits

The authority terminated the contracts of a number of employees in 2014/2015 incurring liabilities in respect of redundancy payments of £6k (£195k in 2013/2014). The £6k was paid as part of the Council's efficiency schemes across a variety of services.

37 Long Term Creditors

	31st March 2015 £'000	31st March 2014 £'000	1st April 2013 £'000
Section 106 Receipts	2,690	1,528	1,684
	<u>2,690</u>	<u>1,528</u>	<u>1,684</u>

Section 106 of the Town and Country Planning Act 1990 relates to money paid by developers to Local Planning Authorities in order to offset the costs of the external effects of development.

38 Long Term Provisions

	Non Domestic Rate Appeals £'000	Total £'000
Balance as at 1st April	667	667
Additional Provisions made in year	640	640
Amounts Used	(667)	(667)
Balance as at 31st March	<u>640</u>	<u>640</u>

New arrangements for the retention of business rates came into force on 1 April 2013 whereby local authorities have assumed the liability for refunding ratepayers who have successfully appealed against the rateable value of their properties on the rating list. This includes amounts that were paid over to Central Government in respect of 2012/2013 and prior years. Previously such amounts would not have been recognised as income by the authorities but would have been transferred to DCLG. A provision has been made for the possible settlement of refunds, based on consideration of the type and history of appeals awarded in the past, and the length of time normally taken for the appeal process.

39 Other Long Term Liabilities

	31st March 2015 £'000	31st March 2014 £'000	1st April 2013 £'000
Net Pensions Liability	66,541	51,220	48,003
Deferred Liabilities	224	224	224
	<u>66,765</u>	<u>51,444</u>	<u>48,227</u>

40 Capital Grants Receipts in Advance

Capital grants which have conditions attached to their use and whose conditions have not been met are classed as capital receipts in advance.

	31st March 2015 £'000	31st March 2014 £'000	1st April 2013 £'000
Government	0	0	0
Section 106	1	36	35
Nottinghamshire County Council	151	1	2
Other Third Parties	278	280	7
Balance as at 31st March	<u>430</u>	<u>317</u>	<u>44</u>

The Council keeps a number of reserves in the Balance Sheet. Some are held for statutory reasons, others to comply with proper accounting practice and others have been set up voluntarily to earmark resources for future spending plans. A breakdown of these reserves is shown below.

	Note/ Page	31st March 2015 £'000	31st March 2014 £'000	1st April 2013 £'000
<b>Usable Reserves</b>				
<u>Revenue Accounts</u>				
General Fund	p11	2,939	2,934	2,901
Housing Revenue Account	p71	2,000	5,401	5,223
		4,939	8,335	8,124
<u>Earmarked Reserves</u>				
Capital	42	8,819	4,900	1,225
Revenue	42	11,110	10,305	9,412
		19,929	15,205	10,637
<u>Other</u>				
Unapplied Capital Receipts Reserve	42	6,700	7,024	5,985
Major Repairs Reserve	42	5,980	1,425	1,604
Revenue Grants and Contributions Unapplied	42	357	478	623
Capital Grants and Contributions Unapplied	42	5,332	5,531	4,475
		18,369	14,458	12,687
<b>Total Usable Reserves</b>		<b>43,237</b>	<b>37,998</b>	<b>31,448</b>
<b>Unusable Reserves</b>				
Financial Instrument Adjustment Account	43	(187)	(191)	(194)
Pensions Reserve	44	(66,541)	(51,220)	(48,003)
Revaluation Reserve	45	13,756	12,314	11,988
Capital Adjustment Account	46	76,864	65,368	58,444
Collection Fund Adjustment Account	47	(699)	(674)	(32)
Deferred Capital Receipts	47	5	6	4
Accumulated Absences Reserve	47	(133)	(179)	(221)
<b>Total Unusable Reserves</b>		<b>23,065</b>	<b>25,424</b>	<b>21,986</b>

Usable Reserves

Earmarked reserves are those set aside for a specific purpose or to support future spending plans. A breakdown of the Council's earmarked reserves is given below.

	Balance as at 31st March 2015 £'000	Movement in Year £'000	Balance as at 31st March 2014 £'000
<u>Revenue Reserves</u>			
Investment Realisation	250	0	250
Election Expenses	157	48	109
Insurance	547	23	524
Renewal and Repairs	3,036	240	2,796
Land Charges	(50)	17	(67)
Building Control	(187)	(121)	(66)
Museum Purchases	19	3	16
Training Provision	132	62	70
Community Safety Fund	213	(48)	261
Restructuring & Pay	350	219	131
Court Costs	50	0	50
Change Management	1,351	751	600
Rural Conservation Grants	153	0	153
Planning Costs	589	53	536
VAT reserve	43	43	0
Palace Theatre Friends	18	3	15
Planning Inquiry Costs	150	128	22
Unlawful Occupation of Land Fund	10	0	10
Fly tipping	26	(4)	30
Homelessness Fund	258	0	258
Business Growth Initiative	0	(15)	15
Fuel and Energy Reserve	123	23	100
LAA Reserve	0	(40)	40
Refuse Bin Purchase	45	3	42
Energy and Home Support Reserve	154	(21)	175
Growth and Prosperity	1,417	(157)	1,574
Emergency Planning Reserve	50	0	50
Welfare Reform Reserve	191	66	125
Other Earmarked Reserves	1,842	(453)	2,295
Mansfield Crematorium	173	(18)	191
	11,110	805	10,305
<u>Capital Reserves</u>			
Capital Provision	8,819	3,919	4,900
	8,819	3,919	4,900
<b>Total Earmarked Reserves</b>	<b>19,929</b>	<b>4,724</b>	<b>15,205</b>

Insurance - provides for the payment of excesses on any claims against the Council. In addition all costs of the Council's self insurance are met from here.

Renewal and Repairs - all sections of the Council who are responsible for assets contribute to this fund to ensure that planned maintenance is delivered in the future when it is due. For example buildings are redecorated every three years, software is upgraded as necessary. This flattens out the cost to ensure that tax levels do not fluctuate unnecessarily. All available funds are allocated to specific schemes.

Land Charges - legislation requires any surplus made from the land charges service to be ring fenced.

Building Control - legislation requires any surplus made from the building control service to be ring fenced.

Change Management - to finance change management and changing focus initiatives.

Planning Costs - to cover any costs awarded against the Council in respect of planning decisions. It also spreads out the cost of the Local Plan. Included is the Planning Delivery Grant which is received from Central Government for enhancement of planning services.

Mansfield Crematorium - the Council's share of the crematorium's reserves.

Capital Provision - to support future capital projects.

## Other Usable Reserves

	Balance as at 31st March 2015 £'000	Movement in Year £'000	Balance as at 31st March 2014 £'000
Unapplied Capital Receipts Reserve The monies received from the sale of assets and contributions towards capital expenditure by Central Government and third parties are used to redeem loans raised by the Council to finance new capital expenditure	6,700	(324)	7,024
Major Repairs Reserve Used to maintain housing stock	5,980	4,555	1,425
Revenue Grants and Contributions Unapplied A grant or contribution which has no conditions attached but against which no expenditure has yet been incurred	357	(121)	478
Capital Grants and Contributions Unapplied A grant or contribution which has no conditions attached but against which no expenditure has yet been incurred	5,332	(199)	5,531
<b>Total Other Usable Reserves</b>	<b>18,369</b>	<b>3,911</b>	<b>14,458</b>

### 43 Financial Instrument Adjustment Account

The Financial Instrument Adjustment Account absorbs the timing difference arising from the different arrangements for accounting for income and expenditure relating to certain financial instruments and for bearing losses or benefitting from gains per statutory provision. The Council uses the account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred but reversed out of the General Fund balance to this account in the Movement in Reserves Statement. Over time the expense is posted back to the General Fund balance in accordance with statutory arrangements for spreading the burden on council tax. In 2014/2015 £4k (£3k 2013/2014) was charged to the General Fund.

### 44 Pensions Reserve

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

In 2014/2015 actuarial losses of £13,287k (£806k 2013/2014) were charged and net charges of £2,034k (£2,412k 2013/2014) were reversed.

45 Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council 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 the reserve was created. Accumulated gains arising before that date are consolidated into the balance in the Capital Adjustment Account.

	31st March 2015 £'000	31st March 2014 £'000	1st April 2013 £'000
Balance as at 1st April	12,314	11,988	11,686
(Deficit)/Surplus on Revaluation and Restatement of Non Current Assets:			
Newark and Sherwood District Council	1,581	558	986
Depreciation charge:			
Historical Cost Adjustment	(139)	(232)	(232)
Revaluation of Disposed Assets	0	0	(452)
Balance as at 31st March	13,756	12,314	11,988

46 Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements 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 amortisation are charged to the Comprehensive Income and Expenditure Statement. The account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.



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

	31st March 2015 £'000	31st March 2014 £'000	1st April 2013 £'000
Balance as at 1st April	65,368	58,444	60,333
Capital Financing:-			
Capital Receipts applied	1,154	194	612
Capital Provision utilised	959	61	43
Government and Other Grants and Contributions utilised	5,067	1,107	1,943
Use of Major Repairs Reserve	6,015	6,598	5,677
Minimum Revenue Provision	709	691	258
	<u>13,904</u>	<u>8,651</u>	<u>8,533</u>
Capital Charges			
Depreciation Council Dwellings	(2,214)	(2,050)	(2,104)
Depreciation Other HRA Assets	(385)	(400)	(351)
Depreciation General Fund Assets	(934)	(884)	(730)
Impairments Council dwellings	7,578	9,401	(2,152)
Impairments Other HRA Assets	(151)	(510)	(290)
Impairments General Fund Assets	(542)	(1,098)	231
Revenue Expenditure Funded from Capital	(774)	(1,022)	(656)
Historical Cost Depreciation Adjustment	139	232	232
Revaluation of Disposed Assets	0	0	452
Disposal of Assets	(5,094)	(5,365)	(5,035)
Amortisation of Intangible Assets	(31)	(31)	(19)
	<u>(2,408)</u>	<u>(1,727)</u>	<u>(10,422)</u>
Balance as at 31st March	<u>76,864</u>	<u>65,368</u>	<u>58,444</u>

47 Other Unusable Reserves

	Balance as at 31st March 2015 £'000	Movement in Year £'000	<i>Balance as at</i> 31st March 2014 £'000
Collection Fund Adjustment Account Absorbs the timing differences between statutory requirements and full accruals accounting in respect of the collection of Council Tax and Non Domestic Rates	(699)	(25)	(674)
Deferred Capital Receipts Council house mortgages where disposal of the property has taken place and deferred payments have been agreed	5	(1)	6
Accumulated Absences Reserve Mitigates the impact of the accrual for short term accumulated absences on the General Fund	(133)	46	(179)
<b>Total Other Unusable Reserves</b>	<b>(827)</b>	<b>20</b>	<b>(847)</b>

48 Post Balance Sheet Event

On 1<sup>st</sup> April 2015 the responsibility for some services and associated assets was devolved to Newark Town Council. This will result in savings to Newark and Sherwood District Council of approximately £260,000 per year from 2015/2016 onward. The services devolved include

- Newark market
- Public convenience management and maintenance
- Parks, playing fields and open spaces management and maintenance
- Environmental improvement schemes
- Sherwood Avenue amenities management and maintenance

This is a non-adjusting post balance sheet event.

On 1<sup>st</sup> June 2015 the Council's leisure services were transferred to a management company Active4Today Ltd. This will result in savings to the Council of a minimum of £250,000 per year. The company will operate and maintain the Council's leisure centres and provide sports development activities. Active4Today Ltd is 100% owned by Newark and Sherwood District Council. This is a non-adjusting post balance sheet event.

49 Contingent Assets and Liabilities

In February 2015 contracts were signed relating to the sale of Kelham Hall to Kelham Hall Ltd. A deposit of £250,000 has been received and is included in the Statement of Accounts. The remaining balance amounting to £3,750,000 is to be paid to NSDC when contracts are exchanged. This is expected to be in 2017, when the Council's new offices are complete.

There are no contingent liabilities to disclose.

As part of the terms and conditions of employment of its officers and other employees, 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. The authority participates in the Local Government Pension Scheme, administered by Nottinghamshire County Council. This is a funded defined benefit final salary scheme, meaning 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 is recognised in the (Surplus)/Deficit on Continuing Operations 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 benefit is reversed out of the Comprehensive Income and Expenditure Statement after the (Surplus)/Deficit on Provision of Services.

These transactions are as follows:-

	2014/2015 £'000	2013/2014 £'000
<b>Comprehensive Income and Expenditure Statement</b>		
<u>Cost of Services</u>		
Current service cost	2,113	2,554
Past service costs	0	165
(Gain)/loss from settlements	0	0
<u>Financing and Investment Income and Expenditure</u>		
Net interest expense	2,203	2,067
Administration costs	11	4
<b>Total charged to Surplus/Deficit on Provision of Services</b>	<b>4,327</b>	<b>4,790</b>
<u>Remeasurement of the net defined benefit liability</u>		
Return on plan assets	4,104	1,023
Changes in demographic assumptions	0	(5,398)
Changes in financial assumptions	(17,391)	(150)
Other actuarial gains/(losses)	0	3,720
<b>Total charged to Other Comprehensive Income and Expenditure</b>	<b>(13,287)</b>	<b>(805)</b>
<b>Total charged to Comprehensive Income and Expenditure Statement</b>	<b>(8,960)</b>	<b>3,985</b>
<b>Movement in Reserves Statement</b>		
Reversal of net charges made for retirement benefits	(2,034)	(2,412)
<b>Actual amount charged against the General Fund Balance</b>		
Employers' contributions payable to scheme	2,293	2,378

## Assets and liabilities in relation to retirement benefits

Reconciliation of present value of the scheme liabilities:

	Year to 31st March 2015 £'000	Year to 31st March 2014 £'000
1st April	112,598	109,715
Current service cost	2,113	2,554
Interest cost	4,889	4,763
Contributions by scheme participants	601	555
Remeasurement (gains)/losses		
Changes in demographic assumptions	0	5,398
Changes in financial assumptions	17,391	150
Other	0	(6,895)
Past service cost	0	165
Losses (gains) on curtailment	0	0
Benefits paid	(3,581)	(3,807)
31st March	134,011	112,598

Reconciliation of fair value of the scheme assets:

	Year to 31st March 2015 £'000	Year to 31st March 2014 £'000
1st April	61,378	61,712
Interest income	2,686	2,696
Remeasurement gain/(loss)		
Return on plan assets	4,104	1,023
Other	0	(3,175)
Contributions from employer	2,293	2,378
Contributions from scheme participants	601	555
Benefits paid	(3,581)	(3,807)
Administration costs	(11)	(4)
31st March	67,470	61,378

## Pension Assets and Liabilities Recognised in Balance Sheet

Assets	2014/2015 £'000	2013/2014 £'000	2012/2013 £'000	2011/2012 £'000	2010/2011 £'000
Present value of liabilities	(134,011)	(112,598)	(109,715)	(99,383)	(83,613)
Fair value of assets	67,470	61,378	61,712	54,331	53,432
Net liability	(66,541)	(51,220)	(48,003)	(45,052)	(30,181)

## 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 liabilities have been assessed by Barnett Waddingham LLP, an independent firm of actuaries, the estimates for the County Council Fund being based on the latest full valuation of the scheme as at 31<sup>st</sup> March 2013.

The principal assumptions used by the actuary have been:

	31st March 2015	31st March 2014
<u>Long term expected rate of return on assets in the scheme</u>		
Across all assets	11.0%	6.0%
<u>Mortality Assumptions</u>		
Longevity at 65 for current pensioners		
Men	22.1	22.0
Women	25.2	25.1
Longevity at 65 for future pensioners		
Men	24.2	24.1
Women	27.6	27.4
Rate of inflation – Retail Price Index	3.2%	3.5%
Rate of inflation – Consumer Price index	2.4%	2.7%
Rate of increase in salaries	4.2%	4.5%
Rate of increase in pensions	2.4%	2.7%
Rate for discounting scheme liabilities	3.3%	4.4%
Take up of option to convert annual pension into retirement lump sum	50%	50%
Take up of option to pay 50% contributions for 50% benefits	10%	n/a

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. 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. The estimations in the sensitivity analysis have followed the accounting policies for the scheme.

<u>Impact on the defined benefit obligation</u>			
	Adjustment	Increase in assumption £'000	Decrease in assumption £'000
Discount Rate	+/- 0.1%	(2,322)	2,365
Salary Increase	+/- 0.1%	327	(325)
Pension Increase	+/- 0.1%	2,057	(2,020)
Mortality Age	+/- 1 year	(4,779)	4,825

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

	31st March 2015 £'000	31st March 2014 £'000
Equity Investment		
UK investment	22,082	21,955
Overseas investment	24,461	21,507
Private equity investment	1,019	1,344
	47,562	44,806
Gilts		
UK fixed interest	2,108	2,946
Overseas fixed interest	0	1,228
UK inflation linked	0	736
	2,108	4,910
Other Bonds		
UK corporates	4,558	1,811
Overseas corporates	204	276
Inflation linked	0	982
	4,762	3,069
Property	7,875	6,752
Cash	3,281	1,841
Inflation-linked pooled fund	1,882	0
	67,470	61,378

## 51 Financial Instruments – Risk and Risk Management

### **Disclosure of nature and extent of Risk arising from Financial Instruments**

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

- 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 movements

### **Overall Procedures for Managing Risk**

The Council's overall risk management procedures focus on the unpredictability of financial markets and implementing restrictions to minimise these risks. The procedures for risk management are set out through a legal framework in the Local Government Act 2003 and the associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance issued through the Act. Overall these procedures require the Council to manage risk in the following ways:

- by formally adopting the requirements of the Code of Practice
- by the adoption of a Treasury Policy Statement and treasury management clauses within the Council's constitution
- by approving annually in advance prudential indicators for the following three years limiting
  - the Council's overall borrowing
  - its maximum and minimum exposures to fixed and variable interest rates
  - its maximum and minimum exposures for the maturity structure of its debt
  - its maximum annual exposures to investments maturing beyond a year
- by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the government guidance

These are required to be reported and approved at or before the Council's Council Tax setting meeting. These items are reported with the annual treasury management strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported annually to members. The annual treasury management strategy which incorporates the prudential indicators was approved by Council on 10<sup>th</sup> March 2014 and is available on the Council website. The key issues within the updated strategy were:

- the authorised limit for 2014/2015 was set at £136.7m. This is the maximum limit of external borrowings or other long term liabilities
- the operational boundary was expected to be £110.4m. This is the expected level of debt and other long term liabilities during the year
- the maximum amounts of fixed and variable interest rate exposure were set at £103.6m and £7.6m based on the Council's debt
- the maximum and minimum exposures to the maturity of debt are shown in the refinancing and maturity risk section of this note

These policies are implemented by the Council's treasury team. The Council maintains written procedures 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 through Treasury Management Practices (TMPs). These TMPs are a requirement of the Code of Practice and are reviewed regularly.

### 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 & Poors Credit Rating Services. The Annual Investment Strategy also imposes a maximum amount and time to be invested with a financial institution located within each category. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above. Additional selection criteria are also applied after this initial criterion is applied. The key areas of the Investment Strategy are that the minimum criteria for investment counterparties include:

- Credit Ratings of Short Term of F1, Long Term A-, Support C and individual 3 (Fitch or equivalent rating) with the lowest available rating being applied to the criteria
- UK Institutions provided with support from the UK Government
- The Council's own bank if it falls below the criteria above
- 'AAA' rated Money Market Funds

The full Investment Strategy for 2014/2015 was approved by Full Council on 10<sup>th</sup> March 2014 and is available on the Council's website.

The authority's maximum exposure to risk in relation to its investments in banks and building societies of £25.5m 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 31<sup>st</sup> March 2015 that this was likely to crystallise.

The following analysis summarises the authority's potential maximum exposure to credit risk on other financial assets based on experience of default.

	Amount at 31st March 2015 £'000	Historical Experience of Default %	Adjustment for Market at 31st March 2015 %	Estimated Maximum Exposure to Default 31st March 2015 £'000	<i>Estimated Maximum Exposure to Default 31st March 2014 £'000</i>
Trade Debtors	3,507	1.67	1.67	58	18
	<u>3,507</u>			<u>58</u>	<u>18</u>

The Council does not generally allow credit to its trade debtors, such that £2,887k of the £3,507k balance is past its due date for payment. The past due amount can be analysed by age as follows:

	31st March 2015 £'000	31st March 2014 £'000
<b>Debtor Analysis</b>		
Up to 30 days	1,292	296
31 to 60 days	496	203
61 to 90 days	48	45
Greater than 90 days	1,051	469
	2,887	1,013

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 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 market to cover any day to day cash flow need, and the Public Works Loan Board provides 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 of financial assets is as follows:

	31st March 2015 £'000	31st March 2014 £'000
Maturing within one year	17,438	10,430
Maturing in 1 - 2 years	139	227
Maturing in more than 2 years	200	59
	17,777	10,716

All other current assets and current liabilities are not shown in the table above.

### Re-financing 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 prudential 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 address the main risks and the 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 financial liabilities is as follows, with the maximum and minimum limits for fixed interest rates maturing in each period.

	Approved Maximum Limits	Approved Minimum Limits	31st March 2015 £'000	31st March 2014 £'000
Maturing within one year	50%	0%	9,344	13,349
Maturing in 1 - 2 years	100%	0%	10,519	5,517
Maturing in 2 - 5 years	100%	0%	11,567	9,517
Maturing in 5 - 10 years	100%	0%	18,159	21,145
Maturing in more than 10 years	100%	0%	44,397	47,480
			93,986	97,008

## 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
- investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise
- investments at fixed rates – the fair value of the assets will fall

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 Comprehensive Income and Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Comprehensive Income and Expenditure Statement and affect the General Fund Balance, subject to influences from Government grants. Movements in the fair value of fixed rate investments will be reflected in the Comprehensive Income and Expenditure Statement, unless the investments have been designated as Fair Value through the Comprehensive Income and Expenditure Statement, in which case gains and losses will be posted to the Comprehensive Income and Expenditure Statement.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Council's prudential indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a prudential indicator is set which provides maximum limits for fixed and variable interest rate exposure. The 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.

All Council long term borrowings are at a fixed rate of interest.

**Price risk** - The Council does not invest in equity shares.

**Foreign exchange risk** – The Council has foreign exchange exposure resulting from an element of the settlement received from Glitnir. This is being held in Icelandic kronur in an escrow account due to the current imposition of currency controls. The value of the deposit as at 31 March was 87,040,250 kronur which, at an exchange rate of 203.34, equates to £428,052.77.

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

	Long Term		Current	
	2014/2015 £'000	2013/2014 £'000	2014/2015 £'000	2013/2014 £'000
<b>Financial Liabilities</b>				
Loans at Amortised Cost				
Principal	84,642	83,659	9,345	13,349
Accrued Interest			761	785
Total Borrowing	84,642	83,659	10,106	14,134
Liabilities at Amortised Cost				
Finance Leases	224	224		
Included in Other Long Term Liabilities	224	224	0	0
Liabilities at Amortised Cost				
Trade Payables			3,468	4,513
Included in Creditors	0	0	3,468	4,513
<b>Total Financial Liabilities</b>	<b>84,866</b>	<b>83,883</b>	<b>13,574</b>	<b>18,647</b>

	Long Term		Current	
	2014/2015 £'000	2013/2014 £'000	2014/2015 £'000	2013/2014 £'000
<b>Financial Assets</b>				
Loans and Receivables				
Principal at amortised cost	0	10	575	3,477
Accrued Interest			0	2
Total Investments	0	10	575	3,479
Loans and Receivables				
Cash (including bank accounts)			413	18
Cash equivalents at amortised cost			16,660	6,815
Accrued interest			10	8
Total Cash and Cash Equivalents	0	0	17,083	6,841
Loans and Receivables				
Trade Debtors		1,726	3,507	1,706
Other Debtors			3,080	7,036
Loans	348	282		
Included in Debtors	348	2,008	6,587	8,742
<b>Total Financial Assets</b>	<b>348</b>	<b>2,018</b>	<b>24,245</b>	<b>19,062</b>

53 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:

	Financial Liabilities		Financial Assets	
	2014/2015 £'000	2013/2014 £'000	2014/2015 £'000	2013/2014 £'000
Interest expense	4,009	4,222		
<b>Interest Payable and Similar Charges</b>	<b>4,009</b>	<b>4,222</b>	<b>0</b>	<b>0</b>
Interest income			(105)	(93)
<b>Interest and Investment Income</b>	<b>0</b>	<b>0</b>	<b>(105)</b>	<b>(93)</b>
<b>Net Gain/(Loss) for the year</b>	<b>4,009</b>	<b>4,222</b>	<b>(105)</b>	<b>(93)</b>

The Council holds investments in Loans and Receivables. It holds no investments in Available for Sale Assets nor Assets held at Fair value through the Comprehensive Income and Expenditure Statement.

54 Financial instruments – 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 and 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 Public Works Loan Board (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 values calculated are as follows:

	31st March 2015 £'000 Carrying Amount	31st March 2015 £'000 Fair value	31st March 2014 £'000 Carrying Amount	31st March 2014 £'000 Fair value
Public Works Loans Board	74,235	85,340	77,272	78,414
Non PWLB debt	20,513	29,495	20,521	24,230
<b>Total Debt</b>	<b>94,748</b>	<b>114,835</b>	<b>97,793</b>	<b>102,644</b>
Included in Other Long Term Liabilities	224	224	224	224
Trade Creditors	3,468	3,468	4,513	4,513
<b>Total Financial Liabilities</b>	<b>98,440</b>	<b>118,527</b>	<b>102,530</b>	<b>107,381</b>
Government Stock	0	0	10	10
Mansfield Crematorium	147	147	34	34
Loans and receivables greater than one year	0	0	0	0
Loans and receivables less than one year	17,088	17,088	10,258	10,258
Loans and receivables (principal amount)	17,235	17,235	10,302	10,302
Accrued Interest	10	10	10	10
<b>Total Investments</b>	<b>17,245</b>	<b>17,245</b>	<b>10,312</b>	<b>10,312</b>
Total Cash	413	413	18	18
Included in Debtors	6,935	3,507	1,706	1,706
<b>Total Loans and Receivables</b>	<b>24,593</b>	<b>21,165</b>	<b>12,036</b>	<b>12,036</b>

Reconciliation of (Surplus)/Deficit on Provision of Services to Operating Activities Net Cash Flow

	2014/2015		2013/2014	
	£'000	£'000	£'000	£'000
<u>Comprehensive Income and Expenditure Statement</u>				
(Surplus)/Deficit on Provision of Services		(14,586)		(10,236)
<u>Non Cash Transactions</u>				
Net Movement on Pensions	(2,034)		(2,412)	
Capital Accounting entries	13,000		2,309	
Developers Contributions	<u>(1,162)</u>	9,804	<u>156</u>	53
<u>Items on an Accruals Basis</u>				
Increase/(Decrease) in Stock	8		(18)	
Increase/(Decrease) in Debtors	1,192		(1,713)	
(Increase)/Decrease in Creditors	(4,304)		(1,357)	
(Increase)/Decrease in Provisions	34		(718)	
(Increase)/Decrease in Capital Receipts in Advance	108		(110)	
Increase/(Decrease) in Long Term Debtors	<u>(1,660)</u>	(4,622)	<u>(831)</u>	(4,747)
<u>Items Classified elsewhere in the Cash Flow</u>				
Net Movement on Agency Payments	580		(12)	
Net Movement on Financial Instruments	<u>12</u>	592	<u>0</u>	(12)
		<u>(8,812)</u>		<u>(14,942)</u>

## HOUSING REVENUE ACCOUNT

The HRA Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis on which rents are raised, is shown in the Movement on the Housing Revenue Account Statement.

<b><u>Newark and Sherwood District Council</u></b>	Note	Year Ended 31st March 2015 £'000	Year Ended 31st March 2014 £'000
<b><u>Housing Revenue Account for 2014/2015</u></b>			
<b><u>Income</u></b>			
Dwelling Rent		20,815	20,540
Garages		208	200
Shops		31	33
Gross Rental Income		21,054	20,773
Charges for Services and Facilities		286	290
Contributions towards Expenditure	H9	63	113
Other Income		787	915
		22,190	22,091
<b><u>Expenditure</u></b>			
Supervision and Management		4,773	4,276
Repairs and Maintenance		3,904	4,157
Rents, Rates, Taxes and Other Charges		0	0
Depreciation of non current assets	H6		
On dwellings		2,214	2,049
On other assets		385	400
Impairment of non current assets	H7		
On dwellings		(7,578)	(9,401)
On other assets		151	510
Debt Management Expenses		27	32
		3,876	2,023
<b>Net Cost of HRA Services as included in the whole authority Comprehensive Income and Expenditure Statement</b>		(18,314)	(20,068)
(Gain)/Loss on sale of HRA non current assets		3,892	3,708
Interest Payable and Similar Charges		4,407	4,699
HRA Interest and Investment Income		(24)	(18)
Provision for Doubtful Debt		122	0
Contribution to Newark and Sherwood Homes Reserves		781	0
Newark and Sherwood Homes Efficiency Gain prior year repaid	H10	0	2,961
Newark and Sherwood Homes Efficiency Gain Current Year	H10	0	(860)
<b>(Surplus)/Deficit for the year on HRA Services</b>		<b>(9,136)</b>	<b>(9,578)</b>

**MOVEMENT ON THE HOUSING REVENUE ACCOUNT STATEMENT**

	2014/2015		2013/2014	
	£'000	£'000	£'000	£'000
HRA Balance brought forward		<b>5,401</b>		<b>5,223</b>
Surplus/(Deficit) on the HRA Income and Expenditure Statement		9,136		9,578
Adjustments between Accounting Basis and Funding Basis under Regulations:				
(Gains)/Losses on disposal of HRA Non Current Assets	3,892		3,708	
Contribution to Capital	(771)		0	
HRA share of contribution (to)/from the Pensions Reserve	(260)		(190)	
Transfer (to)/from the Major Repairs Reserve	(7,971)	(5,110)	(3,970)	(452)
Net Increase/Decrease before transfers to/from Reserves		4,026		9,126
Transfer (to)/from Capital Adjustment Account		(7,427)		(8,948)
Increase/(Decrease) in year in the HRA		(3,401)		178
HRA Balance carried forward		<b>2,000</b>		<b>5,401</b>

## NEWARK AND SHERWOOD DISTRICT COUNCIL

### HOUSING REVENUE ACCOUNT NOTES FOR THE YEAR 2014/2015

#### H1 Housing Stock

The Council was responsible for managing an average of 5,439 dwellings during 2014/2015 (5,438 2013/2014). The stock was made up as follows:

	Pre 1945	1945-1964	1965-1974	1974+	Total 2014/2015	Total 2013/2014
<b>Traditional/Non Traditional Houses &amp; Bungalows</b>						
1-2 Bedrooms	71	790	497	550	1,908	1,887
3+ Bedrooms	405	1,228	284	160	2,077	2,096
<b>Flats</b>						
Low Rise (1-2 Storeys)	21	708	411	244	1,384	1,385
Medium Rise (3-5 Storeys)	1	4	37	28	70	70
	<u>498</u>	<u>2,730</u>	<u>1,229</u>	<u>982</u>	<u>5,439</u>	<u>5,438</u>

#### H2 Housing Revenue Account Assets

The total Balance Sheet valuations of land, houses and other property within the HRA are as follows:-

<u>HRA Assets Existing Use - Open Market Value</u>	<i>Balance as at 1st April 2014 £'000</i>	<i>Balance as at 31st March 2015 £'000</i>
Dwellings	151,048	159,513
Other Land and Buildings	5,380	5,950
Investment Properties	1,098	1,252
Community Assets	250	0
Assets Under Construction	0	0
Vehicle, Plant and Equipment	3,027	2,869
<b>Total</b>	<u>160,803</u>	<u>169,584</u>

The vacant possession value of dwellings within the authority's HRA (values in accordance with the guidance) is shown below. The difference between the vacant possession value and the Balance Sheet value of dwellings within the HRA show the economic cost to the government of providing council housing at less than market rents.

	<i>Balance as at 1st April 2014 £'000</i>	<i>Balance as at 31st March 2015 £'000</i>
Houses	240,874	254,116
OAP Dwellings	203,386	215,040
<b>Total</b>	<u>444,260</u>	<u>469,156</u>

The council dwellings valuations have been arrived at using a valuation report prepared by a qualified valuer David Bingham of Herbert Button and Partners. The valuation was carried out as at the 31 March 2015. They have been applied to council houses on a beacon property base whereby similar properties in similar areas are all given the same value. Property valuations have moved in line with the current domestic property market.



### H3 Movements on the Major Repairs Reserve

The council is required to transfer an amount equal to the depreciation charge to the Major Repairs Reserve. The reserve is then used to finance capital expenditure on Housing Revenue Account assets.

For 2014/2015 the Council chose to transfer additional funds into the Major Repairs Reserve. The reserve was partially used to finance capital expenditure incurred in the year.

	£'000
Balance Brought Forward 1st April 2014	(1,425)
Transfers to Reserve re Depreciation	
Dwellings	(2,214)
Non Dwellings	(385)
Additional transfer to Reserve	(7,971)
Transfers to the HRA:	
Amounts used to finance Capital Expenditure	6,015
Balance Carried Forward 31st March 2015	<u>(5,980)</u>

### H4 Capital Expenditure and Financing

	2014/2015 £'000
Structural Maintenance	56
Roofing Works	556
Asbestos and Fire Safety	183
Kitchens and Bathrooms	1,518
Garage Forecourts	81
External Works	769
Electrical Works	732
Smoke Alarms	131
Disabled Facilities Provision	511
Heating Systems	600
Energy Efficiency Works	337
Environmental Works	448
Affordable Housing	2,400
	<u>8,322</u>
<u>Financing</u>	
Major Repairs Reserve	6,015
Government Grants	499
Contributions	1,015
Capital Provision	773
Capital Receipts	20
	<u>8,322</u>

H5 Capital Receipts

	2014/2015 £'000
Land and Other Property	17
Sold Council Houses	1,105
Less administration costs on sale of Council Houses	(31)
Principal Mortgage Repayments	2
Deminimis Receipts	12
	<u>1,105</u>
Less paid to Government Pool	(395)
	<u>710</u>

Under the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 as amended, the Council has to make a payment to the Secretary of State in respect of housing capital receipts. The amount payable is dependent on a number of factors

- Sale price net of discount
- Debt value assumed for the property under the self financing settlement
- Value of the authority's actual debt attributable to the property
- The respective values of the authority's and Government's share capital
- The number of properties sold in each quarter

The Council has signed an agreement allowing it to retain additional Right to Buy receipts to fund new or acquired affordable housing.

H6 Depreciation Charges

The total charges for depreciation for land, houses and other property within the authority's HRA are as follows:

	2014/2015 £'000
Council Houses	2,214
Land and Buildings	385
	<u>2,599</u>

#### H7 Impairment Charges

Impairment charges for the financial year in respect of land, houses or other property within the authority's HRA are shown in the table below.

	2014/2015 £'000
Council Houses:	
Impairment Gain	(14,422)
Impairment Loss	6,844
Other Land and Buildings:	
Impairment Gain	(31)
Impairment Loss	281
Investment Properties	
Impairment Gain	(99)
	<hr/>
	(7,427)
	<hr/>

#### H8 Rent Arrears

The total amount of rent arrears as at 31<sup>st</sup> March 2015 was £559,978 (2013/2014 £513,014). Included in the doubtful debt provision is the amount of £300,100 relating to rent arrears.

#### H9 Contributions towards Expenditure

The income of £62,850 (£112,770 in 2013/2014) relates to contributions to the Housing Revenue Account from the General Fund for the upkeep of communal amenities.

#### H10 Arms Length Management

The Housing Revenue Account includes a £7.6m management fee paid to Newark and Sherwood Homes Ltd (2013/2014 £7.42m) to manage the housing stock owned by the Council, under arms length arrangements. This management agreement came into effect on 1st November 2004.

In 2014/2015 a new management agreement was signed allowing Newark and Sherwood Homes Ltd to retain and use any surplus made subject to certain conditions. The 2013/2014 management agreement required Newark and Sherwood Homes Ltd to pay to the Council an amount known as the Efficiency Gain which for 2013/2014 amounted to £860,165. This was calculated from NSH's 2013/2014 final account surplus after tax.

**COLLECTION FUND INCOME AND EXPENDITURE ACCOUNT**

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.

<b><u>Newark and Sherwood District Council</u></b>	Note	2014/2015	2013/2014
<b><u>Collection Fund Account for 2014/2015</u></b>		£'000	£'000
<b><u>Income</u></b>			
Income from Business Ratepayers	C2	39,475	38,802
Council Tax	C3	62,503	60,424
Government Grant		8	0
		<u>101,986</u>	<u>99,226</u>
<b><u>Expenditure</u></b>			
<b>Precepts and Demands</b>			
Nottinghamshire County Council		44,093	42,972
Nottinghamshire Police Authority		6,268	6,110
Nottinghamshire Fire Authority		2,575	2,510
Newark and Sherwood District Council		5,824	5,789
Parishes		2,404	2,310
<b>Non Domestic Rates</b>			
Non Domestic Rates:			
Payable to Government		19,185	19,050
Newark and Sherwood District Council		15,348	15,240
Nottinghamshire County Council		3,453	3,429
Nottinghamshire Fire Authority		384	381
Share of NDR1 deficit:			
Payable to Government		(484)	0
Newark and Sherwood District Council		(387)	0
Nottinghamshire County Council		(87)	0
Nottinghamshire Fire Authority		(10)	0
Transitional Payment Protection		386	117
Costs of Collection		165	164
Interest Payments on Refunds		0	3
Provision for Uncollectable Debts		748	823
Provision for Appeals		1,600	1,667
		<u>101,465</u>	<u>100,565</u>
Net Surplus/(Deficit) for year		521	(1,339)
Fund Balance as at 1st April - Surplus/(Deficit)		(1,656)	(317)
Fund Balance as at 31st March - Surplus/(Deficit)		<u>(1,135)</u>	<u>(1,656)</u>

## NEWARK AND SHERWOOD DISTRICT COUNCIL

### COLLECTION FUND NOTES FOR THE YEAR 2014/2015

#### C1 Accounting Policies

- (a) Revenue Support Grant is paid directly to all billing and precepting authorities and will be included within Taxation and Non Specific Grant Income on the Comprehensive Income and Expenditure Statement.
- (b) Parish precepts are paid from the General Fund of billing authorities and will be included within Other Operating Expenditure on the Comprehensive Income and Expenditure Statement.
- (c) The year-end surplus of £917,191 on the Council Tax collection fund is distributed between billing and precepting authorities on the basis of estimates, made on 15 January, of the year-end balance.
- (d) The year end deficit of £2,051,707 on the Non Domestic Rate collection fund is distributed between billing and precepting authorities on the basis of prescribed shares between central government and precepting authorities.

#### C2 Income from Business Rates

Under the arrangements regarding Uniform Business Rates, the Council collects non domestic rates for its area which are based on local rateable values multiplied by a uniform rate which for 2014/2015 was 48.2p (2013/2014 47.1p). In 2014/2015 the Small Business Rate Relief reduced the multiplier to 47.1p where it applies. The system for funding Local Authority expenditure changed in 2013/2014 with a share of the proceeds of Non Domestic Rate income being retained by billing and precepting authorities.

The non-domestic rateable value at the 31st March 2015 was £92,694,189 (31st March 2014 £93,461,440).

#### C3 Council Tax

Council Tax is set by calculating the Council Tax base, and then dividing this into the precepts levied by the district, county, parish councils, Nottinghamshire Fire Authority and Nottinghamshire Police Authority. The tax base is the amount that setting a Council Tax of £1 for Band D properties (the standard band) would raise in revenue. The methodology and the factors taken into consideration are complex and are reported in detail when the tax base is set by the Council in December or January.

The Council Tax base for 2014/2015 is as follows:

Band	Total Dwellings	Adjusted for Discounts, Disabled Relief and Exemptions	Ratio	Band D Equivalents	2014/2015 Adjusted for Non Collection	2013/2014 Adjusted for Non Collection
A	22,300	15,251.70	6/9	10,167.80	10,066.08	9,987.60
B	7,731	6,146.87	7/9	4,780.90	4,733.09	4,690.72
C	8,342	7,218.45	8/9	6,416.40	6,352.24	6,312.33
D	5,580	4,998.70	9/9	4,998.70	4,948.71	4,966.24
E	3,941	3,648.44	11/9	4,459.20	4,414.61	4,369.67
F	2,489	2,351.21	13/9	3,396.19	3,362.24	3,359.76
G	1,378	1,299.66	15/9	2,166.10	2,144.44	2,123.35
H	124	107.10	18/9	214.20	212.06	205.43
Total	51,885	41,022.13		36,599.49	36,233.47	36,015.10

## **NEWARK AND SHERWOOD DISTRICT COUNCIL GROUP CONSOLIDATED ACCOUNTS**

### **INTRODUCTION**

The authority is required under the Local Government Act 2003 to produce a set of Group accounts where it has subsidiaries, joint ventures or associates. The criteria for deciding if the authority has such relationships is laid down by the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 Based on International Financial Reporting Standards (referred to within these accounts as “the Code”). The Code has been developed to bring authority accounts in line with the International Financial Reporting Standards (IFRS) which other reporting bodies have to comply with and to assist users of the accounts to understand better the authority’s overall financial position.

The authority has undertaken a review of all its relationships with other bodies and is required to consolidate its accounts with Newark and Sherwood Homes Ltd (NSH), which is a wholly owned subsidiary of the authority, using the merger method. NSH manages the housing stock owned by the Council, under an arms length arrangement. The Housing Revenue Account includes a management fee paid to NSH to manage the stock owned by the Council under arms length arrangements. This management agreement came into effect on 1 November 2004.

Newark and Sherwood Homes Ltd produce a set of company accounts with a year end of 31 March. The accounts for 2014/2015, which have been consolidated here, have been audited by NSH’s auditors and have been given an unqualified audit opinion. Newark and Sherwood Homes Ltd publish an Annual Report which may be viewed at their offices at Kelham Hall, Kelham, Newark on Trent, Notts, NG23 5QX. The company is limited by guarantee and does not have any share capital.

### **ACCOUNTING POLICIES**

The following notes detail any variations from the accounting policies used by the authority and should be read in conjunction with the relevant notes within the authority’s accounts. The consolidation has been done on a merger basis as NSH is 100% owned by NSDC.

#### **Taxation**

NSH is subject to a charge for taxation which is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Except where otherwise required full provision is made without discounting in respect of all timing differences which have arisen but not reversed by the Balance Sheet date, except as otherwise required by IAS 12.

**GROUP MOVEMENT IN RESERVES STATEMENT**

<b><u>Newark and Sherwood District Council Group Accounts</u></b> <b><u>Movement in Reserves Statement for the year 2014/2015</u></b>	General Fund Balance £'000	Earmarked Reserves £'000	Housing Revenue Account £'000	Major Repairs Reserve £'000	Grants & Contributions Unapplied £'000	Capital Receipts Reserve £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Authority Reserves £'000
<b>Balance at 31 March 2013</b>	<b>2,934</b>	<b>17,213</b>	<b>5,401</b>	<b>1,425</b>	<b>6,009</b>	<b>7,024</b>	<b>40,006</b>	<b>20,651</b>	<b>60,657</b>
<b>Movement in Reserve during 2013/2014</b>									
Surplus/(Deficit) on Provision of Services	5,450		9,136				14,586		14,586
Other Comprehensive Expenditure and Income							0	(14,544)	(14,544)
<b>Total Comprehensive Expenditure and Income</b>	<b>5,450</b>	<b>0</b>	<b>9,136</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>14,586</b>	<b>(14,544)</b>	<b>42</b>
Adjustments between Group accounts and Authority accounts		0	1,514				1,514		1,514
Net Increase/(Decrease) before Transfers	<b>5,450</b>	<b>0</b>	<b>10,650</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>16,100</b>	<b>(14,544)</b>	<b>1,556</b>
<b><u>Adjustments between Accounting basis and Funding basis under Regulations</u></b>									
Depreciation and impairment of non current assets	1,507		(7,427)				(5,920)	5,920	0
Excess of depreciation charged to the Major Repairs Reserve				2,599			2,599	(2,599)	0
Use of Major Repairs Reserve to finance capital expenditure				(6,015)			(6,015)	6,015	0
Capital grants and contributions	(4,870)				(199)		(5,069)	5,069	0
Capital receipts used to finance capital expenditure						(1,154)	(1,154)	1,154	0
Revenue expenditure funded from capital under statute	774						774	(774)	0
Net gain/loss on sale of non current assets	(23)		3,892			1,225	5,094	(5,094)	0
Amount by which finance costs are different	(4)						(4)	4	0
Amount by which pension costs are different	2,294		(260)				2,034	(2,034)	0
Collection Fund income adjustment	25						25	(25)	0
Statutory provision for repayment of debt	(709)						(709)	709	0
Capital expenditure charged to the General Fund balance	(140)		(771)				(911)	911	0
Transfer to unusable reserves	(46)		(1,514)				(1,560)	1,560	0
Transfer re Housing Pooled Receipts	395					(395)	0		0
	(797)	0	(6,080)	(3,416)	(199)	(324)	(10,816)	10,816	0
<b>Net Increase/(Decrease) before Transfers to Earmarked Reserves</b>	<b>4,653</b>	<b>0</b>	<b>4,570</b>	<b>(3,416)</b>	<b>(199)</b>	<b>(324)</b>	<b>5,284</b>	<b>(3,728)</b>	<b>1,556</b>
Net transfer to from earmarked reserves	(4,648)	6,419	(7,971)	7,971	(121)	0	1,650	(1,650)	0
<b>Increase/(Decrease) in year</b>	<b>5</b>	<b>6,419</b>	<b>(3,401)</b>	<b>4,555</b>	<b>(320)</b>	<b>(324)</b>	<b>6,934</b>	<b>(5,378)</b>	<b>1,556</b>
<b>Balance at 31 March 2014 carried forward</b>	<b>2,939</b>	<b>23,632</b>	<b>2,000</b>	<b>5,980</b>	<b>5,689</b>	<b>6,700</b>	<b>46,940</b>	<b>15,273</b>	<b>62,213</b>

<b><u>Newark and Sherwood District Council Group Accounts</u></b>	<i>General</i>	<i>Earmarked</i>	<i>Housing</i>	<i>Major</i>	<i>Grants &amp;</i>	<i>Capital</i>	<i>Total</i>	<i>Unusable</i>	<i>Total</i>
<b><u>Movement in Reserves Statement for the year 2013/2014</u></b>	<i>Fund</i>	<i>Reserves</i>	<i>Revenue</i>	<i>Repairs</i>	<i>Contributions</i>	<i>Receipts</i>	<i>Usable</i>	<i>Reserves</i>	<i>Authority</i>
	<i>Balance</i>		<i>Account</i>	<i>Reserve</i>	<i>Unapplied</i>	<i>Reserve</i>	<i>Reserves</i>		<i>Reserves</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<b>Balance at 31 March 2013</b>	<b>2,901</b>	<b>10,638</b>	<b>5,223</b>	<b>1,604</b>	<b>5,098</b>	<b>5,985</b>	<b>31,449</b>	<b>17,231</b>	<b>48,680</b>
<b>Movement in Reserve during 2013/2014</b>									
<i>Surplus/(Deficit) on Provision of Services</i>	658		9,578				10,236		10,236
<i>Other Comprehensive Expenditure and Income</i>							0	124	124
<b>Total Comprehensive Expenditure and Income</b>	<b>658</b>	<b>0</b>	<b>9,578</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,236</b>	<b>124</b>	<b>10,360</b>
<i>Adjustments between Group accounts and Authority accounts</i>			0	1,617			1,617		1,617
<b>Net Increase/(Decrease) before Transfers</b>	<b>658</b>	<b>0</b>	<b>11,195</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11,853</b>	<b>124</b>	<b>11,977</b>
<b><u>Adjustments between Accounting basis and Funding basis under Regulations</u></b>									
<i>Depreciation and impairment of non current assets</i>	2,013		(8,891)				(6,878)	6,878	0
<i>Excess of depreciation charged to the Major Repairs Reserve</i>				2,449			2,449	(2,449)	0
<i>Use of Major Repairs Reserve to finance capital expenditure</i>				(6,598)			(6,598)	6,598	0
<i>Capital grants and contributions</i>	(2,164)				1,056		(1,108)	1,108	0
<i>Capital receipts used to finance capital expenditure</i>						(194)	(194)	194	0
<i>Revenue expenditure funded from capital under statute</i>	1,022						1,022	(1,022)	0
<i>Net gain/loss on sale of non current assets</i>	(37)		3,708			1,694	5,365	(5,365)	0
<i>Amount by which finance costs are different</i>	(3)						(3)	3	0
<i>Amount by which pension costs are different</i>	2,602		(190)				2,412	(2,412)	0
<i>Collection Fund income adjustment</i>	641						641	(641)	0
<i>Statutory provision for repayment of debt</i>	(691)						(691)	691	0
<i>Capital expenditure charged to the General Fund balance</i>	0		(57)				(57)	57	0
<i>Transfer to unusable reserves</i>	(42)		(1,617)				(1,659)	1,659	0
<i>Transfer re Housing Pooled Receipts</i>	461					(461)	0		0
	3,802	0	(7,047)	(4,149)	1,056	1,039	(5,299)	5,299	0
<b>Net Increase/(Decrease) before Transfers to Earmarked Reserves</b>	<b>4,460</b>	<b>0</b>	<b>4,148</b>	<b>(4,149)</b>	<b>1,056</b>	<b>1,039</b>	<b>6,554</b>	<b>5,423</b>	<b>11,977</b>
<i>Net transfer to from earmarked reserves</i>	(4,427)	6,575	(3,970)	3,970	(145)	0	2,003	(2,003)	0
<b>Increase/(Decrease) in year</b>	<b>33</b>	<b>6,575</b>	<b>178</b>	<b>(179)</b>	<b>911</b>	<b>1,039</b>	<b>8,557</b>	<b>3,420</b>	<b>11,977</b>
<b>Balance at 31 March 2014 carried forward</b>	<b>2,934</b>	<b>17,213</b>	<b>5,401</b>	<b>1,425</b>	<b>6,009</b>	<b>7,024</b>	<b>40,006</b>	<b>20,651</b>	<b>60,657</b>



**GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT**

<b>Newark and Sherwood District Council Group Accounts</b>		2014/2015	2014/2015	2014/2015		2013/2014	2013/2014	2013/2014
<b>Comprehensive Income and Expenditure Statement</b>		£'000	£'000	£'000		£'000	£'000	£'000
<b>for the financial year 2014/2015</b>		Gross	Gross	Net		Gross	Gross	Net
	Note	Spend	Income	Spend		Spend	Income	Spend
Central Services to the Public		2,390	(1,710)	680		2,626	(1,468)	1,158
Cultural and Related Services		5,852	(3,277)	2,575		6,375	(3,147)	3,228
Environmental and Regulatory Services		7,022	(2,272)	4,750		7,219	(2,094)	5,125
Highways and Transport Services		526	(1,274)	(748)		496	(1,112)	(616)
Housing Revenue Account		(296)	(20,738)	(21,034)		973	(21,672)	(20,699)
Housing Services		27,924	(27,153)	771		28,838	(27,656)	1,182
Planning Services		4,462	(3,089)	1,373		4,932	(2,748)	2,184
Corporate and Democratic Core		2,201	(43)	2,158		2,179	(86)	2,093
Non Distributed Costs		1,060		1,060		794	0	794
<b>(Surplus)/Deficit on Continuing Operations</b>		<b>51,141</b>	<b>(59,556)</b>	<b>(8,415)</b>		<b>54,432</b>	<b>(59,983)</b>	<b>(5,551)</b>
Other Operating Expenditure		8,988	(81)	8,907		8,514	(638)	7,876
Financing and Investment Income and Expenditure		6,651	(591)	6,060		7,697	(1,383)	6,314
Taxation and Non Specific Grant Income		0	(22,656)	(22,656)		0	(20,496)	(20,496)
<b>(Surplus)/Deficit on Provision of Services</b>		<b>66,780</b>	<b>(82,884)</b>	<b>(16,104)</b>		<b>70,643</b>	<b>(82,500)</b>	<b>(11,857)</b>
Corporation Tax	7	4	0	4		4	0	4
<b>Group (Surplus)/Deficit</b>		<b>66,784</b>	<b>(82,884)</b>	<b>(16,100)</b>		<b>70,647</b>	<b>(82,500)</b>	<b>(11,853)</b>
(Surplus)/Deficit on Revaluation of Fixed Assets				(1,581)				(558)
Actuarial (Gains)/Losses on Pensions Assets/Liabilities				16,125				434
<b>Other Comprehensive Income and Expenditure</b>				<b>14,544</b>				<b>(124)</b>
<b>Total Comprehensive Income and Expenditure</b>				<b>(1,556)</b>				<b>(11,977)</b>

**GROUP BALANCE SHEET**

<b><u>Newark and Sherwood District Council Group Accounts</u></b>		31st March 2015	31st March 2014	1st April 2013
<b><u>Balance Sheet as at 31st March 2015</u></b>	Note	£'000	£'000	£'000
Property Plant and Equipment	5	209,418	195,514	187,339
Heritage Assets		1,580	1,580	1,580
Investment Property		2,686	2,389	2,626
Intangible Assets	6	162	274	341
Assets Held for Sale		0	0	0
Long Term Investments		0	10	10
Long Term Debtors		348	2,008	2,839
<b>Long Term Assets</b>		<b>214,194</b>	<b>201,775</b>	<b>194,735</b>
Short Term Investment		575	3,479	1,467
Inventories	8	277	271	270
Short Term Debtors	9	10,071	8,054	8,795
Cash and Cash Equivalents		17,128	6,827	2,384
Assets Held for Sale		163	21	0
<b>Current Assets</b>		<b>28,214</b>	<b>18,652</b>	<b>12,916</b>
Bank Overdraft		0	0	0
Short Term Borrowing		(6,420)	(10,442)	(8,736)
Short Term Creditors	10	(10,686)	(6,582)	(5,379)
Short Term Provisions		(45)	(52)	(1)
Short Term Grants Receipts In Advance		(85)	(306)	(469)
<b>Current Liabilities</b>		<b>(17,236)</b>	<b>(17,382)</b>	<b>(14,585)</b>
Long Term Creditors		(2,690)	(1,528)	(1,684)
Provisions		(640)	(667)	0
Long Term Borrowing		(84,642)	(83,659)	(89,676)
Other Long Term Liabilities		(74,557)	(56,217)	(52,982)
Capital Grants Receipts in Advance		(430)	(317)	(44)
<b>Long Term Liabilities</b>		<b>(162,959)</b>	<b>(142,388)</b>	<b>(144,386)</b>
<b>Net Assets</b>		<b>62,213</b>	<b>60,657</b>	<b>48,680</b>
Usable Reserves		46,940	40,006	31,449
Unusable Reserves		15,273	20,651	17,231
<b>Total Reserves</b>		<b>62,213</b>	<b>60,657</b>	<b>48,680</b>

**GROUP CASH FLOW STATEMENT**

<b>Newark and Sherwood District Council Group Accounts</b>		2014/2015		2013/2014		
<b>Cash Flow Statement for the year 2014/2015</b>		Note	£'000	£'000	£'000	£'000
<b><u>Operating Activities</u></b>		12				
Newark and Sherwood District Council			(8,812)		(14,942)	
Newark and Sherwood Homes Ltd			<u>(753)</u>	<b>(9,565)</b>	<u>(975)</u>	<b>(15,917)</b>
<b>Cash (Inflow)/Outflow from taxation</b>				<b>4</b>		<b>4</b>
<b><u>Investing Activities</u></b>						
<b>Cash outflows</b>						
Purchase of Fixed Assets			<u>5,914</u>		<u>10,173</u>	
<b>Cash inflows</b>						
Sale of Fixed Assets			(1,225)		(2,730)	
Capital Grants Received			(5,018)		(2,445)	
Other Capital Cash Income			<u>56</u>		<u>169</u>	
			(6,187)		(5,006)	
<b>Investing Activities Net Cash Flow</b>				<b>(273)</b>		<b>5,167</b>
<b><u>Financing Activities</u></b>						
<b>Cash outflows</b>						
Repayments of Amounts Borrowed			16,617		12,964	
Agency Payments			0		12	
Capital Element of Finance Lease Rentals			<u>0</u>		<u>0</u>	
			16,617		12,976	
<b>Cash inflows</b>						
Agency Payments			(580)		0	
Repayment of investments			(2,910)		3,666	
New Loans Raised			<u>(13,594)</u>		<u>(10,339)</u>	
			(17,084)		(6,673)	
<b>Financing Activities Net Cash Flow</b>				<b>(467)</b>		<b>6,303</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>				<b><u>(10,301)</u></b>		<b><u>(4,443)</u></b>
Cash and Cash Equivalents at 1 April						
Cash			55		19	
Bank Accounts			(51)		42	
Cash Equivalents			<u>6,823</u>	6,827	<u>2,323</u>	2,384
Cash and Cash Equivalents at 31 March						
Cash			42		55	
Bank Accounts			416		(51)	
Cash Equivalents			<u>16,670</u>	17,128	<u>6,823</u>	6,827

## NEWARK AND SHERWOOD DISTRICT COUNCIL

### GROUP ACCOUNT NOTES FOR THE YEAR 2014/2015

#### Introduction

The following notes have been prepared on an exception basis with only those items which have changed from the District Council's Statement of Accounts being included. For all other items reference should be made to the Council's Comprehensive Income and Expenditure Statement on page 13 and Balance Sheet on page 14 and the appropriate note.

#### 1 Prior Year Restatements

There were no prior year adjustments in 2014/2015.

#### 2 Inter Company Transactions

The Group Accounts exclude transactions between the two organisations; this ensures that expenditure and income is only reflected once within the accounts. The elements of the accounts adjusted for inter company transactions are detailed below.

<b><u>Comprehensive Income and Expenditure Statement</u></b>			
	NSDC Adjusted £'000	NSH Adjusted £'000	2014/2015 Group £'000
(Surplus)/Deficit on Continuing Operations	(14,428)	6,013	(8,415)
Other Operating Expenditure	8,907	0	8,907
Financing and Investment Income and Expenditure	6,104	(44)	6,060
(Surplus)/Deficit on Provision of Services	(22,073)	5,969	(16,104)

<b><u>Balance Sheet</u></b>				
	NSDC £'000	NSH £'000	Adjustment £'000	2014/2015 Group £'000
Short Term Debtors	11,281	710	(1,920)	10,071
Cash and Cash Equivalents	17,083	3,731	(3,686)	17,128
Short Term Borrowing	(10,106)	0	3,686	(6,420)
Short Term Creditors	(10,611)	(1,995)	1,920	(10,686)

#### 3 Reconciliation of the Single Entity (Surplus)/Deficit to the Group (Surplus)/Deficit

	2014/2015	2013/2014
(Surplus)/Deficit on the Council's Comprehensive Income and Expenditure Statement	(14,586)	(10,236)
Adjustments for transactions with other Group entities	(7,487)	(5,794)
(Surplus)/Deficit in the Group Comprehensive Income and Expenditure Statement attributable to the Council	(22,073)	(16,030)
(Surplus)/Deficit in the Group Comprehensive Income and Expenditure Statement attributable to Group Subsidiaries (adjusted for intra group transactions)	5,973	4,177
<b>(Surplus)/Deficit for the year on the Group Comprehensive Income and Expenditure Statement</b>	<b>(16,100)</b>	<b>(11,853)</b>

#### 4 Service Information

The Council's internal performance management reports are based on the committee structure of the Council. The performance on each committee is reported on a quarterly basis. The Council's year end figures, as reported in this management format, are disclosed below.

<b>2014/2015</b>	<u>Economic Development</u>	<u>Homes and Communities</u>	<u>Leisure and Environment</u>	<u>Policy</u>	<u>Housing Revenue Account</u>	<u>Total</u>
	£'000	£'000	£'000	£'000	£'000	£'000
Employees	1,465	1,735	5,023	3,842		12,065
Premises	449	28	949	520		1,946
Transport	19	13	1,274	37		1,343
Supplies and Services	1,626	981	2,268	1,760		6,635
Transfer Payments	0	63	0	26,185		26,248
<b>Total Expenditure</b>	<b>3,559</b>	<b>2,820</b>	<b>9,514</b>	<b>32,344</b>	<b>0</b>	<b>48,237</b>
Income	(4,138)	(902)	(4,795)	(28,542)	0	(38,377)
<b>Total Income</b>	<b>(4,138)</b>	<b>(902)</b>	<b>(4,795)</b>	<b>(28,542)</b>	<b>0</b>	<b>(38,377)</b>
<b>Net Expenditure</b>	<b>(579)</b>	<b>1,918</b>	<b>4,719</b>	<b>3,802</b>	<b>0</b>	<b>9,860</b>
<b>Memorandum Items</b>						
Support Services	1,362	697	2,255	3,382		7,696
Capital Charges	0	512	527	(1)		1,038
Internal Recharges	(538)	(1,521)	(1,337)	(4,875)		(8,271)
Grants and Rechargeable Works	12	49	0	(46)		15
	<b>257</b>	<b>1,655</b>	<b>6,164</b>	<b>2,262</b>	<b>0</b>	<b>10,338</b>
<b>Reconciliation to (Surplus)/Deficit on Continuing Operations</b>						
Add service expenditure not reported to management	712		41	458	(18,314)	(17,103)
Add corporate expenditure not reported to management						1,082
Remove amounts included on management report but excluded from Continuing Operations						0
Adjustment for Group transactions						(2,732)
<b>(Surplus)/Deficit on Continuing Operations in Comprehensive Income and Expenditure Statement</b>	<b>969</b>	<b>1,655</b>	<b>6,205</b>	<b>2,720</b>	<b>(18,314)</b>	<b>(8,415)</b>

<b>2014/2015</b>	<u>Service Analysis</u>	<u>Services Not in Analysis</u>	<u>Adjustment for Group Transactions</u>	<u>Not Reported to Management</u>	<u>Not Included in I&amp;E</u>	<u>Allocation of Recharges</u>	<u>Continuing Operations</u>	<u>Corporate Amounts</u>	<u>Total</u>
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fees, Charges and Other Service Income	(47,648)			(22,513)		9,206	(60,955)	(126)	(61,081)
Income on Joint Associates and Subsidiaries		(176)	1,575				1,399	1,226	2,625
Interest and Investment Income							0	(547)	(547)
Income from Council Tax							0	(8,345)	(8,345)
Income from Non Domestic Rates							0	(3,932)	(3,932)
Government Grants and Contributions							0	(10,379)	(10,379)
Disposal of Assets							0	(1,225)	(1,225)
<b>Total Income</b>	<b>(47,648)</b>	<b>(176)</b>	<b>1,575</b>	<b>(22,513)</b>	<b>0</b>	<b>9,206</b>	<b>(59,556)</b>	<b>(23,328)</b>	<b>(82,884)</b>
Employee Expenses	12,065	686		260		(4,667)	8,344		8,344
Other Service Expenses	37,187	483		8,764		(2,382)	44,052	1,098	45,150
Expenditure on Joint Associates and Subsidiaries		89	(4,307)				(4,218)	(8)	(4,226)
Support Service Recharges	7,696			24		(1,900)	5,820		5,820
Depreciation, Amortisation and Impairment	1,038			(3,638)		(257)	(2,857)		(2,857)
Interest Payments							0	6,659	6,659
Precepts and Levies							0	2,404	2,404
Payments to Housing Capital Receipts Pool							0	395	395
(Gain)/Loss on Disposal of Fixed Assets							0	5,095	5,095
<b>Total Operating Expenses</b>	<b>57,986</b>	<b>1,258</b>	<b>(4,307)</b>	<b>5,410</b>	<b>0</b>	<b>(9,206)</b>	<b>51,141</b>	<b>15,643</b>	<b>66,784</b>
<b>(Surplus)/Deficit on Provision of Services</b>	<b>10,338</b>	<b>1,082</b>	<b>(2,732)</b>	<b>(17,103)</b>	<b>0</b>	<b>0</b>	<b>(8,415)</b>	<b>(7,685)</b>	<b>(16,100)</b>

Services Not in Analysis: comprises the Drainage Rate Levy, Mansfield Crematorium and the Pension Fund deficit.

Not Reported to Management: includes any late adjustments which have been made to the accounts following the production of the outturn performance reports. The Housing Revenue Account is also included within this analysis for 2014/2015 as no outturn report has been presented to committee.

<b><u>2013/2014</u></b>	<u>Economic Development</u>	<u>Homes and Communities</u>	<u>Leisure and Environment</u>	<u>Policy</u>	<u>Housing Revenue Account</u>	<u>Total</u>
	£'000	£'000	£'000	£'000	£'000	£'000
Employees	1,740	1,763	5,402	4,483	0	13,388
Premises	478	50	925	429	0	1,882
Transport	23	14	1,372	39	0	1,448
Supplies and Services	1,486	1,028	2,075	1,783	0	6,372
Transfer Payments	0	113	0	26,800	0	26,913
<b>Total Expenditure</b>	<b>3,727</b>	<b>2,968</b>	<b>9,774</b>	<b>33,534</b>	<b>0</b>	<b>50,003</b>
Income	(3,658)	(962)	(4,686)	(28,675)	0	(37,981)
<b>Total Income</b>	<b>(3,658)</b>	<b>(962)</b>	<b>(4,686)</b>	<b>(28,675)</b>	<b>0</b>	<b>(37,981)</b>
<b>Net Expenditure</b>	<b>69</b>	<b>2,006</b>	<b>5,088</b>	<b>4,859</b>	<b>0</b>	<b>12,022</b>
<b>Memorandum Items</b>						
Support Services	1,553	722	2,760	3,434	0	8,469
Capital Charges	0	0	5	1	0	6
Internal Recharges	(607)	(1,468)	(1,744)	(5,120)	0	(8,939)
Grants and Rechargeable Works	(2)	69	42	29	0	138
	<b>1,013</b>	<b>1,329</b>	<b>6,151</b>	<b>3,203</b>	<b>0</b>	<b>11,696</b>
<b>Reconciliation to (Surplus)/Deficit on Continuing Operations</b>						
Add service expenditure not reported to management	89	497	1,718	742	(17,968)	(14,922)
Add corporate expenditure not reported to management						474
Remove amounts included on management report but excluded from Continuing Operations						(7)
Adjustment for Group transactions						(2,792)
<b>(Surplus)/Deficit on Continuing Operations in Comprehensive Income and Expenditure Statement</b>	<b>1,102</b>	<b>1,826</b>	<b>7,869</b>	<b>3,945</b>	<b>(17,968)</b>	<b>(5,551)</b>

<b>2013/2014</b>	<u>Service Analysis</u>	<u>Services Not in Analysis</u>	<u>Adjustment for Group Transactions</u>	<u>Not Reported to Management</u>	<u>Not Included in I&amp;E</u>	<u>Allocation of Recharges</u>	<u>Continuing Operations</u>	<u>Corporate Amounts</u>	<u>Total</u>
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<i>Fees, Charges and Other Service Income</i>	(46,920)			(23,329)	3	9,906	(60,340)	(3)	(60,343)
<i>Income on Joint Associates and Subsidiaries</i>			516	(159)			357	307	664
<i>Interest and Investment Income</i>							0	(595)	(595)
<i>Income from Council Tax</i>							0	(8,137)	(8,137)
<i>Income from Non Domestic Rates</i>							0	(4,085)	(4,085)
<i>Government Grants and Contributions</i>							0	(8,274)	(8,274)
<i>Disposal of Assets</i>							0	(1,730)	(1,730)
<b>Total Income</b>	<b>(46,920)</b>	<b>0</b>	<b>516</b>	<b>(23,488)</b>	<b>3</b>	<b>9,906</b>	<b>(59,983)</b>	<b>(22,517)</b>	<b>(82,500)</b>
<i>Employee Expenses</i>	13,388			230		(5,256)	8,362		8,362
<i>Other Service Expenses</i>	36,753	474		11,323	(2)	(2,517)	46,031	353	46,384
<i>Expenditure on Joint Associates and Subsidiaries</i>			(3,308)	93			(3,215)	867	(2,348)
<i>Support Service Recharges</i>	8,469			252	(8)	(1,890)	6,823	8	6,831
<i>Depreciation, Amortisation and Impairment</i>	6			(3,332)		(243)	(3,569)		(3,569)
<i>Interest Payments</i>							0	6,812	6,812
<i>Precepts and Levies</i>							0	2,311	2,311
<i>Payments to Housing Capital Receipts Pool</i>							0	461	461
<i>(Gain)/Loss on Disposal of Fixed Assets</i>							0	5,403	5,403
<b>Total Operating Expenses</b>	<b>58,616</b>	<b>474</b>	<b>(3,308)</b>	<b>8,566</b>	<b>(10)</b>	<b>(9,906)</b>	<b>54,432</b>	<b>16,215</b>	<b>70,647</b>
<b>(Surplus)/Deficit on Provision of Services</b>	<b>11,696</b>	<b>474</b>	<b>(2,792)</b>	<b>(14,922)</b>	<b>(7)</b>	<b>0</b>	<b>(5,551)</b>	<b>(6,302)</b>	<b>(11,853)</b>



5 Property Plant and Equipment

Newark and Sherwood Homes acquired three long term empty properties at Magdalene View, Newark, Queens Road, Newark and Nelson Road Balderton. These properties are now included in the Balance Sheet at a net book value of £316k. Land at Second Avenue, Edwinstowe and Bellevue Lane, Blidworth was purchased to be used for the building of new properties.

6 Intangible Assets

During 2014/2015 both the Council's and Newark and Sherwood Homes intangible assets consisted of computer software. These were considered to have significant long term value to justify inclusion within the Balance Sheet. They are amortised on a straight line basis over the estimated period of economic benefit to the Council which varies between 3 and 10 years depending on the particular system.

7 Corporation Tax

This arises from the operation of Newark and Sherwood Homes Ltd. The following note is included in NSH's accounts:-

*HM Revenues and Customs have confirmed that ALMOs are exempt from corporation tax on activities with its Shareholder Council, and therefore Newark and Sherwood Homes does not pay corporation tax on the activities funded through the management fee. The company pays Corporation Tax on bank and loan interest at the rate applicable at 31 March 2015.*

8 Inventories

The stocks held by the Group valued using the First in First out method of valuation can be analysed as follows:-

	31st March 2015 £'000	31st March 2014 £'000	1st April 2013 £'000
Leisure Centres, Museums, TIC's etc	26	20	24
Administrative Stores	1	2	3
Newark and Sherwood Homes Raw Materials and Consumables	123	125	124
Newark and Sherwood Homes Van Stocks	54	54	36
Transport Stores	73	70	83
	<u>277</u>	<u>271</u>	<u>270</u>

9 Short Term Debtors

The amounts due to the Group were:-

	31st March 2015 £'000	31st March 2014 £'000	1st April 2013 £'000
Amounts falling due within one year:-			
Central Government Bodies	1,292	942	1,933
Other Local Authorities	1,633	2,720	498
NHS Bodies	0	7	1
Public Corporations and Trading Funds	0	0	0
Bodies external to General Government	7,665	4,958	6,753
	<u>10,590</u>	<u>8,627</u>	<u>9,185</u>
Less Provision for Doubtful Debt	(519)	(573)	(390)
	<u>10,071</u>	<u>8,054</u>	<u>8,795</u>

10 Short Term Creditors

The amounts owed by the Group were:-

	31st March 2015 £'000	31st March 2014 £'000	1st April 2013 £'000 <i>Restated</i>
Amounts falling due within one year:-			
Central Government Bodies	3,753	1,152	686
Other Local Authorities	867	1,519	623
NHS Bodies	0	47	47
Public Corporations and Trading Funds	0	0	0
Bodies external to general Government	6,066	3,864	4,023
	<u>10,686</u>	<u>6,582</u>	<u>5,379</u>

11 Retirement Benefits

Newark and Sherwood Homes Ltd's accounting policies include a note on the basis of preparation of its accounts. This states that Newark and Sherwood Homes Ltd implements FRS 17, relating to the employers liability in respect of the final salary pension scheme. The Newark and Sherwood scheme, like a number of such schemes, has a deficit. Measures are in place to address this deficit, by increasing employers' contributions in the medium term. However the requirement of FRS 17 is to show the deficit on the pension scheme as a liability on the balance sheet. As the Company aims to break even on its trading activities this has the effect of showing retained losses after the effects of FRS 17 of £181k, and a net balance on the pension reserve of £7,792k compared to a retained profit before FRS 17 changes of £1,154k. As the charge to the Council is allowed to vary to reflect the changes in employer's payments to the pension fund, the deficit is not considered to be detrimental to the long-term future of the Company.

12 Reconciliation of (Surplus)/Deficit on Provision of Services to Operating Activities Net Cash Flow

	2014/2015		2013/2014	
	£'000	£'000	£'000	£'000
<u>Comprehensive Income and Expenditure Statement</u>				
(Surplus)/Deficit on Provision of Services		(16,104)		(11,857)
<u>Non Cash Transactions</u>				
Net Movement on Pensions	(2,241)		(2,675)	
Capital Accounting entries	12,923		2,210	
Developers Contributions	<u>(1,162)</u>	9,520	<u>156</u>	(309)
<u>Items on an Accruals Basis</u>				
Increase/(Decrease) in Stock	6		1	
Increase/(Decrease) in Debtors	2,017		(741)	
(Increase)/Decrease in Creditors	(4,104)		(1,203)	
(Increase)/Decrease in Provisions	34		(718)	
(Increase)/Decrease in Capital Receipts in Advance	108		(110)	
Increase/(Decrease) in Long Term Debtors	<u>(1,660)</u>	(3,599)	<u>(831)</u>	(3,602)
<u>Items Classified elsewhere in the Cash Flow</u>				
Net Movement on Agency Payments	580		(12)	
Net Movement on Financial Instruments Interest	<u>42</u>	622	<u>(133)</u>	(145)
		<u>(9,561)</u>		<u>(15,913)</u>

## **ANNUAL GOVERNANCE STATEMENT**

### **1 Scope of responsibility**

Newark and Sherwood District Council is responsible for ensuring that the Authority's own and, with the addition of Newark and Sherwood Homes, its Group business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Newark and Sherwood District Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, Newark and Sherwood District Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, including arrangements for the management of risk.

### **2 The purpose of the governance framework**

The governance framework comprises the systems and processes, and culture and values by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Newark and Sherwood District Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Newark and Sherwood District Council for the year ended 31 March 2015. Since May 2013 the Council has operated new Governance arrangements through the introduction of a Committee system and approved a new Constitution which is in place at the date of approval of the statement of accounts.

### **3 The governance framework**

The key elements of the District Council's governance framework are as follows:

The District Council has adopted a constitution which sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. The Constitution is subject to periodic change either through national legislation or local decision and the Governance Framework may be amended accordingly. Within the Constitution, the Council has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. The Annual Governance Statement explains how the Council has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 and 2009.

The Council's strategic priorities are: Prosperity; People; Place; and Public Service. The delivery of these priorities will be conducted in accordance with the Governance framework.

During 2014/15 the Council facilitated policy and decision-making through a Committee system. Meetings are open to the public except where exempt or confidential matters are being disclosed. In addition, senior officers of the council can make decisions under delegated authority.

The District Council has a cross-departmental Risk Management Group that meets regularly to identify and evaluate all significant risks. A Risk Register is in place and appropriate staff have been trained in the assessment, management and monitoring of risks.

Through reviews by external auditors, external agencies, Internal Audit, and its Performance Team the District Council constantly seeks ways of ensuring the economical, effective and efficient use of resources, and for securing continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

Services are delivered by trained and experienced people. All posts have a detailed job description and person specification. Training needs are identified through the Performance Appraisal Scheme.

The Council has appointed the Deputy Chief Executive as Monitoring Officer. It is the function of the Monitoring officer to ensure compliance with established policies, procedures, laws and regulations. After consulting with the Head of Paid Service, the Monitoring Officer will report to the full Council if she considers that any proposal, decision or omission would give rise to unlawfulness or maladministration.

The Council has a Standards Committee which promotes and maintains high standards of conduct by members and has also appointed a Designated Independent Person. The standards of behaviour for members and employees are defined through codes of conduct and a code of corporate governance. The Council also has an Anti-Fraud and Corruption Strategy and a Whistleblowing Policy that enables concerns to be raised confidentially by employees or persons doing business with the Council. A complaints system is also operated by the Council to enable comments on services to be received and investigated.

The Council has appointed the Director of Resources as the section 151 (s151) Officer. The s151 Officer is responsible for the proper administration of the Council's financial affairs including maintenance of financial records, presentation of statutory accounts and budgets, provision of effective internal audit and financial advice to Council. The Council's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government.

The Council communicates with the community and its stakeholders by means of a periodic publication, "Voice", through its website and through social media and by specific consultation.

#### **4 Review of effectiveness**

Newark and Sherwood District Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the authority who have responsibility for the development and maintenance of the governance environment, the Audit Manager's annual report, and also by comments made by the external auditors and other review agencies and inspectorates. Business managers provide assurance to the s151 officer that service areas are compliant with the Council's governance arrangements.

The process that has been applied in maintaining and reviewing the effectiveness of the system of internal control includes:

The Deputy Chief Executive (the 'Monitoring Officer') has a duty to monitor and review the operation of the Constitution to ensure its aims and principles are given full effect. The Council reviews the Constitution through a dedicated working party comprising, inter alia, all the group leaders, on a regular basis, and has formed a Councillors' Commission to consider any changes resulting from recent legislation.

During 2014/15 the overview and scrutiny function was undertaken through Committees with overview & scrutiny principles being embedded in the remits of the Policy and Finance Committee and the three functional committees as well as the Audit and Accounts Committee

Internal Audit is responsible for reviewing the quality and effectiveness of systems of internal control. An annual audit plan is approved by the Director of Resources and reported to the Audit and Accounts Committee. The reporting process for Internal Audit requires a report of each audit to be submitted to the relevant Chief Officer and Business Manager. The report includes recommendations for improvements that are included within an action plan and require agreement or rejection by service managers. The Audit and Accounts Committee receives executive summaries of all internal audit reports and is advised of progress in implementing recommendations. Internal Audit reports are considered by the Council's Corporate Management Team.

The Internal Audit Section is subject to regular inspection by the Council's external auditors who place reliance on the work carried out by the section. It should be noted that the internal audit function is carried out by Audit Lincolnshire. Risk management policies and procedures are in place with the objective of ensuring that the risks facing the authority in achieving its objectives are evaluated, regularly reviewed and mitigation strategies developed.

5 Significant governance issues

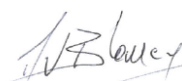
Issue	Action	Responsible Officer
<p><b>Relocation of Council Headquarters</b> The Council has taken a decision to relocate its headquarters. Kelham Hall has been sold (subject to contract) and a new site identified. It is planned that the relocation will take place in 2017.</p>	<p>The Council has set aside dedicated resources to deliver this programme of change. Necessary sub-projects have been identified and include organisational change as well as physical relocation. External expertise has been identified and procured where necessary. A project Board is in place consisting of all CMT members. A separate risk log has been developed and will be maintained for this programme of work.</p>	<p>Corporate Management Team with M. Finch, Director - Customers assigned as lead officer</p>
<p><b>Organisational Change</b> In common with all local authorities, the Council will need to continue to make significant changes to its budget to meet changing financial circumstances as a result of the national economic position.</p>	<p>The Council has a change programme led by the Chief Executive and involving all senior officers and Members. This has delivered significant savings and improvements. A budget strategy is in place to deliver savings over the period of the Medium Term Financial Plan.</p>	<p>A. Muter Chief Executive</p>
<p><b>Management of leisure services</b></p>	<p>The management of leisure services has been passed to a Council owned company with effect from June 2015. The Council continues to be responsible for the specification of Leisure Services and this will be negotiated annually between the Council and the Company.</p>	<p>M. Finch Director - Customers</p>
<p><b>Collaboration Agreement</b> The Council has entered a collaboration agreement with Gedling Borough Council and Rushcliffe Borough Council</p>	<p>The collaboration arrangement will consider projects that provide both financial savings and resilience across the three councils. There are regular meetings of the three senior management teams, and a member of CMT leads on projects relating to specific service areas</p>	<p>A. Muter Chief Executive</p>
<p><b>Major Projects</b> The Council has a number of major capital projects underway and planned. It is important to ensure the necessary skills and capacity is in place to deal with these projects. Specific Projects are:</p> <ul style="list-style-type: none"> <li>• New Leisure Centre</li> <li>• New Office Headquarters</li> </ul>	<p>Major projects have individual governance arrangements in place with specific project groups set up for each project.</p>	<p>Corporate Management Team. A specific member of CMT is designated lead officer for each project: M. Finch M. Finch Director – Customers</p>

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for proper governance arrangements to be in place. We will undertake ongoing monitoring of the implementation of any improvements that were identified in our review of effectiveness and as part of our next annual review.

Signed



A. Muter  
Chief Executive  
9<sup>th</sup> September 2015



R.V. Blaney  
Leader of the Council  
9<sup>th</sup> September 2015