

Mansfield District Council

Statement of Accounts 2014/2015

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Mansfield
District Council

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Explanatory Foreword

1. Introduction

The accounts are prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) based upon International Financial Reporting Standards (IFRS). Mansfield District Council has complied with the requirements set out in the Code 2014/2015 in preparing its Accounts and supporting notes.

Changes to the 'Code' have given rise to new accounting policies and the revision of others, which are summarised within the Changes in Accounting Policies paragraph.

The accounts are compliant with the Accounts and Audit Regulations (England) 2011 as amended.

The purpose of the accounts is to give electors, local taxpayers, Mansfield District Council ('the Council') Members, employees of the Council and other interested parties clear information about the Council's finances.

This foreword gives a guide to the most important matters included.

2. The Statement of Accounts

The Council's accounts for the year 2014/2015 consist of the following main statements with supporting notes where applicable. Expanded definitions of each statement accompany each document within the accounts.

- a. The Statement of Responsibilities for the Statement of Accounts
This statement sets out the respective responsibilities of the Council and the Chief Financial Officer for the accounts.
- b. Audit Certificate and Opinion
The Council's accounts are subject to an external audit annually by the Audit Commission's nominated Auditors.
- c. The Statement of Accounting Policies
This section summarises the accounting policies used to prepare the accounts.
- d. The Core Financial Statements
 - **The Movement in Reserves Statement (MiRS)**
This statement shows the movement in the different reserves held by the Council over the year. The statement is analysed between usable reserves and unusable reserves.

- **The Comprehensive Income and Expenditure Statement (CIES)**
This account summarises the amounts the Council has spent on its services and how this spending was paid for, in a standard format to comply with the CIPFA Service Reporting Code of Practice (SeRCOP).
- **The Balance Sheet**
The Balance Sheet is a statement of the financial position of the Council as at the Balance Sheet date. It shows the assets and liabilities of the Council; the net assets on the balance sheet are matched by reserves held by the Council.
- **The Cash Flow Statement**
This statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.

e. The Supplementary Statements

- **The Housing Revenue Account**
The Housing Revenue Account sets out the income and expenditure arising from the provision, management and maintenance of the Council's housing stock. This is separate from the rest of the Council's accounts and is required to operate with a positive working balance.
- **The Collection Fund**
The Collection Fund shows the amounts collected for Council Tax and National Non-Domestic Rates and how this income has been distributed to Nottinghamshire County Council, Nottinghamshire Police Authority and Nottinghamshire Fire Authority.

f. Annual Governance Statement

The Annual Governance Statement sets out the Council's governance arrangements and highlights any areas where there are significant weaknesses in internal control.

g. Glossary of Terms and Abbreviations

A glossary of terms and abbreviations is included at the end of the document.

3. Financial Overview for 2014/2015

This section summarises the Council's overall financial position and activities for the financial year 2014/2015, identifying any significant matters occurring during the year.

The Council is required to set a balanced budget for each financial year. However resources have been set aside in allocated General Fund balances to meet planned expenditure as and when that expenditure is incurred. This is then reflected in the revised budget position for that year.

The Council is constantly reviewing its budget through budget monitoring processes that it has in place. Any areas that are not meeting their approved budget either through increase in demand putting pressure on the Council to incur additional expenditure, or through reduced income are being monitored closely. Where it is expected that there are trends which will impact on future years, this is being reflected in the Council's Medium Term Financial Strategy and the final Budget Reports for the following year.

The current economic climate has continued to have an impact on the financial position during the 2014/2015 financial year. Income raised through fees and charges continues to be lower than in previous years, especially in the areas of property rents, markets and car parking. The budgets for these areas were reviewed again as part of the Council's budget setting process for the 2014/2015 financial year and were reduced down to anticipated levels; however income received in the financial year continued to fall.

The Medium Term Financial Strategy for 2015/2016 will be presented to Council in October 2015 and the Council's draft budget will be presented to Cabinet in November 2015 for scrutiny by the Council's Select Commission 3 (for Corporate Issues), before final approval in January 2016.

Investment income levels remained low in 2014/2015 as the Bank of England kept interest rates at 0.5%. Actual investment income received by the Council amounted to £251,000 compared to £289,000 in 2013/2014.

The General Fund and Housing Revenue Account Outturn Report 2014/2015 provides further explanations as to variances between actual spend and budget. This report will be submitted to Council on 17 July 2015.

There have been no changes in the statutory functions carried out by the Council during the year.

a. The General Fund Revenue Budget Statement

The information below is based on the Council's reporting structures for its financial management information and shows the revised revenue budget compared with the actual net expenditure by service area and by subjective analysis.

Table 1 shows the financial position at 31 March 2015.

Further information relating to the outturn position can be found in Note 9 which analyses the income and expenditure over more headings.

Table 1

2014/2015 General Fund Revenue Budget Statement			
	Revised budget	Actual	Variance Overspend/ Underspend (-)
	£000	£000	£000
Corporate Administration	1,153	1,227	74
Corporate Management	1,197	1,224	27
Finance, Property and Revenue Services	-19,915	-20,141	-226
Housing Services	3,482	3,459	-23
Neighbourhood Services	5,307	5,067	-240
Planning, Community Safety and Regulatory Services	2,904	3,010	106
Regeneration, Leisure and Marketing	5,844	6,129	285
	-28	-25	3

General Fund Reserves

The General Fund Revenue Reserves are at a level which provides a stable platform to enable quality services to be delivered in future years. Based on its Revenue Account (Table 1) the Council made a surplus of £25,000, which has increased the General Fund Revenue Reserves to £9.174million as shown in Table 2 below.

Table 2

General Fund Revenue Reserves		
		£000
Opening Balance at	1 April 2014	9,149
Movement in year	surplus / (-) deficit	25
Closing Balance at	31 March 2015	9,174

The £9.174million closing balance is split between resources which have been set aside for future planned expenditure (allocated) and balances which are unallocated. This is summarised below:

Table 2 continued...

General Fund Revenue Reserves		
		£000
Closing Balance at	31 March 2015	9,174
Existing and new allocated balances	(see table 3)	-5,930
Unallocated balances at	31 March 2015	3,244

From the table above this leaves an initial unallocated balance of £3.244million.

Requests have been made to carry forward unspent resources from the 2014/2015 approved budget, totalling £322,000 into 2015/2016. These requests have been taken into account in the allocated balances above. The total unallocated balance of £3.244million is above the minimum level specified in the 2015/2016 budget report for the financial years 2015/2016 to 2017/2018 approved at Council on 12 January 2015 which was set at £2.763million.

Some of the earmarked amounts have been utilised during the 2014/2015 financial year to meet planned expenditure, as highlighted in the Table 3 below.

Table 3

Allocated Reserves in General Fund Balances	Opening Balance 2014/2015 £000	Amount used 2014/2015 £000	Closing Balance 2014/2015 £000	To be Earmarked for 2015/2016 £000
Energy /fuel contingency	508	0	508	0
Leisure Transfer Option Appraisal	13	0	13	0
Feasibility Study	36	0	36	0
Toilet improvements Four Seasons	53	0	53	0
Stockwell Gate	62	0	62	0
Asset Management System	27	0	27	0
HR System	22	-9	13	0
Budget Allocation (includes carry forwards)	2,364	0	2,364	0
Transport Study	11	-11	0	0
Grant Carry Forwards from 2013/2014 into 2014/2015	477	-477	0	0
Grant Carry Forwards from 2014/2015 into 2015/2016	0	0	0	394
Berry Hill contribution	90	0	90	0
Land charges	125	0	125	0
Economic Stimulus	363	0	363	0
Business Rates Income	1,253	0	1,253	529
Interest only Loan	100	0	100	0
	5,504	-497	5,007	923

Taking account of amounts which were previously earmarked for spends in 2014/2015 and later budgets, the actual position of the Council at the end of the financial year, 31 March 2015 is shown in Table 4 below:

Table 4

	£'000
2014/2015 outturn surplus / (-) deficit	25
Amounts to be offset from General Fund Balances	497
Carry Forward required in respect of commitments	-923
Surplus / (-) deficit Balance at 31 March 2015	-401

The table above shows that overall the Council incurred a deficit of £401,000 when the necessary adjustments have been taken account of from within the allocated reserves from General Fund balances for planned expenditure.

b. Housing Revenue Account (HRA)

The Housing Revenue Account (HRA) outturn shows the income and expenditure arising from the provision of the Council's landlord function. The HRA is ring fenced and required to operate with a positive working balance.

The Council sees the provision of Housing as a priority. The Council has undertaken significant renovation works to its housing stock, with significant resources being directed from the Housing Revenue Account and Capital Programme in order to achieve the national Decent Homes Standard in the 2010/2011 financial year in line with the deadlines placed upon it by Central Government. The Council is now working towards the Mansfield Standard, which will see further renovation works to some of its housing stock.

Table 5 below shows the financial position of the HRA at 31 March 2015

Table 5

	Revised budget	Actual	Variance Overspend / (-) Underspend
	£000	£000	£000
Expenditure:			
Supervision and Management	2,551	2,679	128
Housing Repairs	6,496	6,721	225
Services	4,930	4,406	-524
Housing Self Financing Reform	3,488	1,148	-2,340
Other Expenditure (including impairment, depreciation, bad debt provision)	9,471	7,484	-1,987
Total Expenditure	26,936	22,438	-4,498
Income:			
Dwelling Rents	-23,145	-24,635	-1,490
Rents from Land and Buildings	-1,161	-534	627
Supporting People	-200	-604	-404
General Fund Contributions	-739	-739	0
Other Income	-1,667	-1,688	-21
Total Income	-26,912	-28,200	-1,288
Surplus for the year	24	-5,762	-5,786

The outturn for the HRA shows an in year surplus of £5.762million.

The interest paid on the HRA Self financing loans was £1.148m. This is £2.340m lower than budgeted.

The charges for depreciation, impairment and the provision for bad debts were all lower than budgeted, resulting in a saving of £1.987m.

The Council has received additional dwelling rent during the year based on the assumptions made during the budget setting process for 2014/2015. This has contributed towards the Council's interest payments on loans following the move from the subsidy system to a self-financing system.

Housing Revenue Account Reserves

Table 6 below shows the impact of the 2014/2015 revenue outturn on the Housing Revenue Account reserve levels.

The Housing Revenue Account balances are healthy; however the Council faces an on-going need to identify resources to ensure balanced budgets in the future, as well as meeting its obligation to deliver the Decent Homes and Mansfield Standard programme. The Council also needs to ensure that sufficient resources are available to repay the HRA loans as scheduled in the HRA business plan.

Table 6

Housing Revenue Account Reserves	
	£000
Balance at 1 April 2014	12,767
2014/2015 outturn surplus / (-) deficit	5,762
Balance at 31 March 2015	18,529
Allocated balances (table 7)	-14,459
Unallocated balances at 31 March 2015	4,070

From the table above this leaves an initial unallocated balance of £4.070million.

There is a request for carry forwards into 2015/2016 on the HRA of £30,000; this has been taken into account in the allocated balance of £14,459million. The unallocated balance of £4.070million is above the minimum level specified in the 2014/2015 Budget Report for the financial years 2015/2016 to 2017/2018 approved at Council on 12 January 2015 which is set at £1.75million.

The table below shows the Housing Revenue account allocated balances:

Table 7 – Housing Revenue Account Allocated Balances

	£000
To repay future borrowing HRA loans	10,770
Job evaluation / pay and grading review	411
Pleasley Hill Regeneration Scheme	43
Housing Management System	217
Grant carry forward into 2015/2016	197
Budget carry forwards to 2015/2016	30
<u>Capital schemes</u>	
Bonington Road	189
Victoria Court Flats	129
District Heating	679
Special Projects	492
Kitchens	95
Willows Bedsit Conversions	130
Tideswell Court	49
Council House adaptations	250
Empty Homes Initiative	47
Redruth Drive Phase 1	228
Brownlow Road Phase 2	500
Pye Avenue	3
	14,459

c. Capital Expenditure and Financing

Capital Programme

The Council's Capital Programme includes major schemes within the district's Town Centres, new build housing projects and the Decent Homes "Mansfield Standard" Programme with a total of £12.22million being spent during the 2014/2015 financial year. This has been funded through grants from a number of sources and by the Council's own resources generated through the sale of surplus land or other assets.

Capital Investment

Table 8 below shows the major areas of capital expenditure during 2014/2015 and the way in which this expenditure was financed. Note 44 to the Core Financial Statements and Note 19 to the Housing Revenue Account provide more detail.

Table 8

Capital Expenditure:		Financing:	
Service Area	£000	Source	£000
HRA	6,755	Revenue contributions from General Fund	719
General Fund	5,466	Revenue contribution from Housing Revenue Account	3,140
		Grants and other Contributions	2,970
		Capital Receipts	2,878
		Major Repairs Reserve	496
		Earmarked Reserves	1,547
		Internal borrowing – increase in Capital Financing Requirement	12
		Usable Reserves	459
	12,221		12,221

The Council has not entered into any material financial commitments.

d. Unusual Credits or Debits Charged to Revenue (including General Fund and Housing Revenue Account)

During the financial year, the Council made payments in respect of its employees pension contributions to the Nottinghamshire Pension Scheme. At the end of the year, the Actuary reviewed these contributions and calculated that the increase in liabilities as a result of years of service earned was greater than the total contribution made.

As such, the value of this contribution was increased by an additional £848,000 which is included within the Council's net cost of service line in the Comprehensive Income and Expenditure Statement.

These adjustments represents technical accounting entries and are reversed out through the adjustment between accounting basis and funding basis under regulation (see Note 7) so that there is no overall impact.

International Accounting Standard 19 Employee benefit has been fully adopted for 2014/2015 and comparative figures for 2013/2014 have been included in Note 50 to the Statement of Accounts. The main changes are:

- Removal of the expected return on assets, replaced by a net interest cost comprising income on the assets and interest expense on the liabilities
- A change in terminology with service cost now encompassing what was previously described as current service cost, past service cost, curtailments and settlements.

Any material or unusual credits or charges have been disclosed on the face of the accounts where applicable.

e. Provisions

Business Rates Appeals (NDR – non-domestic rates)

Under the Business Rates Retention Scheme which came into effect on 1 April 2013 local authorities are required to provide for the potential loss of business rates as a result of businesses successfully appealing against the rateable valuation of property occupied. Two provisions have been established, one relating to new appeals received in year and one for those appeals previously received but likely to be back-dated up to 5 years. The provisions are funded from the Collection Fund and the cost shared between the members of the Business Rates pool. The total of the appeals provisions is £2.29million (2013/2014 £1.37million) with the Council being responsible for £919,000 (2013/2014 £548,000).

Notes 24 and 25 provide further information relating to provisions.

f. Business Rates Retention

With effect from 1 April 2013, the Business Rates Retention scheme was introduced. The new arrangements provide a direct link between business rates growth and the amount of money local authorities have to spend on services. Local authorities can keep a proportion of their business rates collected in their area after certain contributions to (levy payments) and from (safety net payments) the Government have been made.

Business Rates forecasting as a tool for forward planning is more important than ever before. This is a complex area and one which will be a challenge as the Council develops its business intelligence as well as reflecting any changes the Government makes to the scheme as a result of assessing the first year operation.

As part of the business rates retention scheme, all local authorities were given the opportunity to work with neighbouring and partner authorities to develop a bid to become a local authority business rate "pool". Mansfield District Council is part of a Nottinghamshire business rates pool which is administered by Nottinghamshire County Council. Member authorities are treated as a single authority for the purpose of certain calculations under the business rates retention scheme. The advantage of a pool is to potentially generate additional business growth through collaborative working and to smooth out the impact of volatility in business rates income across a wider economic area.

As a result of being in the Nottinghamshire pool the Council is forecasted to receive a returned levy of £73,000 (2013/2014 £42,000).

g. Contingencies

The Council has not recognised any new contingent assets. However the Council has continued to recognise the contingent liabilities disclosed below and in note 51 to the Statement of Accounts.

Mansfield District Council is a defendant in proceedings brought by a group of Property Search Companies for refunds of fees paid to the Council to access land charges data. The group of Property Search Companies are seeking to claim refunds although no proceedings have yet been issued. The Council has been informed that the value of those claims at present is £48,734 plus interest and costs. It has also intimated that they may bring a claim against all English and Welsh local authorities for alleged anti-competitive behaviour. It is not clear what the value of any such claim would be against the Council. It is possible that additional claimants may come forward to submit claims for refunds, but none have been intimated at present.

The Council has received capital grant income from Department for Communities and Local Government (DCLG) for the Station Gateway project in Mansfield Woodhouse. As part of the audit, DCLG are stating that the Council has not met certain conditions in the grant; the Council believes that these conditions and criteria

have been met in accordance with the grant. The Council challenged the DCLG's decision in 2013/2014 and submitted this to Judicial Review. During 2014/2015 the outcome of the Judicial Review was made in favour of the DCLG. Therefore, the capital grant received (£158,580) will be repaid back by the Council to the DCLG during 2015/2016. Following this a review has been carried out and procedures have been put in place to prevent any further claw-back occurring on new projects in the future.

h. Material Write Offs

There have not been any material write offs during the financial year, due to the impairment or revaluation of Council debtors (that is, people or organisations owing the Council money).

All write offs relating to debt that the Council has been unable to recover have been done in line with the Council Debt Recovery Policy, where there is a very low likelihood of the Council recovering that money. This does not mean that the Council will not pursue any debt written off in the future if it thinks it is able to recover it at a later date.

i. Material Events after the Reporting Date

The reporting date for the 2014/2015 Statement of Accounts was 30 June 2015, the date on which the Council's Chief Finance Officer, the Head of Finance, Property and Revenue Services signed the Accounts for issue.

Any events occurring after this date which have a material impact on the figures contained within the Statement of Accounts have been added as appropriate. Please also see Note 6 to the Core Statements.

j. Borrowing Facilities

The Council borrows and lends money on a daily basis in order to finance its operations. This is done within the borrowing limits set by the authority and the Local Government Act 2003 and within the 2009 CIPFA Code of Practice on Treasury Management in the Public Services.

During 2014/2015 the Council did not borrow externally, but has borrowed £12,000 internally.

As part of its Treasury Management Strategy the Council continued to investigate ways in which it could maximise the benefits of its investments within the prudent limits of the CIPFA Code of Practice.

The Council has not entered into any material financial commitments.

k. Pension Liability

Mansfield District Council is a member of the Nottinghamshire County Council pension fund and the assets and liabilities of the fund attributable to the Council are evaluated on an annual basis by an independent actuary. The actuary estimated that the Mansfield District Council's fund was in deficit by £105.241million. This value has risen from the previous year (2013/2014 when the deficit was predicted to be £80.679million). An adjustment of £24.562million is therefore reflected in the accounts.

Further information relating to the Pension Scheme is provided in note 50 of these accounts.

The Statement of Responsibility for the Statement of Accounts

The Council's responsibilities:

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. At Mansfield District Council, that officer is the Head of Finance, Property and Revenue Services;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- Approve the Statement of Accounts.

The Head of Finance, Property and Revenue Services' responsibilities:

The Head of Finance, Property and Revenue Services is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Head of Finance, Property and Revenue Services has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the local authority Code of Practice.

The Head of Finance, Property and Revenue Services has also:

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

The Head of Finance, Property and Revenue Services has signed and dated the Statement of Accounts for the 2014/2015 financial year, stating that it presents a true and fair view of the financial position of the Council at the accounting date and its income and expenditure for the year ended 31 March 2015.

I certify that the Statement of Accounts presents a true and fair view of the financial position of the authority and its income and expenditure for the year ended 31 March 2015.

Signed

M. Andrews C.P.F.A.
Head of Finance, Property and Revenue Services

Date:

Audit Certificate and Opinion

Independent auditor's report to the Members of Mansfield District Council

The independent auditor's governance report can be found at the end of the Statement of Accounts

Further Information

The Annual Statement of Accounts is an important document. It explains the financial position of the Council at 31 March 2015 and its activities during the financial year.

The Explanatory Foreword provides an outline of the position and the Financial Statements; their accompanying notes give further details. These are shown in a standardised and statutory format to help comparison with previous years and other authorities.

The document contains a number of technical and accounting terms; these have been explained within the Glossary.

Anyone wishing further explanation of any aspect of the Statement of Accounts can contact the Council's Finance department directly on 01623 463145, by e-mail on ASAccountancy@mansfield.gov.uk, or in writing to:

Head of Finance, Property and Revenue Services
Mansfield District Council
Civic Centre
Chesterfield Road South
Mansfield
Nottinghamshire
NG19 7BH

Although the Statement of Accounts must contain statutory information, the Council would be pleased to receive any comments or suggestions for improvement. Please direct these as explained above.

Members of the Public are able to examine the accounts during normal office hours 8.30am – 4.30pm at the Civic Centre or by arrangement with the Financial Services Section of the Finance, Property and Revenues Department if outside these times. Members of the Public have the opportunity to discuss the Statement of Accounts with the Council's external auditor at any time after 10 August 2015.

Un-audited copies will be available at local Council offices, Civic Centre, and on the Mansfield District Council Web Site www.mansfield.gov.uk.

We have a signer who can help people with hearing problems. Contact us so that we can arrange an appointment for you at the Civic Centre.

Minicom (Text Phone) – we have a text phone facility at the Civic Centre for the deaf or hard of hearing. If you wish to contact us by this method the number is 01623 463444.

We can also copy this document into large print for you if you have sight difficulties.

Statement of Accounting Policies

STATEMENT OF ACCOUNTING POLICIES

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, dated 31 March 2015.

The Council is required to prepare an annual Statement of Accounts under the Accounts and Audit Regulations 2011 (and subsequent amendments to the Regulations). These Regulations require the Statement of Accounts to be prepared in accordance with proper accounting practices.

These practices primarily comprise of the Code of Practice on Local Authority Accounting in the United Kingdom 2014/2015 and the Service Reporting Code of Practice (SeRCOP) 2014/2015, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

2) Accrual of Income and Expenditure

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

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Supplies are recorded as expenditure when they are consumed. For material items where there is a gap between the date supplies are received and their consumption, they are carried as inventories (stock) on the Balance Sheet.
- Interest payable on borrowings and interest receivable on investments is accounted for respectively as income and expenditure 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 or expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of the debtor is written down and a charge made to revenue for the income that might not be collected.
- Expenditure in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

Creditors

- Payments to creditors are included in the accounts where the payment relates to goods and services received prior to 1 April 2015. Any payments in advance (before 1 April 2015), which relate to the 2015/2016 financial year are shown as prepayments.
- Exceptions to this include utilities, such as electricity and similar periodic payments, such as rents. Utility costs are included at the date of meter readings rather than apportioned between two financial years. Rental costs are included in the accounts based on the date the invoice is due for payment. This policy is consistently applied each year and therefore does not have a material effect on the accounts.

Debtors

- Income from debtors is included in the accounts where the income relates to goods and services provided by the Council prior to 31 March 2015. Any income received before 1 April 2015, which relates to the 2015/2016 financial year is shown as receipts in advance.
- An exception to this relates to rent due for retail, commercial and industrial premises where rent is due at the quarter date in March. This policy is consistently applied each year and therefore does not have a material effect on the accounts.
- Debtor invoices which have not been paid within 12 months of the invoice date are included as long term debtors within the Council's balance sheet.

3) Non-Current Assets

Investment Properties

Investment properties are those that are used solely to earn rentals and / or capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods by the Council or is held for sale.

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

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

For further information regarding investment properties see Note 15.

Property, Plant and Equipment

Assets that have a physical substance and are held for use in the provision of service or for administrative purposes on a continuing basis and that are expected to be used during more than one financial year are classified as property, plant and equipment.

Acquisition of assets which are less than £10,000 (the Council's de minimus level) are charged straight to the Comprehensive Income and Expenditure Statement.

For further information regarding Property, Plant and Equipment see Note 13.

Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item flow to the Council and the cost of the item can be measured reliably.

Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits (for example, repairs and maintenance) is charged to revenue as it is incurred through the Comprehensive Income and Expenditure Statement.

Assets are initially measured at cost, comprising all expenditure that is attributable to bringing the asset into working condition for its intended use.

Assets are then carried on the Balance Sheet on the following measurement basis:

Asset Category	Basis of Valuation
Council dwellings	Existing use value for social housing less depreciation
Property, Plant and Equipment	Net current replacement cost less depreciation which is depreciated replacement cost (DRC) for specialised assets and existing use value (EUV) for non-specialised
Community assets, heritage assets and infrastructure	Historic cost
Investment Properties	Fair value
Vehicles, plant and equipment	The lower of net current replacement cost or net realisable value in existing use
Assets acquired under finance leases	Fair value of outstanding obligation
Assets acquired for other than a cash consideration	Appropriate fair value
Assets under construction	Fair value

Assets included in the Balance Sheet at fair value are revalued on a regular basis to ensure that their carrying amount is not materially different from their fair value at the year end, but as a minimum every five years.

Increases in valuations 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.

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

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against the balance (up to the amount of the accumulated gains)

- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service account line in the Comprehensive Income and Expenditure Statement

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

Charges to Revenue for Non-Current Assets

Service revenue accounts, central support services and trading accounts are charged with depreciation, amortisation revaluation or impairment losses, on all fixed assets used in the provision of the service.

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses, or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance.

Depreciation, revaluation, impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance as Minimum Revenue Provision (MRP) by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Depreciation

Depreciation is applied to all property, plant and equipment assets on a 'straight line' basis over their useful life as determined by the Council's valuers, as set out below:

	Asset life
HRA dwellings	30 years
Non HRA dwelling	21 years
Workshops	20-50 years
Community centres	50-99 years
Vehicles and plant	2-10 years
Other	99 years

Land is not depreciated as this is deemed as having an infinite life. Where assets, such as buildings, have land attached the values are separated and depreciated accordingly.

Where an item of property, plant and equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

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 into the Capital Adjustment Account.

Impairment

The values of each category of assets 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:

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

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

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.

Disposals

When an asset is disposed of, or decommissioned, the value of the asset in the Balance Sheet (whether property, plant and equipment, or assets held for sale) is written off to the Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals are credited to the same line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal (that is, 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 received for a disposal of an asset in excess of £10,000 (the Council's de-minimus level) are categorised as capital receipts.

A proportion of receipts relating to housing disposals based on completion of a quarterly statutory return (Note 20 to the HRA provides further information on this) 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 General Fund Balance in the Movement in Reserves Statement.

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

Receipts Arising from the Sale of Fixed Assets

Income from the disposal of fixed assets is shown in the Balance Sheet as a usable capital receipt. A proportion of some of the capital receipts received for the disposal of housing assets has to be paid across to Central Government. This is included in the Net Operating Expenditure section of the Comprehensive Income and Expenditure Statement.

Receipts from the sale of assets which are less than £10,000 (the Council's de minimus level) are credited to the Comprehensive Income and Expenditure Statement.

4) Intangible Fixed Assets

Expenditure on assets that do not have a physical substance but are identifiable and controlled by the Council (for example, software licences and patents) are capitalised when it will bring economic benefit 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 and benefit.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and the Capital Receipts Reserve.

5) Financial Instruments

Financial Liabilities

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in 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 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 that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year in the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase or 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.

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

Loans and Receivables

Loans and receivables are initially measured at fair value and carried at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Any gains and losses that arise on the de-recognition of the asset are credited or debited to the Financing and Investment Income line in the Comprehensive Income and Expenditure Statement.

For further information regarding Financial Instruments see Notes 17 and 52.

6) Heritage Assets

Heritage Assets are those that have historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained for their contribution towards knowledge and culture.

The Council's heritage assets consist of pieces of public art, a variety of historical structures which are located throughout the district, the Band Stand, the Civic Regalia and the various collections at the museum which are held in support of the primary objective of the Council's Museum, that is increasing the knowledge, understanding and appreciation of the Council's history and local area. Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage asset as detailed below.

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

Public Art

The collection of public art consists of the Mansfield Miner, the Market Place Fountains, the Feather, the High Heels and the Amphitheatre. The Council has recognised these assets in the Balance Sheet at cost.

Future acquisitions of public art will also be recognised at cost in the Balance Sheet.

Historic Structures

The collection of historical structures include the Grade II* listed Bentinck Memorial, the Grade II listed Old Market Cross Sundial and a range of war memorials and structures which are located in Mansfield Cemetery and a range of parks.

The Council does not consider that reliable cost or valuation information can be obtained for these items due to the lack of comparable market values. Consequently the Council does not recognise these assets on the Balance Sheet.

The collection is relatively static and acquisitions and donations are rare. Where acquisitions do occur they will be recognised at cost.

Culture

The Council has a Band Stand in Carr Bank Park for brass bands to provide performances to the residents of Mansfield. Future developments of cultural structures will be recognised at cost in the Balance Sheet

Civic Regalia

The Council holds two pieces of Civic Regalia, a Silver Gilt Mace and the Chairman's 9ct gold and enamel chain and pendant which are located at the Civic Centre. These assets are recognised at historical cost in the Balance Sheet.

Museum's Collections

The main collections held at the museum consist of natural history, porcelain, fine art, social history, photography and small quantities of firearms, coins, archaeology, costumes, geography and palaeontology.

The Council considers that obtaining valuations for the vast majority of collections that are exhibited within the museum would involve a disproportionate cost in comparison to the benefits to the users of the Council's financial statements. This is because of the diverse nature of the assets held and the lack of comparable values. The Council does not recognise these collections on the Balance Sheet.

Future acquisitions at the museum will be recognised at cost or if bequeathed or donated will not be recognised in the Balance Sheet unless market valuations can be obtained through the sale of similar items at auction.

Heritage Assets – General

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, for example where an item has suffered physical deterioration or breakage or where doubts arise to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment. Where heritage assets are disposed of the proceeds are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment.

Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

Note 14 and 55 provides further information as to the Council's Heritage Assets.

7) Inventories

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. Work in progress is subjected to an interim valuation at the year end and is also recorded in the Balance Sheet at the lower of cost or net realisable value.

8) Employee Benefits

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses for current employees. These are recognised as an expense for services in the year in which employees render service for the Council.

An accrual is made for the cost of holiday entitlements (or any form of leave, for example, time off in lieu) earned by employees but not taken before the year end which employees can carry forward into the next financial year. The accrual is charged to surplus/deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service or, where applicable, to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

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

Post-Employment Benefits

The Council contributes to the Nottinghamshire County Council Pension Fund. The Pension Fund's Actuary undertakes a valuation every three years and determines the rate of contribution the Council needs to make. Note 50 provides further information in relation to the Nottinghamshire County Council Pension Scheme.

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

Liabilities are discounted to their fair value at current prices, using a discount rate of 3.2%.

The assets of the Nottinghamshire County Council Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:

Asset Category	Basis of Valuation
Quoted Securities	Current bid price
Unquoted Securities	Professional estimate
Property	Market value
Unitised Securities	Current bid price

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

Service cost comprising:

- 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 (formerly Current Service Cost)
- The increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years; debited to the Net Cost of Service in the Comprehensive Income and Expenditure Statement, as part of non-distributed costs (formerly Past Service Cost)
- Net interest on the net defined benefit liability (asset); for example net interest expense for the Council, the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line in 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 liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments

Re-measurement comprising:

- Re-measurement – change in the net pension liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions; charged to the Pensions Reserve as Other Comprehensive Income and Expenditure (formerly actuarial gains and losses)
- Contributions paid to the County Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards.

In the Movement in Reserves Statement, this means that there are transfers to and from the Pension Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

The negative balance that arises on the Pension Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as the benefits are earned by employees.

Discretionary Benefits

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

9) Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefit and a reliable estimate can be made of the amount of the obligation. 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 as expenditure to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council 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 the financial year, where it becomes more likely than not that a transfer of economic benefit will not be required (or lower settlement anticipated) the provision is reversed and credited back to the relevant service revenue.

Where some or all of the payment required to settle a provision is expected to be met by another party (for example, 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.

Note 25 provides further information as to the provisions set up by the Council.

10) Exceptional Items

When items of income and expenditure are material, their nature is disclosed separately, on the face of the Comprehensive Income and Expenditure statement and in Note 9 to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

11) Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively; that is, 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.

12) Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover potential liabilities. Reserves are created by appropriating amounts in the General Fund Balance 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 against the net cost of services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserve 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 assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Council.

Note 8 provides further information as to the Reserves set up by the Council.

13) Leases

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

Note 45 provides further information regarding the Council's leases.

The Council as a Lessee

Finance Leases

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

Lease payments are apportioned between:

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

Property, plant and equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the

lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the authority at the end of the lease period).

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

The Council has a limited number of finance leases, mainly for plant within the Civic Centre and a small number of vehicles. These assets have been capitalised in accordance with accounting standards.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease; even if this does not match the pattern of payments (for example there is a rent-free period at the commencement of the lease).

The Council as Lessor

Finance Leases

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

Lease rentals receivable are apportioned between:

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

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

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

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (for example, where there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

14) Long Term Contracts

Long term contracts are accounted for on the basis of charging the surplus or deficit on the provision of services with the value of work and services received under the contract during the financial year.

During 2014/2015 the Council has no long term contracts to disclose, which Note 19 confirms.

15) Government Grants and Contributions

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

- the Council will comply with the conditions attached to the payments, and
- the grant 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 contributions have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the giver.

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

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

16) Overheads and Support Services

The cost of support services and overheads 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 (SeRCOP) 2014/2015. Allocation is based on either internally agreed Service Level Contracts or on a pro rata basis for items such as shared costs of buildings.

There are two exceptions to this:

- Non Distributed Costs which relate to discretionary pension benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale
- Corporate and Democratic Core which relate to the Council's status as a multi-functional, democratic organisation

These two cost categories are defined in SeRCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

17) VAT

Only irrecoverable VAT is included in the service revenue accounts.

18) 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 Comprehensive Income and Expenditure Statement in the year.

Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so there is no impact on the level of council tax.

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 events can be identified:

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

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts (Note 6).

20) Jointly Controlled Operations and Jointly Controlled Assets

Jointly controlled operations are activities undertaken by the Council in conjunction with other Councils. The Council recognises on its Balance Sheet its share of the assets and liabilities and the debits and credits on the Comprehensive Income and Expenditure Statement with the expenditure it incurs and the share of income it earns based on the year's activity.

21) Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council 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 Council. 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 the notes to the Accounts.

For further information on contingent liabilities see Note 51.

22) Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in the notes to the Accounts where it is probable that there will be an inflow of economic benefits or service potential.

For further information on contingent assets see Note 51.

23) Collection Fund

Council Tax

From 2009/2010 billing authorities for Council Tax include in the Comprehensive Income and Expenditure Statement Council Tax for the year based on the accrued income for the year. The difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund shall be taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserve Statement.

As the collection of Council Tax is in substance an agency arrangement, the cash collected by the billing authority from Council Tax debtors belongs proportionally to the billing authority and the major preceptors. There will therefore be a debtor/creditor position between the billing authority and each major preceptor to be recognised since the net cash paid to each major preceptor in the year will not be its share of cash collected from Council Taxpayers. The effect of this change has no overall effect on the previous year's surplus.

Note 23 Continued...

Business Rates

With effect from 1 April 2013, the Business Rates Retention Scheme was introduced. The new arrangements provide a direct link between business rates growth and the amount of money local authorities have to spend on services. Local authorities can keep a proportion of their business rates collected in their area after certain contributions to the Government have been made.

As part of the business rates retention scheme, all local authorities were given the opportunity to work with neighbouring and partner authorities to develop a bid to become a local authority business rate "pool". Mansfield District Council is part of a Nottinghamshire business rates pool which is administered by Nottinghamshire County Council. Member authorities are treated as a single authority for the purpose of certain calculations under the business rates retention scheme. The advantage of a pool is to potentially generate additional business growth through collaborative working and to smooth out the impact of volatility in business rates income across a wider economic area.

The Council distributes business rates from the pool to the main preceptors and central government. Previously the government received all the income due under Non Domestic Rates (NDR) and distributed this back to authorities by mainstream funding through the formula grant system.

The Council includes its share of accrued Business Rates due for the year within its Comprehensive Income and Expenditure Statement. The difference between this sum and the forecast amount due to the Council is reversed through the General Fund Balance to ensure only the level of business rates required to pay for Council activities is credited to the General Fund in the year. The balance is taken to the Collection Fund Adjustment Account, within the Balance Sheet.

Amounts collected on behalf of the other partners of the pool (Central Government, Nottinghamshire County Council and Nottinghamshire Fire Authority) are treated as either debtors or creditors depending upon the respective share of the Collection Fund attributable to these bodies at 31 March each year.

24) Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are held for the purpose of meeting short term commitments rather than for investment or other purposes. The Council classifies short term investments with immediate call back or instant access as cash equivalents.

For further information see Note 21.

25) Fundamental Accounting Concepts

This Statement of Accounts has been prepared according with the International Accounting Standards Board (IASB) Framework for the Preparation and Presentation of Financial Statements (the IASB Framework) as interpreted by the Code.

Relevance - The objective of the Statement of Accounts is to provide information about the Council's financial performance and position that is useful for assessing the stewardship of public funds and for making economic decisions.

Reliability - The key requirement of this statement is that users are able to rely on the information contained within the Statement of Accounts. A number of fundamental accounting concepts are applied in order to ensure this reliability:

- the Statement of Accounts have been prepared to reflect the reality or substance of each transaction rather than their formal legal character
- the Statement of Accounts are free from deliberate or systematic bias. The financial analyses contained within the accounts are based on fact, and do not support any particular view point
- the Statement of Accounts are free from material error, containing no misstatement that would influence the conclusions of any user
- the Statement of Accounts have been produced within the bounds of materiality, meaning that nothing has been omitted that may have assisted users in gaining an understanding of the Council's activities

Where uncertainty exists, the statements have been prepared prudently and caution has been applied with exercising judgement and making necessary estimates.

Comparability - One of the key purposes of regulating the means by which local authority accounts are produced is to ensure that a user is able to compare an authority's performance between financial years and with other organisations.

This is an important mechanism for ensuring the usefulness of financial information and is an essential element of the best value accounting framework. The Code assists comparability in many areas by making particular accounting policies mandatory.

Understandability - The accounting principles of the Code includes accounting concepts, treatments and terminology which require reasonable knowledge of accounting and local government and reasonable diligence in reading the Statement of Accounts if they are to be properly understood. However all reasonable efforts have been taken in the preparation of the Statement of Accounts to ensure they are as easy to understand as possible.

Going Concern - This statement has been prepared on a 'going concern' basis, under the assumption that the Council will continue to exist and operate on its current basis for the foreseeable future.

Primacy of Legislative Requirements - Local authorities derive their powers from statute and their financial and accounting framework is closely controlled by primary and secondary legislation. To the extent that treatments are prescribed by law the accounting concepts outlined above may not apply in all cases. It is a fundamental principle of local authority accounting that, where specific legislative requirements and accounting principles conflict, legislative requirements shall apply.

The Core Financial Statements

Movement in Reserves Statement (MiRS)

This statement shows the movement in the year on the different reserves held by the Council, analysed into usable reserves (that is, those that can be applied to fund expenditure or reduce local taxation, such as Council Tax) and other reserves.

- The surplus or (-) deficit on the Provision of Services line shows the true economic cost of providing the Council'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 Transfer to Earmarked Reserves line shows the statutory General Fund and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.
- The movement in reserves statement for 2014/2015 is set out below

Movement in Reserves Statement (MiRS)

2014/2015	General Fund Balance	Earmarked General Fund Reserves	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Council's Total Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2014	9,149	9,202	12,767	9,644	8,978	2,263	52,003	81,853	133,856
Movement in reserves during 2014/2015									
Surplus / (-) Deficit on the provision of services	-6,599	0	4,087	0	0	0	-2,512	0	-2,512
Other Comprehensive Income and Expenditure	212	0	0	0	0	0	212	-2,185	-1,973
Total Comprehensive Income and Expenditure	-6,387	0	4,087	0	0	0	-2,300	-2,185	-4,485
Adjustments between accounting basis and funding basis under regulations (see note 7)	4,751	23	1,675	-1,660	657	9	5,455	-5,455	0
Net increase/(-) decrease before transfers to earmarked reserves	-1,636	23	5,762	-1,660	657	9	3,155	-7,640	-4,485
Transfers to/from Earmarked Reserves (see Note 8)	1661	-1661	0	0	0	0	0	0	0
Increase/(-) Decrease in 2014/2015	25	-1,638	5,762	-1,660	657	9	3,155	-7,640	-4,485
Balance at 31 March 2015	9,174	7,564	18,529	7,984	9,635	2,272	55,158	74,213	129,371

Movement in Reserves Statement (continued)

The movement of reserves for 2013/2014 for comparison purposes is set out below

2013/2014	General Fund Balance £000	Earmarked General Fund Reserves £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Council's Total Reserves £000
Balance at 31 March 2013	8,320	11,529	9,019	3,138	7,354	2,010	41,370	98,493	139,863
Movement in reserves during 2013/2014									
Surplus / (-) Deficit on the provision of services	-7,603	0	244	0	0	0	-7,359	0	-7,359
Other Comprehensive Income and Expenditure	65	0	0	0	0	0	65	1,287	1,352
Total Comprehensive Income and Expenditure	-7,538	0	244	0	0	0	-7,294	1,287	-6,007
Adjustments between accounting basis and funding basis under regulations (see note 7)	5,957	83	3,504	6,506	1,624	253	17,927	-17,927	0
Net increase/(-) decrease before transfers to earmarked reserves	-1,581	83	3,748	6,506	1,624	253	10,633	-16,640	-6,007
Transfers to/from Earmarked Reserves (see Note 8)	2,410	-2,410	0	0	0	0	0	0	0
Increase/(-) Decrease in 2013/2014	829	-2,327	3,748	6,506	1,624	253	10,633	-16,640	-6,007
Balance at 31 March 2014	9,149	9,202	12,767	9,644	8,978	2,263	52,003	81,853	133,856

Comprehensive Income and Expenditure Statement (CIES)

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.

2013/2014					2014/2015		
Gross Expenditure	Gross Income	Net Expenditure			Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000		Note	£000	£000	£000
			General Fund continuing operations	9			
3,472	-2,008	1,464	Central Services to the Public		3,728	-2,007	1,721
5,516	-1,316	4,200	Cultural and Related Services		6,719	-1,517	5,202
9,498	-3,507	5,991	Environmental and Regulatory Services		9,464	-3,729	5,735
9,814	-7,133	2,681	Planning Services		6,722	-7,056	-334
1,881	-1,655	226	Highways, Roads and Transport		1,876	-1,662	214
33,749	-32,537	1,212	Housing Services		36,081	-32,987	3,094
3,882	-1,184	2,698	Corporate and Democratic Core		3,568	-1,076	2,492
121	0	121	Non-Distributed Costs		188	0	188
25,380	-27,172	-1,792	Housing Revenue Account		20,741	-27,852	-7,111
0	0	0	Exceptional Items		0	0	0
93,313	-76,512	16,801	Cost of Services		89,087	-77,886	11,201
466	-1,038	-572	Other Operating Expenditure	10	596	-491	105
7,524	-704	6,820	Financing and Investment Income and Expenditure	11	7,351	-260	7,091
0	-15,690	-15,690	Taxation and Non-Specific Grant Income	12	0	-15,885	-15,885
101,303	-93,944	7,359	(-) Surplus / deficit on Provision of Services		97,034	-94,522	2,512
		-1,062	(-) Surplus / deficit on revaluation of non-current assets	26			-18,182
		-171	Re-measurement of the net assets / (-) defined liability	50			20,374
		-119	Other				-219
		-1,352	Other comprehensive Income and Expenditure				1,973
		6,007	Total comprehensive Income and Expenditure				4,485

Balance Sheet as at 31 March 2015

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories:

1. Usable reserves, i.e. those reserves that the Council 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).
2. Those that the Council is not able to use to provide services. This category includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

The Balance Sheet as at 31 March 2015 is presented below:

Balance Sheet as at 31 March 2015

2013/2014			2014/2015
£000		Note	£000
254,914	Property, Plant and Equipment	13	270,136
378	Heritage Assets	14	378
12,694	Investment Property	15	14,233
103	Intangible Assets	16	106
2,525 *	Long Term Debtors	54	2,652
270,614	Long Term Assets		287,505
42,290	Short Term Investments	17	40,788
335	Inventories	18	319
3,475 *	Short Term Debtors	20	3,308
4	Cash and Cash Equivalents	21	524
46,104	Current Assets		44,939
-990	Cash and Cash Equivalents	21	0
-5,359	Short Term Borrowing	17	-5,931
-4,709	Short Term Creditors	23	-5,616
-272	Provisions	25	-327
-11,330	Current Liabilities		-11,874
-90,195	Long Term Borrowing	17	-85,136
-80,679	Other Long Term Liabilities	50	-105,241
-26	Revenue Grants Receipts in Advance	39	-20
-632	Capital Grants Receipts in Advance	39	-802
-171,532	Long Term Liabilities		-191,199
133,856	Net Assets		129,371
52,003	Usable Reserves		55,158
81,853	Unusable Reserves	26	74,213
133,856	Total Reserves		129,371
	* <i>Long Term Debtors have been increased by £1.841million and Short Term Debtors have been reduced by £1.841million; to be consistent with the ageing of the sundry debts in comparison to 2014/2015 accounts</i>		

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council 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 Council are funded by way of taxation and grant income or from the recipients of services provided by the Council.

Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery.

Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (that is, borrowing) to the Council.

2013/14 £000	Cash Flow Statement	Note	2014/15 £000
-7,359	Net surplus or (-) deficit on the provision of services		-2,512
37,539	Adjustments to net surplus / (-) deficit on the provision of services for non-cash movements		17,013
-18,058	Adjustments for items included in the net surplus / (-) deficit on the provision of services that are investing and financing activities		-2,967
12,122	Net cash flows from Operating Activities	27	11,534
-13,530	Investing Activities	28	-7,248
-1,758	Financing Activities	29	-2,776
-3,166	Net Increase / (-) decrease in cash and cash equivalents		1,510
2,180	Cash and cash equivalents at the beginning of the reporting period		-986
-986	Cash and cash equivalents at the end of the reporting period (Note 21)		524

Notes to the Core Financial Statements

1. ACCOUNTING POLICIES

Please refer to the full Statement of Accounting policies, which can be found on pages 22 to 39.

2. ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT NOT YET ADOPTED

The Council is required to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This requirement applies to accounting standards that come into effect for financial years commencing on or before 1 January of the financial year in question (for example, on or before 1 January 2015 for 2014/2015).

For 2014/2015 the following accounting policy changes are required to be reported for International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS)

- IFRS 13 *Fair Value Measurement*
- *Annual Improvements to IFRS's* (2011-2013 Cycle) – see next paragraph for further details;
- IFRIC 21 *Levies*

The issues included in the Annual Improvements to IFRSs 2011-2013 cycle are:

- IFRS 1: Meaning of effective IFRSs;
- IFRS 3: Scope exceptions for joint ventures
- IFRS 13: Scope of paragraph 53 (portfolio exception); and
- IAS40: Clarifying the interrelationship of IFRS 3 Business Combinations and IAS40 Investment Property when classifying property as investment property or owner occupied property.

3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the Accounting Policies set out in Note 1, the 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:

- there is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision
- the impact of economic uncertainty as a result of issues in the Eurozone and the forthcoming UK referendum on membership of the European Union.

4. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

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

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

Item	Uncertainties	Effect if Actual Results differ from assumptions
Property, Plant and Equipment	<p>Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets.</p> <p>The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.</p>	<p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.</p> <p>It is estimated that the annual depreciation charge for buildings would increase by £31,000 for every year that useful lives had to be reduced.</p>
Council dwellings	The valuation for Council dwellings is based on a percentage obtained from the land registry and the uplift is applied to calculate the valuation.	If the uplift in the valuation percentage is reduced by 1% this would reduce the valuation of Council dwellings by £1.322million

5. MATERIAL ITEMS OF INCOME AND EXPENSE

There are no material amounts of income or expenditure during the year that require further explanation (Note 9).

6. EVENTS AFTER THE REPORTING PERIOD

The Statement of Accounts was authorised for issue by the Head of Finance, Property and Revenue Services (the Council's Chief Finance Officer) on 30 June 2015. Events taking place after this date are not reflected in the financial statements or notes.

Government have announced that they intend to amend the Levy and Safety Net Regulations to adjust the formula for calculating retained business rates income. The Council acknowledges the amendment; but considers the effect to be immaterial and no adjustment has been made in the 2014/2015 Statement of Accounts. Any retrospective adjustment will be made in 2015/2016 accounts.

The Chancellor announced in the budget that social housing rents are to reduce by 1% for 4 years commencing 2015/2016. The Council acknowledges this change and will be implementing this change in the following financial year.

7. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

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

The following sets out a description of the reserves that the adjustments are made against.

General Fund Balance

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

The Council still has its own housing stock. However, the balance is not available to be applied to General Fund services.

Housing Revenue Account Balance

The Housing Revenue Account (HRA) Balance reflects the statutory obligation to maintain a revenue account for the Council's council housing provision in accordance with Part VI of the Local Government and Housing Act 1989. It contains the balance of income and expenditure as defined by the 1989 Act that is available to fund future expenditure in connection with the Council's landlord function or (-) where in deficit that is required to be covered from tenants in future years.

Major Repairs Reserve

The Council is required to maintain the Major Repairs Reserve this is being applied to new capital investment in Housing Revenue Account (HRA) assets or the financing of historical capital expenditure by the HRA.

Capital Receipts Reserve

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

Capital Grants Unapplied

The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and / or the financial year in which this can take place.

7. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS							
	General Fund Balance	Earmarked reserves	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserve
2014/2015	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Adjustment Account:							
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:							
Charges for depreciation and impairment of non-current assets	-3,579	0	-3,030	0	-2,931	0	9,540
Revaluation losses on Property, Plant and Equipment	-1,555	0	-556	0	0	0	2,111
Amortisation of intangible assets	-10	0	-13	0	0	0	23
Movement in the market value of Investment Properties	-24	0	-22	0	0	0	46
Capital grants and contributions applied	2,578	0	0	0	0	-2,578	0
Revenue expenditure funded from capital under statute	-647	0	0	0	0	0	647
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:							
Statutory provision for the financing of capital investment	594	0	0	0	0	0	-594
Voluntary provision for the repayment of debt	4	0	0	0	0	0	-4
Capital expenditure charged against the General Fund and HRA balances	2,590	0	1,684	0	-1,360	0	-2,914
Adjustments primarily involving the Capital Grants Unapplied Account:							
Application of grants to capital financing transferred to the Capital Adjustment Account	212	0	0	0	0	2,569	-2,781
Adjustments primarily involving the Capital Receipts Reserve:							
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-96	-23	491	-1,644	0	0	1,272
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	0	2,878	0	0	-2,878
Contributions from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	-426	0	0	426	0	0	0

<i>Note 7 continued</i>							
ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS							
	General Fund Balance	Earmarked reserves	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserve
2014/2015	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the Major Repairs Reserve:							
Reversal of Major Repairs Allowance credited to the HRA	0	0	0	0	0	0	0
Use of the Major Repairs Allowance to finance new capital expenditure	0	0	0	0	3,634	0	-3,634
Adjustments primarily involving the Pension Reserve:							
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	-7,848	0	0	0	0	0	7,848
Employer's pensions contributions and direct payments to pensioners payable in the year	3,844	0	-229	0	0	0	-3,615
Adjustments primarily involving the Collection Fund Adjustment Account:							
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	136	0	0	0	0	0	-136
Amount by which non-domestic rating income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	-529	0	0	0	0	0	529
Adjustment primarily involving the Accumulated Absences Account:							
Amount by which officers remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	5	0	0	0	0	0	-5
Total Adjustments	-4,751	-23	-1,675	1,660	-657	-9	5,455

Note 7 continued

ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

	General Fund Balance	Earmarked reserves	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserve
2013/2014	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Adjustment Account:							
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:							
Charges for depreciation and impairment of non-current assets	-4,814	0	-5,230	0	-3,083	0	13,127
Revaluation losses on Property, Plant and Equipment	-1,159	0	-3,452	0	0	0	4,611
Amortisation of intangible assets	-5	0	-2	0	0	0	7
Movement in the market value of Investment Properties	-1,013	0	-500	0	0	0	1,513
Capital grants and contributions applied	1,683	0	0	0	0	-1,683	0
Revenue expenditure funded from capital under statute	-419	0	0	0	0	0	419
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:							
Statutory provision for the financing of capital investment	618	0	0	0	0	0	-618
Voluntary provision for the repayment of debt	-5	0	0	0	0	0	5
Capital expenditure charged against the General Fund and HRA balances	4,391	0	3,462	0	-3,257	0	-4,596
Adjustments primarily involving the Capital Grants Unapplied Account:							
Application of grants to capital financing transferred to the Capital Adjustment Account	65	0	0	0	0	1,430	-1,495
Adjustments primarily involving the Capital Receipts Reserve:							
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	331	-83	2,569	-16,012	0	0	13,195
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	0	9,122	0	0	-9,122
Contributions from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	-384	0	0	384	0	0	0

<i>Note 7 continued</i>							
ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS							
	General Fund Balance	Earmarked reserves	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserve
2013/2014	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the Major Repairs Reserve:							
Reversal of Major Repairs Allowance credited to the HRA	0	0	0	0	0	0	0
Use of the Major Repairs Allowance to finance new capital expenditure	0	0	0	0	4,716	0	-4,716
Adjustments primarily involving the Pension Reserve:							
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	-7,836	0	0	0	0	0	7,836
Employer's pensions contributions and direct payments to pensioners payable in the year	3,743	0	-351	0	0	0	-3,392
Adjustments primarily involving the Collection Fund Adjustment Account:							
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	91	0	0	0	0	0	-91
Amount by which non-domestic rating income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	-1,253	0	0	0	0	0	1,253
Adjustment primarily involving the Accumulated Absences Account:							
Amount by which officers remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	9	0	0	0	0	0	-9
Total Adjustments	-5,957	-83	-3,504	-6,506	-1,624	-253	17,927

8. TRANSFERS TO / (-) FROM EARMARKED RESERVES

This note sets out the amounts set aside from the General Fund and Housing Revenue Account (HRA) balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure.

Revenue and capital reserves, and the levels they are held at, are reviewed as part of the preparation of the Statement of Accounts and during the budget setting process. If a reserve is no longer required, funds will be returned to the Comprehensive Income and Expenditure Statement, likewise if the level held in a reserve is deemed to be higher than necessary.

Below is a summary of the Revenue and Capital Reserves split between General Fund and HRA.

2014/2015	Balance at 31 March 2014	Income in the year	Expenditure in the year	Balance at 31 March 2015
	£000	£000	£000	£000
General Fund				
Capital	1,993	30	-1,608	415
Revenue	6,610	3,509	-3,569	6,550
HRA				
Capital	0	0	0	0
Revenue	0	0	0	0
Legacies	3	0	0	3
Crematorium	596	0	0	596
Total	9,202	3,539	-5,177	7,564

2013/2014	Balance at 31 March 2013	Income in the year	Expenditure in the year	Balance at 31 March 2014
	£000	£000	£000	£000
General Fund				
Capital	4,011	492	-2,510	1,993
Revenue	6,943	3,367	-3,700	6,610
HRA				
Capital	0	0	0	0
Revenue	0	0	0	0
Legacies	3	0	0	3
Crematorium	572	24	0	596
Total	11,529	3,883	-6,210	9,202

Note 8 continued...

The following table summarises the Council's revenue earmarked reserves, showing the movement in these reserves during the 2014/2015 financial year.

Revenue Earmarked Reserves				
	Balance at 31 March 2014	Income in the year	Expenditure in the year	Balance at 31 March 2015
	£000	£000	£000	£000
Elections	119	40	0	159
Insurance	860	969	-843	986
Pension costs	426	0	-379	47
Grants	885	0	-360	525
Building renewal fund	822	0	-328	494
Trading account renewal	262	0	-48	214
Job evaluation	2,013	0	-1,376	637
Apprenticeship Scheme	500	0	-162	338
Economic Stimulus	568	0	0	568
Local Plan	0	77	0	77
New Homes Bonus	0	855	0	855
Accommodation Review	0	1,500	0	1,500
Other funds	155	68	-73	150
	6,610	3,509	-3,569	6,550

Statutory Election Costs – is a fund built up from annual revenue contributions to meet the cost of local elections.

The **Insurance Retained Premiums Fund** – is used to meet any payments falling within the Council's excess of £10,000. It is also used as a holding account to meet expenditure on claims until they are resolved. It is estimated that the value of claims currently outstanding totals £0.5million.

Restructure Pension Cost Fund – has been set up to meet the costs of departmental and management restructures resulting from service reviews.

Grant Changes – This reserve relates to the possible and uncertain impact of changes to the Housing Benefit and Council Tax Benefit regulations.

The **Building Renewal and Repairs Fund** – is aimed at providing resources to allow planned maintenance of the Council's properties.

Trading Account Renewal Fund – is for the replacement of equipment used within the Council Leisure facilities and Engineering depot.

Job Evaluation – this reserve has been set up to meet any additional monies required following the nationally agreed Job Evaluation exercise.

Note 8 continued...

Apprenticeship Scheme Fund – is for additional apprenticeships within the Council and to support the employment of apprenticeships within local businesses.

Economic Stimulus / Regeneration Fund – is for the purposes of providing loans and support to local businesses.

Local Plan – This is to support the statutory requirements of producing the Local Plan.

New Homes Bonus – Earmarked towards the capital programme for future capital schemes.

Accommodation Review – is for changes required to the Civic Centre as part of the Accommodation Review

Other funds include smaller reserves which are not significant enough to be shown separately. These reserves are used to cover expenditure on leisure facilities and environmental schemes.

The following table summarises the Council's capital earmarked reserves, showing the movement in these reserves during the 2014/2015 financial year;

	Balance at 31 March 2014 £000	Income in the year £000	Expenditure in the year £000	Balance at 31 March 2015 £000
Capital				
Capital Fund	1,516	12	-1,475	53
Leisure Equipment and Plant	115	0	-80	35
Wheeled Bins	313	0	-35	278
Shop Mobility Vehicles and Plant	18	0	0	18
	31	18	-18	31
Total	1,993	30	-1,608	415

The **Capital Fund** – is used to finance expenditure on the Council's capital programme. This includes £66,000 to meet anticipated 'after-value payments' (repayment of grants as a result of the sale of associated land).

The **Leisure Equipment and Plant** fund is used to finance equipment at the Council's leisure facilities.

Replacement of Wheeled Bins – is used to finance the major replacement of bins within the district and towards providing new bins as part of the Council's recycling programme.

The **Shop Mobility Fund** – finances the replacement of scooters for town centre shopping. As well as revenue contributions, this fund also receives donations.

The **Vehicles and Plant Fund** – receives an annual revenue contribution in order to finance the replacement of the Council's vehicles and plant in line with an approved programme.

In addition to the Reserves mentioned above, £3,101 is held in respect of Trust Funds (see Note 43).

9. SERVICE EXPENDITURE ANALYSIS

The table below shows the net cost to the Council of providing its services; the information has been presented based on the requirements of the Service Reporting Code of Practice (SeRCOP).

2013/14	2013/14	2013/14		2014/15	2014/15	2014/15
Gross	Gross	Net		Gross	Gross	Net
Cost	Income	Cost		Cost	Income	Cost
£000	£000	£000		£000	£000	£000
Central Services to the Public						
2,662	-1,780	882	Local Tax Collection	2,575	-1,747	828
239	-41	198	Elections	274	-67	207
139	-85	54	Local Land Charges	91	-88	3
102	0	102	General Grants and Bequests	126	0	126
-30	-102	-132	Council Tax Benefit Payments	-8	-105	-113
-168	0	-168	Contribution to Bad and Doubtful Debts	380	0	380
47	0	47	Support Services Charged to Capital	43	0	43
481	0	481	Balance on Internal Support Services	247	0	247
3,472	-2,008	1,464		3,728	-2,007	1,721
Cultural and Related Services						
1,875	-969	906	Cultural and Heritage	2,657	-1,098	1,559
2,043	-229	1,814	Recreation and Sport	2,445	-194	2,251
1,598	-118	1,480	Open Spaces	1,617	-225	1,392
5,516	-1,316	4,200		6,719	-1,517	5,202
Environmental and Regulatory Services						
715	-991	-276	Cemetery, Cremation and Mortuary Services	772	-1046	-274
1,526	-292	1,234	Regulatory Services	1,539	-298	1,241
1,893	-516	1,377	Community Safety	1,785	-572	1,213
3,499	-1,641	1,858	Waste Collection	3,536	-1,768	1,768
1,816	-67	1,749	Street Cleansing	1,803	-45	1,758
45	0	45	Climate Change Costs	25	0	25
4	0	4	Flood Defence / Land drainage	4	0	4
9,498	-3,507	5,991		9,464	-3,729	5,735
Planning Services						
517	-356	161	Building Control	505	-325	180
705	-365	340	Development Control	793	-538	255
395	0	395	Planning Policy	428	-5	423
3	0	3	Environmental Initiatives	0	0	0
5,491	-789	4,702	Economic Development	2,310	-837	1473
2,703	-5,623	-2,920	Business Support	2,686	-5,351	-2665
9,814	-7,133	2,681		6,722	-7,056	-334

Note 9 – Service Expenditure Analysis Continued...

2013/14	2013/14	2013/14		2014/15	2014/15	2014/15
Gross	Gross	Net		Gross	Gross	Net
Cost	Income	Cost		Cost	Income	Cost
£000	£000	£000		£000	£000	£000
			Highways, Roads and Transport			
-39	0	-39	Maintenance of Roads and Motorways	0	0	0
1,731	-1,630	101	Parking Services	1,691	-1,636	55
184	-25	159	Contribution to Public Transport	179	-25	154
5	0	5	Traffic Management	6	-1	5
1,881	-1,655	226		1,876	-1,662	214
			Housing Services			
11	-4	7	Mortgages and Improvement Grant Admin.	11	-4	7
705	-48	657	Private Sector Housing Renewal	2,738	-26	2,712
32,294	-32,485	-191	Housing (Rent Allowance) Payments	32,594	-32,957	-363
739	0	739	Contribution to the HRA for Shared Services	738	0	738
33,749	-32,537	1,212		36,081	-32,987	3,094
			Corporate and Democratic Core			
1,354	-311	1,043	Democratic Representation	1,281	-274	1,007
2,528	-873	1,655	Corporate Management	2,287	-802	1,485
3,882	-1,184	2,698		3,568	-1,076	2,492
121	0	121	Non-Distributed Costs	188	0	188
67,933	-49,340	18,593	General Fund Continuing Operations	68,346	-50,034	18,312
25,380	-27,172	-1,792	HRA	20,741	-27,852	-7,111

Exceptional Items

There are no exceptional items to report in either 2013/2014 or 2014/2015.

10. OTHER OPERATING EXPENDITURE

The following table contains corporate items of income and expenditure that cannot reasonably be allocated or apportioned to specific services:

	2013/2014 £000	2014/2015 £000
Parish Council precepts	82	73
Payments to the Government Housing Capital Receipts Pool	384	427
(-) Gains/losses on the disposal of non-current assets – General Fund	-331	96
(-) Gains/losses on the disposal of non-current assets – Housing Revenue Account	-707	-491
Total	-572	105

11. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

The following table contains corporate items of income and expenditure arising from the Council's involvement in financial instruments and similar transactions involving interest:

	2013/2014 £000	2014/2015 £000
Interest payable and similar charges	4,230	3,855
Net interest on the net defined benefit liability / (-) asset	3,294	3,496
Interest receivable and similar income	-355	-306
Income and expenditure in relation to investment properties and changes in fair value	-349	46
Total	6,820	7,091

The Council does not have any trading operations in 2014/2015 or 2013/2014.

12. TAXATION AND NON-SPECIFIC GRANT INCOME

The following table consolidates all the grants and contributions receivable that cannot be identified to particular service expenditure:

	2013/2014	2014/2015
	£000	£000
Council tax income	-5,063	-5,187
Distribution from non-domestic rate pool	0	0
Non-domestic rates income and expenditure	-3,376	-3,533
Non-ring fenced government grants	-4,953	-3,644
Local Services Support Grant (LSSC) – transitional grant	0	0
Council tax freeze	-59	-59
New homes bonus	-556	-876
Capital grants and contributions	-1,683	-2,586
Total	-15,690	-15,885

13. PROPERTY, PLANT AND EQUIPMENT

Cost or Valuation	Council Dwellings	Other Land and Buildings	Surplus Assets	Vehicles Plant and Equipment	Infrastructure	Community Assets	Assets Under Construction	Total Property, Plant and Equipment
	£000	£000	£000	£000	£000	£000	£000	£000
At 1 April 2014	218,356	130,786	0	6,125	2	586	0	355,855
Additions	2,351	3,124	0	699	0	17	3,704	9,895
Revaluation increases/ (-) decreases recognised in the revaluation reserve	9,358	12,439	0	0	0	0	0	21,797
Revaluation increases/ (-) decreases recognised in the (-) surplus/deficit on the provision of services	0	-2,111	0	0	0	0	0	-2,111
Derecognition – disposals	-693	-634	0	-328	0	0	0	-1,655
Impairment	-2,351	-2,715	0	-98	0	-17	-21	-5,202
Other movements in cost or valuation	0	0	0	0	0	0	0	0
Reclassification	19	-19	0	0	0	0	0	0
At 31 March 2015	227,040	140,870	0	6,398	2	586	3,683	378,579

Note 13 Continued...

Accumulated Depreciation and Impairment	Council Dwellings	Other Land and Buildings	Surplus Assets	Vehicles Plant and Equipment	Infrastructure	Community Assets	Assets Under Construction	Total Property, Plant and Equipment £000
	£000	£000	£000	£000	£000	£000	£000	£000
At 1 April 2014	-85,751	-11,644	0	-3,546	0	0	0	-100,941
Depreciation charge	-2,931	-838	0	-568	0	0	0	-4,337
Depreciation written out to Revaluation Reserve	0	228	0	0	0	0	0	228
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0	0
Impairment losses/(-) reversals recognised in the Revaluation Reserve	0	-3,844	0	0	0	0	0	-3,844
Impairment losses/(-) reversals recognised in the (-) Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0	0
Other movements in depreciation and impairment	0	0	0	0	0	0	0	0
Derecognition – disposals	0	128	0	323	0	0	0	451
At 31 March 2015	-88,682	-15,970	0	-3,791	0	0	0	-108,443
NBC At 31 March 15	138,358	124,900	0	2,607	2	586	3,683	270,136

Note 13 Continued...

Cost or Valuation	Council Dwellings	Other Land and Buildings	Surplus Assets	Vehicles Plant and Equipment	Infrastructure	Community Assets	Assets Under Construction	Total Property, Plant and Equipment
	£000	£000	£000	£000	£000	£000	£000	£000
At 1 April 2013	222,529	138,461	0	5,680	2	346	0	367,018
Additions	4,767	5,614	0	1,014	0	72	66	11,533
Revaluation increases/ (-) decreases recognised in the revaluation reserve	55	3,684	0	0	0	240	0	3,979
Revaluation increases/ (-) decreases recognised in the (-) surplus/deficit on the provision of services	-3,214	-1,398	0	0	0	0	0	-4,612
Derecognition – disposals	-1,125	-28	0	-480	0	0	0	-1,633
Impairment	-4,767	-3,701	0	-89	0	-72	-66	-8,695
Other movements in cost or valuation	0	-11,735	0	0	0	0	0	-11,735
Reclassification	111	-111	0	0	0	0	0	0
At 31 March 2014	218,356	130,786	0	6,125	2	586	0	355,855

Note 13 Continued...

Accumulated Depreciation and Impairment	Council Dwellings	Other Land and Buildings	Surplus Assets	Vehicles Plant and Equipment	Infrastructure	Community Assets	Assets Under Construction	Total Property, Plant and Equipment
	£000	£000	£000	£000	£000	£000	£000	£000
At 1 April 2013	-82,668	-19,623	0	-3,468	0	0	0	-105,759
Depreciation charge	-3,083	-851	0	-507	0	0	0	-4,441
Depreciation written out to Revaluation Reserve	0	191	0	0	0	0	0	191
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0	0
Impairment losses/(-) reversals recognised in the Revaluation Reserve	0	-3,107	0	0	0	0	0	-3,107
Impairment losses/(-) reversals recognised in the (-) Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0	0
Other movements in depreciation and impairment	0	11,735	0	0	0	0	0	11,735
Derecognition – disposals	0	11	0	429	0	0	0	440
At 31 March 2014	-85,751	-11,644	0	-3,546	0	0	0	-100,941
NBC At 31 March 14	132,605	119,142	0	2,579	2	586	0	254,914

Note 13 Continued...

	Council Dwellings	Other Land and Buildings	Assets Under Construction	Vehicles, Plant and Furniture and Equipment	Community Assets	Infrastructure Assets	Surplus Assets	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Carried at historical cost	0	0	0	0	586	0	0	586
Valued at fair value:								
31 March 2011	0	502	0	12	0	0	0	514
31 March 2012	0	6,989	0	531	0	0	0	7,520
31 March 2013	0	10,026	0	585	0	2	0	10,613
31 March 2014	0	10,795	0	878	0	0	0	11,673
31 March 2015	138,358	96,588	3,683	601	0	0	0	239,230
Total Cost or Valuation	138,358	124,900	3,683	2,607	586	2	0	270,136

The Council carried out a rolling programme ensuring that all property, plant and equipment required to be measured at fair value is re-valued at least every five years. All valuations were carried out internally. Valuations of land and buildings 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.

14. HERITAGE ASSETS

Reconciliation of the carrying value of Heritage Assets held by the Council:

	Civic Regalia £000	Bandstand £000	Public Art £000	Total £000
Cost or valuation				
1 April 2014	36	191	151	378
Additions	0	0	0	0
Disposals	0	0	0	0
Revaluations	0	0	0	0
Impairment losses / reversals recognised in the Revaluation Reserve	0	0	0	0
Impairment losses / reversals recognised in Surplus or Deficit on the Provision of Services	0	0	0	0
Depreciation	0	0	0	0
Reclassification	0	0	0	0
31 March 2015	36	191	151	378

15. INVESTMENT PROPERTIES

The following items of income and expenditure have been accounted for in the Comprehensive Income and Expenditure Statement:

	2013/2014	2014/2015
	£000	£000
Rental Income from investment property	355	885
Direct operating expenses arising from investment property	-122	-101
Net gain/(-) loss	233	784

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

	2013/2014	2014/2015
	£000	£000
Balance at 1 April 2014	18,235	12,694
Additions	7,972	1,652
Disposals	-12,000	-32
Impairment	-1,527	-167
Revaluation	14	86
<i>Transfers:</i>		
To/from property, plant and equipment	0	0
Other changes	0	0
Balance at 31 March 2015	12,694	14,233

The disposals on investment properties resulted in a profit on disposal of £36,000 in 2014/2015 and a profit of £1,862,000 in 2013/2014.

16. INTANGIBLE ASSETS

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of property, plant and equipment.

Software licences are held by IT, Payroll, Town Centre and Revenue Services. The cost is being written off over the five year life of the licences on a straight line basis.

Additions in 2014/2015 relate to the Virtual Desktop Infrastructure (VDI) development and a new Housing Management System.

	Purchased Software Licences £000	Licences, Trademarks and Artistic Originals £000	Patents £000	Total £000
Certified valuation at 31 March 2014	864	0	0	864
Amortisation to 1 April 2014	-761	0	0	-761
Balance at 1 April 2014	103	0	0	103
<i>Movement in 2014/2015:</i>				
Additions	26	0	0	26
Disposals	0	0	0	0
Transfers	0	0	0	0
Amortisation	-23	0	0	-23
Revaluation	0	0	0	0
Impairment	0	0	0	0
Reversal of past impairment	0	0	0	0
Balance at 31 March 2015	106	0	0	106

17. FINANCIAL INSTRUMENTS

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

At Mansfield District Council, the most typical financial instruments include:

Financial Assets:

- Trade receivables (debtors)
- Bank deposits
- Investments

Financial Liabilities:

- Trade payables (creditors)
- Borrowings

Within this note, Financial Instruments are disclosed on the following basis:

Nominal Cost – This is the actual amount that the Council has either borrowed or lent.

Amortised Cost / Carrying Amount – Financial instruments (whether borrowing or investment) have been valued on an amortised costs basis using the effective interest rate (EIR) method where appropriate.

For Mansfield District Council, the basis of calculating the Amortised Cost / Carrying Amount is:

Basis of EIR method applied	
Financial Asset:	
Trade receivables -	Not applicable – valued at nominal amount
Bank deposits -	Not applicable – valued at nominal amount
Investments -	Nominal value of the investment plus any interest still to be paid to the Council relating to the 2014/2015 financial year (calculated on a daily basis)
Financial Liability:	
Trade payables -	Not applicable – valued at actual amount
Borrowings -	Nominal value of the borrowing plus any interest still to be paid by the Council relating to the 2014/2015 financial year (calculated on a daily basis)

Note 17 Continued...

Fair Value – Fair value is defined as the amount for which an asset could be exchanged or a liability settled, assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy/sell at an appropriate price, with no other motive in their negotiations other than to secure a fair price.

Mansfield District Council has complied with the following: -

- it has adopted the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management in the Local Authorities 2009
- set treasury management indicators to control key financial instrument risks in accordance with CIPFA's Prudential Code, which were approved at Council on the 4 March 2014

Types of Financial Instruments

The following table shows the different types of financial instruments held by Mansfield District Council at the 31 March 2015, analysed on an Amortised Costs basis.

	Long-Term		Current	
	At 31 March 2014 £000	At 31 March 2015 £000	At 31 March 2014 £000	At 31 March 2015 £000
Borrowings				
Financial liabilities at amortised cost	90,195	85,136	5,359	5,931
Financial liabilities at fair value through profit and loss	0	0	0	0
Other borrowing	0	0	0	0
Trade creditors	0	0	1,568	2,201
Total borrowings	90,195	85,136	6,927	8,132
Investments				
Loans and receivables	0	0	41,304	42,312
Available-for-sale financial assets	0	0	0	0
Fair value through Profit and Loss	0	0	0	0
Unquoted equity under available for sale	0	0	0	0
Trade debtors	0	0	1,600	1,359
Total investments	0	0	42,904	43,671

Note 17 Continued...

Gains and Losses on Financial Instruments

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

	2014/2015	2014/2015			Total
	Financial Liabilities Measured At Amortised Cost	Loans and Receivables	Financial Assets Available-For-Sale Assets	Fair Value Through Comprehensive Income and Expenditure Statement	
	£000	£000	£000	£000	£000
Interest expense	-3,875	0	0	0	-3,875
Losses on de-recognition	0	0	0	0	0
Impairment losses	0	0	0	0	0
Interest payable and similar charges	-3,875	0	0	0	-3,875
Interest income	0	251	0	0	251
Gains on de-recognition	0	0	0	0	0
Interest and investment income		251	0	0	251
Gains on revaluation			0	0	0
Losses on revaluation			0	0	0
Amounts recycled to the Income and Expenditure Account after impairment			0	0	0
Surplus arising on revaluation of financial assets			0	0	0
Net gain/(-) loss for the year	-3,875	251	0	0	-3,624

<i>Note 17 Continued...</i>	2013/2014 Financial Liabilities Measured At Amortised Cost	2013/2014 Financial Assets			Total
		Loans and Receivables	Available- For-Sale Assets	Fair Value Through Comprehensive Income and Expenditure Statement	
	£000	£000	£000	£000	£000
Interest expense	-4,251	0	0	0	-4,251
Losses on de-recognition	0	0	0	0	0
Impairment losses	0	0	0	0	0
Interest payable and similar charges	-4,251	0	0	0	-4,251
Interest income	0	289	0	0	289
Gains on de-recognition	0	0	0	0	0
Interest and investment income	0	289	0	0	289
Gains on revaluation			0	0	0
Losses on revaluation			0	0	0
Amounts recycled to the Income and Expenditure Account after impairment			0	0	0
Surplus arising on revaluation of financial assets			0	0	0
Net gain/(-) loss for the year	-4,251	289	0	0	-3,962

Note 17 Continued...

Fair Value of Assets and Liabilities Carried at Amortised Cost

The fair value of each class of financial assets and liabilities which are carried in the Balance Sheet at amortised cost are disclosed below.

The fair value of an instrument is determined by calculating the Net Present Value of future cash flows, which provides an estimate of the value of payments in the future in today's terms. The discount rate used in the Net Present Value calculation is the rate applicable in the market on the date of valuation for an instrument with the same structure, terms and remaining duration. For debt, this will be the new borrowing rate since premature repayment rates include a margin which represents the lender's profit as a result of rescheduling the loan; this is not included in the fair value calculation since any motivation other than securing a fair price should be ignored.

The rates quoted in this valuation were obtained by the Council's treasury management consultants from the market on 31 March 2015 using bid prices where applicable.

The calculations are made with the following assumptions:

- for PWLB debt, the discount rate used is the rate for new borrowing as per rate sheet number 126/15
- for other market debt and investments the discount rate used is the rates available for an instrument with the same terms from a comparable lender
- the Council has used interpolation techniques between available rates where the exact maturity period was not available
- no early repayment or impairment is recognised
- the Council has calculated fair values for all instruments in the portfolio, but only disclose those which are materially different from the carrying value
- the fair value of trade and other receivables is taken to be the invoiced or billed amount

The fair values are calculated as follows:

	31 March 2014		31 March 2015	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
PWLB - maturity	90,092	89,260	85,092	91,472
PWLB - EIP	556	631	497	576
LOBOs	4,606	5,511	4,606	6,606
Short term borrowing	301	301	872	872
Car Loans	244	244	255	255
Financial liabilities	95,799	95,947	91,322	99,781

Fair value is more than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans at the Balance Sheet date. The commitment to pay interest below current market rates reduces the amount that the Council would have to pay if the lender requested or agreed to early repayment of the loans.

Note 17 Continued...

	31 March 2014		31 March 2015	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Cash	-986	-986	524	524
Deposits with banks and building societies	42,290	42,312	40,788	40,804
Financial assets	41,304	41,326	41,312	41,328

The fair value is £16,000 higher than the carrying amount because the Council's portfolio of investments includes a number of fixed rate deposits where the interest rate receivable is lower than the rates available for similar loans at the Balance Sheet date.

18. INVENTORIES

The following table show the breakdown of inventories (stock) carried in the Balance Sheet.

	31 March 2014 £000	Purchases in year £000	Recognised as expense in year £000	Written on / (-) off balances £000	31 March 2015 £000
Hermitage Lane Depot	75	427	-428	5	79
Vale Road Depot	250	1,122	-1,142	0	230
Museum & Palace Theatre	10	55	-55	0	10
Total	335	1,604	-1,625	5	319

19. CONSTRUCTION CONTRACTS

The Council has not entered into any construction contracts during 2014/2015.

20. DEBTORS

The following table identifies the breakdown of debtors owing the Council at the 31 March 2014 and 31 March 2015:

Debtors	At 31 March 2014 £000	At 31 March 2015 £000
Central Government Bodies:		
Government departments and agencies	210	210
Other Local Authorities:		
Other local authorities	636	1,174
Public Corporations and Trading Funds:		
Other public bodies	35	25
Customs and Excise	211	355
Other Entities and Individuals:		
Housing rent arrears	906	1,041
Collection Fund	1,000	-389
Lease cars to employees	-5	-5
Car loans to employees	98	92
Service prepayments	109	759
Sundry debtors	2,177	2,594
Total	5,377	5,856
Less provision for bad debt:		
Housing rent arrears	-458	-784
Collection Fund	0	0
Highways agency	0	0
Sundry debtors	-1,444	-1,764
Court costs	0	0
Total	3,475	3,308

21. CASH AND CASH EQUIVALENTS

The balance of cash and cash equivalents is made up of the following elements:

	2013/2014 £000	2014/2015 £000
Cash held by the Council	4	5
Bank current accounts	-990	519
Total	-986	524

22. ASSETS HELD FOR SALE

The Council has no assets held for sale at the 31 March 2014 and none at 31 March 2015.

23. CREDITORS

The following table identifies the breakdown of the Council's creditors at the 31 March 2014 and 31 March 2015:

Creditors	At 31 March 2014 £000	At 31 March 2015 £000
Central Government Bodies:		
Government departments and agencies	-1,010	-733
Other Local Authorities:		
Other local authorities	-658	-822
Public Corporation and Trading Funds:		
Other public bodies	0	-2
Other Entities and Individuals:		
Council tax prepayment	-178	-447
Housing rent prepayment	-379	-375
Collection Fund	-83	-354
Sundry creditors	-2,401	-2,883
Total	-4,709	-5,616

24. INSURANCE PROVISIONS

The balance on the Council's insurance fund for retained premiums stands at £0.99million. There are sufficient resources available to meet the following potential commitments:

- to meet any payments falling within the Council's £10,000 excess and as a holding account to meet expenditure until claims are resolved. It is estimated that the value of claims currently outstanding totals £0.5million. It should be noted that this does not include claims yet to be received e.g. Industrial Disease claims
- to meet the liability for outstanding claims estimated to be £100,000 in respect of the Independent Insurance Company; this ceased to trade in June 2001

The Council's assets are generally insured, however, Council Houses (excluding blocks of flats) are not. This is because the cost of replacing or repairing individual properties when damaged is lower than the cost of the insurance premiums.

25. MOVEMENT IN PROVISIONS

The Council has the following provisions:

	Balance at 1 April 2014	Increase in Provision	Expenditure in year	Reduction in Provision Required	Balance at 31 March 2015
	£000	£000	£000	£000	£000
Rental bonds	-51	0	0	0	-51
Neighbourhood Renewal Fund	35	0	0	0	35
Single Regeneration Budget	40	0	0	0	40
Housing Act deposits	-17	0	0	0	-17
Grant Repayment	-41	0	0	0	-41
Accumulated Absences	-238	0	0	5	-233
Park Hall Public Inquiry	0	-60	0	0	-60
Total	-272	-60	0	5	-327

Rental Bonds – Deposits made with the Council which will be repaid as contractual obligations are completed.

Neighbourhood Renewal Fund – Provision to meet payments for which grant is to be reclaimed from funded bodies.

Single Regeneration Budget – Provision to meet payments for which grant is to be reclaimed from funded bodies.

Housing Act Deposits – Deposits made with the Council which will be repaid as contractual obligations are completed. This was previously classed as a short term creditor.

Grant Repayment – The Council has in the past received grant funding to deliver schemes. Where the terms and conditions of the grant are currently under review, as the Council may not be fully compliant with the grant requirements. Discussions are currently taking place with the grant providers, but a provision has been set up in anticipation of repayment.

Accumulated Absences – The Council is required to make a provision for the cost of paid annual leave (or any form of leave, for example time off in lieu) earned by employees but not taken before the year end which employees can carry forward into the next financial year.

Park Hall Public Inquiry – provision made to meet the potential costs of the inquest.

When provisions are no longer required they are released back into the Revenue Account.

26. UNUSABLE RESERVES

The table below shows the unusable reserves held by the Council:

Unusable Reserves	2013/2014	2014/2015
	£000	£000
Revaluation Reserve	29,618	47,558
Available for Sale Financial Instruments Reserve	0	0
Capital Adjustment Account	133,796	133,200
Financial Instruments Adjustment Account	0	0
Deferred Capital Receipts Reserve	543	509
Pensions Reserve	-80,679	-105,241
Collection Fund Adjustment Account	-1,187	-1,580
Unequal Pay Back Pay Account	0	0
Accumulated Absences Account	-238	-233
Total Unusable Reserves	81,853	74,213

Note 26 Unusable Reserves, continued...

Revaluation Reserve

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

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

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

During 2014/2015 the upward revaluation of assets totalled £21.993million (this was £4.169million in 2013/2014). Included in this figure is an increase of £9.358million in the value of the Council's Housing Stock and an increase of £10.750million in the value of the Four Seasons Shopping Centre as a result of the Council's annual valuation programme.

REVALUATION RESERVE	2013/2014		2014/2015	
	£000	£000	£000	£000
Balance at 1 April 2014		28,816		29,618
Upward revaluations of assets	4,169		22,026	
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision Services	-3,107		-3,844	
Surplus / (-) deficit on revaluation on non-current assets not posted to the surplus / (-) deficit on the Provision of Services		1,062		18,182
Difference between fair value depreciation and historical cost depreciation	-255		-228	
Accumulated gains on assets sold or scrapped	-5		-14	
Amount written off to the Capital Adjustment Account		-260		-242
Balance at 31 March 2015		29,618		47,558

Note 26 Continued...

Capital Adjustment Account

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

The account contains accumulated gains and losses on Investment Properties.

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

	2013/2014	2014/2015
	£000	£000
CAPITAL ADJUSTMENT ACCOUNT		
Balance at 1 April 2014	145,861	133,796
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement (CIES)		
Charges for depreciation and impairment of non-current assets	-13,127	-9,540
Revaluation losses on Property, Plant and Equipment	-4,611	-2,111
Movement in the market value of Investment Properties	-1,513	-46
Amortisation of intangible assets	-7	-23
Revenue expenditure funded from capital under statute	-419	-647
Amounts of non-current assets written off on disposal or sale as part of the gain / loss on disposal to the CIES	-13,195	-1,272
Adjusting amounts written out of the Revaluation Reserve	260	242
Net written out amount of the cost of non-current assets consumed in the year	0	0
Capital financing in the year:		
Use of the capital receipts reserve to finance new capital expenditure	9,122	2,878
Use of the Major Repairs Reserve to finance capital expenditure	4,716	3,634
Capital grants and contributions credited to the CIES that have been applied to capital financing	1,495	2,781
Application of grants to capital financing from capital grants unapplied account	0	0
Statutory provision for the financing of capital Investment charged against the General Fund and HRA balances	618	594
Capital expenditure charged against the General Fund and HRA balances	4,596	2,914
Balance at 31 March 2015	133,796	133,200

Note 26 Continued...

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. 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 the account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on council tax. In the Council's case, this period is the unexpired term that was outstanding on the loans when they were redeemed.

Financial Instruments Adjustment Account	2013/2014	2014/2015
	£000	£000
Balance at 1 April 2014		
Premiums incurred in the year and charged to the CIES	0	0
Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	0	0
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	0	0
Balance at 31 March 2015	0	0

Note 26 Continued...

Pension Reserve

The Pension 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 when the Council makes employer's contributions to the pension funds, or eventually pay any pensions for which it is directly responsible. Therefore, the debit balance on the Pension Reserve shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	2013/2014	2014/2015
	£000	£000
Balance at 1 April 2014	-76,491	-80,679
Re-measurements of the net defined benefit liability / (-) asset	-171	-20,374
Reversal of items relating to retirement benefits debited or credited to the Surplus or deficit on the provision of services in the CIES	-7,836	-7,848
Employer's pensions contributions and direct payments to pensioners payable in the year	3,743	3,844
Other gains / (-) losses	76	-184
Balance at 31 March 2015	-80,679	-105,241

Note 26 Continued...

Deferred Capital Receipts Reserve

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

	2013/2014 £000	2014/2015 £000
Balance at 1 April 2014	579	543
Loan advance to Warsop Parish Council	0	0
Mortgages receipts in the year	-5	-5
Capital receipts from Nottinghamshire County Council	-31	-29
Balance at 31 March 2015	543	509

Collection Fund Adjustment Account

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

	2013/2014 £000	2014/2015 £000
Balance at 1 April 2014	-25	-1,187
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	91	136
Amount by which non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from Non-domestic rates income calculated for the year in accordance with statutory requirements	-1,253	-529
Balance at 31 March 2015	-1,187	-1,580

Note 26 Continued...

Accumulated Absences Account

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

	2013/2014	2014/2015
	£000	£000
Balance at 1 April 2014	-247	-238
Settlement or cancellation of accrual made at the end of the preceding year	0	0
Amounts accrued at the end of the current year	9	5
Amount by which officers remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	0	0
Balance at 31 March 2015	-238	-233

27. OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

	2014/2015 £000	2014/2015 £000
Net Surplus or (-) deficit on the Provision of Service		-2,512
Depreciation	11,651	
Impairment and downward valuations	-242	
Amortisation	23	
Increase / decrease in interest creditors	-10	
Increase / decrease in creditors	189	
Increase / decrease in interest debtors	67	
Increase / decrease in debtors	-287	
Increase / decrease in inventories	16	
Pension liability	4,233	
Contributions to / (-) from provisions	55	
Carrying amount of non-current assets sold	1,272	
Movement in investment property values	46	
Total	<hr/>	17,013
Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities		
Capital grants credited to surplus or deficit on the provision of services	-2,838	
Net adjustment from the sale of short term investments	1,500	
Proceeds from the sale of property plant and equipment, investment property and intangible assets	-1,629	
	<hr/>	-2,967
Net cash flows from operating activities		11,534

Note 27 Continued...

	2013/2014 £000	2013/2014 £000
Net Surplus or (-) deficit on the Provision of Service		-7,359
Depreciation	17,738	
Impairment and downward valuations	-255	
Amortisation	7	
Increase / decrease in interest creditors	-86	
Increase / decrease in creditors	163	
Increase / decrease in interest debtors	79	
Increase / decrease in debtors	730	
Increase / decrease in inventories	17	
Pension liability	4,444	
Contributions to / (-) from provisions	-9	
Carrying amount of non-current assets sold	13,195	
Movement in investment property values	1,513	
Rounding	3	
Total	<u>37,539</u>	37,539
Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities		
Capital grants credited to surplus or deficit on the provision of services	-1,831	
Proceeds from the sale of property plant and equipment, investment property and intangible assets	-16,227	
	<u>-18,058</u>	-18,058
Net cash flows from operating activities		12,122

28. INVESTING ACTIVITIES

The cash flows for investing activities include the following items:

	2013/2014 £000	2014/2015 £000
Purchase of property, plant and equipment, investment properties and intangible assets	-19,444	-11,752
Purchase of short term and long term investments	-12,249	0
Other payments for investing activities	-96	-278
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	16,261	1,665
Proceeds from short-term and long-term investments	0	0
Other receipts from investing activities	1,998	3,117
Total	-13,530	-7,248

29. FINANCING ACTIVITIES

The cash flows for financing activities include the following items:

	2013/2014 £000	2014/2015 £000
Cash receipts of short and long term borrowing	0	1,176
Other receipts from financing activities	-258	0
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on balance sheet PFI contracts	0	0
Council Tax and NDR adjustments	0	1,107
Repayments of short and long term borrowing	-1,500	-5,059
Other payments for financing activities	0	0
Net cash flows from financing activities	-1,758	-2,776

30. AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice (SeRCOP). However, decisions about resource allocation are taken by the Council on the basis of budget reports analysed across Heads of Service. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- no charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement)
- the cost of retirement benefits is based on cash flows (payments of employer's pension contributions) rather than current services costs of benefits accrued in the year

The Head of Service analysis for 2013/2014 includes only ten months for the Corporate Administration due to the Head of Corporate Administration post being vacant from 1 February 2014 and removed from the establishment as part of the Change 2 savings programme for 2014/2015. The services have been split between the remaining Heads of Services and the 2 months from February to March 2014 have been included accordingly.

The income and expenditure of the Council's Heads of Service analysis per the recording in the budget reports for the year is as follows:

30. AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

2014/2015

	Corporate Administration	Corporate Management	Finance, Property and Revenue Services	Housing	Neighbourhood Services	Planning, Community Safety and Regulatory Services	Regeneration, Leisure and Marketing	HRA	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Fees, charges and other service income	0	-400	-6,200	-118	-3,234	-1,851	-4,181	-30,735	-46,719
Government grants	0	-46	-33,867	0	-3	-5	-130	-134	-34,185
Support service Recharges	0	-1,418	-4,051	0	-6,045	-712	-1,419	0	-13,645
Total Income	0	-1,864	-44,118	-118	-9,282	-2,568	-5,730	-30,869	-94,549
Employee expenses	0	487	1,686	255	2,295	2,338	1,892	5,511	14,464
Other operating expenses	0	1,204	37,303	832	5,148	2,005	5,796	10,591	62,879
Support service Recharges	0	1,428	3,921	0	6,390	715	1,439	0	13,893
Total Expenditure	0	3,119	42,910	1,087	13,833	5,058	9,127	16,102	91,236
Net Cost of Service	0	1,255	-1,208	969	4,551	2,490	3,397	-14,767	-3,313
Reconciliation to Net Cost of Services in Comprehensive Income and Expenditure Statement									£000
Cost of Services in Service Analysis									-3,313
Add services not included in main analysis									0
Add amounts not reported to management									14,514
Remove amounts reported to management not included in Comprehensive Income and Expenditure Statement									0
Net Cost of Services in Comprehensive Income and Expenditure Statement									11,201

Note 30 Continued...

Reconciliation to Subjective Analysis	Service Analysis	Service Not in Analysis	Not Reported to Management	Not Included In Income And Expenditure	Allocation of Recharges	Net Cost of Services	Corporate Amounts	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Fees, charges and other service income	-46,719	0	0	0	0	-46,719	0	-46,719
Interest and investment income	0	0	0	0	0	0	-306	-306
Income from NDR	0	0	0	0	0	0	-3,533	-3,533
Income from council tax	0	0	0	0	0	0	-5,187	-5,187
Support Services recharges	-13,645	0	0	0	0	-13,645	0	-13,645
Government grants and contributions	-34,185	0	0	0	0	-34,185	-7,142	-41,327
Total Income	-94,549	0	0	0	0	-94,549	-16,168	-110,717
Employee expenses	14,464	0	2,893	0	7,036	24,393	3,496	27,889
Other service expenses	62,879	0	0	0	6,857	69,736	0	69,736
Support Services recharges	13,893	0	0	0	-13,893	0	0	0
Depreciation, amortisation and impairment	0	0	11,621	0	0	11,621	0	11,621
Interest payments	0	0	0	0	0	0	3,855	3,855
Precepts and Levies	0	0	0	0	0	0	73	73
Payments to Housing Capital Receipts Pool	0	0	0	0	0	0	426	426
Income and expenditure in relation to investment properties and changes in fair value	0	0	0	0	0	0	46	46
Gain or (-) loss on Disposal of Fixed Assets	0	0	0	0	0	0	-364	-364
Total operating expenses	91,236	0	14,514	0	0	105,750	7,532	113,282
Surplus or deficit on the provision of services	-3,313	0	14,514	0	0	11,201	-8,636	2,565

30. Amounts Reported for Resource Allocation Decisions

2013/2014

	Corporate Administration	Corporate Management	Finance, Property and Revenue Services	Housing	Neighbourhood Services	Planning, Community Safety and Regulatory Services	Regeneration, Leisure and Marketing	HRA	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Fees, charges and other service income	-535	-5	-6,280	-125	-2,985	-1,584	-4,190	-29,971	-45,675
Government grants	-16	-8	-33,570	0	0	0	-46	-14	-33,654
Support service recharges	-2,039	-625	-3,039	0	-6,010	-336	-1,454	0	-13,503
Total Income	-2,590	-638	-42,889	-125	-8,995	-1,920	-5,690	-29,985	-92,832
Employee expenses	512	35	1,704	243	2,212	2,268	1,596	5,464	14,034
Other operating expenses	1,168	114	36,612	848	4,902	1,969	5,564	9,783	60,960
Support service recharges	1,697	653	3,216	0	6,387	531	1,501	0	13,985
Total Expenditure	3,377	802	41,532	1,091	13,501	4,768	8,661	15,247	88,979
Net Cost of Service	787	164	-1,357	966	4,506	2,848	2,971	-14,738	-3,853
Reconciliation to Net Cost of Services in Comprehensive Income and Expenditure Statement									£000
Cost of Services in Service Analysis									-3,853
Add services not included in main analysis									0
Add amounts not reported to management									20,654
Remove amounts reported to management not included in Comprehensive Income and Expenditure Statement									0
Net Cost of Services in Comprehensive Income and Expenditure Statement									16,801

Note 30 continued..

Reconciliation to Subjective Analysis	Service Analysis	Service Not in Analysis	Not Reported to Management	Not Included In Income And Expenditure	Allocation of Recharges	Net Cost of Services	Corporate Amounts	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Fees, charges and other service income	-45,675	0	0	0	0	-45,675	0	-45,675
Interest and investment income	0	0	0	0	0	0	-355	-355
Income from NDR	0	0	0	0	0	0	-3,376	-3,376
Income from council tax	0	0	0	0	0	0	-5,063	-5,063
Support Services recharges	-13,503	0	0	0	0	-13,503	0	-13,503
Government grants and contributions	-33,654	0	0	0	0	-33,654	-7,251	-40,905
Total Income	-92,832	0	0	0	0	-92,832	-16,045	-108,877
Employee expenses	14,034	0	3,100	0	7,083	24,217	3,294	27,511
Other service expenses	60,960	0	0	0	6,902	67,862	0	67,862
Support Services recharges	13,985	0	0	0	-13,985	0	0	0
Depreciation, amortisation and impairment	0	0	17,554	0	0	17,554	0	17,554
Interest payments	0	0	0	0	0	0	4,230	4,230
Precepts and Levies	0	0	0	0	0	0	82	82
Payments to Housing Capital Receipts Pool	0	0	0	0	0	0	384	384
Income and expenditure in relation to investment properties and changes in fair value	0	0	0	0	0	0	-349	-349
Gain or (-) loss on Disposal of Fixed Assets	0	0	0	0	0	0	-1,038	-1,038
Total operating expenses	88,979	0	20,654	0	0	109,633	6,603	116,236
Surplus or deficit on the provision of services	-3,853	0	20,654	0	0	16,801	-9,442	7,359

31. ACQUIRED AND DISCONTINUED OPERATIONS

Acquired Operations

The Council did not acquire any new operations during the accounting period 1 April 2014 to 31 March 2015 either through the re-organisation of local government or new statutory responsibilities transferred from another entity.

Discontinued Operations and Outstanding Liabilities

The Council did not have any discontinued operations in 2013/2014 or 2014/2015.

On 17 April 2012, the Council confirmed that Serco Leisure would be managing the Council's leisure centres as Managing Agents to the Mansfield District Leisure Trust. The 10 year contract to manage the Council's five leisure centres came into effect from 1 May 2012.

Under current arrangements, which date back to Local Government Re-organisation in 1974, work was carried out by the District Council on behalf of the County Council. The cost to Mansfield District Council of carrying out this work was then recharged to the County Council.

32. TRADING OPERATIONS

Trading Accounts are separately identified within the Comprehensive Income and Expenditure Statement within the financing and investment income and expenditure. The Council in 2013/2014 and 2014/2015 does not have any trading operations (see Note 31 above).

33. AGENCY INCOME AND EXPENDITURE

Mansfield District Council previously had an agency agreement with Nottinghamshire County Council whereby Mansfield District Council was responsible for maintaining highways within the district on behalf of the County Council. The County Council reimburses the Council for this work, including a contribution towards administrative costs. This was terminated on 1 April 2012 (see Note 31).

34. SCHEMES UNDER THE TRANSPORT ACT 2000

This note covers the responsibility that Councils have under Schedule 12 of the Transport Act 2000 to include within their Statement of Accounts details in relation to any road charging schemes and workplace charging levies.

For the financial year 1 April 2014 to 31 March 2015 there were no such schemes in place within the Mansfield District boundary.

35. POOLED BUDGETS

Section 31 of the Health Act 1999 and the NHS Bodies and Local Authorities Partnership Arrangements Regulations 2000 enables establishment of joint working arrangements between NHS bodies and local Councils. Under such arrangements, health bodies and local Councils can pool funds which allow the 'partnership' to work collaboratively to address specific local health issues.

During 2013/2014 and 2014/2015 there were no pooled budgets.

36. MEMBERS ALLOWANCES

Under the Local Authority (Members Allowances) (England) Regulations 2003, the Council is required to disclose annually the total sum paid to members under the Council's Members Allowances Scheme.

The Council makes payment to Councillors for work undertaken in the course of their duties. Total Allowances (consisting of Basic Allowance and Special Responsibility Allowances, excluding pension costs) during the 2014/2015 financial year amounted to £478,950 (£500,843 in 2013/2014). In addition to this, Members were reimbursed a total of £12,182 (£13,059 in 2013/2014) for expenses incurred on Council business.

37. OFFICERS' REMUNERATION AND EXIT PACKAGES

a. Officers' Remuneration

The remuneration paid to the Council's senior officers in 2013/14 and 2014/15 was as follows:

Post	Salary		Expense Allowances		Total Remuneration (Exc. Pensions)		Pension Contributions		Total Remuneration	
	2013/14 £000	2014/15 £000	2013/14 £000	2014/15 £000	2013/14 £000	2014/15 £000	2013/14 £000	2014/15 £000	2013/14 £000	2014/15 £000
Managing Director	108	108	1	1	109	109	22	22	131	131
Corporate Director of Housing and Environment	78	78	0	0	78	78	16	16	94	94
Corporate Director of Regeneration and Regulation	78	78	0	0	78	78	16	16	94	94
Head of Finance, Property and Revenue Services	65	65	0	0	65	65	13	14	78	79
Head of Regeneration, Leisure and Marketing	59	59	0	0	59	59	12	12	71	71
Head of Neighbourhood Services	59	59	1	0	60	59	12	12	72	71
Head of Housing Services	0	59	0	0	0	59	0	12	0	71
Head of Planning, Community Safety and Regulatory Services	59	59	0	1	59	60	12	12	71	72
Head of Corporate Administration	56	0	0	0	56	0	11	0	67	0

The Head of Corporate Administration post was vacant from the 1 February 2014 and has been removed from the establishment as part of the Change 2 savings programme for 2014/2015.

37 a. Officers' Remuneration (continued)

During the 2014/2015 financial year the number of employees whose remuneration (excluding employers' pension contributions) was £50,000 or more, in bands of £5,000 is shown in the table opposite:

This includes all senior management from the above table.

Remuneration Band	2013/2014	2014/2015
£50,000 - £54,999	1	0
£55,000 - £59,999	4	4
£60,000 - £64,999	0	0
£65,000 - £69,999	1	1
£70,000 - £74,999	0	0
£75,000 - £79,999	2	2
£80,000 - £84,999	0	0
£85,000 - £89,999	0	0
£90,000 - £94,999	0	0
£95,000 - £99,999	0	0
£100,000 - £104,999	0	0
£105,000 - £109,999	1	1
£110,000 - £114,999	0	0

37 b. Exit Packages

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 (including special payments)	Number of compulsory redundancies		Number of departures agreed		Total number of exit packages by cost band		Total cost (£000) of exit packages in each band	
	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15
£0 -£20,000	0	0	5	11	5	11	47	43
£20,001 - £40,000	0	0	1	2	1	2	32	76
£40,001 - £60,000	0	0	0	1	0	1	0	55
£60,001 - £80,000	0	0	0	0	0	0	0	0
£80,001 - £100,000	0	0	0	0	0	0	0	0
£100,001 - £150,000	0	0	0	0	0	0	0	0
Total	0	0	6	14	6	14	79	174

38. EXTERNAL AUDIT COSTS

In 2014/2015 Mansfield District Council incurred the following fees relating to external audit and inspection:

	2013/2014	2014/2015
	£000	£000
Fees payable to the external auditors with regard to external audit services	72	72
Fees payable to the external auditors in respect of statutory inspection	0	0
Fees payable to the external auditors for the certification of grant claims and returns	10	8
Fees payable to the external auditors in respect of other services	0	0
Total	82	80

39. GRANT INCOME

The Council credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2014/2015:

	2013/2014	2014/2015
	£000	£000
Section 106 contributions	129	79
Department for Works and Pensions (DWP)	0	26
European Regional Development Fund (ERDF)	765	137
Sport England	196	0
Nottingham City Council	100	0
Homes and Communities Agency	467	2,346
Other authorities	26	0
Contributions	0	15
Total	1,683	2,603

The above grant income represents the capital grants and contributions received during the year. Capital grants that have been used to finance Revenue Expenditure Funded by Capital Under Statute (REFCUS) have been included in the relevant service line along with the matching expenditure.

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 will require the monies to be returned to the giver if the conditions are not met. The balance at the year-end is as follows:

	2013/2014	2014/2015
	£000	£000
Section 106 contributions – revenue	26	20
Section 106 contributions – capital	632	802
Total	658	822

40. RELATED PARTIES

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

Central Government has significant control over the general operations of the Council. It is responsible for providing the statutory framework within which the Council operates, providing the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (for example, Housing Benefits). Grants received from government departments are set out in the subjective analysis in Note 30 on reporting for resources allocation decisions. Grant receipts outstanding at 31 March 2015 are shown in Note 39.

Nottinghamshire County Council, Nottinghamshire Police Authority and Nottinghamshire Fire and Rescue Service issue precepts on the Council; these are shown on the face of the Collection Fund Account.

Members of the Council have direct control over the Council's financial and operating policies. Council Members are asked to disclose any relevant interests and also have to make declarations on individual Cabinet or Council decisions. The potential for influence to be exerted was not considered to be material.

Chief Officers were also asked to disclose any relevant interests; no matters of undue influence were identified in respect of related party transactions. Except for in 2013/2014, the Managing Director declared a pecuniary interest in accordance with Section 117 of the Local Government Act 1972 in a grant of £5,000 paid by the Homelessness Prevention Fund for the Winter Night Shelter. The Managing Director did not take part in any discussion, decision or administration relating to the grant.

The Council did not have any interest in subsidiaries or associated companies.

Mansfield District Council is jointly responsible for the operation of the Mansfield and District Joint Crematorium Committee along with Ashfield District Council and Newark and Sherwood District Council. Note 41 provides additional information as to the amounts relating to the Mansfield and District Joint Crematorium which have been disclosed.

During 2012/2013, the Council entered into two shared service arrangements with Ashfield District Council; Regeneration took place in May 2012 with Mansfield District Council being the host Council; and Legal Services in November 2012 with Ashfield District Council being the host Council.

During 2012/2013 the Council entered into a 10 year contract for the management of the Council's five leisure centres from the 1 May 2012. Serco Leisure are the Managing Agents for the Council's leisure centres to the Mansfield District Leisure Trust. One councillor from Mansfield District Council is on the Board of Trustees, along with five other independent trustees (who have no relationship to the Council). Mansfield District Council paid Serco Leisure £550,858 for the contract management of the Council's leisure centres during 2013/2014 and £883,345 during 2014/2015.

During 2013/2014, the Council entered into a shared service arrangement with Ashfield District Council, for Human Resources in December 2013 with Mansfield District Council being the host Council.

Starting from April 2013, the Council has offered the provision of the Green Waste service to residents in the Newark and Sherwood District.

In April 2014 the Council entered into a Health and Safety shared service arrangement with Bassetlaw District Council.

41. MANSFIELD AND DISTRICT JOINT CREMATORIUM

The Council, along with Ashfield District Council and Newark and Sherwood District Council, operates the Mansfield and District Joint Crematorium.

The Mansfield and District Crematorium accounts for the year ended 31 March 2015 have been included in the Mansfield District Council's accounts; the basis for this inclusion is on usage. The Balance Sheet figures are based on the average usage over the last five years whilst the Income and Expenditure Statement is based on the usage within the year.

The table below shows the percentages which have been applied in 2014/2015 and 2013/2014 for comparison:

Mansfield and District Joint Crematorium				
	Balance Sheet		Income & Expenditure Statement	
	2013/14	2014/15	2013/14	2014/15
	%	%	%	%
Mansfield District Council	42.53	42.81	43.38	44.12
Ashfield District Council	45.89	45.85	45.82	45.41
Newark and Sherwood District Council	11.58	11.34	10.80	10.47
	100.00	100.00	100.00	100.00

The figures below show Mansfield District Council 'share' of the Mansfield and District Joint Crematorium income and expenditure, assets and liabilities which have been included in the Council's Comprehensive Income and Expenditure Statement and Balance Sheet based on the proportions stated above.

Comprehensive Income and Expenditure Statement						
2013/2014				2014/2015		
Gross Cost	Gross Income	Net Cost		Gross Cost	Gross Income	Net Cost
£000	£000	£000		£000	£000	£000
373	-636	-263	General Fund continuing operations	376	-742	-366
373	-636	-263	Net Cost of Service	376	-742	-366
		-1	Financing and Investment Income and Expenditure			-2
		-264	(-) Surplus / Deficit on Provision of Service			-368
		-264	Total comprehensive income and expenditure			-368

Note 41 Continued...

Mansfield and District Joint Crematorium

Balance Sheet		
2013/2014		2014/2015
£000		£000
776	Property, Plant and Equipment	780
776	Long Term Assets	780
125	Short term Debtors	82
83	Short Term Investments	554
609	Cash and Cash Equivalents	313
817	Current Assets	949
-264	Creditors	-400
-264	Current Liabilities	-400
1,329	Net Assets	1,329
	Financed By:	
733	Capital Adjustment Account	733
530	Capital Fund	530
66	General Reserve	66
1,329	Total Reserves	1,329

The Mansfield and District Crematorium has been included within the Cemetery, Cremation and Mortuary Services line of the Council's General Fund continuing operations (in accordance with the Service Reporting Code of Practice (SeRCOP)).

42. ANALYSIS OF THE COLLECTION FUND BALANCE

The total carry forward balance on the Collection Fund (please see the Collection Fund Account) has been disaggregated to show the balance belonging to Mansfield District Council and the amounts owed by the other precepting bodies for whom Mansfield District Council collects on behalf of.

The following tables show the breakdown of the Collection Fund Balance for 2013/2014 and 2014/2015:

	2013/2014	2014/2015
	£000	£000
Debtor		
Nottinghamshire County Council	0	0
Police Authority	0	0
Fire and Rescue Service	0	0
Creditor		
Nottinghamshire County Council	428	1,332
Police Authority	61	189
Fire and Rescue Service	25	77
Financing		
Mansfield District Council	66	204
Balance on Collection Fund carried forward (See Collection Fund)	580	1,802

The amount retained by the Council is shown in the Balance Sheet within the Financing section (unusable reserves), whilst the amounts owing to/from the other precepting authorities have been included within the debtor/creditor figures. (please see Notes 20 and 23).

43. TRUST FUNDS AND LEGACIES

The Council acts as a sole trustee for minor legacies left behind by inhabitants of the district; the current value of these is £3,101.

The Council acts as trustees for three charitable trusts:

- Yeoman Hill Park
- Warsop Vale Miners Welfare Recreation Ground and Institute
- Racecourse Park

With the exception of the Racecourse Park, these charitable trusts have no significant assets at 31 March 2015.

Racecourse Trust

The Council acts as sole trustee for the charity known as the Allotment for Exercise in the Ancient Parish of Mansfield. The purpose of the trust is to provide facilities for leisure in the interests of social welfare for the inhabitants of Mansfield.

	2013/2014	2014/2015
	£000	£000
Total expenditure	58	86
Total income	-5	-5
Total	53	81

The Trust also invests its permanent endowment with the Council. At 31 March 2015 the value of this investment was £132,583

44. CAPITAL EXPENDITURE AND CAPITAL FINANCING

The total amount of capital expenditure incurred in the year is shown below, together with the resources that have been used to finance it.

	2013/2014 £000	2014/2015 £000
Opening Capital Financing Requirement	105,792	105,386
Capital investment		
Revenue Expenditure Funded from Capital Under Statute	420	647
Property, Plant and Equipment	11,533	9,895
Investment Property	7,972	1,652
Intangible Assets	82	27
Other	133	0
Sourcing of financing		
Capital Receipts	-11,326	-2,878
Grants and Other Contributions	-1,495	-2,970
Revenue Contributions	-2,104	-3,859
Major Repairs Reserve	-4,715	-496
Earmarked Reserves	-288	-1,528
Un-earmarked Reserves	0	-478
Minimum Revenue Provision (MRP)	-618	-594
Closing Capital Financing Requirement	105,386	104,804
Explanation of movements in year:		
Increase in underlying need to borrowing (supported by Government financial assistance)	0	0
Increase in underlying need to borrowing (unsupported by Government financial assistance)	212	12
Less set aside	-618	-594
Increase / (-) Decrease in Capital Financing Requirement	-406	-582

45. LEASES

Assets Held under Finance Lease, the Council as a Lessee

At 31 March 2015, Mansfield District Council had the following finance leasing arrangements and are held in property, plant and equipment and vehicle, plant and furniture in the Balance Sheet at the following net amounts:

	2013/2014	2014/2015
	Net Book	Net Book
	Value	Value
	£000	£000
Civic Centre Plant	0	0
Vehicles	0	0
Total	0	0

The value of the Civic Centre plant is included within the overall value of the Civic Centre as this is an intrinsic part of the building's fabric. The capital value is the amount agreed in the finance leasing agreement in 1987. The Council is committed to making minimum payments under the leases. The outstanding obligations include all remaining payments up to and including 31 March 2015:

	2013/2014	2014/2015
	£000	£000
Finance lease liabilities (net present value of minimum lease payments):		
Current	14	0
Non-current	0	0
Finance costs payable in future years	0	0
Minimum lease payments	14	0

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

	2013/2014	2014/2015
	£000	£000
Amounts payable within one year	14	0
Amounts payable between two and five years	0	0
Amounts payable over five years	0	0
Total	14	0

The historic cost value of vehicles which have been financed through a finance lease is £37,540; this is a secondary lease and thus the Council can cancel the lease at any time subject to notice requirements. The annual payment in respect of this lease is £375.

Note 45 – Leases – Continued...

Assets held under Operating Leases

The Council has several operating leases for computer equipment. In 2014/2015, the Council paid £89,000 respect of these leasing arrangements.

The following table shows the outstanding commitment in respect of these operating leases held by the Council at 31 March 2015, analysed by maturity of the contract:

	2013/2014	2014/2015
	£000	£000
Lease expiring within a year	0	0
Expires between two and five years	71	408
Expires over five years	426	0
Total	497	408

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

	2013/2014	2014/2015
	£000	£000
Internal Support Service Accounts	17	18
Housing Revenue Account	71	71

The Council is also the lessee of two car parks which in previous years have been included within the Council's Other Land and Buildings. These have been reclassified as Operating Leases.

The following table shows the outstanding commitment in respect of the operating leases for the Clumber Street and Walkden Street Car Parks held by the Council at 31 March 2015, analysed by maturity of the contract:

	2013/2014	2014/2015
	£000	£000
Lease expiring within a year	0	0
Expires between two and five years	0	0
Expires over five years	21,018	20,570
Total	21,018	20,570

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

	2013/2014	2014/2015
	£000	£000
Internal Support Service Accounts	448	448

Note 45 – Leases – Continued...

The following table shows the outstanding commitment in respect of operating leases held by the Council at 31 March 2015, (including Clumber Street and Walkden Street Car Parks) analysed by maturity of the contract:

	2013/2014	2014/2015
	£000	£000
Lease expiring within a year	0	0
Expires between two and five years	71	408
Expires over five years	21,444	20,570
Total	21,515	20,978

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

	2013/2014	2014/2015
	£000	£000
Internal Support Service Accounts	465	466
Housing Revenue Account	71	71

The Council as a Lessor

Operating Leases

The Council leases out property and equipment under operating leases for the following purposes:

- for the provision of community services
- for economic development purposes to provide suitable affordable accommodation for local businesses

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

	2013/2014	2014/2015
	£000	£000
Not later than one year	2,985	2,936
Later than one year and not later than five years	11,410	179,618
Later than five years	185,599	12,349
Total	199,994	194,903

46. PRIVATE FINANCE INITIATIVE (PFI) AND SIMILAR CONTRACTS

The Council has not entered into any PFI arrangements to date and therefore has no such assets to disclose.

47. IMPAIRMENT LOSSES

During 2014/2015, the Council had not recognised any impairment losses. In 2013/2014 impairment amounted to £3.2million and was in relation to Council Houses held by the Housing Revenue Account.

48. CAPITALISATION OF BORROWING COSTS

The Council has not capitalised borrowing costs during the year.

49. TERMINATION BENEFITS

The Council terminated the contracts of a number of employees in 2014/2015, incurring liabilities of £174,000 (2013/2014 £79,000), see Note 37 for the number of exit packages and total cost per band.

50. RETIREMENT BENEFITS

a. Participation in Pensions Schemes

As part of the terms and conditions of employment of its officers and other employees, Mansfield District Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

Mansfield District Council participates in the Local Government Pension Scheme, administered by Nottinghamshire County Council. This is a funded defined benefit final salary scheme, meaning that the Council and the employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.

The latest available membership data is shown in the table below

	Number	Salaries / Pensions £000	Average Age
Active members	701	13,602	47
Deferred pensioners	823	1,260	45
Pensioners	952	4,622	71
Unfunded pensioners	268	346	77

The pension scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the pensions committee of Nottinghamshire County Council. Day to day administration of the fund is undertaken by a team within the County Council. Where appropriate some functions are delegated to the Fund's professional advisors.

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

Note 50 – Retirement Benefits – Continued...

b. Transactions Relating to Post-Employment Benefits

The costs of retirement benefits are recognised in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge made against council tax is based on the cash payable in the year, so the real cost of post-employment benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

Comprehensive Income and Expenditure Statement	2013/2014	2014/2015
	£000	£000
Cost of Services:		
Service cost	4,534	4,334
Curtailment loss /(-) gain	0	0
Administration expenses	7	18
	4,541	4,352
Financing and Investment Income and Expenditure		
Interest costs	0	0
Expected return on assets in the scheme	0	0
Net interest on the defined liability / (-) asset	3,295	3,496
	3,295	3,496
Total Post Employment Benefit		
Charged to the Surplus / Deficit on the Provision of Services	7,836	7,848
Other Post Employment Benefit		
Charged to the Comprehensive Income and Expenditure Statement		
Actuarial gains and (-) losses	171	-20,374
Total Post Employment Benefit		
Charged to the Comprehensive Income and Expenditure Statement	8,007	-12,526
Movement in Reserves Statement		
Reversal of net charges made to the Surplus / Deficit for the Provision of Services for post employment benefits in accordance with the Code	-7,836	-7,848
Actual amount charged against the General Fund Balance for pensions in the year:		
Employers' contribution payable to the Scheme	3,743	3,844

Note 50 – Retirement Benefits – Continued...

c. Assets and Liabilities in Relation to Post-Employment Benefits

The following table provides a reconciliation of present values of the schemes liabilities for Mansfield District Council during the 2013/2014 and 2014/2015 financial year:

	At 31 March	At 31 March
	2014	2015
	£000	£000
Opening Defined Benefit Obligation	179,218	181,184
Current service cost	4,420	3,825
Interest cost	7,788	7,929
Actuarial losses / (-) gains	0	0
Losses / (-) gains on curtailments	0	0
Change in demographic assumptions	9,259	0
Change in financial assumptions	3	27,136
Experience loss / (-) gain on defined benefit obligation	-14,902	0
Liabilities assumed / (extinguished) on settlements	0	1,089
Estimated benefits paid (net of transfer in)	-5,374	-5,903
Past service costs, including curtailments	114	170
Contribution by scheme participants	954	992
Unfunded pension payments	-296	-297
Closing Defined Benefit Obligation	181,184	216,125

The following table provides a reconciliation of fair values of the schemes assets for Mansfield District Council during the 2013/2014 and 2014/2015 financial years:

	At 31 March	At 31 March
	2014	2015
	£000	£000
Opening fair value of scheme assets	102,727	100,505
Expected return on scheme assets	0	0
Interest on assets	4,493	4,433
Return on assets less interest	1,703	6,762
Actuary gains / (-) losses	0	0
Other gains and (-) losses	-7,172	0
Administration expenses	-7	-18
Contribution by employer including unfunded benefits	3,476	3,660
Contribution by scheme participants	954	992
Estimated benefits paid including unfunded benefits	-5,669	-6,200
Settlement prices received / (-) paid	0	750
Receipt of bulk transfer value	0	0
Closing fair value of scheme assets	100,505	110,884

Note 50c – Retirement Benefits – Continued...

The interest income on scheme assets and interest expense on scheme liabilities is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date (31 March 2015). Expected returns on equity investments reflect long term rates of return experienced in the respective markets.

The actual return of scheme assets in the year was £11.195million (2013/2014 £6.196million).

d. Scheme History

	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015
	£000	£000	£000	£000	£000
Present value of liabilities	-138,811	-165,282	-179,218	-181,184	-216,125
Fair value of assets	91,093	92,228	102,727	100,505	110,884
Surplus/(-)Deficit in the scheme	-47,718	-73,054	-76,491	-80,679	-105,241

The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The total liability of £105.241million has a substantial impact on the net worth of the Council as recorded in the Balance Sheet.

However, statutory arrangements for funding the deficit mean that the financial position of the authority remains healthy; the deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

The total contributions expected to be made to the Pension Scheme by the Council in the year to 31 March 2015 are £3.844million.

e. Projected Pension Expenditure

The projected pension expenses for the year to 31 March 2016 are:

	£000
Service Cost	4,690
Interest Cost	3,313
Administration Expenses	20
Total	8,023
Employer Contributions	3,437

These figures exclude the capitalised cost of any early retirements or augmentations which may occur after 31st March 2015. These projections are based on the assumptions as at 31st March 2015, as described in the actuary's report.

Note 50 – Retirement Benefits – Continued...

f. 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 is dependent on assumptions about mortality rates and salary levels. The Nottinghamshire County Council Fund liabilities have been assessed by Barnett Waddingham (Public Sector Consulting), an independent firm of actuaries, estimates for the County Council Fund being based on the latest full valuation of the scheme at 31 March 2013.

Under the projected unit method, the current service cost will increase as the members of the scheme approach retirement.

The main assumptions used by the Actuary in their calculations have been:

	2013/2014	2014/2015
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men	22.0	22.1
Women	25.1	25.2
Longevity at 65 for future pensioners:		
Men	24.1	24.2
Women	27.4	27.6
Financial assumptions:	%	%
Rate of increase in retail price index (RPI)	3.5	3.1
Rate of increase in consumer price index (CPI)	2.7	2.3
Rate of increase in salaries	4.5	4.1
Rate of increase in pensions	2.7	2.3
Rate for discounting scheme liabilities	4.4	3.2

The Fund's assets consist of the following categories, by value and proportion of the total assets held by the Fund attributable to Mansfield District Council:

Asset Share	31 March 2014		31 March 2015	
	£000	%	£000	%
Equities	73,369	73	78,166	70
Gilts	8,040	8	3,465	3
Other Bonds	5,025	5	7,826	7
Property	11,056	11	12,942	12
Cash	3,015	3	5,392	5
Inflation linked pooled fund	n/a		3,093	3
	100,505	100	110,884	100

Note 50 – Retirement Benefits – Continued...

Additional Assumptions

Members will exchange half of their commutable pension for cash at retirement.

Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age.

10% of active members will take up the option under the new LGPS to pay 50% of contributions for 50% of benefits, which came into effect during the 2014/2015 financial year.

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

Impact on the Defined Benefit Obligation in the the Scheme		
	Increase in Assumption £000	Dcrease in Assumption £000
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	212,498	219,816
Rate of increase in salaries (increase or decrease by 0.1%)	216,656	215,596
Rate of increase in pensions (increase or decrease by 0.1%)	219,314	212,992
Adjustment to mortality age (longevity) (increase or decrease in 1 year)	208,422	223,901

51. CONTINGENT ASSETS AND LIABILITIES

During 2008/2009 the Council asked LAVAT (the Council's VAT advisors) to pursue two VAT cases under 'Fleming' for Bulky Waste VAT and Excess Parking Charges (fines) where the Council believed it has overpaid tax in the past. These claims were settled in favour of the Council during the 2009/2010 financial year. However there is a possibility that compound interest may be payable and as such the Council is currently pursuing this and have instructed DLA Piper to work on behalf of the Council and issue a claim to the High Court. No amounts have been provided for in these Accounts, due to the uncertainty of the outcome of this claim and the value of payment which would be received, if the Council was successful.

Mansfield District Council is a defendant in proceedings brought by a group of Property Search Companies for refunds of fees paid to the Council to access land charges data. The group of Property Search Companies are seeking to claim refunds although no proceedings have yet been issued. The Council has been informed that the value of those claims at present is £46,477 plus interest and costs. They have also intimated that they may bring a claim against all English and Welsh local authorities for alleged anti-competitive behaviour. It is not clear what the value of any such claim would be against the Council. It is possible that additional claimants may come forward to submit claims for refunds, but none have been intimated at present.

The Council has received capital grant income from Department for Communities and Local Government (DCLG) for the Station Gateway project in Mansfield Woodhouse. As part of the audit, DCLG are stating that the Council has not met certain conditions in the grant; the Council believes that these conditions and criteria have been met in accordance with the grant. The Council challenged the DCLG's decision and submitted this to Judicial Review. The result of the Judicial Review was received during 2014/2015 and concluded that the Council is to repay the grant monies in question back (£158,580) to the DCLG. This will be repaid during 2015/16.

The Lindhurst Development - A legal challenge has been launched on the basis that Mansfield District Council's decision to grant planning permission had been illegal. The Council has been advised that an application for permission to challenge the Court of Appeal decision is being prepared by the claimants for submission to the Supreme Court and that the deadline for this submission is 3rd July 2015. There are no further details of likely dates for this challenge at this point in time.

52. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Council's management of treasury risks actively works to minimise the Council's exposure to the unpredictability of financial markets and to protect the financial resources available to fund services. The Council has fully adopted CIPFA's Code of Treasury Management Practices and has written principles for overall risk management as well as written policies and procedures covering specific areas such as credit risk, liquidity risk and market risk.

Credit Risk - Credit risk arises from the short-term lending of surplus funds to banks, building societies and other local authorities as well as credit exposures to the Council's customers.

It is the policy of the Council to place deposits only with a limited number of high quality banks and building societies whose credit rating is independently assessed as sufficiently secure by the Council's treasury advisers and to restrict lending to a prudent maximum amount for each institution. The Council also has a policy of limiting deposits with institutions to a maximum of £7million. Each year the Council is required to approve a Treasury Management and Annual Investment Strategy which sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments; the Treasury Management and Annual Investment Strategy for the 2014/2015 financial year was approved on the 4 March 2014.

The following analysis summarises the Council's potential maximum exposure to credit risk, based on past experience and current market conditions. No credit limits were exceeded during the financial year and the Council expects full repayment on the due date of deposits placed with its counterparties.

	Amounts at 31 March 2015 £000	Historical experience of default %	Historical experience adjusted for market conditions as at 31 March 2015 %	Estimated maximum exposure to default and uncollectability £000
2014/2015				
Deposits with banks and other financial institutions	41,304	0	0	0
Customers	4,181	10.52	10.52	549
Total	45,485			549
2013/2014				
Deposits with banks and other financial institutions	41,239	0	0	0
Customers	3,619	11.73	11.73	425
Total	44,858			425

Note 52 – Continued...

The Council does not generally allow extended credit for customers, but, £2.805million of the £4.181million balance relating to 2014/2015 is past its due date for payment. The past due amount can be analysed by age as follows:

	At 31 March 2014 £000	At 31 March 2015 £000
Less than three months	392	384
Three to six months	100	156
Six months to one year	247	276
More than one year	1,820	1,989
Total	2,559	2,805

Liquidity Risk - The Council has access to a facility to borrow from the Public Works Loans Board (PWLB). As a result there is no significant risk that the Council will be unable to raise finance to meet its commitments under financial instruments. The Council has safeguards in place to ensure that a significant proportion of its borrowing does not mature for repayment at any one time in the future to reduce the financial impact of re-borrowing at a time of unfavourable interest rates. The Council's policy is to ensure that not more than 20% of loans are due to mature within any financial year and 20% within any rolling five-year period through a combination of prudent planning of new loans taken out and where it is economic to do so, making early repayments.

The maturity structure of financial liabilities is as follows (at nominal value):

At 31 March 2014 £000		At 31 March 2015 £000
90,315	Public Works Loans Board	85,258
4,500	Market debt	4,500
545	Temporary borrowing	1,127
95,360		90,885
5,456	Less than 1 year	5,521
4,631	Between 1 and 2 years	6,526
11,143	Between 2 and 5 years	8,265
29,757	Between 5 and 10 years	35,900
44,373	More than 10 years	34,673
95,360		90,885

Market Risk - The Council is exposed to interest rate risk in two different ways; the first being the uncertainty of interest paid/received on variable rate instruments, and the second being the effect of fluctuations in interest rates on the fair value of an instrument.

Note 52 – Continued...

The current interest rate risk for the authority is summarised below:

- decreases in interest rates will affect interest earned on variable rate investments, potentially reducing income credited to the Comprehensive Income and Expenditure Statement
- increases in interest rates will affect interest paid on variable rate borrowings, potentially increasing interest expense charged to the Comprehensive Income and Expenditure Statement
- the fair value of fixed rate financial assets will fall if interest rates rise. This will not impact on the Balance Sheet for the majority of assets held at amortised cost, but will impact on the disclosure note for fair value. It would have a negative effect on the Balance Sheet for those assets held at fair value in the Balance Sheet, which would also be reflected in Comprehensive Income and Expenditure Statement
- the fair value of fixed rate financial liabilities will rise if interest rates fall. This will not impact on the Balance Sheet for the majority of liabilities held at amortised cost, but will impact on the disclosure note for fair value

The Council has a number of strategies for managing interest rate risk. Policy is to aim to keep a maximum of 20% of its borrowings in variable rate loans. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses. The risk of loss is ameliorated by the fact that a proportion of government grant payable on financing costs will normally move with prevailing interest rates or the authority's cost of borrowing and provides compensation for a proportion of any higher costs.

The Council's treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget quarterly during the year. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable.

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

	2013/2014 £000	2014/2015 £000
Increase in interest payable on variable rate borrowings	5	14
Increase in interest receivable on fixed rate investments that mature within 12 months	-361	-415
Increase in government grant receivable for financing costs	0	0
Impact on (-) Surplus / Deficit on the Provision of Services	-356	-401
Share of overall impact debited to the HRA	-70	-80
Decrease in fair value of 'available for sale' investment assets	0	0
Impact on Other Comprehensive Income and Expenditure	0	0
Decrease in fair value of fixed rate investment assets (no impact on the surplus / deficit on the Provision of Services or other Comprehensive Income and Expenditure Account)	120	108
Decrease in fair value of fixed rate borrowing liabilities (no impact on the surplus / deficit on the Provision of Services or other Comprehensive Income and Expenditure Account)	6,981	7,435

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

Note 52 – Continued...

Foreign Exchange Risk

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

53. AUTHORISATION OF ACCOUNTS FOR APPROVAL

The Statement of Accounts for Mansfield District Council was signed by the responsible financial officer on the 30 June 2015.

54. LONG TERM DEBTORS

The following table lists, by type, the Council's long term debtors and shows the movement of each during the year:

	Balance At 31 March 2014 £000	Expenditure Incurred 2014/2015 £000	Income Received 2014/2015 £000	Balance At 31 March 2015 £000
Sundry Debtors	1,841	149	0	1,990
Car loans	147	129	-113	163
NCC transferred debt	456	0	-29	427
Council mortgages	47	0	-5	42
Improvement loans	2	0	0	2
Warsop Parish Council	32	0	-4	28
	2,525	278	-151	2,652

Sundry Debtors – Amounts outstanding from other entities and individuals

Car Loans to Employees – Advances to the Council's employees to purchase a vehicle, repayable over a period of up to five years.

NCC Transferred Debt – This represents debt incurred by the Council whilst carrying out the functions of refuse disposal, street lighting and major road improvements which transferred to Nottinghamshire County Council as part of the 1974 local government reorganisation. The County Council reimburse Mansfield District Council who still services the debt.

Council Mortgages – Amounts outstanding on mortgages issued in respect of Council House Sales.

Improvement Loans – Amounts outstanding in respect of improvement loans to private individuals.

Warsop Parish Council – Amount outstanding in respect of loan to Warsop Parish Council.

55. HERITAGE ASSETS

Further information on the Council's collections

The Council's accounting policy for recognition and measurement of heritage assets is set out in the summary of accounting policies (Note 1).

Descriptions of the Heritage Assets that the Council holds are provided below.

Public Art

The Collection of Public Art consists of five pieces of work which have been commissioned by the Council since the 1990's through to 2006. The structures provide landmarks placed at the gateways to Mansfield Town Centre to represent its history and culture. Descriptions of the pieces of art and their contribution towards knowledge and culture are provided below.

The Mansfield Miner is a bronze structure which was commissioned by the Council in the 1990's to represent the mining industry of Mansfield.

During 2005 the Council commissioned the creation of the Market Place Fountains which is a water featured that was developed to provide artistic embellishment in the town centre.

In 2006 three pieces of work were commissioned to be created for the Council, the Feather, the High Heels and the Amphitheatre.

The Feather which is "A"-spire for Mansfield representing the canaries that were used in the coal mines, a tree for Sherwood Forest and inspirational to the people of Mansfield.

The High Heels represent the shoe industry and night life in Mansfield.

The Amphitheatre represents the supporting infrastructure of the town centre.

Historic Structures

The Council has a variety of Historic structures which are located throughout the District.

In the centre of the Market Place is the Grade II* listed Bentinck Memorial. This memorial was built in the early 1900's in memory of Lord George Bentinck, the younger son of the fourth Duke of Portland. He was an MP for many years and well known for his friendship with Prime Minister Benjamin Disraeli.

In the Old Market Place there is a Grade II listed Old Market Cross Sundial which was constructed in the 1600's for Mansfield.

Several historic structures are located in Carr Bank Park, Yeoman Hill Park, The Carr's and Titchfield Park. These structures include war memorials, a grotto, an old bowls pavilion and Thompsons Grave which is located on Berry Hill Lane.

There are a variety of historic structures at Mansfield Cemetery which include a cemetery chapel, a mausoleum a War Memorial and the Wildman Memorial.

Culture

During 2011 the Council constructed a new Band Stand in Carr Bank Park for brass bands to provide performances to the residents of Mansfield. The asset cost £191,000 to construct and has been recognised at cost in the Balance Sheet.

Other

The Council holds two pieces of Civic Regalia, a Silver Gilt Mace and the Chairman's 9ct gold and enamel chain and pendant which are located at the Civic Centre. These assets were previously held as community assets in the property, plant and equipment at £36,000 but are now recognised as heritage assets.

Museum's Collections

The museum holds a variety of collections of which a selection is on display for viewing. The remaining pieces held in storage which can be viewed by appointment only.

Natural History Collections

The museum holds an extensive collection of natural history items which includes a Whitaker collection of birds and animals, a Webb collection of birds and collections of foreign birds, birds' eggs, butterflies and moths.

Porcelain

An extensive collection of porcelain items are held by the museum which includes a Manners Collection of Lustreware, a Tagg collection of ceramics and porcelain relating to William Billingsley.

Fine Art

The fine arts collection held by the museum consists of collections of watercolours by A.S. Buxton and Seddon-Tyrer and a range of prints, paintings and drawings

Social History

The museum holds a collection of Social History items relating to domestic and personal life, trade and industry, leisure and social life and local government and amenities.

Photography

Collections of photographs and negatives of the local area are held by the museum. These items are in storage but can be viewed by appointment only.

Other

The museum also holds small quantities of firearms, coins, archaeology, costumes, geography and palaeontology in storage which can be viewed by appointment only.

Supplementary Financial Statements

THE HOUSING REVENUE ACCOUNT (HRA)

2013/14 £000	Income and Expenditure Statement	Note	2014/15	
			£000	£000
	Income			
-23,769	Dwelling rents	1	-24,774	
-836	Non-dwelling rents	2	-493	
-1,177	Charges for services and facilities	3	-1,242	
-1,390	Contribution towards expenditure	4,5	-1,343	
0	Sums directed by the Secretary of State that are income in accordance with proper practices	7	0	
-27,172	Total Income			-27,852
	Expenditure			
6,425	Repairs and maintenance		6,721	
6,708	Supervision and management		6,607	
72	Rents, rates taxes and other charges		86	
0	Negative HRA subsidy payable	6	0	
0	Revenue Expenditure Funded from Capital Under Statute	13	0	
11,776	Depreciation and impairment of Fixed Assets	8,9	6,518	
37	Debt management costs		37	
82	Increase in bad debt provision		505	
0	Sums directed by the Secretary of State that are expenditure in accordance with the Code	7	0	
25,100	Total Expenditure			20,474
-2,072	Net Expenditure of HRA Services as included in the Comprehensive Income and Expenditure Statement (CIES)			-7,378
280	HRA share of Corporate and Democratic Core			267
-1,792	Net Expenditure of HRA Services before exceptional items			-7,111
0	Exceptional item			0
-1,792	Net Expenditure of HRA Services			-7,111
	HRA share of the operating income and expenditure included in the CIES			
-707	(-) Gain / loss on sale of HRA non-current assets			-491
3,821	Interest payable and similar charges	12		3,576
0	Amortisation of premiums and discounts			0
	Revaluation and impairment of Fixed Assets:			
-1,362	Investment Property	10		22
-70	Interest and investment income	12		-83
0	Pension interest cost and expected return on pensions assets			0
-134	Non-Ring Fenced Grants			0
0	Capital grants and contributions receivable			0
-244	(-) Surplus / Deficit for the Year on HRA Services			-4,087

THE HOUSING REVENUE ACCOUNT

The Housing Revenue Account summarises the transactions relating to the provision, maintenance and management of the Council's housing stock. The account has to be self-financing and cannot be subsidised by the General Fund.

The HRA income and expenditure statement below 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. The Council 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 of which rents are raised, is shown in the Movement on the HRA Statement.

2013/14	Movement on the Housing Revenue Account	Note	2014/15
£000			£000
-9,019	Balance on the HRA at the end of the previous year		-12,767
-244	(-) Surplus / deficit for the year on the HRA Income and Expenditure Statement		-4,087
-3,504	Adjustments between accounting basis and funding basis under regulations	11	-1,675
-3,748	Net (-) increase / decrease before transfers to or from reserves		-5,762
0	Transfer to / from reserves		0
-3,748	(-) Increase / decrease in year on the HRA		-5,762
-12,767	Balance on the HRA at the end of the current year		-18,529

EXPLANATORY NOTES TO THE HOUSING REVENUE ACCOUNT (HRA)

1. DWELLING RENTS

This represents the total rent due from council tenants excluding any empty properties. The average weekly rent during 2014/2015 was £72.67 (£68.31 in 2012/2013). Voids (empty properties) accounted for 1.56% of the total stock as at 31 March 2015 (1.54% at the 31 March 2014).

Included in dwelling rents is income of £111,000 from managing 30 properties on behalf of the ASRA Housing Association. This arrangement began in August 2014. Under the terms of the agreement the Council received a management fee of £100,000 and £11,000 which was a 50% share of rents collected by the Council in excess of 90%. The Council raised charges totalling £250,054.90, of which £246,829.93 (98.71%) was collected.

2. NON-DWELLING RENTS

This represents rent received from the other HRA non-current assets which are not defined dwellings, for example shops and garages.

3. CHARGES FOR SERVICES AND FACILITIES

This includes charges for services provided by the Council in connection with the provision of property for occupancy, and comprises:

	2013/2014 £000	2014/2015 £000
District heating	1,011	1,052
Sheltered accommodation / warden aided	17	155
Service charges on leased flats	149	35
Total	1,177	1,242

4. SUPPORTING PEOPLE

This grant is provided from the Government for services to vulnerable people such as homeless provision and care of the elderly. During 2014/2015 these services attracted a grant of £604,000 (£651,000 in 2013/2014) to finance the additional provision.

5. TRANSFERS FROM GENERAL FUND FOR SHARED SERVICES

This income relates to services provided by the HRA for the General Fund.

	2013/2014 £000	2014/2015 £000
Tenants and residents participation	12	12
Grass cutting in communal areas	117	117
Warden services	130	130
Homeless and housing advice	480	480
Total	739	739

6. HOUSING SUBSIDY

In 2012/2013 the HRA financing system changed from a Subsidy system to a Self-financing system. This resulted in the Council having to make a £52.173m one-off payment in 2011/2012 to Central Government which has been financed through borrowing.

7. SUMS DIRECTED BY THE SECRETARY OF STATE

This line in the HRA represents a reserve item which allows account to be taken of any future directions that the Secretary of State might make.

During the 2014/2015 financial year there were no directions were given.

8. DEPRECIATION

Depreciation calculated for HRA non-current assets during 2014/2015 was:

	2013/2014 £000	2014/2015 £000
Council dwellings	3,083	2,931
Non-Current Assets (Other land and buildings)	264	274
Amortisation of intangible assets	2	2
Total	3,349	3,207

9. IMPAIRMENT

During 2014/2015 £3.311million was charged to the Housing Revenue Account for impairment where there had either been a general fall in the value of the asset or whereby the Council incurred spend on assets for which the value of that expenditure did not lead to a pound for pound increase in that asset.

The following table shows how impairment was split between council dwellings and other HRA non-current assets.

	2013/2014 £000	2014/2015 £000
Council dwellings	7,981	2,755
Non-Current Assets (Other land and buildings)	446	556
Total	8,427	3,311

Impairment is charged directly to services within the “Net cost of HRA services.”

10. REVALUATION AND IMPAIRMENT OF INVESTMENT PROPERTY

Revaluation gains and losses, and impairment specific to investment property is shown on the face of the HRA Income and Expenditure Account separate to depreciation and impairment on council dwellings and other land and buildings (non-current assets).

The following table shows the revaluation and impairment amounts charges to the Income and Expenditure Accounts in respect of investment properties:

	2013/2014£ 000	2014/2015 £000
Revaluation (-) gains / losses	-1,862	-2
Impairment	500	24
Total	-1,362	22

Revaluation gains and losses and impairment on investment properties are charged under “HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement,” and included within the surplus or deficit on the HRA for the year.

Both the revaluation amounts and impairment are reversed out of the HRA Income and Expenditure Statement through the Movement on the HRA Statement so that it does not impact on the rent chargeable for dwellings.

11. NOTE TO THE MOVEMENT ON THE HRA STATEMENT

2013/14 £000		2014/15 £000
	Items included in the HRA Income and Expenditure Statement but excluded from the movement on HRA Statement for the Year	
0	Difference between amounts charged to income and expenditure for amortisation of premiums and discounts and the charge for the year determined in accordance with statute	0
-7,322	Difference between any other item of income and expenditure determined in accordance with the SORP and determined in accordance with statutory requirement	-3,621
707	Gains / (-) loss on sale of HRA non-current assets	491
-351	Net charges made for retirement benefits in accordance with the Code	-229
0	Sums directed by the Secretary of State to be debited or credited to the HRA that are not income or expenditure in accordance with the Code	0
-6,966		-3,359
	Items not included in the HRA Income and Expenditure Statement but included from the movement on HRA Statement for the year	
0	Transfer to/(from) Major Repairs Reserve	0
0	Transfer to/(from) Housing Repairs Account	0
0	Employer's contribution payable to the County Council's pension and retirement benefits payable direct to pensioners	0
0	Government Grants	0
0	Amounts treated as revenue expenditure in accordance with the SORP but which are classified as classified expenditure by statute	0
0	Voluntary set aside for debt repayment	0
3,462	Capital expenditure funded by the HRA	1,684
3,462		1,684
-3,504	Net additional amount required by statute to be debited / (-) credited to the HRA Statement for the year	-1,675

12. CAPITAL CHARGES

The HRA receives a proportion of the interest received by the Council in respect of its cash management. There is a statutory calculation (Item 8 Credit) which determines the amount received.

Conversely, the HRA also pays a proportion of the interest owed by the Council for loans that have been taken out, which forms part of the Item 8 Debit.

From 1 April 2012, Local Authorities are allowed to determine how they calculate the level of interest charged to the Housing Revenue Account for pooled loans (that is, all loans prior to the Housing Self Financing Reform which were held in the General Fund and for which there was a year-end charge for interest payable). Under the new arrangements, Local Authorities are required to ensure that the methodology for charging the Housing Revenue is fair and equitable. The Council has based the calculation on the average debt interest rate for all pooled loans against the HRA Capital Financing Requirement (loans which have been taken out in the past for HRA capital schemes, which are still outstanding).

	2013/2014 £000	2014/2015 £000
Interest Payable:		
Item 8 debit	2,434	2,189
Self-financing loan fees	0	0
Self-financing loan interest payable	1,387	1,387
Total	3,821	3,576
Interest Receivable:		
Item 8 credit	-70	-83

The Council does not hold any premiums or discounts in relation to the rescheduling of HRA debt.

13. REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

During 2014/2015, there was no revenue expenditure funded from capital under statute charged to the HRA (£0 in 2013/2014).

14. RENT ARREARS

The arrears outstanding at the 31 March 2015 for rent not paid to the Council are shown in the table below. The figures in respect of rent due are shown separately to the debts outstanding in respect of the charges for the provision of services and facilities.

	At 31 March 2014 £000	At 31 March 2015 £000
Rent Arrears		
Former tenants	313	298
Current tenants	576	724
Service and Facilities Arrears		
Former tenants	10	11
Current tenants	8	6
Total	907	1,039
Outstanding debts as a proportion of gross rent due (rent only)		
Former tenants	1.33%	1.23%
Current tenants	2.45%	2.99%

Bad debts written off in the year amounted to £178,000. The total provision in respect of the £1.039million outstanding debts is £429,000. In 2013/2014 bad debts of £208,000 were written off and the total provision in respect of the £907,000 outstanding debts was £132,000.

15. CONTRIBUTION TO PENSION RESERVES

In order to reconcile the actual payments made to the Nottinghamshire County Council pension scheme to the reduced charges shown within the Housing Revenue Account in respect of the assessed value of employer's contributions, it is necessary for a contribution to be made from the HRA to the Pensions reserve.

16. HOUSING STOCK

At the 31 March 2015, the Council's housing stock consisted of the following:

Number of Dwellings	Houses	Bungalows	Flats and maisonettes	Total
Bedsits	0	0	65	65
1 bedroom	4	1,274	1,078	2,356
2 bedroom	850	566	577	1,993
3 bedroom	1,931	27	21	1,979
4 or more bedrooms	120	2	1	123
Total dwellings	2,905	1,869	1,742	6,516
Hostel properties				44
Garages				1,002
Total				7,562

HRA Note 16 Continued...

The movement in housing stock during the year is analysed as follow:

Stock at 31 March 2014	7,707
Additions to housing stock	5
Sales, demolitions and disposals	-150
Stock at 31 March 2015	7,562

17. ASSET VALUES

The value of the non-current assets held by the HRA at the start of the year and at 31 March 2015 is:

	Value At 31 March 2014 £000	Value At 31 March 2015 £000
Council dwellings*	132,605	138,357
Operational land and buildings	19,921	18,029
Investment Properties	600	578
Assets Under Construction	0	3,683
Equipment	7	32
Non-operational land and buildings	0	0
Total	153,133	160,679

* The value of Council Dwellings assuming vacant possession is £406,933,547 at 1 April 2014 (£390,015,000 at 1 April 2013). This is reduced by 66% in 2014/2015 (66% in 2013/2014) to reflect the economic cost to Government of providing council housing as dwellings are tenanted and therefore are valued at less than open market value.

18. MAJOR REPAIRS RESERVE

The following table shows the movement on the Major Repairs Reserve during the 2014/2015 financial year:

	2013/2014 £000	2014/2015 £000
Opening Balance at 1 April 2014	-7,354	-8,978
Depreciation charged to HRA	-3,083	-2,931
Revenue contribution to Capital	-3,257	-1,360
Financing of capital expenditure	4,715	3,634
Rounding	1	0
Closing Balance at 31 March 2015	-8,978	-9,635

19. CAPITAL EXPENDITURE AND FINANCING OF HRA NON-CURRENT ASSETS

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it:

	2013/2014 £000	2014/2015 £000
Expenditure:		
Land and other property	251	4,274
Council dwellings	4,669	2,351
Intangible asset	52	8
Equipment	97	122
Financed by:		
Capital receipts	0	-705
Major Repairs Reserve	-169	-496
Revenue contribution to Capital	-4,546	-3,140
Grants and contributions	-87	-2,090
Borrowing	-61	0
Earmarked reserves	-206	-324
Total	0	0

20. CAPITAL RECEIPTS

Capital Receipts received from the sale of HRA non-current assets were as follows:

	2013/2014 £000	2014/2015 £000
Sale of council dwellings*	1,477	927
Repayment of mortgages	5	5
Disposal of land and other property	14,231	475
Total	15,713	1,407

* Not all of these receipts are available for use by the Council; in 2014/2015, £426,000 (£384,000 in 2013/2014) was paid across to the Government in respect of HRA capital receipts.

21. EXCEPTIONAL ITEMS

There were no exceptional items in 2013/14 and 2014/15.

22. PRIOR PERIOD ADJUSTMENTS

No prior period adjustments have been made in the Housing Revenue Account.

COLLECTION FUND STATEMENT

2013/2014			COLLECTION FUND	2014/2015		
Business Rates	Council Tax	Total		Business Rates	Council Tax	Total
£000	£000	£000		£000	£000	£000
			INCOME			
0	-44,084	-44,084	Council Tax Receivable	0	-45,803	-45,803
-28,335	0	-28,335	Business Rates Receivable	-27,775	0	-27,775
-28,335	-44,084	-72,419		-27,775	-45,803	-73,578
			EXPENDITURE			
			Apportionment of Previous Year Surplus			
0	0	0	Central Government	0	0	0
0	10	10	Mansfield District Council (Billing Authority)	0	0	0
0	65	65	Nottinghamshire County Council	0	0	0
0	4	4	Nottinghamshire Fire and Rescue Service	0	0	0
0	9	9	Nottinghamshire Police Authority	0	0	0
0	88	88		0	0	0
			PRECEPTS, DEMANDS AND SHARES			
14,748	0	14,748	Central Government	13,605	0	13,605
11,798	4,899	16,697	Mansfield District Council (Billing Authority)	10,884	4,977	15,861
2,655	31,648	34,303	Nottinghamshire County Council	2,449	32,789	35,238
295	1,848	2,143	Nottinghamshire Fire and Rescue Service	272	1,914	2,186
0	4,500	4,500	Nottinghamshire Police Authority	0	4,661	4,661
0	65	65	Warsop Parish Council	0	73	73
29,496	42,960	72,456		27,210	44,414	71,624
			CHARGES TO COLLECTION FUND			
482	248	730	Less: Write offs of uncollectable amounts	157	167	324
-119	0	-119	Less: Increase / (-) Decrease in Bad Debt Provision	148	0	148
1,370	0	1,370	Less: Increase / (-) Decrease in Provision for Appeals	928	0	928
129	0	129	Less: Cost of Collection	128	0	128
109	0	109	Less: Transitional Protection Payments	525	0	525
1,971	248	2,219		1,886	167	2,053
3,132	-788	2,344	(-) Surplus / Deficit arising during the year	1,321	-1,222	99
0	208	208	(-) Surplus / Deficit balance brought forward 1st April	3,132	-580	2,552
3,132	-580	2,552	(-) Surplus / Deficit balance at 31st March	4,453	-1,802	2,651

EXPLANATORY NOTES TO THE COLLECTION FUND

1. GENERAL

The Collection Fund is an agent's statement that reflects the statutory obligation of billing authorities, such as Mansfield District Council to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers of Council Tax and Non-Domestic Rates (NDR) and its distribution to local government bodies and the Government.

The Council has a statutory requirement to operate a Collection fund as a separate account to the General Fund. The purpose of the Collection Fund therefore, is to isolate the income and expenditure relating to Council Tax and Non-Domestic Business Rates. The administration costs associated with the collection process are charged to the General Fund.

With effect from 1 April 2013, the local government finance regime was revised with the introduction of the retained business rates scheme. The main aim of the scheme is to give Councils a greater incentive to grow businesses in the District. It does, however, also increase the financial risk due to non-collection and the volatility of the NDR tax base.

All local authorities were given the opportunity to work with neighbouring and partner authorities to develop a bid to become a local authority business rate "pool". Mansfield District Council is part of a Nottinghamshire business rates pool which is administered by Nottinghamshire County Council. Member authorities are treated as a single authority for the purpose of certain calculations under the business rates retention scheme. The advantage of a pool is to potentially generate additional business growth through collaborative working and to smooth out the impact of volatility in business rates income across a wider economic area.

The new arrangements provide a direct link between business rates growth and the amount of money local authorities have to spend on services. Local authorities can keep a proportion of their NDR collected in their area after certain contributions to (levy payments) and from (safety net payments) the Government have been made. The Council's share is 40% with the remainder paid to precepting bodies. For Mansfield District Council the NDR precepting bodies are Central Government (50% share), Nottinghamshire County Council (9% share) and Nottinghamshire Fire Authority (1% share).

The national code of practice followed by Local Authorities in England stipulates that a Collection Fund Income and Expenditure account is included in the Council's accounts. The Collection Fund balance sheet meanwhile is incorporated into the Council's consolidated balance sheet. The balance of the Collection Fund is disaggregated at the year-end to attribute relevant amounts to the precepting authorities (shown as debtors or creditors in the Balance Sheet) and the billing Council (Mansfield District Council).

2. INCOME FROM BUSINESS RATEPAYERS

Non-Domestic Rates (NDR) or Business Rates are paid by businesses. Central Government specifies an annual rate in the pound 48.2p in 2014/2015 and local businesses pay an annual bill calculated by multiplying the rateable value of their premises by this annual rate; there are a number of reliefs available, for example to small businesses and charities.

The Council is responsible for collecting this income and then distributing to Central Government and Preceptors as outlined above.

- The Non Domestic rateable value as at 31 March 2015 was £71.1million (£72.0million in 2013/2014).
- The NDR income collectable in 2014/2015 after reliefs was £27.8million (£28.3million in 2013/2014)
- The Council receives an allowance from the Collection Fund towards the collection of Business Rates, for 2014/2015 this was £128,000 (£129,000 in 2013/2014).

	31.03.2014	31.03.2015
Total Rateable Value (£000)	72,004	71,094
Non Domestic rating multiplier	47.1p	48.2p
Small Business Multiplier	46.2p	47.1p

In addition to the local management of business rates, authorities are expected to finance appeals made in respect of rateable values as defined by the Valuation Office Agency (VOA) and hence business rates outstanding as at 31 March 2015. As such, authorities are required to make a provision for these amounts. Appeals are charged and provided for in proportion of the precepting shares. The total provision charged to the collection fund for 2014/2015 has been calculated at £0.9million (£1.4million in 2013/2014) The Council's proportion of the total provision (i.e. £2.3million) is £0.9million. The £0.9million provision for appeals is included within the Council's disaggregated share of the collection fund balances held in the consolidated balance sheet.

3. COUNCIL TAX

Council Tax derives from charges raised according to the value of residential properties, which have been classified into 9 valuation bands (A-H) for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by the Council for the forthcoming year and dividing this by the Council Tax base (i.e. the equivalent number of band D dwellings).

The Council Tax Base for the 2014/2015 financial year was 26,943.82 and was calculated as shown below:

Band	Number of Chargeable Properties	Ratio to Band D	Number of Band D Equivalents
A*	53.00	5/9	29.44
A	16,352.28	6/9	10,901.52
B	7,715.75	7/9	6,001.14
C	5,550.50	8/9	4,933.77
D	3,251.73	9/9	3,251.73
E	1,254.50	11/9	1,533.28
F	337.50	13/9	487.50
G	159.50	15/9	265.83
H	9.50	18/9	19.00
Totals	34,684.26		27,423.21
Less adjustment for collection rate			-479.39
Council Tax Base 2014/2015			26,943.82

The basic amount of Council Tax for a Band D property was £1,645.67 (£1,617.24 2013/2014).

ANNUAL GOVERNANCE STATEMENT

2014/2015

1. Scope of Responsibility

- 1.1 Mansfield District Council is responsible for ensuring that its 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. Mansfield 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.
- 1.2 In discharging this overall responsibility, Mansfield District Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.
- 1.3 Mansfield District 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*. A copy of the code is on our website or can be obtained from the Civic Centre, Chesterfield Road South, Mansfield, NG19 7BH. This statement explains how Mansfield District Council has complied with the code and also meets the requirements of Accounts and Audit (England) Regulations 2011, regulation 4(3) which requires all relevant bodies to prepare an annual governance statement.

2. The Purpose of the Governance Framework

- 2.1 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 its communities. 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 services and value for money.
- 2.2 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 Mansfield District Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised and to manage them efficiently, effectively and economically.

- 2.3 The governance framework has been in place at Mansfield District Council for the year ended 31 March 2015 and up to the date of approval of the statement of accounts.

3. The Governance Framework

Vision and Priorities

- 3.1 The Council's vision and priorities are contained in its Corporate Plan, which is reviewed and updated on an annual basis as part of the annual strategic planning and budget development process. All departments have service delivery plans which link to the Corporate Plan and are monitored on a regular basis.

The vision of Mansfield District Council as stated in its Corporate Plan and Annual Performance Report 2014 is to:

“Create a positive image of Mansfield which supports people, businesses and investment in the area, and improves confidence, pride and dignity, so that everyone can enjoy a good quality of life in their neighbourhood”

The Council's vision defines its priorities and what it is trying to achieve. How it will do this is defined by three broad corporate values of “Quality”, “Respect” and “Openness”.

Underpinning its values is the Council's commitment to equality which is exemplified by its achieving level 3 of the Equality Framework.

The priorities for 2014/2015 are:

- Regeneration and employment: Revitalising our District, town centres and neighbourhoods, encouraging inward investment and creating a climate for job creation and growth
 - Reducing crime and disorder: Making the District a safer place to live, work and visit by working with partners to reduce crime and antisocial behaviour
 - Vulnerable people: Supporting the most vulnerable people in the District to help them live independent and fulfilled lives
 - Housing: Ensuring there is an adequate supply of good quality, well managed housing which is accessible and affordable to those who need it
 - Protecting the environment: Delivering a local plan for the provision of housing, parks, green spaces and commercial and retail development and ensuring a high quality and sustainable environment
- 3.2 The Council's Medium Term Financial Strategy (MTFS) for 2015/2016 to 2018/2019 supports the Corporate Plan and identifies its financial implications. It shows the approach the Council will take in order to deliver its services and priorities within its financial constraints and in doing so how it will look to provide value for money

- 3.3 The Council has approved a transformation exercise called the “Change 2 programme” to ensure that it has the necessary resources to deliver its priorities over the period of the MTFs. This will involve a review of all Council services to determine the best method of delivery and to ensure that processes and procedures are streamlined so that services are delivered efficiently and effectively.
- 3.4 The Mansfield and Ashfield Strategic Partnership (MASP) brings together a wide range of people and organisations in a single co-ordinated strategic framework for the development, implementation and monitoring of the Sustainable Community Strategy which sets a shared vision and agreed priorities for the districts of Mansfield and Ashfield.

Quality of Services

- 3.5 The Council has invested in establishing feedback mechanisms for service users in accordance with its Consultation Strategy. These take various forms including e-consultation which is used to measure satisfaction. All aspects of customer feedback are used to shape strategy and service delivery including focus groups, customer experience feedback and more formal questionnaires. The Council has an ongoing commitment to community engagement and empowerment.
- 3.6 The Council has a performance management software package which brings together all the Council’s performance data in one place and enables effective monitoring of performance in respect of key indicators.
- 3.7 The Council’s “Change 2 programme” which has the principal objective of supporting, across the whole Council, excellent value for money, customer satisfaction and outcome based performance underpinned by customer focused services.
- 3.8 The Council’s Procurement Strategy aims to promote effective procurement across the whole organisation and ensures that procurement planning supports the Council’s Corporate Plan. The Corporate Contracts Register assists in ensuring efficient contract management and contributes to the effective monitoring of Council spending and the delivery of value for money.
- 3.9 The Council has in place a corporate complaints system which ensures effective monitoring and action is taken where appropriate.

Constitutional Matters

- 3.10 The 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
- 3.11 The facilitation of policy and decision making is through the Executive Mayor and Cabinet. Meetings are open to the public except where exempt or confidential matters are being discussed. In addition portfolio holders and senior

officers can make decisions under delegated powers. The Council publishes a "Notice of Key Decisions" which contains details of all key decisions to be made by the Council.

- 3.12 The Managing Director as Head of Paid Service has a duty to monitor and review the operation of the Council's Constitution to ensure its aims and principles are given full effect.

Codes of Conduct

- 3.13 The Council has adopted codes of conduct for both members and employees and also has a protocol for member/employee/partner relations. The codes include reference to the need to declare any interest which may conflict with the individual's role at the Council, with registers maintained for any such interest to be recorded and monitored.

- 3.14 Compliance with the member and employee codes of conduct is monitored by the Council's Standards and Personnel Committees respectively.

- 3.15 The Council has in place a whistle-blowing code which ensures that any referrals under the code are fully investigated, with findings reported to the Statutory Officers, senior managers and the Audit Committee.

Policies, Procedures, Laws and Regulations

- 3.16 The Corporate Director – Housing and Environment is designated as the Council's 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 and Chief Finance Officer, the Monitoring Officer will report to Full Council if he considers that any proposal, decision or omission would give rise to unlawfulness or maladministration. Such a report will have the effect of stopping the proposal or decision being implemented until the report has been considered.

- 3.17 The financial management of the authority is conducted in accordance with the relevant provisions of the Constitution and the Council's Financial Regulations. The Council has designated the Head of Finance, Property and Revenue Services as the Chief Finance Officer in accordance with Section 151 of the Local Government Act 1972.

- 3.18 The Council's Local Code of Corporate Governance fully conforms with the governance requirements of the CIPFA Statement on the *Role of the Chief Financial Officer in Local Government*.

- 3.19 The Council maintains an Internal Audit Service, which operates in accordance with the Accounts and Audit Regulations 2011, the Public Sector Internal Audit Standards (PSIAS) and CIPFA's Local Government Application Note. The Internal Audit Charter defines the Internal Audit Service's role within the Council with an overall aim of delivering a risk based audit plan in a professional, independent manner to provide the authority with an opinion on the level of

assurance it can place upon the internal control environment and to make recommendations to improve it. One of its key objectives is to promote good corporate governance by raising awareness of best practice in respect of internal controls and the requirements of relevant Council strategies and regulations such as financial and contract regulations, anti-fraud strategy and whistle-blowing code.

- 3.20 The Council has robust and effective policies and procedures relating to the use of resources and the corporate governance framework, including Financial Regulations and Contract Procedure Rules, Scheme of Delegation, IT Strategy, Anti-Fraud Strategy and Whistle-blowing Code. There is a mechanism in place for measuring the effectiveness of the Anti-Fraud Strategy with an annual report being presented to the Audit Committee.

Risk and Opportunity Management

- 3.21 The Council recognises that it has a responsibility to identify, evaluate and manage risks whilst still creating a fertile climate for innovation. It therefore supports a structured approach through the implementation of its risk and opportunity management strategy.
- 3.22 The Council has in the main an overall informed and cautious appetite for taking significant risk to achieve the priorities identified within its Corporate Plan and for providing services in support of this.
- 3.23 The Council has a Risk and Opportunity Monitoring Group which has defined terms of reference to monitor the effective delivery of the risk and opportunity management strategy across the authority. In addition the Council's Audit Committee is responsible for monitoring the effective development and operation of risk management.

Audit Committee

- 3.24 The Council has an Audit Committee which is fully compliant with the guidance provided in CIPFA's *Audit Committees – Practical Guidance for Local Authorities 2013 edition*.

The Constitution states that:

“The purpose of the Audit Committee as a Sub-Committee of the Council is to provide independent assurance of the adequacy of the risk management framework and the internal control environment. It provides independent review of the authority's financial and non-financial performance to the extent that it affects the authority's governance, risk management and control frameworks, and oversees the financial reporting and annual governance processes. It also oversees internal and external audit, helping to ensure efficient and effective assurance arrangements and reviews the Council's arrangements for achieving value for money”

Development and Training Needs

- 3.25 There is an induction programme in place for newly appointed officers and members, with their ongoing training needs being determined by means of one to one discussions with members and annual interviews of employees in accordance with the Council's personal development scheme.
- 3.26 There are opportunities for members and officers to update their knowledge on a regular basis by using the Council's training and development programme, which includes training on corporate governance.
- 3.27 The Council also has a peer coaching and mentoring programme for members and has a management development programme for officers based upon the Council's management competencies.
- 3.28 In accordance with the Member Development Charter for the East Midlands, the Council has a comprehensive member development programme in place.
- 3.29 The Council's Employee Charter gives a commitment to embrace national training initiatives and details the rights and responsibilities of staff in relation to training and development.

Partnerships

- 3.30 The Council's Partnership Protocol states that all members of any partnership should be responsible for ensuring that they meet the highest standards of governance and lists the key governance requirements that they should meet.
- 3.31 The Council has records of its involvement in partnership working, demonstrating the linkage to Corporate Plan activities.

4. Review of Effectiveness

- 4.1 Mansfield 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 senior managers within the authority who have responsibility for the development and maintenance of the governance environment, the Audit and Information Assurance Manager's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.
- 4.2 The process that has been applied in reviewing the effectiveness of the Council's governance framework includes:
- The Council has carried out a self-assessment of its compliance with the CIPFA Statement on the *Role of the Head of Internal Audit in Local Government* as part of the annual effectiveness review of the system of internal audit with no areas of non-compliance being identified
 - The Audit and Information Assurance Manager's review of the Council's level of compliance with its adopted Local Code of Corporate Governance, which is to

be reported to the Audit Committee in July 2015, identified no significant governance issues, although other areas were identified where it was considered that there was an opportunity for further improvement. An action plan to address these has been produced, with progress being monitored by the Corporate Management Team and the Audit Committee

- The Standards Committee regularly monitors members' compliance with the Code of Conduct and considers any action required from this monitoring. No significant issues have been identified
- The Council's counter fraud arrangements have been reviewed during 2014/2015 to ensure that they continue to be effective and are fully compliant with CIPFA's Code of Practice on "managing the risk of fraud and corruption" with actions to further develop the Council's existing arrangements being endorsed by the Audit Committee in March 2015
- The Council's risk management arrangements have been further developed during 2014/2015 to ensure that they are fully compliant with good practice guidance resulting in the approval of a risk and opportunity management strategy
- The Council has a number of Select Commissions which provide an overview and scrutiny role. They can "call in" a decision which has been made by the Executive or an officer (where the decision is a key decision) but not yet implemented, to enable them to consider whether they consider the decision is appropriate. They also enquire into issues which are of local concern
- The Audit Committee received a variety of reports during 2014/2015 both from internal assurance providers and from external audit in accordance with its terms of reference as detailed in the Council's constitution.
- Internal Audit is responsible for monitoring the quality and effectiveness of systems of internal control in line with its Charter. It has undertaken planned reviews of internal control procedures across all departments and across a range of functions in the Council. A risk assessment model is used to formulate a three year audit plan from which the annual workload is identified. The plan is also aligned to the Council's strategic risks. The reporting process for Internal Audit requires the findings and recommendations from each review, along with the agreed action plan to be reported to senior officers and members and to the Audit Committee. The process includes quarterly reviews of the agreed actions to ensure that they have been implemented
- In accordance with the Accounts and Audit Regulations 2011 the system of internal audit has to undergo an annual effectiveness review. It has been assessed against CIPFA standards and included a peer review element from a neighbouring authority. The review concluded that the system was performing to an excellent standard

- The Audit and Information Assurance Manager's Annual Report for 2014/2015 concluded that the internal control environment was both robust and effective and therefore an unqualified opinion was given. This opinion was based upon a methodology which assigns assurance levels to individual review findings and standards that need to be achieved by the overall internal control environment. It also concluded that, based upon the results of the approved Quality Assurance and Improvement Programme (QAIP), the Internal Audit Service had conformed to the PSIAS and its Charter
- External Audit's Annual Governance report, which summarises the findings from their 2013/2014 audit work gave an unqualified opinion on the financial statements and did not identify any material weaknesses in the design or operation of internal control.
- Any breaches of the Council's IT policies are investigated, with the findings reported to ensure that appropriate corrective action has been carried out and to identify any corporate learning opportunities.

4.3 The Council has been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit Committee and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework except for areas for further improvement identified from the review of compliance with the Council's Local Code of Corporate Governance which have actions planned to address them

5. Significant Governance Issues

5.1 There are no significant governance issues for 2014/2015

5.2 The Council proposes over the coming year to take steps to address the improvements referred to in 4.3 above to further enhance its governance arrangements. The Audit Committee is satisfied that these steps will address the need for improvements that were identified from the review of effectiveness and will monitor their implementation and operation as part of the next annual review

Executive Mayor

Date

Acting Head of Paid Service

Date

Independent auditor's report to the members of Mansfield District Council

We have audited the financial statements of Mansfield District Council for the year ended 31 March 2015 on pages 21 to 138. 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 Head of Finance, Property and Revenue Services and auditor

As explained more fully in the Statement of the Head of Finance, Property and Revenue Service's Responsibilities, the Head of Finance, Property and Revenue Services 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 Head of Finance & Property; 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 as at 31 March 2015 and of the Authority'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 set out on pages 139 to 146 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 Mansfield 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, Mansfield District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2015.

Certificate

We certify that we have completed the audit of the financial statements of Mansfield 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
Nottingham Office
4th Floor, St Nicholas House
Nottingham
NG1 6FQ
23 September 2015

Glossary of Financial and Accounting Terms

PLEASE NOTE: *This glossary provides an explanation of terms, not precise definitions. It should not be used as a substitute for the more detailed and specific definitions given in statute, codes of practice and technical guidance. It should be used in conjunction with explanations provided within and supporting the accounting statements.*

ACCOUNTING PERIOD – the period of time covered by the accounts. Normally 12 months commencing on 1 April and finishing on 31 March the following year. The end of the accounting period is the Balance Sheet date.

ACCRUAL – an amount included in the accounts to cover income or expenditure relating to an accounting period but for which payment has not been received or made. This means that income and expenditure is recognised in the accounts when they are earned or incurred, not when money is exchanged.

AGENCY SERVICES – services, which are performed by a local authority, where the authority legally responsible for the service reimburses the agent (the authority doing the work) for the cost of the work, carried out. During 2014/2015, the Council acted as an agent for Nottinghamshire County Council for the maintenance of highways within the District.

BALANCE SHEET – a statement of the recorded assets, liabilities and other balances as they stand in monetary terms, at the end of an accounting period.

BILLING AUTHORITY – a local authority responsible for collecting the council tax and business rates from within its district boundaries (Mansfield is a billing authority).

BUDGET – a statement defining the Council's policies over a specified period of time (usually an accounting period) in terms of finance.

BUSINESS RATES – New arrangements from 1 April 2014, the business rate retention scheme was introduced. These arrangements provide a direct link between business rates growth and the amount of money local authorities have to spend on services. Local authorities can keep a proportion of their business rates collected in their area after certain contributions to and from the Government have been made.

CAPITAL RECEIPTS – the proceeds from the sale of council houses, buildings, land and other assets. Capital receipts can be used to finance new capital expenditure, within rules set down by central government, but they cannot be used to finance revenue expenditure.

CAPITAL EXPENDITURE – this includes expenditure on the acquisition of, or major enhancement of fixed assets such as land, property and other structures.

COMMUNITY ASSETS – assets that a local council holds which may have restrictions on their use and disposal. Examples include playing fields and parks.

COUNCIL TAX – the main source of local taxation to councils. It is levied on households within its area by the billing authority and distributed to the County Council, Police and Fire Authorities, and to meet the cost of its own general fund services.

COUNCIL TAX BANDS – each property in a local authority's area is valued by Central Government's Valuation Office Agency, and placed in one of 8 bands ranging from A to H.

Each Band is averaged out in relation to **Band D**, bands A to C paying less, and bands E to H paying more on an increasing scale.

COUNCIL TAX BENEFIT – assistance provided by billing authorities to adults on low incomes to help them pay their council tax bill. The cost to authorities of council tax benefit is largely met by a government subsidy.

CREDITORS – an amount owed by a council for work done, goods received or services rendered relating to the accounting period, but for which payment has not yet been made.

CURRENT ASSETS – an amount held at the balance sheet date, which will be used within the following accounting period; for example, stock, cash and debtors.

CURRENT LIABILITY – an amount owing at the balance sheet date, which will be paid in the next accounting period; for example, creditors, cash and loan repayments.

DEBTORS – an amount owing to a council relating to the accounting period, but for which money has not yet been received.

DEPRECIATION – the reduction in value of a fixed asset due to age or deterioration through usage.

EARMARKED RESERVES – amounts put aside to meet specific liabilities in the future. The main Council reserves are its Capital and Insurance Funds.

FINANCE LEASE – a form of borrowing, usually for land and buildings, where the ownership of the fixed asset eventually passes over to the Council.

GENERAL FUND – the main revenue fund of the Council. Day-to-day spending on services is met from this fund. Mansfield's general fund is split between its main service such as Leisure and Regulatory Services. Expenditure on the provision of Housing, however, must be charged to a separate Housing Revenue Account (HRA).

GENERAL RESERVES – amounts put aside, but not allocated to meet, any future spending commitments. The Council's main general reserves are its General Fund and Housing Revenue Account Balances.

HERITAGE ASSETS – assets that are a distinct class of asset which is reported separately from property, plant and equipment and from intangible assets. A tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained for its contribution to knowledge and culture.

HOUSING BENEFIT – an allowance to persons on low income to meet, in whole or part, their rent. Local authorities pay benefit but central government refunds most of the cost of the benefits and of the running costs of administering the service. Benefit paid to the authority's own tenants is known as **rent rebate** and that paid to private sector tenants as **rent allowance**.

HOUSING SUBSIDY – a government grant paid to housing authorities towards the cost of providing, managing and maintaining council dwellings.

IMPAIRMENT – this reflects a REDUCTION in the market value of a fixed asset due to significant changes in the market (i.e. introduction of new technology), obsolescence, or damage, etc.

MINIMUM REVENUE PROVISION – the minimum amount that must be charged against the Council’s revenue accounts each year, as a provision to repay borrowing and finance leases.

NET BOOK VALUE – the amount at which fixed assets are included (valued) in the balance sheet, i.e. their historic value or current valuation less depreciation.

NET CURRENT REPLACEMENT COST – the cost of replacing or recreating a fixed asset in its existing condition or existing use.

NET REALISABLE VALUE – the open market value of the asset in its existing use.

NON-CURRENT ASSETS – an asset, which has a value (usually large) to the Council over a number of years; for example, land, buildings and equipment. Such assets result from capital expenditure.

OPERATING LEASE – a type of rental agreement, usually for computer equipment, office furniture and equipment, where the Council never owns the asset.

PRECEPT – the levy made by precepting authorities on billing authorities, requiring the latter to collect income from council taxpayers on their behalf, for services they provide in the billing authorities area.

PRECEPTING AUTHORITIES – those authorities who are not billing authorities, e.g. “major” authorities such as the County Council and Police and Fire Authorities and “local precepting authorities” such as Parish, Town or Community Councils.

PROVISIONS – pre-determined amounts put aside in the accounts for liabilities or losses which are certain or very likely to occur, but the amounts involved or the date when they need to be settled are uncertain.

PUBLIC WORKS LOAN BOARD – a central government agency, which provides loans to local authorities.

REVENUE EXPENDITURE – running costs of services, which include employees, premises, transport, interest, supplies and services.

REVENUE SUPPORT GRANT – the main general grant paid by central government to aid general fund services.

WORK IN PROGRESS – the cost of work done on an uncompleted project at the balance sheet date.