



**Tandridge District
Council - Group
Draft Statement of Accounts
for the year 2018/19**

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Narrative Report

1. Introduction to Tandridge

Tandridge is a local government district in East Surrey, containing part of the North Downs and Surrey Hills Areas of Outstanding Natural Beauty, and the towns of Warlingham, Caterham, Oxted, Godstone and Lingfield. The area has several woodlands and some open heathland and is 94% designated as green belt. The district council offices are in Oxted, the second biggest settlement in the district after Caterham. Tandridge is one of the 11 boroughs or districts that govern at a local level within Surrey, alongside services provided across the county by Surrey County Council.

Tandridge District Council is committed to working in partnership with our community and other agencies to provide efficient services and enhance the quality of life of all the people of the area. Tandridge District Council was formed in 1974 and is committed to providing the best possible local services for the population it serves.

Three departments employing around 281 staff deliver the District Council services which include:

- benefits
- business rates
- car parks
- community safety
- council housing
- council tax
- day centres
- elections
- environmental health
- homelessness
- parking
- parks and open spaces
- planning and building control
- recycling
- refuse collection

The Council operates two main funds or accounts: a 'General Fund' (GF) for services such as refuse collection, grass cutting etc and a 'Housing Revenue Account' (HRA), a ringfenced account, which manages the Council's housing stock. Each fund has its own reserves for capital and revenue expenditure.

2. Council Key Objectives and Priorities

The Authority's key objectives are reviewed annually by the Strategy and Resources Committee and recommended for adoption to Council. The key objectives for 2018/19 were:

The Council's vision statement is to be aspirational for our people, our place and ourselves by:

1. Providing high quality, customer focussed services
2. Making a difference in our community by supporting those who need it most
3. Creating a thriving economy while protecting the local environment
4. Working in partnership with the community and other public services to create opportunities for all
5. Improving the quality of our residents' lives by enabling access to decent and affordable homes
6. Being a proactive, flexible learning environment.

These objectives remain relevant for 2019/20 and therefore have been retained

3. Medium Term Financial Strategy (MTFS)

The Council maintains a 3 year Medium Term Financial Strategy (MTFS) to ensure good governance and help navigate the financial challenges ahead.

The financial position nationally for local government as a whole and locally for this Council in particular remains challenging. The successful implementation of the Financial Strategy will therefore be paramount if the Council is to be able to continue to provide front line services to the standard and quality that is expected locally.

The Council is, however, in a strong financial position in order to meet these challenges. The external auditors within their report on the accounts for 2017/18 concluded that "the authority has made proper arrangements to secure economy, efficiency, and effectiveness in its use of resources".

The MTFS was updated at the 1st November 2018 Strategy and Resources Committee meeting and agreed by Full Council on 14 February 2019.

The MTFS does not require the use of General Fund reserves in 2019/20 to maintain a balanced budget. However, we will be drawing on Earmarked reserves to the amount of £475k. This includes £400k to fund the Ellice Road Car Park in the Capital Programme and £75k revenue contribution to childrens centres.

At 31st March 2019 the Council holds the following financial reserves:

- The General Fund Balance, £2.3 million.
- Other General Reserves, £3.3 million.
- Housing Revenue Account, £0.75 million.
- HRA Earmarked Reserves, £6.0 million.
- Usable Capital Receipts £3.6 million. (Including £2.2million HRA Receipts)

4. Overall Financial Outlook

The impact of the national economic conditions continues to affect the Council. The Council's financial strategy however seeks to maintain existing services, achieve key corporate objectives and enable a council tax increase at an acceptable level locally.

The financial projection for the next 3 years, based upon the assumptions above, the budget for 2019/20 is balanced and subsequently a shortfall of £1.48m, and £1.04m in 2020/21 and 2021/22 respectively.

One of the main causes of the forecast shortfalls are the inclusion of negative Revenue Support Grant (RSG). This is a tariff payable to the government and forecast £729,000 payable from 2020/21. Offsetting this is additional investment income and an assumed 2.99% (Band D) council tax rise.

The implementation of other aspects of the financial strategy should, however, also produce significant savings over future years. These are as follows:

- Investment properties - the strategy provides for an additional £709,000 in 2019/20, a reduction of £139,000 in 2020/21 to allow for planned development and voids, and an increase of £369,000 in 2021/22. This income is generated through the councils wholly owned subsidiary Gryllus Property Limited and also from other General Fund purchases by the Council
- Treasury Investment income increase of £88,000 in 2019/20 with no further increase currently forecast. This brings the budgeted treasury management income to £978k
- Creation of an income equalisation reserve in 2019/20 to provide resilience against reduced income in future years.

The GF budget for 2019/20 was set at £10,441,970 which compares to the 2018/19 budget of £9,981,848, an increase of £460,122. This was largely due to the reduction in Government grants, primarily New Homes Bonus which has decreased by £200k in 2019/20.

The budget for the 2018/19 financial year was set against a background where the achievement of significant savings was a necessity. This resulted in a budget of £9,981,848 compared to the previous year, much of which was achieved through a reduction in operating expenses and staff costs. Our Band D Council Tax for the year was increased by 2.99% to £209.71 to help combat the effects of reduced government funding received by the Council.

During the year the Council has embarked on a number of measures to protect and develop service provision against the difficult financial position. The Council's principal objective for the year was to keep Tandridge District a place where people want to live, work and visit. To achieve this the Housing Committee set itself the objective of maximising the provision of newly built affordable homes and to that end has continued to add to its reserve within its Housing Revenue Account to fund the building of new Council dwellings.

Another of the Council's aims is the new approach to asset management. In 2017/18 the Council established a company (Gryllus Property Ltd) which generates rental income per annum and continues to look for further opportunities to raise rental income.

The Council has continued its programme of employing Apprentices and Young Workers, many of whom subsequently have moved on to secure permanent positions with the Authority.

5. Risks and Opportunities

The current predictions within the MTFs may change. Current risks are summarised as follows:

- i) New Homes Bonus may cease after the current 4 year allocation.

- ii) Fluctuations in interest rates, reductions resulting in reducing investment income or increases resulting in higher borrowing costs.
- iii) Staff turnover savings not being met; this is currently set at 5%.
- iv) Reduced recycling credits income.
- v) Efficiencies identified by Customer First not materialising or delayed.
- vi) Parking income not being achieved.
- vii) Not generating expected returns from investment properties.
- viii) Implications of Brexit.

In 2017/18 the Council stopped receiving Revenue Support Grant (RSG) from the Government. This reduction is partially offset by a transitional payment of £130,500 received in 2017/18 which was not received in 2018/19. In 2019/20 the Government plans to introduce a tariff amount payable, this reduction in grant is also being referred to as negative RSG. For Tandridge, this would mean that an extra £729,000 would be payable to Government.

The Government recently considered introducing 100% Business Rates retention within the local government sector and has created pilot schemes. Surrey was selected as a pilot scheme for 2018/19 and the Council has benefited financially from the scheme, within a minimum gain of £500,000 above baseline. In the 2018/19 Budget, the Council prudently excluded any gain from the MTFs. It is now known for 2019/20 that the pilot will not be extended to 2019/20, therefore Surrey move back to the 50% retention scheme, ahead of the next spending review for 2020/21.

The Government has announced that New Homes Bonus allocations will reduce from 6 to 4 years, with 2017/18 being the previous transitional year where 5 years was allocated. A national baseline has also been introduced. The Government has said that the introduction of a baseline will remove deadweight and will focus on Local Authorities demonstrating a stronger than average commitment to growth. The Government chose to set the initial baseline at 0.4% growth in housing stock, below which the bonus will not be paid.

A number of opportunities have arisen for the Council in 2018/19. These include the following:

1. Customer First – This is an ambitious transformation project that sees the Council implementing a new operating model. The new model will place the customer at the heart of all our operations and will be underpinned by improvements in technology to allow customer self-service and enable a greater interface between the different systems the Council has, whilst providing services in an improved and more efficient way. The project introduces a new senior management structure and due to the efficiencies created, allow for a reduction in the workforce. This provides an opportunity to redesign many of the Council's processes to improve them and drive out cost savings by eliminating waste.
2. The Council has a property Investment and Development Fund and there are opportunities going forward (and in-year) for further investment through these funds. The aim of the investments acquired through the Property Investment Fund is to achieve a yield of 6%. Acquisitions will be funded through a loan with an expected interest rate of around 2.5%. This will allow the Council to generate consistent income streams and build financial resilience.
3. Creation of Tandridge Together Lottery – The Council established a local good causes lottery in order to create a more innovative and sustainable approach to supporting the voluntary sector in generating revenue streams. It is possible that

all the organisations currently supported by the Council, and those who might consider applying for financial help in the future, could use the lottery to generate income and reduce the need for Council funding. Over 200 good causes have signed up to partner with Tandridge Together Lottery.

6. Borrowing

The HRA currently has £61.2 million of debt from the Public Works Loan Board relating to the self-financing debt allocation from the Government. This debt is being repaid in line with the HRA business plan and the final repayment date is March 2032.

The Council has £26.1 million of debt from the Public Works Loan Board relating to investment in Property and loans provided to third parties.

7. The Accounting Statements

The basic legal requirement for the Statement of Accounts to be made up and audited is contained in the Local Audit and Accountability Act 2014. The accounts for 2018/19 have been prepared in accordance with the 'Code of Practice on Local Authority Accounting in the United Kingdom 2018/19' ('the Code') and the 'Service Reporting Code of Practice 2018/19 (SeRCOP)' published by the Chartered Institute of Public Finance and Accountancy (CIPFA). Both these documents set out the proper accounting practices required by Section 21(2) of the Local Government Act 2003 and Regulation 7 of the Accounts and Audit Regulations 2015. The accounting policies that have been adopted are contained in the Statement of Accounting Policies.

The main financial statements are divided into "Core" and "Supplementary" statements.

The core statements are:

- Movement in Reserves Statement.
- Comprehensive Income and Expenditure Statement.
- Balance Sheet.
- Cash Flow Statement.

Whilst our supplementary statements are:

- HRA
- Collection Fund (Local Taxation).

8. Financial Outturn

Revenue Outturn

The Council net expenditure for the provision of services in the General Fund is £9.917m which is an underspend on the budgeted position for 2018/19 of £64,000. This has been mainly achieved through the additional business rate income from the pilot scheme.

The Housing Revenue Account produced a balanced final position with a surplus £1.089m of funds of transferred to HRA reserves as planned.

Capital Expenditure

Capital expenditure amounted to £17.6 million (2017/18, £10.8 million) which has resulted in an underspend of £67.9 million, which mainly attributable due to slippage of schemes in the programme. The majority of the expenditure and slippage was in relation to implementation of the Council's Housing Strategy and the Commercial Investment and Development Scheme.

Capital Receipts (including Right to Buy)

When the Council sells a dwelling it is required to pay a determined proportion of the receipt of dwellings to the Government, reduced only by the specified sums set out in regulations.

Overall the Council's usable capital receipts stand at £3.6m at the 31 March 2019.

9. Audit

The new auditor appointed by Public Sector Audit Appointments Limited (PSAA) for the Council is Deloitte LLP. The previous auditor, KPMG LLP issued their report "to those Charged with Governance" (ISA 260) for 2017/18 which sets out the key issues identified during their audit of the Statement of Accounts in 2017/18. This report is available on the Council's website www.tandridge.gov.uk. The Audit for the 2018/19 accounts will be completed by 31st July 2019.

10. Further Information

Further information is available on our website www.tandridge.gov.uk or from the Council Offices, 8 Station Road East, Oxted, RH8 0BT. We also publish the Tandridge Magazine three times a year, which is distributed free to all households in the District, and provides further information on the work and plans of the Council.

Statement of Responsibilities for the Statement of Accounts

Tandridge District Council

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. In Tandridge, that officer is the Chief Finance Officer and S151 Officer;
- Manage its affairs to secure economic, efficient and effective use of resources and to safeguard assets; and
- Ensure that the Statement of Accounts is approved by the end of July and signed by the Chairman of the relevant body. In Tandridge, that body is the Strategy and Resources Committee to which the Council has delegated the appropriate authority.

The Chief Finance Officer

The Chief Finance Officer is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 ('the Code') and for certifying to this effect, as set out below, no later than 31 May.

In preparing the Statement of Accounts, Chief Finance Officer:

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

The Chief Finance Officer has also:

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

Certification of the Chief Finance Office (S151)

I certify that the Statement of Accounts:

- (a) has been prepared in a form directed by the Code; and
(b) presents a true and fair view of the financial position of the Council as at 31st March 2019 and of its income and expenditure for the year ended on that date.

Brian Thompson , CPFA – Chief Finance Officer (S151)

Date: 31st May 2019



Certification of the Chairman of Strategy and Resources Committee

Councillor Tony Elias - Chairman of Strategy & Resources Committee Date: 25th July 2019

Expenditure and Funding Analysis

Net Expenditure Chargeable to the General Fund Balance	2017/18 Adjustments	Net Expenditure in the Compre- hensive Income and Expenditure Statement	Net Expenditure Chargeable to the General Fund Balance	2018/19 Adjustments	Net Expenditure in the Compre- hensive Income and Expenditure Statement
£000	£000	£000	£000	£000	£000
5,132	158	5,289	5,241	560	5,801
4,786	1,161	5,947	4,458	1,593	6,051
606	701	1,307	718	699	1,417
2,142	140	2,282	2,176	168	2,344
(3,530)	717	(2,813)	(6,119)	1,988	(4,131)
(46)	0	(46)	(142)	0	(142)
9,090	2,876	11,966	6,332	5,008	11,340
		Net Cost of Services			
(6,677)	447	(6,230)	(5,600)	(3,190)	(8,790)
2,413	3,323	5,736	732	1,818	2,550
		Surplus or Deficit on Provision of Services			
(15,561)		Opening Combined General Fund Balance	(13,148)		
2,413		Plus / less Surplus or Deficit on the General Fund Balance for the Year (Statutory basis)	732		
0		Transfers to/from other Reserves	0		
(13,148)		Closing Combined General Fund Balance	(12,416)		

Movement in Reserves Statement

The Movement in Reserves Statement shows the movement from the start of the year to the end on the different reserves held by the authority, analysed into 'usable reserves' (ie those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The Statement shows how the movements in year of the authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax (or rents) for the year. The Net Increase/Decrease line shows the statutory General Fund Balance and Housing Revenue Account Balance movements in the year following those adjustments.

	General Fund Balance	Earmarked General Fund Reserves	Housing Revenue Account (HRA)	Earmarked HRA Reserves	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Un-applied Account	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Authority Share of Subsidiary Joint Venture and Associate Reserves	Total Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2018	(2,262)	(5,131)	(717)	(5,039)	(2,859)	0	(2,498)	(18,505)	(245,469)	(263,973)	56	(263,917)
Transition to IFRS9 - Opening Balance Adjustment	0	0	0	0	0	0	0	0	(62)	(62)		(62)
Revised opening balance	(2,262)	(5,131)	(717)	(5,039)	(2,859)	0	(2,498)	(18,505)	(245,531)	(264,035)	56	(263,979)
Movement in reserves during 2018/19												
Total Comprehensive Income and Expenditure	1,526		988					2,514	(16,963)	(14,449)	0	(14,449)
Adjustments between Group Accounts and Authority Accounts	(33)							(33)	0	(33)	33	0
Adjustments between accounting basis and funding basis under regulations	240		(1,988)		(710)	0	(826)	(3,284)	3,284	0		0
Net Increase or Decrease before Transfers to Earmarked Reserves	1,733	0	(1,000)	0	(710)	0	(826)	(803)	(13,679)	(14,482)	33	(14,449)
Transfers to / from Earmarked Reserves	(1,797)	1,797	967	(967)				0				0
Increase or Decrease in 2018/19	(64)	1,797	(33)	(967)	(710)	0	(826)	(803)	(13,679)	(14,482)	33	(14,449)
Balance at 31 March 2019	(2,326)	(3,334)	(750)	(6,006)	(3,569)	0	(3,324)	(19,308)	(259,210)	(278,517)	89	(278,428)

	General Fund Balance	Earmarked General Fund Reserves	Housing Revenue Account (HRA)	Earmarked HRA Reserves	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Un-applied Account	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Authority Share of Subsidiary Joint Venture and Associate Reserves	Total Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2017	(1,930)	(6,718)	(749)	(6,164)	(3,103)	0	(1,389)	(20,053)	(227,116)	(247,169)	0	(247,169)
Movement in reserves during 2017/18												
Total Comprehensive Income and Expenditure	3,480		2,324					5,805	(22,553)	(16,748)	0	(16,748)
Adjustments between Group Accounts and Authority Accounts	(56)							(56)	0	(56)	56	0
Adjustments between accounting basis and funding basis under regulations	(2,168)		(1,167)		244	0	(1,108)	(4,200)	4,200	0		0
Net Increase or Decrease before Transfers to Earmarked Reserves	1,256	0	1,157	0	244	0	(1,108)	1,548	(18,353)	(16,804)	56	(16,748)
Transfers to / from Earmarked Reserves	(1,587)	1,587	(1,125)	1,125				0				0
Increase or Decrease in 2017/18	(332)	1,587	32	1,125	244	0	(1,108)	1,548	(18,353)	(16,804)	56	(16,748)
Balance at 31 March 2018	(2,262)	(5,131)	(717)	(5,039)	(2,859)	0	(2,498)	(18,505)	(245,469)	(263,977)	56	(263,921)

Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure 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 (or rents). Authorities raise taxation (and rents) to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both

the Expenditure and Funding Analysis and the Movement in Reserves Statement

Group

2017/18			2018/19			
Expenditure	Income	Net		Expenditure	Income	Net
£000	£000	£000	Notes	£000	£000	£000
7,669	(2,380)	5,289	Resources	7,917	(2,116)	5,801
9,256	(3,309)	5,947	Community Services	10,641	(4,590)	6,051
21,578	(20,271)	1,307	Housing Services	20,962	(19,545)	1,417
3,189	(907)	2,282	Planning	3,289	(945)	2,344
12,845	(15,658)	(2,813)	Housing Revenue Account	12,440	(16,571)	(4,131)
81	(127)	(46)	Gryllus Property	88	(230)	(142)
54,618	(42,652)	11,966	Cost of Services	55,337	(43,997)	11,340
4,142	0	4,142	09 Other Operating Expenditure	3,092	0	3,092
6,422	(4,275)	2,147	10 Financing and Investment Income and Expenditure	7,096	(4,838)	2,258
0	0	0	Surplus or Deficit on Discontinued Operations	0	0	0
0	(12,450)	(12,450)	11 Taxation and Non Specific Grant Income	0	(14,140)	(14,140)
65,182	(59,477)	5,805	(Surplus) or Deficit on Provision of Services	65,510	(62,780)	2,550
		(21,270)	21 Surplus or deficit on revaluation of Property, Plant and Equipment			(20,011)
		0	21 Impairment losses on non-current assets charged to the Revaluation Reserve			0
		97	21 Surplus or deficit on revaluation of available for sale financial assets			(29)
		1,380	33 Remeasurement of the net defined benefit liability / asset			3,077
		(22,553)	Other Comprehensive Income and Expenditure			(16,963)
		(16,748)	Total Comprehensive Income and Expenditure			(14,413)

TDC

2017/18				2018/19		
Expenditure	Income	Net		Expenditure	Income	Net
£000	£000	£000	Notes	£000	£000	£000
7,751	(2,494)	5,257	Resources	7,917	(2,116)	5,801
9,256	(3,309)	5,947	Community Services	10,641	(4,590)	6,051
21,578	(20,271)	1,307	Housing Services	20,962	(19,545)	1,417
3,189	(907)	2,282	Planning	3,289	(945)	2,344
12,845	(15,658)	(2,813)	Housing Revenue Account	12,440	(16,571)	(4,131)
54,619	(42,640)	11,979	Cost of Services	55,249	(43,767)	11,482
4,142	0	4,142	09 Other Operating Expenditure	3,077	0	3,077
6,422	(4,345)	2,078	10 Financing and Investment Income and Expenditure	7,096	(5,001)	2,095
0	(12,450)	(12,450)	11 Taxation and Non Specific Grant Income	0	(14,140)	(14,140)
65,182	(59,434)	5,748	(Surplus) or Deficit on Provision of Services	65,422	(62,908)	2,514
		(21,270)	21 Surplus or deficit on revaluation of Property, Plant and Equipment			(20,011)
		0	21 Impairment losses on non-current assets charged to the Revaluation Reserve			0
		97	21 Surplus or deficit on revaluation of available for sale financial assets and financial instruments at fair value through other comprehensive income and expenditure			(29)
		(1,380)	33 Remeasurement of the net defined benefit liability / asset			3,077
		(22,553)	Other Comprehensive Income and Expenditure			(16,963)
		(16,804)	Total Comprehensive Income and Expenditure			(14,449)

Balance Sheet

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

31 March 2018			31 March 2019		
TDC	Group		TDC	Group	
£000	£000	Notes	£000	£000	
350,221	350,221	12	Property, Plant and Equipment	371,807	371,807
506	3,931	13	Investment Property	6,098	9,447
868	868	14	Intangible Assets	1,328	1,328
9,832	6,412	15	Long Term Investments	11,913	8,493
0	0		Investments in Associates and Joint Ventures	0	0
114	114	15	Long Term Debtors	114	114
361,540	361,545		Long Term Assets	391,260	391,189
13,839	13,839	15	Short-term Investments	11,734	11,734
150	150		Inventories	111	111
5,130	5,067	16	Short Term Debtors	6,851	6,829
536	600	17	Cash and Cash Equivalents	17,345	17,445
19,654	19,655		Current Assets	36,041	36,119
(3,850)	(3,850)	15	Short-Term Borrowing	(4,050)	(4,050)
(5,732)	(5,795)	18	Short-Term Creditors	(9,097)	(9,167)
(677)	(677)	19	Provisions	(635)	(635)
0	0		Current Tax Liability	0	(23)
(10,260)	(10,322)		Current Liabilities	(13,782)	(13,875)
(61,123)	(61,123)	15	Long Term Borrowing	(83,238)	(83,238)
(45,835)	(45,835)	15/33	Other Long-Term Liabilities	(51,765)	(51,765)
(106,958)	(106,958)		Long Term Liabilities	(135,003)	(135,003)
263,976	263,920		Net Assets	278,516	278,430
(18,505)	(18,448)	20	Usable Reserves	(19,308)	(19,222)
(245,472)	(245,472)	21	Unusable Reserves	(259,208)	(259,208)
(263,976)	(263,920)		Total Reserves	(278,516)	(278,430)

Cash Flow Statement

TDC	Group		TDC	Group
2017/18	2017/18		2018/19	2018/19
£000	£000		£000	£000
5,748	5,805	Net (surplus) or deficit on the provision of services	2,514	2,527
(12,417)	(12,560)	Adjustment to surplus or deficit on the provision of services for noncash movements	(12,624)	(12,623)
2,845	2,845	Adjustment for items included in the net surplus or deficit on the provision of services that are investing or financing activities	3,871	3,871
(3,824)	(3,910)	Net cash flows from operating activities	(6,239)	(6,225)
8,814	12,272	Net cash flows from investing activities	12,156	12,132
(3,295)	(6,731)	Net cash flows from financing activities	(22,726)	(22,726)
1,695	1,631	Net (increase) or decrease in cash and cash equivalents	(16,809)	(16,845)
2,231	2,231	Cash and cash equivalents at the beginning of the reporting period	536	601
534	599	Cash and cash equivalents at the end of the reporting period	17,345	17,446

Note 1 – Accounting Policies

i. General Principles

The Statement of Accounts summarises the Council's transactions for the financial year and its position at the year-end. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015 which require to be prepared in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, 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

ii. Accruals of Income and Expenditure

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

- 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 – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses 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.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure based on the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

iii. 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 highly liquid investments that mature in no more than three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

iv. 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, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

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

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

v. Charges to Revenue for Non-current Assets

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

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

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation.

The Minimum Revenue Provision (MRP) is a charge required to make in their accounts for the repayment of debt (as measured by the underlying need to borrow, rather than actual debt). The basis for calculating MRP for the council is Annuity method over a maximum of 50 years.

vi. Council Tax and Non-Domestic Rates (England)

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e. the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement is the Council's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the Council's General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the Council's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

vii. Employee Benefits

Benefits Payable During Employment - Short-term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday entitlements 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 segment or, where applicable, to a corporate service segment 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 Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

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

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

- The liabilities of the Surrey Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate (based on the indicative rate of return on high quality corporate bond).
- The assets of Surrey Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:
 - quoted securities – current bid price
 - unquoted securities – professional estimate
 - unitised securities – current bid price
 - property – market value.

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

- Service cost comprising:
 - current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
 - past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.
 - net interest on the net defined benefit liability (asset), i.e. net interest expense for the Council – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to

measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (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.

- Remeasurements comprising:

- the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- Contributions paid to the Surrey 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 Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits based on cash flows rather than as benefits are earned by employees.

Discretionary Benefits

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

viii. 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.

ix. Financial Instruments

- Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the 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.

This means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

- 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 recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured 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.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value

of the revised future cash flows discounted at the asset's original effective interest rate.

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

The above relates to comparator information, New standards have been adopted by the code and financial assets categories are detailed below.

Financial Held at amortised cost represent loans and loan-type arrangements where repayments or interest and principal take place on set dates and at specified amounts. The amount presented in the Balance Sheet represents the outstanding principal received plus accrued interest. Interest credited to the CIES is the amount receivable as per the loan agreement.

Fair Value Through Profit and Loss (FVTPL). These assets are measured and carried at fair value. All gains and losses due to changes in fair value (both realised and unrealised) are recognised in the CIES as they occur.

The authority's assets and liabilities carrying value were measured by the fair value hierarchy, where the fair value hierarchy is as follows

Level 1:

The carrying value in the statement of accounts is measured by quoted prices in active markets for identical assets. Information on measurement values is either publicly available or there is measurement information about actual events or transactions, or there is a quoted price. There were no properties categorised as being valued within level 1 of the fair value hierarchy during the year.

Level 2:

The carrying value of assets or liabilities in the statement of accounts are measured using inputs that are not quoted prices (as described within level 1), but that are observable either directly or indirectly. This measurement is used when the market data is not available, and so valuations are developed using the best information available by considering market rental, sales values, yields, size, construction type, condition and other observable inputs of comparable assets.

Level 3:

The carrying value of assets or liabilities in the statement of accounts is measured by unobservable inputs, which significantly draw on valuers skill and judgement. There were no properties categorised as being valued within level 3 of the fair value hierarchy during the year.

xi. 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 grants or contributions will be received.

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

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

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

Business Improvement Districts

A Business Improvement District (BID) scheme applies across the whole of the Council. The scheme is funded by a BID levy paid by non-domestic ratepayers. The Council acts as principal under the scheme, and accounts for income received and expenditure incurred (including contributions to the BID project) within the relevant services within the Comprehensive Income and Expenditure Statement.

Community Infrastructure Levy

The Council has elected to charge a Community Infrastructure Levy (CIL). The levy will be charged on new builds (chargeable developments for the Council) with appropriate planning consent. The Council charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund a number of infrastructure projects (these include transport, flood defences and schools) to support the development of the area.

CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund capital expenditure. However, a small proportion of the charges may be used to fund revenue expenditure.

xii. Heritage Assets

The Council has no material heritage assets. The heritage assets the Council does have are held in relation to Tandridge's civic history and were valued in

December 2011 for insurance purposes only. The heritage assets held comprise of 5 paintings displayed in public offices.

xiii. Intangible Assets

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

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.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council and the nature of the software licence. The useful lives are between 3 and 5 years.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. Currently, no intangible asset held by the Council meets this criterion, and all intangible assets are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

None of these charges to the Comprehensive Income and Expenditure Statement are permitted to impact upon the General Fund, and so they are reversed through the Movement in Reserves Statement to the Capital Adjustment Account.

xiv. Inventories and Long-term Contracts

Inventories for Tandridge Commercial Services, the Media Creation Unit, Douglas Brunton Centre and the Waste Contract are valued on the basis of last invoiced price. This is a departure from the Code's requirement to value inventories on the lower of cost or net realisable value but the differences in value are not considered to be material.

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

xv. Investment Property

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

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve

xvi. Joint Operations

Joint operations are arrangements where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The activities undertaken by the Council in conjunction with other joint operators involve the use of the assets and resources of those joint operators. In relation to its interest in a joint operation, the Council as a joint operator recognises:

- its assets, including its share of any assets held jointly
- its liabilities, including its share of any liabilities incurred jointly
- its revenue from the sale of its share of the output arising from the joint operation
- its share of the revenue from the sale of the output by the joint operation
- its expenses, including its share of any expenses incurred jointly.

xvii. Leases

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

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

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

Operating Leases - The Council as Lessee

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

Operating Leases - The Council as Lessor

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 (e.g. 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.

xviii. Overheads and Support Services

The costs of overheads and support services are charged to service segments in accordance with the Council's arrangements for accountability and financial performance.

The Council recharges costs in full and to identify the costs of the support services under specified descriptions.

xix. Property, Plant and Equipment

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

- 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 will 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 or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

- Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management

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

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

- infrastructure, community assets and assets under construction – depreciated historical cost
- dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH)
- council offices – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV)
- surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective
- all other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

- Revaluation

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current 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 Surplus or Deficit on the Provision of Services where they arise from the reversal of a loss previously charged to a service. The councils External Valuer is Wilks Head and Eve

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 that balance (up to the amount of the accumulated gains)

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

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.

Impairment

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

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

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (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.

- Depreciation

Depreciation is provided for on all property, plant and equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain community assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer (between 2 and 60 years)
- vehicles, plant, furniture and equipment – straight-line allocation over the useful life of the asset as advised by a suitably qualified officer (between 1 and 10 years)
- infrastructure – straight-line allocation over 25 years.

Where an item of property, plant and equipment asset 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 to the Capital Adjustment Account.

- Disposals and Non-current Assets Held for Sale

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

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

Assets that are to be abandoned or scrapped are not reclassified as assets held for sale.

When an asset is disposed of or decommissioned, the 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. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of capital receipts relating to housing disposals is payable to the government. The balance of receipts remains within 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) (England and Wales)]. 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 non-current 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.

xx. Provisions, Contingent Liabilities and Contingent Assets

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 benefits or service potential, 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 an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement when the Council has an obligation and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

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

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 a note to the accounts.

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

xxi. Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred back into the General Fund Balance 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, local taxation, retirement and employee benefits and do not represent usable resources for the Council – these reserves are explained in the relevant policies.

xxii. Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. 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 that there is no impact on the level of council tax. Examples for this Council include Disabled Facility Grants payments and Social Housing enabling grants awarded.

xxiii. VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

xxiv. Rounding

The Council accepts that minor rounding differences of between £1k and £2k may occur within its Statement of Accounts, these amounts are not material and the Council does not intend to alter any totals where this occurs.

xxv. Group Accounts - Recognition of Group Entities and Basis of Consolidation

Group Accounts will be prepared in accordance with IFRS 10 (consolidated financial statements) and IFRS 12 (disclosure of interest in other entities), where it is considered that the Council has a material interest in subsidiaries. Group Accounts will be prepared on the basis of a full consolidation of the financial transactions and balances of the Council and a relevant subsidiary. Any gains and losses arising from a subsidiary will be fully reflected in the Comprehensive Income and Expenditure Statement, Balance Sheet, Movement in Reserves Statement and Cashflow Statement within the Group column. Group accounts will be prepared using consistent accounting policies. Where intra-group transactions occur, they will be removed in the consolidation.

Note 2 - Accounting Standards Issued, Not Adopted

IAS 40 Investment Property: Transfers of Investment Property

The Council will adopt IAS 40 with effect from 1st April 2019. The standard provides further explanation on when property can be classified as Investment property. The council does not expect the clarifications to have an impact.

Annual Improvements to IFRS Standards 2014-2016 Cycle

The Annual Improvements to IFRS will be adopted 1st April 2019. The improvements are not expected to have a material impact on the council.

IFRIC 22 – Foreign Currency Transactions and Advance Consideration

The Council will adopt IFRIC 22 with effect from 1st April 2019. The standard clarifies the treatment of payments in a foreign currency made in advance of obtaining or delivering services or goods. The Council does not have any material transactions within the scope of the amendment.

IFRIC 23 – Uncertainty over income tax treatments

The Council will adopt IFRIC 23 with effect from 1st April 2019. The standard provides additional guidance on income tax treatment where there is uncertainty. The council expects no material impact on the financial statements

IFRS 9 – Financial Instruments: Prepayment Features with Negative Compensation

The Council will adopt IFRS 9 with effect from 1st April 2019. The amendment to the standard clarifies the required treatment for financial instruments. The council expects no material impact on the financial statements

Note 3 - Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in the Accounting Policies, the authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The council has also applied these judgements in developing its Medium Term Financial Strategy.

The future levels of funding from central government have been determined. Currently the Council has determined that this reduction is not yet sufficient to provide an indication that its assets might be impaired as a result of a need to close facilities and reduce levels of service provision.

In the Council's opinion, there are no other judgements made in applying the accounting policies which have a significant effect on the amounts recognised in the financial statements.

Note 4 - Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty

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

Pension Liability

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.

The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.5% increase in the discount rate assumption would result in an increase in the pension liability of £11.4m. However, the assumptions interact in complex ways.

Arrears

At 31 March 2019 the Authority had a Housing Benefit Overpayment Debtors balance of £1.5m. The level of debtor's provision for this debt is £1.4m. If collection rates were to deteriorate, and all debts became doubtful this would require an additional £0.1m to set aside as an allowance.

Note 5 - Material Items of Income and Expense

The Code requires that where items are not disclosed on the face of the Comprehensive Income and Expenditure Statement, the nature and amount of material items should be set out in a note.

The only items that fall within this category are Expenditure for Housing Benefits and Discounts totalling £18,911k (2017/18, £19,045k) and Income of Housing benefit Subsidy of £18,396k (2017/18, £18,732k).

Note 6 - Events After the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Chief Finance and s151 Officer on 31st May 2019. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information. The financial statements and notes have not been adjusted for the following events which took place after 31 March as they provide information that is relevant to an understanding of the authority's financial position but do not relate to conditions at that date.

Note 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 authority in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to the authority to meet future capital and revenue expenditure. 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 into which all the receipts of an authority are required to be paid and out of which all liabilities of the authority are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year. For housing authorities – however, the balance is not available to be applied to funding HRA services.

- Housing Revenue Account Balance - The Housing Revenue Account Balance reflects the statutory obligation to maintain a revenue account for local authority council housing provision in accordance with Part VI of the Local Government and Housing Act 1989. It contains the balance of income and expenditure as defined by the 1989 Act that is available to fund future expenditure in connection with the Council's landlord function or (where in deficit) that is required to be recovered from tenants in future years. Major Repairs Reserve. The authority is required to maintain the Major Repairs Reserve, which controls an element of the capital resources limited to being used on capital expenditure on HRA assets or the financing of historical capital expenditure by the HRA. The balance shows the capital resources that have yet to be applied at the year-end. Capital Receipts Reserve The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance 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.

2018/2019	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000	£000	£000
Adjustments to the Revenue Resources						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:						
Pension cost (transferred to (or from) the Pensions Reserve)	(1,495)	(616)				2,111
Changes in fair value of pooled investments	(29)	0				29
Council tax and NDR (transfers to or from the Collection Fund)	885					(885)
Holiday pay (transferred to the Accumulated Absences reserve)	(3)	0				3
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(306)	(8,190)			(1,422)	9,918
Total Adjustments to Revenue Resources	(948)	(8,806)	0	0	(1,422)	11,176
Adjustments between Revenue and Capital Resources						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	973	1,843	(2,816)			
Administrative costs of non-current asset disposals (funded by a	0	(14)	14			

contribution from the Capital Receipts Reserve)						
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	(360)		360			
Allowable debt element of Right to Buy capital receipts taken to the HRA		(223)	223			
Posting of Housing Revenue Account resource from revenue to the Major Repairs Reserve		5,090		(5,090)		
Borrowing or liabilities met from the Major Repairs Reserve				0		0
Borrowing or liabilities met from the Housing Revenue Account		0				0
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	575	122				(697)
Total Adjustments between Revenue and Capital Resources	1,188	6,818	(2,219)	(5,090)	0	(697)
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance capital expenditure			1,827			(1,827)
Capital Receipts debited on Repayment of Loans			(318)			318
Use of the Major Repairs Reserve to finance new capital expenditure				5,090		(5,090)
Application of capital grants to finance capital expenditure					596	(596)
Total Adjustments to Capital Resources	0	0	1,509	5,090	596	(7,195)
Other adjustments	0	0	0	0	0	0
Total Adjustments	240	(1,988)	(710)	0	(826)	3,284

2017/2018	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments to the Revenue Resources						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:						
Pension cost (transferred to (or from) the Pensions Reserve)	(1,338)	(634)				1,972
Changes in fair value of pooled investments						
Council tax and NDR (transfers to or from the Collection Fund)	(310)					310
Holiday pay (transferred to the Accumulated Absences reserve)	(5)	0				5
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(698)	(9,632)			(1,377)	11,704
Total Adjustments to Revenue Resources	(2,351)	(10,266)	0	0	(1,377)	13,911
Adjustments between Revenue and Capital Resources						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	144	1,327	(1,471)			
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	0	(10)	10			
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	(388)		388			

Allowable debt element of Right to Buy capital receipts taken to the HRA		(124)	124				
Posting of Housing Revenue Account resource from revenue to the Major Repairs Reserve		4,812		(4,812)			
Borrowing or liabilities met from the Major Repairs Reserve					0		0
Borrowing or liabilities met from the Housing Revenue Account		2,750					(2,750)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	427	344					(771)
Total Adjustments between Revenue and Capital Resources	183	9,099	(949)	(4,812)	0		(3,521)
Adjustments to Capital Resources							
Use of the Capital Receipts Reserve to finance capital expenditure			1,192				(1,192)
Use of the Major Repairs Reserve to finance new capital expenditure				4,812			(4,812)
Application of capital grants to finance capital expenditure					269		(269)
Total Adjustments to Capital Resources	0	0	1,192	4,812	269		(6,274)
Other adjustments	0	0	0	0	0		0
Total Adjustments	(2,168)	(1,167)	244	0	(1,108)		4,200

Note 8 - Transfers to/from Earmarked Reserves

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

	Balance at 1 April 2017	Transfers In 2017/18	Transfers Out 2017/18	Balance at 31 March 2018	Transfers In 2018/19	Transfers Out 2018/19	Balance at 31 March 2019
	£000	£000	£000	£000	£000	£000	£000
General Fund Reserves:							
General Fund Revenue Contributions	(1,558)	939	0	(620)	(262)	725	(157)
Interest Equalisation Reserve	0	0	0	0	0	0	0
Building Control Reserve	(186)	133	0	(53)	(30)	0	(83)
Local Land Charges Reserve	(230)	117	0	(114)	0	24	(90)
Development Reserve	(1,250)	406	0	(845)	(10)	361	(494)
GF Budget Reserve	(2,233)	0	0	(2,233)	0	933	(1,300)
Business Rates Equalisation Reserve	(1,118)	0	0	(1,118)	(500)	660	(958)
Other Reserves	(143)	(7)	0	(149)	(106)	3	(252)
Total General Fund	(6,718)	1,587	0	(5,132)	(908)	2,706	(3,334)
Housing Revenue Account Reserves:							
HRA Repairs Account	(4,213)	3,810	293	(110)	(363)	19	(454)
HRA New Build	(1,951)	(3,029)	51	(4,929)	(726)	103	(5,552)
Total Housing Revenue Account	(6,164)	781	344	(5,039)	(1,089)	122	(6,006)
Total Earmarked Reserves	(12,882)	2,368	344	(10,169)	(1,997)	2,828	(9,340)

Note 9 - Other Operating Expenditure

2017/18		2018/19
£000		£000
838	Precepts	861
388	Payments to the Government Housing Capital Receipts Pool	360
2,916	Gains/losses on the Disposal of Non-Current Assets	1,856
0	Other	0
4,142	Total Other Operating Expenditure	3,077

Note 10 - Financing and Investment Income and Expenditure

2017/18			2018/19	
TDC	Group		TDC	Group
£000	£000		£000	£000
1,682	1,682	Interest payable and similar charges	1,890	1,890
1,141	1,141	Net interest on the net defined benefit liability (asset)	1,203	1,203
(852)	(782)	Interest receivable and similar income	(1,012)	(849)
(46)	(46)	Income and expenditure in relation to investment properties and changes in their fair value	(308)	(308)
153	153	Other investment income and expenditure	235	235
2,078	2,147	Total	2,007	2,171

Note 11 - Taxation and Non-Specific Grant Income

2017/18		2018/19
£000		£000
(8,594)	Council tax income	(8,781)
(608)	Non-domestic rates income and expenditure	(1,472)
(1,874)	Non-ringfenced government grants	(2,240)
(1,374)	Capital grants and contributions	(1,647)
0	Other tax or non-specific grant income / expenditure	0
(12,450)	Total	(14,140)

Note 12 - Property, Plant and Equipment

Movements to 31 March 2019

	Council Dwellings	Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Assets Under Construction	Total Property, Plant and Equipment
	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation							
at 1 April 2018	322,317	30,457	6,085	1,092	537	341	360,829
Adjustments to cost/value & depreciation/impairment	0	0	0	0	0	0	0
Additions	4,741	307	645	226	0	4,751	10,670
Donations	0	0	0	0	0	0	0
Revaluation increases/(decreases) recognised in the Revaluation Reserve	12,272	246	0	0	151	0	12,669
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	350	82	0	0	0	0	432
Derecognition – disposals	(1,068)	(205)	(123)	0	0	0	(1,395)
Derecognition – other	(2,994)	(97)	(21)	(226)	0	0	(3,338)
Reclassifications and transfer	174	0	0	0	0	(174)	0
Assets reclassified (to)/from Held for Sale	0	0	0	0	0	0	0
Other movements in cost or valuation	0	0	0	0	0	0	0
at 31 March 2019	335,793	30,790	6,586	1,092	688	4,918	379,866
Accumulated Depreciation and Impairment							
at 1 April 2018	(4,319)	(1,433)	(4,087)	(761)	0	(8)	(10,608)

Adjustments to cost/value & depreciation/impairment	0	0	0	0	0	0	0
Depreciation charge	(4,443)	(853)	(441)	(108)	0	0	(5,845)
Depreciation written out to the Revaluation Reserve	6,860	1,167	0	0	0	0	8,027
Depreciation written out to the Surplus/Deficit on the Provision of Services	319	2	0	0	0	0	321
Impairment losses/(reversals) recognised in the Revaluation Reserve	0	0	0	0	0	0	0
Derecognition – disposals	24	(31)	52	0	0	0	46
5at 31 March 2019	(1,559)	(1,148)	(4,476)	(869)	0	(8)	(8,060)
Net Book Value							
at 31 March 2019	334,233	29,642	2,110	223	688	4,910	371,806
at 31 March 2018	317,998	29,024	1,998	331	537	333	350,221

Movements to 31 March 2018

	Council Dwellings	Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets Under Assets Construction	Total Property, Plant and Equipment	
	£000	£000	£000	£000	£000	£000	
Cost or Valuation							
at 1 April 2017	305,117	30,913	5,864	1,092	519	181	343,686
Adjustments to cost/value & depreciation/impairment	0	0	0	0	0	0	0
Additions	5,753	216	307	166	0	160	6,601
Donations	0	0	0	0	0	0	0
Revaluation increases/(decreases) recognised in the Revaluation Reserve	16,367	118	0	0	18	0	16,502
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(1,011)	(463)	0	0	0	0	(1,474)
Derecognition – disposals	(729)	(135)	(77)	0	0	0	(941)
Derecognition – other	(3,180)	(191)	(9)	(166)	0	0	(3,545)
Reclassifications and transfer	0	0	0	0	0	0	0
Assets reclassified (to)/from Held for Sale	0	0	0	0	0	0	0
Other movements in cost or valuation	0	0	0	0	0	0	0
at 31 March 2018	322,317	30,457	6,085	1,092	537	341	360,828
Accumulated Depreciation and Impairment							
at 1 April 2017	(4,028)	(1,668)	(3,733)	(653)	0	(8)	(10,090)
Adjustments to cost/value & depreciation/impairment	0	0	0	0	0	0	0

Depreciation charge	(4,311)	(811)	(431)	(108)	0	0	(5,662)
Depreciation written out to the Revaluation Reserve	3,836	932	0	0	0	0	4,768
Depreciation written out to the Surplus/Deficit on the Provision of Services	174	103	0	0	0	0	277
Impairment losses/(reversals) recognised in the Revaluation Reserve	0	0	0	0	0	0	0
Derecognition – disposals	10	13	77	0	0	0	99
at 31 March 2018	(4,319)	(1,433)	(4,087)	(761)	0	(8)	(10,608)
Net Book Value							
at 31 March 2018	317,998	29,024	1,998	331	537	333	350,221
at 31 March 2017	301,089	29,245	2,131	439	519	173	333,596

Note 13 - Investment Properties

31 March 2018			31 March 2019	
TDC £000	Group £000	Investment Property Income and Expenditure	TDC £000	Group £000
(47)	(174)	Rental income from investment property	(311)	(541)
1	1	Direct operating expenses from investment property	3	3
(46)	(173)	Net (gain)/loss	(308)	(538)

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

31 March 2018 TDC Non-Current £000	31 March 2018 Group Non-Current £000	Investment Properties Movements in Year	31 March 2019 TDC Non-Current £000	31 March 2019 Group Non-Current £000
506	506	Opening Balance	506	3,931
		Additions:		
0	3,458	Purchases	5,593	5,593
0	(33)	Net gains/losses from fair value adjustments	0	(76)
		Transfers:		
0	0	to/from Property Plant and Equipment	0	0
0	0	Other changes	0	0
506	3,931	Balance at the end of the year	6,098	9,448

Note 14 - Intangible Assets

The authority 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. The intangible assets include both purchased licenses and internally generated software. All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the authority. The useful lives assigned to the major software suites used by the authority are:

31st March 2018			31st March 2019		
Internally Generated Assets	Other Assets	Total	Internally Generated Assets	Other Assets	Total
£000	£000	£000	£000	£000	£000
Balance at start of year:					
1,194	519	1,713	1,641	662	2,303
(842)	(442)	(1,283)	(953)	(482)	(1,435)
352	78	430	688	180	868
Additions:					
447	0	447	19	0	19
0	142	142	0	666	666
0	0	0	0	0	0
(111)	(40)	(151)	(175)	(49)	(224)
0	0	0	0	0	0
688	180	868	531	797	1,328
Comprising:					
1,641	662	2,303	1,660	1,328	2,987
(953)	(482)	(1,435)	(1,129)	(530)	(1,659)
688	180	868	531	797	1,328

Note 15 - Financial Instruments

Group

	Non-Current Financial Assets				
	Investments		Debtors		Total
	31 March	31 March	31 March	31 March	31 March
	2018	2019	2018	2019	2019
	£000	£000	£000	£000	£000
Pre IFRS 9 Categories					
Loans and receivables	280		114		
Available-for-sale financial assets	6,132				
Unquoted equity investment at cost	0				
Financial assets carried at contract amounts					
IFRS 9 Categories					
Fair value through profit and loss		6,258		0	6,258
Amortised cost		2,235		114	2,349
Fair value through other comprehensive income - designated equity instruments		0		0	0
Fair value through other comprehensive income - other		0		0	0
Total financial assets	6,412	8,493	114	114	8,607
Non-financial assets		0		0	0
Total	6,412	8,493	114	114	8,607

TDC

	Non-Current Financial Assets				
	Investments		Debtors		Total
	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2019
	£000	£000	£000	£000	£000
Pre IFRS 9 Categories					
Loans and receivables	2,674		114		
Available-for-sale financial assets	7,158				
Unquoted equity investment at cost	0				
Financial assets carried at contract amounts					
IFRS 9 Categories					
Fair value through profit and loss		6,258		0	6,258
Amortised cost		5,655		114	5,769
Fair value through other comprehensive income - designated equity instruments		0		0	0
Fair value through other comprehensive income - other		0		0	0
Total financial assets	9,832	11,913	114	114	12,027
Non-financial assets		0		0	0
Total	9,832	11,913	114	114	12,027

Group

Current Financial Assets

	Investments		Debtors		Cash		Total
	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2019
	£000	£000	£000	£000	£000	£000	£000
Pre IFRS 9 Categories							
Loans and receivables	6,003		0				
Available-for-sale financial assets	7,836						
Unquoted equity investment at cost	0						
Financial assets carried at contract amounts			5,067				
Other			0				
IFRS 9 Categories							
Cash not falling into the following categories		0		0		0	0
Fair value through profit and loss		7,772		0		0	7,772
Amortised cost		3,962		3,232		0	7,194
Fair value through other comprehensive income - designated equity instruments		0		0		0	0
Fair value through other comprehensive income - other		0		0		0	0
Total financial assets	13,839	11,734	5,067	3,232	0	0	14,966
Non-financial assets		0		3,597		0	3,597
Total	13,839	11,734	5,067	6,829	0	0	18,563

TDC

	Current Financial Assets				
	Investments		Debtors		Total
	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2019
	£000	£000	£000	£000	£000
Pre IFRS 9 Categories					
Loans and receivables	6,003		0		
Available-for-sale financial assets	7,836				
Unquoted equity investment at cost	0				
Financial assets carried at contract amounts			5,130		
Other			0		
IFRS 9 Categories					
Cash not falling into the following categories		0		0	0
Fair value through profit and loss		7,772		0	7,772
Amortised cost		3,962		3,232	7,194
Fair value through other comprehensive income - designated equity instruments		0		0	0
Fair value through other comprehensive income - other		0		0	0
Total financial assets	13,839	11,734	5,130	3,232	14,966
Non-financial assets		0		3,619	3,619
Total	13,839	11,734	5,130	6,851	18,590

Group

Non-Current Financial Liabilities

	Borrowings		Creditors		Other long-term liabilities		Material Item 03 - Non current liabilities		Total
	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2019
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Fair value through profit and loss	0	0	0	0	0	0	0	0	0
Amortised cost	(61,123)	(83,238)	0	0	0	0	0	0	(83,238)
Other	0	0	0	0	0	0	0	0	0
Total financial liabilities	(61,123)	(83,238)	0	0	0	0	0	0	(83,238)
Non-financial liabilities	0	0	0	0	0	(743)	0	0	(743)
Total	(61,123)	(83,238)	0	0	0	(743)	0	0	(83,981)

TDC

	Non-Current Financial Liabilities	
	Borrowings	
	31 March 2018	31 March 2019
	£000	£000
Fair value through profit and loss	0	0
Amortised cost	(61,123)	(83,238)
Other	0	0
Total financial liabilities	(61,123)	(83,238)
Non-financial liabilities	0	0
Total	(61,123)	(83,238)

Group

Current Financial Liabilities

	Borrowings		Creditors		Material Item 04 - Current liabilities		Total
	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2019
	£000	£000	£000	£000	£000	£000	£000
Fair value through profit and loss	0	0	0	0	0	0	0
Amortised cost	(3,850)	(4,050)	(5,732)	(7,022)	0	0	(11,072)
Other	0	0	0	0	0	0	0
Total financial liabilities	(3,850)	(4,050)	(5,732)	(7,022)	0	0	(11,072)
Non-financial liabilities	0	0	0	0	0	0	0
Total	(3,850)	(4,050)	(5,732)	(7,022)	0	0	(11,072)

TDC

Current Financial Liabilities

	Borrowings		Creditors		Total
	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2019
	£000	£000	£000	£000	£000
Fair value through profit and loss	0	0	0	0	0
Amortised cost	(3,850)	(4,050)	(5,732)	(7,022)	(11,072)
Other	0	0	0	0	0
Total financial liabilities	(3,850)	(4,050)	(5,732)	(7,022)	(11,072)
Non-financial liabilities	0	0	0	0	0
Total	(3,850)	(4,050)	(5,732)	(7,022)	(11,072)

Group

Income, Expense, Gains and Losses

	31 March 2018		31 March 2019	
	Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure	Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure
	£000	£000	£000	£000
Net gains/losses on:				
• financial assets measured at fair value through profit or loss	0		(126)	
• financial assets measured at amortised cost	0		28	
• investments in equity instruments designated at fair value through other comprehensive income	0	0	69	0
Total net gains/losses	0	0	(30)	0
Interest revenue:				
• financial assets measured at amortised cost	0		(961)	
• other financial assets measured at fair value through other comprehensive income	0		0	
Total interest revenue	0		(961)	
Interest expense	0		1,890	

TDC

Income, Expense, Gains and Losses

	31 March 2019	
	Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure
	£000	£000
Net gains/losses on:		
• financial assets measured at fair value through profit or loss	(126)	
• financial assets measured at amortised cost	28	
• investments in equity instruments designated at fair value through other comprehensive income	69	0
Total net gains/losses	(30)	0
Interest revenue:		
• financial assets measured at amortised cost	(961)	
Total interest revenue	(961)	
Interest expense	1,890	

Note 15A - Transition to IFRS 9 - Financial Instruments

The first table shows the net effect of reclassification of financial assets following the adoption of IFRS 9 Financial Instruments by the Code of Practice on Local Authority Accounting and the re-measurements of carrying amounts then required.

The second table shows how the new balances at the 1st April 2018 for financial assets are incorporated into the Balance Sheet.

Effect of reclassification and remeasurement on the Balance Sheet

Previous Classifications	Carrying amount brought forward at 1 April £000	New classifications at 1st April 2018			Total Balance Sheet carrying amount £000
		Amortised Cost £000	Fair value through profit or loss £000	Fair Value through Other Comprehensive Income and Expenditure £000	
Loans and Receivables	11,464	11,464	0	0	11,464
Available for Sale	13,968	0	13,968	0	13,968
Fair Value through Profit and Loss	0	0	0	0	0
Reclassified amounts at 1 April 2018	25,432	11,464	13,968	0	25,432
Remeasurements at 1 April 2018		0	0	0	0
Remeasured carrying amounts at 1 April 2018		11,464	13,968	0	25,432

Effect of reclassification and remeasurement on the Balance Sheet

	New classifications at 1st April 2018			
	Amortised cost	Fair value through other comprehensive income and expenditure	Fair value through profit or loss	Total Balance Sheet carrying amount
	£000	£000	£000	£000
Remeasured carrying amounts 1st April 2018	11,464	0	13,968	
Consisting of:				
Non-current investments	280	0	6,132	6,412
Long term-debtors	114	0	0	114
Current investments	6,002	0	7,836	13,839
Current debtors	5,067	0	0	5,067

Reclassification and measurement of impairment losses at 1st April 2018

	Loss allowances for new classifications at 1st April 2018		
	Impairment allowance brought forward at 1st April	Amortised cost	Fair value through other comprehensive income
	£000	£000	£000
Previous classifications			
Loans and receivables	(1,816)	(1,816)	0
Available for sale	0	0	0
Reclassified amounts at 1st April 2018		(1,816)	0
Impairment loss allowance at 1st April 2018		(1,826)	0

The table above shows the adjustments made to the impairment loss allowances as a result of the reclassification of financial assets and the change from an incurred losses model to an expected credit losses model for calculations.

Note 16 - Debtors

31 March 2018		31 March 2019
£000		£000
1,132	Central Government Bodies	2,315
170	Other Local Authorities	539
3,829	Other Entities and Individuals	3,996
5,130	Total Debtors	6,851

Note 17 - Cash and Cash Equivalents

31 March 2018			31 March 2019	
TDC	Group		TDC	Group
£000	£000		£000	£000
329	393	Cash and Bank balances	1,405	1,505
207	207	Short Term Deposits	15,940	15,940
536	600	Total Cash and Cash Equivalents	17,345	17,445

Note 18 - Creditors

31 March 2018		31 March 2019
£000		£000
(495)	Central Government Bodies	(711)
(890)	Other Local Authorities	(3,049)
(6)	NHS Bodies	(6)
(4,342)	Other Entities and Individuals	(5,331)
(5,732)	Total Creditors	(9,097)

Note 19 - Provisions

Current Provisions

2018/19	NDR Appeals	Homelessness	Total
	£000	£000	£000
Opening Balance	(654)	(23)	(677)
Increase in provision during year	(53)	(38)	(91)
Utilised during year	102	31	133
Closing Balance	(605)	(30)	(635)

2017/18	NDR Appeals	Homelessness	Total
	£000	£000	£000
Opening Balance	(702)	(24)	(726)
Increase in provision during year	(604)	(34)	(637)
Utilised during year	652	34	686
Closing Balance	(654)	(23)	(677)

Note 20 - Usable Reserves

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

Capital Receipts Reserve

31 March 2018		31 March 2019
£000		£000
(3,103)	Balance 1 April	(2,859)
(1,471)	Capital Receipts in year	(3,134)
388	Capital Receipts Pooled	360
10	Transfer to revenue reserves to cover disposal costs	14
124	Transfer to revenue reserves for allowable debt element of Right to Buy receipts	223
1,192	Capital Receipts used for financing	1,827
0	Other movements	0
(2,859)	Balance 31 March	(3,569)

Major Repairs Reserve

31 March 2018		31 March 2019
£000		£000
0	Balance 1 April	0
(124)	Voluntary Transfers from the HRA	(223)
(4,688)	Depreciation and Amortisation	(4,867)
4,812	Application to finance capital expenditure	5,090
0	Balance 31 March	0

Capital Grants Unapplied

31 March 2018		31 March 2019
£000		£000
(1,389)	Balance 1 April	(2,498)
(1,377)	Capital grants recognised in year	(1,290)
269	Capital grants and contributions applied	463
0	Other movements	0
(2,498)	Balance 31 March	(3,325)

Note 21 - Unusable Reserves

31 March 2018		31 March 2019
£000		£000
(158,003)	Revaluation Reserve	(176,251)
62	Available for Sale Financial Instruments Reserve	0
0	Financial Instruments Revaluation Reserve	0
(134,749)	Capital Adjustment Account	(134,502)
45,835	Pension Reserve	51,023
1,207	Collection Fund Adjustment Account	322
175	Accumulated Absences Account	179
0	Pooled Investment Funds Adjustment Account	23
(245,472)	Total	(259,208)

Revaluation Reserve

31 March 2018		31 March 2019
£000		£000
(138,122)	Balance 1 April	(158,003)
(21,270)	Upward revaluation of assets	(20,376)
0	Downward revaluation of assets and impairment losses not charged to the Surplus or Deficit on the Provision of Services	365
(21,270)	Surplus or deficit on revaluation of non-current assets not charged to the Surplus or Deficit on the Provision of Services	(20,011)

1,389	Difference between fair value depreciation and historical cost depreciation	1,544
0	Accumulated gains on assets sold or scrapped	219
1,389	Amount written off to the Capital Adjustment Account	1,763
0	Other movements	0
0	Other movements to Other Comprehensive Income and Expenditure	0
(158,003)	Balance 31 March	(176,936)

Available for Sale Financial Instruments Reserve

31 March 2018		31 March 2019
£000		£000
(35)	Balance 1 April	62
0	Opening balance adjustments on adoption of IFRS9	(62)
(35)	Revised Opening Balance	0
0	Upward revaluation of investments	0
0	Downward revaluation of investments not charged to the Surplus or Deficit on the Provision of Services	0
97	Accumulated gains on assets sold and maturing assets written out to the Comprehensive Income and Expenditure Statement as part of Other Investment Income	0
0	Other movements	0
62	Balance 31 March	0

Capital Adjustment Account

31 March 2018 £000		31 March 2019 £000
(135,270)	Balance 1 April	(134,749)
5,662	Charges for depreciation and impairment of non-current assets	5,846
1,197	Revaluation losses on non-current assets	(1,438)
151	Amortisation of intangible assets	224
307	Revenue expenditure funded from capital under statute	614
4,387	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	4,686
11,704	Reversal of Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement	9,932
(1,389)	Adjusting Amounts written out of the Revaluation Reserve	(1,763)
10,315	Net written out amount of the cost of non-current assets consumed in the year	8,169
(1,192)	Use of Capital Receipts Reserve to finance new capital expenditure	(1,821)
(4,812)	Use of Major Repairs Reserve to finance new capital expenditure	(5,090)
(269)	Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(596)
0	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(35)
(771)	Capital expenditure charged against the General Fund and HRA balances	(697)
(7,044)	Capital financing applied in year:	(8,239)
(2,750)	Borrowing or liabilities met from the HRA	0
0	Borrowing or liabilities met from the Major Repairs Reserve	0
0	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	0
0	Other movements	0
(134,749)	Balance 31 March	(134,502)

Pension Reserve

31 March 2018		31 March 2019
£000		£000
45,243	Balance 1 April	45,835
45,243	Revised Opening Balance	45,835
(1,380)	Remeasurements of the net defined benefit (liability)/asset	3,077
4,959	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	5,048
(2,987)	Employer's pensions contributions and direct payments to pensioners payable in the year	(2,937)
0	Other movements	0
45,835	Balance 31 March	51,023

Collection Fund Adjustment Account

31 March 2018		31 March 2019
£000		£000
897	Balance 1 April	1,207
310	Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(885)
0	Other movements	0
1,207	Balance 31 March	322

Accumulated Absences Account

31 March 2018		31 March 2019
£000		£000
171	Balance 1 April	175
(171)	Settlement or cancellation of accrual made at the end of the preceding year	(175)
175	Amounts accrued at the end of the current year	179
5	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in year in accordance with statutory requirements	3
175	Balance 31 March	179

Pooled Investment Funds Adjustment Account

31 March 2018		31 March 2019
£000		£000
0	Balance 1 April	0
0	Opening balance adjustments on adoption of IFRS9	62
0	Transfer Type 2	0
0	Transfer Type 3	0
0	Revised Opening Balance	0
0	Changes in fair value of pooled investments	(29)
0	Amounts written off on disposal	0
0	Other movements	0
0	Balance 31 March	33

Note 22 - Cash Flow from Operating Activities

The cash flows for operating activities include the following items:

31 March 2018		31 March 2019
£000		£000
(806)	Interest received	(925)
1,682	Interest paid	1,890
875	Total	965

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

31 March 2018		31 March 2019
£000		£000
(5,662)	Depreciation	(5,846)
(1,197)	Impairment and downward valuations	432
(151)	Amortisation	(224)
709	(Increase)/decrease in creditors	(2,752)
175	Increase/(decrease) in debtors	2,148
(9)	Increase/(decrease) in inventories	(39)
0	Increase/(decrease) in contract assets and liabilities	0
(1,972)	Movement in pension liability	(2,111)
(4,387)	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(4,380)
77	Other non-cash movements charged to the surplus or deficit on provision of services	148
(12,417)	Total	(12,624)

The surplus or deficit on the provision of services has been adjusted for the following items which are investing and financing activities:

31 March 2018		31 March 2019
£000		£000
0	Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	550
1,471	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	2,829
1,374	Any other items for which the cash effects are investing or financing cash flows	1,592
2,845	Total	(3,871)

Note 23 - Cash Flow from Investing Activities

31 March 2018		31 March 2019
£000		£000
7,293	Purchase of property, plant and equipment, investment property and intangible assets	16,363
16,435	Purchase of short-term and long-term investments	16,133
0	Other payments for investing activities	0
(1,471)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(2,829)
(12,066)	Proceeds from short-term and long-term investments	(15,733)
(1,377)	Other receipts from investing activities	(1,778)
8,814	Net cash flows from investing activities	12,156

Note 24 - Cash Flow from Financing Activities

31 March 2018		31 March 2019
£000		£000
(8,167)	Cash receipts of short-term and long-term borrowing	(26,149)
4,350	Repayments of short-term and long-term borrowing	3,850
522	Other payments for financing activities	(427)
(3,295)	Net cash flows from financing activities	(22,726)

Note 25 - Trading Operations

2017/18	Tandridge Commercial Services	2018/19
£000		£000
(337)	Income	(288)
411	Expenditure	440
74	Net Surplus / Deficit for Year	152

2017/18	Building Control	2018/19
£000		£000
(1,332)	Income	(1,515)
1,411	Expenditure	1,599
79	Net Surplus / Deficit for Year	83

2017/18	Trading Operations Total Income and Expenditure:	2018/19
£000		£000
(1,669)	Income	(1,803)
1,822	Expenditure	2,038
153	Net Surplus / Deficit for Year	235

2017/18	Analysis of Inclusion in The Comprehensive Income and Expenditure Statement:	2018/19
£000		£000
153	Net surplus on trading operations	235
0	Services to the public included in Expenditure of Continuing Operations	0
0	Support services recharged to Expenditure of Continuing Operations	0
153	Net surplus / deficit included in Financing and Investment Income and Expenditure	235

Note 26 - Members' Allowances

31 March 2018		31 March 2019
£000		£000
226	Allowances	231
226	Total Members' Allowances	231

Note 27 - Officers' Remuneration

2018/19

Post Holder Information	Salary (Including Fees & Allowances)	Expenses Allowances	Compensation for Loss of Employment	Benefits in Kind(eg Car Allow)	Pension Conts	Total
Chief Executive (Louise Round)	131,747	104	-	1,456	19,559	152,866
Chief Operating Officer*	33,609	215		17	5,176	39,017
Strategic Director of Resources Permanent	32,209	26		19	2,553	34,807
Strategic Director of Resources Temporary	61,160	-	-	10	-	61,170
Chief Planning Officer*	82,169	-	-	-903	12,654	93,920
Strategic Director of Place	15,985			10	2,439	18,434
Chief Housing Officer*	27,317	211		-936	3,658	30,250
Strategic Director of People	71,257	273		43	10,974	82,547
Chief Finance & Section 151 Officer Temporary	85,860					85,860
Chief Finance & Section 151 Officer Full Time ,Permanent	65,724	160	12,800	29	9,699	88,412
Human Resources Workstream Lead	22,555	23		1,283	3,473	27,334
Grand Total	629,592	1,012	12,800	1,028	70,185	714,617

*Post removed in 18/19 due to restructure

2017/18

Post Holder Information	Salary (Including Fees & Allowances)	Expenses Allowances	Compensation for Loss of Employment	Benefits in Kind(eg Car Allow)	Pension Conts	Total
Chief Executive (Louise Round)	131,827	202	-	1,455	19,632	153,116
Chief Operating Officer	98,850	32		55	15,223	114,160
Chief Community Services Officer	78,676	17	59,957	3,209	11,588	153,447
Chief Planning Officer	81,416	-	-	3,851	12,500	97,767
Chief Finance & Section 151 Officer Part Time	23,213	-	-	23	-	23,236
Chief Finance & Section 151 Officer Temporary	61,061					61,061
Chief Finance & Section 151 Officer Full Time ,Permanent	14,183	-	-	9	2,184	16,376
Assistant Chief Exc (Legal)	91,716	58	74,029	3,851	86,268	255,922
Chief Housing Officer	79,508	647		3,851	12,148	96,154
Head Of Personnel & Training	66,367	299	58,395	3,851	17,613	146,525
Grand Total	726,817	1,255	192,381	20,160	179,544	1,117,764

Officer Remuneration

Number of Employees

	2017/18	2018/19
£50,001 to £55,000	4	13
£55,001 to £60,000	2	4
£60,001 to £65,000	3	3
£65,001 to £70,000	0	3
Total	9	23

Exit Packages

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band (£)	
	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19
£0-£20,000	5	4	3	9	8	9	121,446	146,223
£20,001 - £40,000	2	2	2	4	4	8	127,842	162,917
£40,001 - £60,000	0	0	3	0	3	2	161,424	0
£60,001 - £80,000	0	0	1	0	1	0	74,029	0

Note 28 - External Audit Costs

2017/18		2018/19	
£000		£000	
46	Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	36	
10	Fees payable in respect of other services provided by external auditors during the year	0	
56	Total	36	

Note 29 - Grant Income

Grant Income Credited to Taxation and non-specific Grant Income and Expenditure

31 March 2018		31 March 2019	
£000		£000	
0	Revenue Support Grant	0	
0	NDR Section 31 Grants	(1,216)	
(1,714)	New Homes Bonus	(1,025)	
(131)	Transitional Grant	0	
(41)	Developer Contributions	0	
(435)	Disabled Facilities Grant	(476)	
(898)	Community Infrastructure Levy	(983)	
0	Local Enterprise Partnership	(189)	
0	Other	(17)	
(3,248)	Total	(3,906)	

Credited to Services

31 March 2018		31 March 2019
£000		£000
(18,754)	Housing Benefit	(18,396)
(192)	Housing Benefit Admin Grant	(175)
(161)	Discretionary Housing Payment	(150)
(130)	Council Tax Support Admin Grant	(86)
(125)	NDR Cost of Collection Grant	(126)
0	NDR Section 31 Grant	0
(16)	Register of Electors	(12)
(2)	Other Grants	(171)
(19,380)	Total	(19,116)

Note 30 - Related Parties

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

Central Government - Central government has effective control over the general operations of the Authority– it is responsible for providing the statutory framework, within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are set out in the note on Grant income.

Members - Members of the council have direct control over the council's financial and operating policies. The total of members' allowances paid in 2018/19 is shown in the note on Members allowances. During 2018/19, there were no works or services commissioned from companies in which members had an interest.

During the year no elected Member, senior officer or close relations or members of the same household have undertaken any declarable transactions with the Council. However, the Council has agreed the payment of grants totalling £239,794 (2017/18, £213,250) to a range of voluntary organisations. In some of these a number of elected Members had an interest. The grants affected were, however, made with proper consideration of declarations of interest and the relevant members did not take part in any discussion or decision relating to these grants. Details of all these transactions are recorded in the Register of Members'

Interests, open to public inspection during normal office hours from Committee Services Section, Council Offices, Oxted.

Officers - No pecuniary interest in accordance with section 117 of the Local Government Act 1972 were declared by Officers of the Council's Corporate Management Team.

Other Public Bodies, the Council is involved in a number of joint working arrangements including:

(a) The Council's revenues and benefits system is hosted by Mole Valley District Council; and

(b) The Council's financial management system is hosted by Sevenoaks District Council.

In both these instances, the Council is responsible for ensuring the integrity of its records and the host for maintaining the infrastructure.

The Council's payroll system is administered by Midland HR & Payroll Solutions under a service contract.

In March 2010, the Council's Resources Committee considered and accepted a Memorandum of Understanding to establish a Joint Committee for the oversight of delivery of Surrey Public Authority Services generally. The leader of the Council, with the Chairman of Resources as the substitute, is the Council's representative on this committee. It is authorised to act on behalf of the parties in determining the range of services that could be provided.

Note 31 - Capital Expenditure and Capital Financing

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

Capital Expenditure and Capital Financing

31 March 2018 £000		31 March 2019 £000
60,805	Opening Capital Financing Requirement	58,508
	Capital Investment:	
6,601	Property Plant and Equipment	10,671
590	Intangible Assets	685
307	Revenue Expenditure Funded from Capital Under Statute	614
0	Other Capital Expenditure	5,593
0	Loans to Organisations	5,926
7,497	Total Capital Spending	23,489
	Sources of Finance:	
(1,192)	Capital receipts	(1,821)
(269)	Government Grants and other contributions	(596)
(4,812)	Major repairs reserve	(5,090)
	Sums set aside from revenue:	
(771)	- Direct revenue contributions	(697)
(2,750)	- Borrowing or liabilities met from the HRA	0
(9,794)	Total Sources of Finance	(8,204)
58,508	Closing Capital Financing Requirement	73,793

Explanation of movements in year

31 March 2018 £000		31 March 2019 £000
(2,750)	Increase in underlying need to borrow (unsupported by government financial assistance)	15,285
0	Other movements	0
(2,750)	Increase/(decrease) in Capital Financing Requirement	15,285

Note 32 - Leases

The Council currently has 25 vehicles financed under the terms of operating leases which are used within housing, open spaces and street cleansing. The Council also has a number of multi-functional devices (MFDs) under the terms of operating leases

Authority as Lessee - Operating Leases

The future minimum lease payments due under non-cancellable operating leases in future years are set out below:

31 March 2018 £000		31 March 2019 £000
151	Not later than one year	157
294	Later than one year and not later than five years	221
29	Later than five years	4
473	Total	382

The expenditure charged to services in the CIES during the year in relation to these leases was:

31 March 2018 £000		31 March 2019 £000
158	Minimum lease payments	173
158	Total	173

In year, the Authority acquired two new properties which are leased out.

Authority as Lessor - Operating Leases

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

31 March 2018 £000		31 March 2019 £000
233	Not later than one year	650
764	Later than one year and not later than five years	1,793
161	Later than five years	828
1,158	Total	3,271

Note 33 - Defined Benefit Pension Scheme

As part of the terms and conditions of employment of its officers, the Authority makes contributions towards the cost of post employment benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement. The Surrey County Council pension scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of Surrey County Council. Policy is determined in accordance with the Pensions Fund Regulations. The principal risks to the authority of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (ie largescale 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. We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post employment/retirement benefits is reversed out of the General Fund and Housing Revenue Account 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.

Discretionary Post-retirement Benefits Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There are no plan assets built up to meet these pension liabilities.

General Fund Transactions

2017/18	2018/19
LGPS £000	LGPS £000
Comprehensive Income and Expenditure Statement	
Cost of Services	
Service cost comprising:	
3,818 Current service cost	3,589
0 Past service cost	256
0 Administration expenses	0
Other Operating Expenditure:	
0 Administration expenses	0
Financing and Investment Income and Expenditure	
1,141 Net interest expense	1,203
4,959 Total charged to Surplus and Deficit on Provision of Services	5,048
Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement	
£000	£000
Re-measurement of the net defined benefit liability comprising:	
555 Return on plan assets (excluding the amount included in the net interest expense)	(3,325)
0 Actuarial gains and losses arising on changes in demographic assumptions	0
(1,935) Actuarial gains and losses arising on changes in financial assumptions	6,402
(1,380) Total charged to Other Comprehensive Income and Expenditure Statement	3,077
3,579 Total charged to the Comprehensive Income and Expenditure Statement	8,125

2017/18

2018/19

LGPS

LGPS

Movement in Reserves Statement

£000	£000
(4,959)	(5,048)
Reversal of net charges made to the Surplus or Deficit on the Provision of Services	
Actual amount charged against the general fund balance for pensions in the year:	
2,987	2,937
Employers' contributions payable to scheme	

2017/18 Pensions Assets and Liabilities Recognised in the Balance Sheet

2018/19

LGPS

LGPS

£000	£000
(118,118)	(131,442)
Present value of the defined obligation	
72,283	80,419
Fair value of plan assets	
(45,835)	(51,023)
Value of Assets / (Liabilities)	
0	0
Other movements in the (liability) / asset	
(45,835)	(51,023)
Net (liability) / asset arising from the defined benefit obligation	

2017/18	Movement in the Value of Scheme Assets	2018/19
LGPS		LGPS
£000		£000
71,196	Opening fair value of scheme assets	72,283
71,196	Revised Opening Balance	72,283
1,777	Interest income	1,874
	Re-measurement gain / (loss):	
(555)	- The return on plan assets, excluding the amount included in the net interest expense	3,325
2,987	Contributions from employer	2,937
652	Contributions from employees into the scheme	637
(3,774)	Benefits / transfers paid	(3,862)
0	Administration expenses	0
72,283	Closing value of scheme assets	77,194

2017/18	Movements in the Fair Value of Scheme Liabilities	2018/19
LGPS		LGPS
£000		£000
(116,439)	Opening balance at 1 April	(118,118)
(116,439)	Revised Opening Balance	(118,118)
(3,818)	Current service cost	(3,589)
(2,918)	Interest cost	(3,077)
(652)	Contributions from scheme participants	(637)
	Re-measurement gains and losses:	
0	- Actuarial gains / (losses) from changes in demographic assumptions	0
1,935	- Actuarial gains / (losses) from changes in financial assumptions	(6,402)
0	Past service cost	(256)
3,774	Benefits / transfers paid	3,862
(118,118)	Balance as at 31 March	(131,442)

LGPS - Pension Scheme - Assets comprised of:**Fair value of scheme assets**

2017/18		2018/19
Total		Total
£000		£000
8,563	Cash and cash equivalents	2,629

Equities:

by industry type

5,864	Consumer	2,090
5,316	Manufacturing	1,341
2,914	Energy and utilities	1,190
5,114	Financial Institutions	1,198
1,932	Health and care	1,023
4,071	Information technology	2,286
147	Other	204
25,358	Subtotal Equities:	9,332

Bonds:

by sector

2,509	Corporate (investment grade)	0
158	Corporate (non investment grade)	0
147	Government	0
331	Other	0
3,145	Subtotal Bonds:	0

Continued

Property:

by type

1,152 UK Property 3,661

0 Overseas
Property 1,339

**1,152 Subtotal
Property: 5,000**

**Private
Equity:**

by type

0 UK 4,576

**0 Subtotal
Private
Equity: 4,576**

**Other
Investment
Funds:**

by type

20,044 Equities 42,313

7,901 Bonds 12,895

0 Other 0

**27,945 Subtotal
Other
Investment
Funds: 55,208**

Derivatives:

by type

103 Forward
foreign
exchange 451

(2) Interest Rate 0

**101 Subtotal
Derivatives: 451**

66,264 Total Assets 65,235

The significant assumptions used by the actuary have been:

2017/18	LGPS	2018/19
Long term expected rate of return on assets		
0%	Equities:	7.2%
Mortality assumptions		
Longevity at retirement for current pensioners		
0.0	Men	22.5
0.0	Women	24.6
Longevity at retirement for future pensioners		
0.0	Men	24.1
0.0	Women	26.4
Other assumptions		
0%	Rate of inflation	3.4%
0%	Rate of increase in salaries	2.8%
0%	Rate of increase in pensions	2.5%
0%	Rate for discounting scheme liabilities	2.4%

Impact of assumptions on the obligation:

Increase by 1%	LGPS Assumption	Decrease by 1%
£000		£000
0	Longevity	0
0	Rate of inflation	0
2,764	Rate of increase in salaries	0
19,684	Rate of increase in pensions	0
0	Rate for discounting scheme liabilities	22,786

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund and Housing Revenue Account via the Movement in Reserves Statement. The transactions in the preceding table have been made in the Comprehensive Income and

Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year.

The table above shows the amount included in the Balance Sheet arising from the authority's obligation in respect of its defined benefit plans.

Asset and Liability Matching Strategy

The investment managers of the fund are appointed by the committee. The Surrey County Council Pension Fund's Statement of Investment Principles sets out the Fund's investment strategy to meet the payment of pensions over the life of the Fund, i.e., to be at or above a 100% funding level. The funding level as at the 31 March 2016 (the Triennial Review) necessitates an investment strategy that is expected to provide long term investment returns in excess of the anticipated rise in liabilities. As such the Fund does not have an explicit asset and liability matching strategy but the consideration of liabilities is of principal importance for determining the investment strategy.

The Fund holds assets that are highly correlated with the movement in valuation of fund liabilities, including fixed rate and index-linked gilts, as well as absolute return investments that seek to generate positive returns regardless of market conditions.

Investment risk is monitored regularly both in absolute terms and relative to the Fund's liabilities, with regular scrutiny by the Surrey Pension Fund Board and its external advisors.

The Authority anticipates to pay £2.7m expected contributions to the scheme in 2019/2020. The weighted average duration of the defined benefit obligation for scheme members is 15.8 years in 2016/17.

Note 34 - Contingent Liabilities

There is a potential liability arising from a Court of Appeals judgement (McCloud) regarding age discrimination arising from public sector pension scheme transition arrangements. The Government Actuary Department is undertaking a review to identify the impact. Currently the impact cannot be fully quantified, or time frame determined.

Note 35 - Nature and Extent of Risks Arising from Financial Instruments

The Council's management of treasury risks actively works to minimise exposure to the unpredictability of financial markets and to protect the financial resources available to fund services. The procedures for risk management are set out through a legal framework based on the Local Government Act 2003 and associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Code on Treasury Management in the Public Services and investment guidance issued through the Act.

The Council has written principles for overall risk management as well as written policies and procedures (Treasury Management Practices - TMPs) covering specific areas such as interest rate risk, credit risk and the investment of surplus cash.

These TMPs are a requirement of the Code of Practice and are reviewed periodically.

The Annual Treasury Management Strategy which incorporates the prudential indicators was approved by the Council in March 2019 and is available on the Council's website.

Credit Risk

Credit risk arises from the lending of surplus cash 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 is currently using highly rated institutions and high security money market funds. The Council has a policy of limiting deposits with individual institutions to a maximum of £4million.

The Council's maximum exposure to credit risk over the last five years has been based on

- historical experience adjusted for market conditions as at 31 March 2019
- historic experience of default

The maximum credit limit for individual institutions was not exceeded during the financial year and the Council expects full repayment on the due date of deposits placed with its counterparties.

Liquidity Risk

The Council uses financial systems to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a pessimistic basis, with receipts under-estimated and payments over-estimated to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. Decisions on long-term investments are set by reference to the Council's medium term financial plan and cash flow forecast.

The Council has access to borrowing from the money markets to cover day to day cash flow needs and to the Public Works Loans Board (PWLB) and money markets for access to longer term funds. 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.

Liquidity Risk	31 March	31 March
	2018	2019
	£000	£000
Less than one year	3,850	4,050
Between one and two years	4,050	4,250
Between two and five years	9,450	8,350
More Than 5 Years	19,750	22,550
More Than 10 years	27,873	48,088

Interest Rate Risk

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

- investments and borrowing at variable rates – the interest income credited (investments) or charged (borrowing) to the Income and Expenditure Account would increase, and;
- Investments and borrowing at fixed rates – the fair value of the assets and borrowing will fall.

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

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 and variable rate loans are limited to a maximum of 40% of overall borrowing

Interest rate exposures on financial investments

The Council sets a limit on investments with a variable interest rate to control the Council's exposure to interest rate risk. The upper limits on fixed and variable rate interest rate exposures, expressed as a proportion of net principal borrowed will be:

	2018/19 £m	2019/20 £m	2020/21 £m
Upper limit on fixed interest rate exposures	120	120	120
Upper limit on variable interest rate exposures	40	40	40

Fixed rate investments and borrowings are those where the rate of interest is fixed for the whole financial year. Instruments that mature during the financial year are classed as variable rate.

Loss Allowance by Asset Class: Amortised Cost

	12 month expected credit loss	Lifetime expected credit losses – not credit impaired	Lifetime expected credit losses – credit impaired	Lifetime expected credit losses – simplified approach	Purchased or originated credit impaired financial assets	Total
	£000	£000	£000	£000	£000	£000
Opening Balance as at 1 April 2018	10	0	0	0	0	10
Transfers:						
- Individual financial assets transferred to 12-month expected credit losses	0	0	0			0
- Individual financial assets transferred to lifetime expected credit losses	0	0	0			0
- Individual financial assets transferred to lifetime expected credit losses credit impaired	0	0	0	0		0
New financial assets originated or purchased	0				0	0
Amounts written off	0	0	0	0	0	0
Financial assets that have been derecognised	0	0	0	0	0	0
Changes due to modifications that did not result in derecognition	0	0	0	0	0	0
Changes in models/risk parameters	0	0	0	0	0	0
Other changes	0	0	0	0	0	0
As at 31 March 2019	10	0	0	0	0	10

Credit risk rating

Gross carrying amount

£

AAA* rated counterparties	17,959
AA* rated counterparties	0
A* rated counterparties	0
Other Investments	9,720
	<u>27,679</u>

Note 36 - Note to the Expenditure and Funding Analysis

	2018/19			Total Adjustments
	Net Capital Statutory Adjustments	Net Pensions Statutory Adjustments	Other Statutory Adjustments	
	£000	£000	£000	£000
Resources	172	382	6	560
Community Services	1,470	123	0	1,593
Housing Services	638	65	(4)	699
Planning	0	178	(10)	168
Housing Revenue Account	1,842	142	4	1,988
Gryllus Property	0	0	0	0
Net Cost of Services	4,122	890	(4)	5,008
Other Income and Expenditure	(4,353)	1,221	7	3,125
	(231)	2,111	3	1,883
Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement				

	2017/18			Total Adjustments
	Net Capital Statutory Adjustments	Net Pensions Statutory Adjustments	Other Statutory Adjustments	
	£000	£000	£000	£000
Resources	5	168	(15)	158
Community Services	994	159	8	1,161
Housing Services	597	101	3	701
Planning	0	137	3	140
Housing Revenue Account	533	178	6	717
Gryllus Property	0	0	0	0
Net Cost of Services	2,129	743	4	2,876
Other Income and Expenditure	(1,076)	1,222	301	447
	1,053	1,965	305	3,323
Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement				

Adjustments for capital purposes – this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

- Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- Financing and investment income and expenditure – the statutory charges for capital financing ie Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net Change for the Pensions Adjustments - Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income

- For services this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.
- For Financing and investment income and expenditure – the net interest on the defined benefit liability is charged to the CIES.

Other Differences - Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- For Financing and investment income and expenditure the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.

- The charge under Taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund

Note 37 - Segmental Analysis of Income and Expenditure

Housing services Material items of income and expenditure is comprised of £18,732k Housing benefit subsidy income (2016/17, £20,760k) and are Expenditure for Housing Benefits and Discounts totalling £19,045k (2016/17, £20,958k)

	Revenues from External Customers	Interest Revenue	2018/19 Interest Expense	Depreciation and Amortisation	Material Items of Income and Expense
	£000	£000	£000	£000	£000
Resources	(848)	(1,224)	344	2,158	148
Community Services	(1,184)	0	0	762	0
Housing Services	(513)	0	0	(127)	101
Planning	(837)	0	0	(1)	0
Housing Revenue Account	(14,466)	0	1,608	0	0
Gryllus Property	0	0	0	0	0
Total Managed by Segments	(17,849)	(1,224)	1,952	2,792	249

	Revenues from External Customers	Interest Revenue	2017/18 Interest Expense	Depreciation and Amortisation	Material Items of Income and Expense
	£000	£000	£000	£000	£000
Resources	(452)	(833)	96	0	0
Community Services	(1,110)	0	0	575	0
Housing Services	(560)	0	0	0	179
Planning	(2,100)	0	0	0	0
Housing Revenue Account	(14,977)	0	1,632	2,776	0
Gryllus Property	0	0	0	0	0
Total Managed by Segments	(19,200)	(833)	1,728	3,351	179

Note 38 - Expenditure and Income Analysed by Nature

2017/18		2018/19
£000	Nature of Expenditure or Income	£000
(23,318)	Fees, charges and other service income	(24,656)
1,264	Support Service recharge income	0
	0 Surplus or deficit on associates and joint ventures	0
(708)	Interest and investment income	(947)
(9,202)	Income from local taxation	(10,253)
(22,628)	Government grants and contributions	(22,950)
(3,024)	Other income	(1,712)
15,973	Employee benefits expenses	16,263
(1,264)	Support service recharge expenditure	190
34,693	Other service expenses	34,782
7,010	Depreciation, amortisation and impairment	4,953
2,823	Interest payments	3,093
838	Precepts and levies	861
388	Payments to Housing Capital Receipts Pool	360
(629)	Gain or loss on disposal of non-current assets	(1,856)
3,532	Other expenditure	3,608
5,748	Surplus or Deficit for Year	2,514

Housing Revenue Account Income and Expenditure Statement

31 March 2018		31 March 2019
£000		£000
	Expenditure	
2,532	Repairs & Maintenance	2,542
4,295	Supervision & Management	4,378
282	Rents, Rates, Taxes and other charges	354
5,511	Depreciation, impairments and revaluation losses of non-current assets	3,895
55	Debt Management Costs	53
47	Movement in the allowance for bad debts	23
0	Other	0
12,722	Total Expenditure	11,245
	Income	
(13,180)	Dwelling rents	(13,055)
(330)	Non-dwelling rents	(311)
(1,219)	Charges for services and facilities	(1,449)
(582)	Contributions towards Expenditure	(72)
(15,311)	Total Income	(14,886)
(2,590)	Net Expenditure or Income of HRA Services as included in the whole authority Comprehensive Income and Expenditure Statement	(3,642)
314	HRA Services Share of Corporate & Democratic Core	352
(2,276)	Net Expenditure or (Income) of HRA Services	(3,290)
2,794	(Gains)/loss on sale of HRA Fixed Assets	2,514
1,632	Interest Payable and Similar Charges	1,608
(30)	HRA Interest and Investment Income	(52)
203	Net interest on the defined benefit liability/asset	207
2,324	(Surplus) or Deficit for Year on HRA Services	988

Movement on the HRA Statement

31 March 2018 £000	Movement on the HRA Statement	31 March 2019 £000
(749)	Balance on the HRA at the end of the previous year	(717)
0	Transition to IFRS9 - Opening Balance Adjustment	0
0	Opening balance adjustments on adoption of IFRS15	0
(749)	Revised opening balance	(717)
2,324	(Surplus) or Deficit on the HRA Income and Expenditure Statement	988
(1,167)	Adjustments between accounting basis and funding basis under statute	(1,988)
1,157	Net (increase) or decrease before transfers to or from reserves	(1,000)
(1,125)	Transfer to/(from) reserves	967
32	(Increase) or decrease on the HRA for the year	(33)
(717)	Balance on the HRA at the end of the current year	(750)

31 March 2018 £000	Adjustment between accounting basis	31 March 2019 £000
(2,761)	Transfers to/(from) the Capital Adjustment Account	(3,895)
(2,794)	Gain or (loss) on sale of non-current assets	(2,514)
(634)	Contributions to or (from) the Pension Reserve	(616)
(134)	Transfers to/(from) the Capital Receipts Reserve	(237)
0	Transfers to/(from) the Accumulated Absences Account	0
4,812	Transfers to/(from) Major Repairs Reserve	5,153
344	Capital expenditure funded by the HRA	122
(1,167)	Net additional amount required by statute to be debited or (credited) to the HRA Balance for the year	(1,987)

31 March 2018	Transfer to/from Reserves	31 March 2019
£000		£000
(781)	Transfers to earmarked reserves	1,089
(344)	Transfers from earmarked reserves	(122)
(1,125)	Total Transfers	967

HRA Property, Plant and Equipment

Movements to 31 March 2019

	Council Dwellings	Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Assets Under Construction	Total Property, Plant and Equipment
	£000	£000	£000	£000	£000	£000
Cost or Valuation						
at 1 April 2018	322,317	5,926	38	138	341	328,760
Adjustments to cost/value & depreciation/impairment	0	0	0	0	0	0
Additions	4,741	94	0	226	4,751	9,812
Revaluation increases/(decreases) recognised in the Revaluation Reserve	11,587	0	0	0	0	11,587
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	1,035	0	0	0	0	1,035
Derecognition – disposals	(1,068)	0	0	0	0	(1,068)
Derecognition – other	(2,994)	(94)	0	(226)	0	(3,314)
Reclassifications and transfers	174	0	0	0	(174)	0
at 31 March 2019	335,793	5,926	38	138	4,918	346,812
Accumulated Depreciation and Impairment						
at 1 April 2018	(4,319)	(340)	51	(14)	(7)	(4,629)

Adjustments to cost/ value & depreciation/ impairment	0	0	0	0	0	0
Depreciation charge	(4,443)	(334)	0	(108)	0	(4,885)
Depreciation written out to the Revaluation Reserve	7,179	0	0	0	0	7,179
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0
Impairment losses/ (reversals) recognised in the Revaluation Reserve	0	0	0	0	0	0
Derecognition – disposals	24	0	0	0	0	24
at 31 March 2019	(1,559)	(673)	51	(123)	(7)	(2,311)
Net Book Value						
at 31 March 2019	334,234	5,253	89	16	4,911	344,501
at 31 March 2018	317,998	5,586	89	124	334	324,131

Movements to 31 March 2018

	Council Dwellings	Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Assets Under Construction	Total Property, Plant and Equipment
	£000	£000	£000	£000	£000	£000
Cost or Valuation						
at 1 April 2017	305,117	5,688	115	138	181	311,239
Adjustments to cost/value & depreciation/impairment	0	0	0	0	0	0
Additions	5,753	57	0	166	160	6,135
Revaluation increases/(decreases) recognised in the Revaluation Reserve	16,367	225	0	0	0	16,592
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(1,011)	13	0	0	0	(998)
Derecognition – disposals	(729)	0	(77)	0	0	(806)
Derecognition – other	(3,180)	(57)	0	(166)	0	(3,402)
Reclassifications and transfers	0	0	0	0	0	0
at 31 March 2018	322,317	5,926	38	138	341	328,760
Accumulated Depreciation and Impairment						
at 1 April 2017	(4,028)	(458)	(25)	(10)	(7)	(4,527)
Adjustments to cost/ value & depreciation/ impairment	0	0	0	0	0	0
Depreciation charge	(4,311)	(340)	(2)	(5)	0	(4,657)
Depreciation written out to the Revaluation Reserve	3,836	456	0	0	0	4,293

Depreciation written out to the Surplus/Deficit on the Provision of Services	174	1	0	0	0	175
Impairment losses/ (reversals) recognised in the Revaluation Reserve	0	0	0	0	0	0
Derecognition – disposals	10	0	77	0	0	87
at 31 March 2018	(4,319)	(340)	51	(14)	(7)	(4,629)
Net Book Value						
at 31 March 2018	317,998	5,586	89	124	334	324,131
at 31 March 2017	301,089	5,230	91	129	174	306,712

HRA Intangible Assets

31st March 2018		31st March 2019
Total		Total
£000		£000
	Balance at start of year:	
155	· Gross carrying amounts	225
0	· Accumulated amortisation	(31)
155	Net carrying amount at start of year	194
	Additions:	
70	· Internal development	19
(31)	Amortisation for the period	(45)
194	Net carrying amount at end of year	168
	Comprising:	
225	· Gross carrying amounts	244
(31)	· Accumulated amortisation	(76)
194	Net carrying amount at end of year	168

Notes to the HRA Account

The Housing Revenue Account is a record of expenditure on, and income from, the provision of local authority housing, and the form and content of the Account is prescribed by statute. The Housing Revenue Account is 'ringed fenced' and must be self-supporting.

Contributions both to and from the Housing Revenue Account (e.g from the General Fund) are limited to special circumstances.

Housing Stock

	Pre 1945 No.	1945 to 1968 No.	Post 1968 No.	Total No.
Low Rise Flats (blocks up to 2 storeys)				
1 Bed	32	192	562	786
2 Bed	16	184	135	335
3 Bed	1	4	3	8
	49	380	700	1,129
Medium Rise Flats (blocks of 3 - 5 storeys)				
1 Bed	36	13	115	164
2 Bed	0	25	90	115
3 Bed	16	1	21	38
	52	39	226	317
High Rise Flats (blocks of 6 storeys or more)				
Houses / Bungalows				
1 Bed	0	90	57	147
2 Bed	22	147	76	245
3 Bed	293	379	53	725
4 or More	16	23	4	43
	331	639	190	1,160
Total Dwellings	432	1,058	1,116	2,606

The number of dwellings in the Authority's housing stock, as at 31st March 2019, totalled 2,606 properties.

The type of properties and the period in which they were built are shown in the summary above. Bedsit properties have been included under the 1 bed category

Housing Revenue Account Capital Expenditure & Financing

31 March 2018		31 March 2019
£000		£000
Capital investment		
6,045	Operational assets	5,081
160	Non-operational assets	4,751
6,205	Total capital investment	9,832
Sources of funding		
(1,049)	Capital Receipts	(1,821)
(4,812)	Major Repairs Reserve	(5,090)
0	Government grants and other contributions	0
0	Long Term Borrowing	(2,800)
(344)	Direct Revenue Financing	(121)
(6,205)	Total funding	(9,832)

As at 31st March 2019 total HRA rent arrears stood at £413,800. This is a decrease of £82,900 compared to 2017/18 (£496,700).

The provision for bad and doubtful debts relating to the HRA is £179,800. This is a decrease of £39,900 compared to 2017/18 (£219,700)

Transactions relating to retirement benefits

31 March 2018		31 March 2019
£000		£000
680	Current Service Cost	617
203	Net interest expense	207
884	Total charged to Comprehensive Income and Expenditure Statement	824
(250)	Employer's contributions payable to the Pension Fund and retirement benefits payable direct to pensioners	(208)
634	Movement on Pension Reserve	616

Total Capital Receipts Generated during the year

31 March 2018		31 March 2019
£000		£000
(100)	Land	0
(1,227)	Council Houses	(1,843)
0	Other Property	0
(1,327)	Total	(1,843)

Collection Fund

31 March 2018

31 March 2019

Business Rates £000	Council Tax £000	Total £000	Collection Fund	Business Rates £000	Council Tax £000	Total £000
INCOME:						
	(67,756)	(67,756)	Council Tax Receivable		(72,120)	(72,120)
(18,069)		(18,069)	Business Rates Receivable	(21,347)		(21,347)
(1,493)	(5)	(1,498)	Transitional Protection Payments Receivable	(894)	2	(893)
(19,562)	(67,761)	(87,324)	Total amounts to be credited	(22,241)	(72,118)	(94,359)
EXPENDITURE:						
Apportionment of Previous Year Surplus/Deficit:						
(425)		(425)	Central Government	(1,138)		(1,138)
(340)	240	(100)	Tandridge District Council	(911)	28	(883)
(85)	1,385	1,300	Surrey County Council	(228)	165	(63)
	241	241	Surrey Police Authority		220	220
Precepts, demands and shares:						
10,399		10,399	Central Government	0		0
8,320	8,486	16,805	Tandridge District Council	6,330	8,826	15,156
2,080	50,012	52,091	Surrey County Council	14,770	53,601	68,371

	8,435	8,435	Surrey Police Authority		8,985	8,985
			Charges to Collection Fund:			
0	0	0	Write-offs of uncollectable amounts	0	0	0
53	(27)	26	Increase/(decrease) in allowance for impairment	477	1,065	1,542
(120)		(120)	Increase/(decrease) in allowance for appeals	383		383
0		0	Transitional Protection Payments Payable	0		0
125		125	Charge to General Fund for allowable collection costs for non-domestic rates	126		126
20,007	68,771	88,778	Total amounts to be debited	19,809	72,890	92,699
445	1,009	1,454	(Surplus)/Deficit arising during the year	(2,432)	772	(1,660)
2,691	(1,387)	1,304	(Surplus)/Deficit b/f at 1 April 2018	3,136	(377)	2,758
3,136	(377)	2,758	(Surplus)/Deficit c/f at 31 March 2019	704	394	1,098

Notes to the Collection Fund

Note 1 - Council Tax Income

2018/19

Band	Valuation band limits £	Calculated	Ratio to band D	Equated No of
		no of dwellings No		dwellings No
A	Upto and including - 40,000	700	6/9	574
B	40,001 - 52,000	1,809	7/9	1,241
C	52,001 - 68,000	4,445	8/9	3,733
D	68,001 - 88,000	7,913	9/9	7,176
E	88,001 - 120,000	6,875	11/9	6,621
F	120,001 - 160,000	4,496	13/9	4,426
G	160,001 - 320,000	5,827	15/9	5,789
H	More than - 320,001	1,142	18/9	1,136
Adjustment				268
Council tax base				<u>30,963</u>

2017/18

Band	Valuation band limits £	Calculated	Ratio to band D	Equated No of
		no of dwellings No		dwellings No
A	Upto and including - 40,000	687	6/9	565
B	40,001 - 52,000	1,779	7/9	1,215
C	52,001 - 68,000	4,351	8/9	3,632
D	68,001 - 88,000	7,880	9/9	7,086
E	88,001 - 120,000	6,823	11/9	6,550
F	120,001 - 160,000	4,492	13/9	4,409
G	160,001 - 320,000	5,779	15/9	5,741
H	More than - 320,001	1,127	18/9	1,123
Adjustment				265
Council tax base				<u>30,585</u>

Glossary

ACCOUNTING PERIOD	The period of time covered by the accounts, normally a period of twelve months commencing on 1 st April. The end of the accounting period is the Balance Sheet date
ACCRUALS	Sums included in the final accounts to recognise revenue and capital income and expenditure earned or incurred in the financial year, but for which actual payment had not been received or made as at 31 March
ACTUARIAL GAINS AND LOSSES	For a defined benefit pension scheme, the changes in actuarial surpluses or deficits that arise because: Events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses); or The actuarial assumptions have changed
ASSET	An item having value to the authority in monetary terms. Assets are categorised as either current or non-current. A current asset will be consumed or cease to have material value within the next financial year (e.g. cash and stock); A non-current asset provides benefits to the Authority and to the services it provides for a period of more than one year and may be tangible e.g. a community centre, or intangible, e.g. computer software licences
AUDIT OF ACCOUNTS	An independent examination of the Authority's financial affairs
BALANCE SHEET	A statement of the recorded assets, liabilities and other balances at the end of the accounting period
BILLING AUTHORITY	A local authority charged by statute with the responsibility for the collection of and accounting for Council Tax and NNDR. These in the main are district Councils, such as Tandridge, and unitary authorities, e.g. London boroughs
BORROWING	Using cash provided by another party to pay for expenditure, on the basis of an agreement to repay the cash at a future point, usually incurring additional interest charges over and above the original amount
BUDGET	The quantitative expression of a plan for a defined period of time. The forecast of revenue and capital expenditure over the accounting period
CAPITAL EXPENDITURE	Expenditure on the acquisition of a fixed asset, which will be used in providing services beyond the current accounting period, or expenditure which adds to and not merely maintains the value of an existing fixed asset
CAPITAL FINANCING	Funds raised to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, direct revenue financing, usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves
CAPITAL PROGRAMME	The capital schemes the Authority intends to carry out over a specific period of time
CAPITAL RECEIPT	The proceeds from the disposal of land or other fixed assets. Proportions of capital receipts can be used to finance new capital expenditure, within rules set down by the government but they cannot be used to finance revenue expenditure

COLLECTION FUND	A separate fund that records the income and expenditure relating to Council Tax and non-domestic rates
COMMUNITY ASSETS	Assets that the Authority intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are parks and historical buildings
COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT	The account of the Authority that reports the net cost for the year of the functions for which it is responsible and demonstrates how that cost has been financed from precepts, grants and other income
CREDITOR	Amount owed by the Authority for work done, goods received or services rendered within the accounting period, but for which payment has not been made by the end of that accounting period
CURRENT SERVICE COST (PENSIONS)	The increase in the present value of a defined benefits pension scheme's liabilities, expected to arise from employee service in the current period
DEBTOR	Amount owed to the Authority for works done, goods received or services rendered within the accounting period, but for which payment has not been received by the end of that accounting period
DEFINED BENEFIT PENSION SCHEME	Pension schemes in which the benefits received by the participants are independent of the contributions paid and are not directly related to the investments of the scheme
DEPRECIATION	The measure of the cost of wearing out, consumption or other reduction in the useful economic life of the Authority's fixed assets during the accounting period, whether from use, the passage of time or obsolescence through technical or other changes
DISCRETIONARY BENEFITS (PENSIONS)	Retirement benefits, which the employer has no legal, contractual or constructive obligation to award and are awarded under the Authority's discretionary powers such as the Local Government (Discretionary Payments) Regulations 1996
EQUITY	The Authority's value of total assets less total liabilities
EVENTS AFTER THE BALANCE SHEET DATE	Events after the Balance Sheet date are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue
EXPECTED RETURN ON PENSION ASSETS	For a funded defined benefit scheme, this is the average rate of return, including both income and changes in fair value but net of scheme expenses, which is expected over the remaining life of the related obligation on the actual assets held by the scheme
FAIR VALUE	The fair value of an asset is the price at which it could be exchanged in an arm's length transaction between knowledgeable and willing parties
GOING CONCERN	The concept that the Statement of Accounts is prepared on the assumption that the Authority will continue in operational existence for the foreseeable future
GOVERNMENT GRANTS	Grants made by the government towards either revenue or capital expenditure in return for past or future compliance with certain conditions relating to the activities of the Authority. These grants may be specific to a particular scheme or may support the revenue spend of the Authority in general

GROUP ACCOUNTS	A Group is a parent and all its subsidiaries. Group Accounts are the financial statements of a group in which the assets, liabilities, reserves, income, expenses, and cash flows of the parent and its subsidiaries plus the investments in associates and interests in joint ventures are presented as those of a single economic entity
HOUSING BENEFITS	A system of financial assistance to individuals towards certain housing costs administered by authorities and subsidised by central government
HOUSING REVENUE ACCOUNT (HRA)	The HRA is not a fund but rather an account of transactions within the General Fund , which includes the income and expenditure arising from the provision of housing accommodation by the Authority. The HRA reflects a statutory obligation (Section 75 of the 1989 Act) to account separately for local authority housing provision. Known as the ring-fence
IMPAIRMENT	A reduction in the value of a fixed asset to below its recoverable amount, the higher of the asset's fair value less costs to sell and its value in use
INFRASTRUCTURE ASSETS	Fixed assets belonging to the Authority that cannot be transferred or sold, on which expenditure is only recoverable by the continued use of the asset created. Examples are highways, footpaths and bridges
INTANGIBLE ASSETS	An intangible (non-physical) item may be defined as an asset when access to the future economic benefits it represents is controlled by the reporting entity. This Authority's intangible assets comprise computer software licences
LIABILITY	A liability is where the Authority owes payment to an individual or another organisation. A current liability is an amount which will become payable or could be called in within the next accounting period, e.g. creditors or cash overdrawn. A non-current liability is an amount which by arrangement is payable beyond the next year at some point in the future
MATERIALITY	The concept that the Statement of Accounts should include all amounts which, if omitted, or miss-stated, could be expected to lead to a distortion of the financial statements and ultimately mislead a user of the accounts
NET BOOK VALUE	The amount at which fixed assets are included in the Balance Sheet, i.e. their historical costs or current value less the cumulative amounts provided for depreciation
NON-DOMESTIC RATES (NDR)	The Non-Domestic Rate is a levy on businesses, based on a national rate in the pound set by central government (17/18 47.9p) and multiplied by the assessed rateable value of the premises they occupy. In England it is collected by the Authority on behalf of itself, central government and major preceptors
NON-OPERATIONAL ASSETS	Fixed assets held by the Authority but not directly occupied, used or consumed in the delivery of services. Examples are investment properties, assets under construction or assets surplus to requirements pending sale or redevelopment
OPERATING LEASE	A lease where the ownership of the fixed asset remains with the lessor
OPERATIONAL ASSETS	Fixed assets held and occupied, used or consumed by the Authority in the pursuit of its strategy and in the direct delivery of those services for which it has either a statutory or discretionary responsibility

PAST SERVICE COST (PENSIONS)	For a defined benefit pension scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to retirement benefits
PENSION SCHEME LIABILITIES	The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. Scheme liabilities measured during the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date
PRECEPT	The levy made by precepting authorities (e.g. the County Council) on billing authorities (e.g. a District Council), requiring the latter to collect income from Council Tax on their behalf
PROVISION	An amount put aside in the accounts for future liabilities or losses which are certain or very likely to occur but the amounts or dates of when they will arise are uncertain
PUBLIC WORKS LOAN BOARD (PWLB)	A Central Government Agency, which provides loans for one year and above to authorities at interest rates only slightly higher than those at which the government can borrow itself
RATEABLE VALUE	Business Rates are worked out based on the "rateable value" of a property. This is its open market rental value on 1 st April 2015 based on an estimate by the Valuation Office Agency (VOA)
RESERVES	The accumulation of surpluses, deficits and appropriations over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Authority. Some capital reserves such as the fixed asset restatement account cannot be used to meet current expenditure
REVENUE EXPENDITURE CAPITALISED UNDER STATUTE (REFCUS)	Expenditure which ordinarily would be revenue, but is statutorily defined as capital. Examples of REFCUS include grants of a capital nature to voluntary organisations and back pay expenditure capitalised under Secretary of State Direction.
REVENUE SUPPORT GRANT	A grant paid by Central Government to authorities, contributing towards the general cost of their services.