

## Draft Cambridgeshire County Council Statement of Accounts 2024-25

To: Audit and Accounts Committee

Meeting Date: 23 July 2025

From: Executive Director of Finance and Resources

Executive Summary: The Committee, on behalf of all Members, is the body charged with governance and responsibility to review the council's unaudited financial statements for the year ending 31 March 2025. This provides a comprehensive analysis of the council's income, expenditure, assets and liabilities, in the statutory required form. The accounts have been prepared in accordance with CIPFA's Code of Practice on Local Authority Accounting 2024-25 and actions from previous external audit findings addressed. The report identifies a number of year-on-year changes and accounting adjustments. The accounts will be subject to audit by our external auditors KPMG and reported back to this Committee before the deadline on 28 February 2026.

Recommendation: To note the Council's draft Statement of Accounts 2024-25 at Appendix 3.

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# 1. Background

- 1.1 The annual Statement of Accounts is the financial representation of all activities that the Council has been directly or indirectly involved with, over the course of the 2024-25 financial year. The publication of the Statement of Accounts is an essential feature of public accountability and stewardship, as it provides an annual report on how the council has used the public funds for which it is responsible.
- 1.3 The full Statement of Accounts includes:
- a narrative report explaining the council's activities for the year
  - the accounts related solely to the Council, with the core statements being
    - Comprehensive Income and Expenditure Statement (CIES)
    - Balance Sheet
    - Movement in Reserves Statement (MiRS)
    - Cash Flow Statement
  - group accounts consolidating the accounts of the Council with those of the Council's wholly owned housing company, This Land Ltd
  - the accounts of the Cambridgeshire Pension Fund and
  - the draft Annual Governance Statement (to be fully considered by this committee under a separate item on this meeting agenda)
- 1.4 The draft accounts are attached at Appendix 3 and have been published on the council's website: [Draft Statement of Accounts 2024-25](#)
- 1.5 Accounts are prepared under the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting 2024-25 (the Code), which is based on International Financial Reporting Standards (IFRS) adapted for public sector use. The format of the accounts is prescribed almost entirely by the Code with little leeway outside of the narrative report to vary presentation or provide explanation that may help users of the accounts. IFRS are themselves complex accounting standards which, when further adapted by the Code (itself a product of a convoluted statutory backdrop for local authority accounting in the UK), results in a lengthy accounts document that is not necessarily easy to understand by people who may be interested in it.
- 1.6 The signing, approval and publication of the accounts is set out in Section 9 of the Accounts and Audit Regulations 2015. The accounts will require further certification and approval by this committee at the conclusion of the audit; any material changes arising from the audit will be reported back to future meetings of the Audit Committee, prior to approval. The independent auditor's report (ISA 260 report) will also be provided for this committee to consider.
- 1.7 The timelines in the Accounts and Audit Regulations 2015, as amended, required the publication of these draft accounts by 30 June 2025. Despite the significant challenges in meeting this deadline due to factors already reported to this committee previously, including the backlog of previous audit work overlapping with the time allotted for preparatory work for these accounts, the council managed this. This year, we were one of 75% of authorities who were able to meet this deadline, an improvement from the 41% last year.
- 1.8 The Committee previously noted the audit plan submitted by our external auditor, KPMG. That plans for most audit work to be completed in the Autumn of 2025, ahead of the national statutory backstop date for publication of final audited accounts of 28 February 2026. The council hopes to have concluded the audit with KPMG well in advance of that date.

- 1.9 These accounts are presented in the context of the local audit sector recovering from several years of backlogs and lack of capacity. As previously reported to committee, the government has approached the issue through a combination of increasing resource to the sector (mainly through increased fees paid by councils) and through introducing 'backstop dates', deadlines by which audits must be finalised otherwise auditors are required to give a disclaimed opinion stating that insufficient work has been completed to give a full opinion. The council is now up to date with its audits, but was impacted by the backstop dates in both 2022-23 (in which no audit at all was undertaken by the former auditor EY) and 2023-24 (in which KPMG were able to undertake a substantial amount of audit work but could not fully conclude).
- 1.10 In due course, following the external audit, the committee will be asked to approve the final accounts for signing by the Chair.
- 1.11 Since committee reviewed and noted the accounting policies for the year in March 2025, some minor amendments to the policies surrounding measurement of PPE assets have been made by the Chief Financial Officer in preparing this statement of accounts or will be made for the final accounts (see Appendix 2).

## 2. Main Issues

2.1 This section summarises key items of the statement of accounts.

### 2.2 **Items to note in key statements**

#### *Comprehensive Income and Expenditure Statement (CIES)*

- 2.2.1 This statement shows the costs for the year of all of the council's activities, and how that is financed from general grants and from local taxpayers. It shows 'cost of services' at council directorate level, other items relating to the council to give a deficit on provision of services, and then further technical adjustments linked to capital and pensions to give the comprehensive expenditure position. The overall deficit on provision of services reported in the note does not reflect that actual position against the council's budget, which is reported through the management accounts.
- 2.2.2 It is important to read this note alongside the Expenditure and Funding Analysis (EFA), note 7, due to extensive accounting adjustments that are required due to mainly how capital expenditure is required to be treated in local authority accounts. The EFA segments the balances for each of the council's directorates into items chargeable to the general fund (which much more closely reconciles to the council's management accounts) and adjustments required to do with technical accounting.
- 2.2.3 Examples of technical accounting that influences the numbers in the CIES, and consequently which give rise to questions when comparing between years, include:
- Revaluations of property, both up and down, is recognised initially in the Cost of Services against the relevant directorate before being reversed out to the revaluation reserve
  - Similarly, depreciation on assets is charged to the Cost of Services before being reversed out to the capital adjustment account
  - Disposals of assets at a loss (such as transfers of school assets to academy trusts) is recognised initially as a loss before being reversed out
  - Capital expenditure that is revenue in nature but allowed to be capitalised under statute is recognised as a cost to the service again before being reversed out.

## Balance Sheet

- 2.2.4 The council has Net Assets as at 31st March 2025 of £1.37bn, a decrease on the previous year. Much of this decrease is driven by a combination of the valuation of property, plant and equipment (reductions which are not realised by the council unless an asset is sold but represent a decrease in the value of assets under our control, and disposals that typically relate to us transferring school assets to academy trusts), and increase in deficit reserves linked to schools budgets, and an increase in liabilities relating to the pension fund (which is more theoretical in terms of the council's overall position).
- 2.2.5 At year end the cash and cash equivalents available to the council were £54m, a minor reduction of £4m compared to the previous year, with the council trying to hold as little cash as practicable to avoid additional borrowing. The council's short-term debtor position has improved from £138m to £128m.
- 2.2.6 The council's liabilities (both current and long-term) total £1.3bn with the largest components being borrowing that the council had at year end to fund the capital programme (£250m of short-term and £601m of long-term borrowing).
- 2.2.7 The sum of the total assets and total liabilities provides the net asset position of the Council which is matched by the total reserves comprising Usable Reserves of £263m and Unusable Reserves of £1.1bn. Unusable Reserves represent items that are not available immediately to the council, such as the reserves that capture the effects of property valuation changes, and the adjustments required for capital asset accounting required for local authorities.

## **2.3 General Fund and Earmarked Reserves**

- 2.3.1 For the year ended 31 March 2025 the council experienced a revenue budget overspend of £4.45m which was funded from the General Fund to balance the financial position for 2024-25. The council has a strategy which is applied to restore the General Fund reserve to its planned level as part of its annual business planning process. Therefore, the General Fund was also increased by £0.9m as a result of the previous year's outturn position. This has resulted in a net +£3.56m movement during 2024-25.
- 2.3.2 The council's Earmarked Reserves (reserves set aside for a specific purpose) decreased by £3.8m during the year to £159m (including schools' reserves), once all earmarked reserves are factored in as required by the accounting code. The majority of this movement relates to the use of grants that were carried-forward into the year. Many of the earmarked reserve that have been built up in recent years due to the pandemic or other national issues have planned uses built into the medium-term financial plan and are starting to be released.

## **2.4 Expenditure and Income Analysed by Nature (Note 9)**

- 2.4.1 This is an important note for users of the accounts as it tried to simply set out what the make-up of the council's expenditure and income is for the year. Nevertheless, this simple note is still impacted by accounting requirements:
- The increase in 'depreciation, amortisation and impairment' is related to the reduction in the valuation of the council's assets, as mentioned above
  - The increase in 'Other Services Expenses' is primarily due to the increase in Revenue Expenditure Funded from Capital Under Statute (REFCUS) as a result of the restructuring of financial support to This Land (see 2.6); alongside increases in the cost of providing services (especially social care).

- The decrease in 'fees, charges and other service income' from £158m in 2023-24 to £138m in 2024-25 relates predominantly to there having been £20m+ of 'donated' assets in the prior year. This usually occurs where the council receives land from developers for construction of schools or community facilities, for example. These asset 'donations' initially go through the accounts as income before being reversed out to the capital adjustment account.

## 2.5 Leases

- 2.5.1 This is the first year that the council's accounts have been prepared fully in compliance with IFRS 16 (leases). This is a significant change in approach for UK local authorities, with leases where the council is the lessee (including contractual arrangements that are not necessarily described as leases) needed to be accounted for specifically as lease assets. Previously, some of these would have been accounted for as property assets, while others will just have been treated as revenue expenses.
- 2.5.2 This has the effect of increasing our balance sheet as new lease items are brought on, with other lease-specific accounting adjustments being made. More information is available in disclosure note 35 to the accounts. While technically complex, the practical impact of this, particularly for users of the accounts, is minimal, but as part of preparation for this implementation the council took the opportunity to cleanse and update its fixed asset register and became more aware of the contractual arrangements for assets that we were signed up to.
- 2.5.3 IFRS 16 also impacts upon the council's PFI arrangements, as it requires remeasurement of the liability to reflect any changes in unitary payment amounts. The impact of this is a £17m reduction in the council's net assets due to the increased liabilities.

## 2.6 This Land

- 2.6.1 This Land is a company wholly-owned by the council, with the purpose of land development and house building. The company, founded in 2016, received substantial loan financing from the council, with £119m outstanding in March 2025. These funds supported the company's land acquisitions and home-building activities, while the latest loan was aimed at sustaining the businesses existing asset management activities. During the past two years, the council, with assistance from external advisors, undertook a review of the company's asset valuations and business strategy to assess its financial health and viability.
- 2.6.2 In 2024-25, the company experienced financial strain due to broader economic pressures within the housing sector. This hindered its ability to meet loan interest obligations and develop a feasible plan for full loan repayment. In response, the council acted decisively in March 2025, restructuring the debt by converting roughly half into performance-contingent capital grants, which do not accrue interest. This adjustment reduced the company's immediate financial burden and laid the foundation for a viable recovery plan, committing to repay the remaining loans and interest within five years.
- 2.6.3 While the impact on the council's general fund position is limited, the impact of the restructuring on the council's accounts is quite widespread and has required judgements by the s151 Officer. It is set out in summary in the narrative report at pages 10-11 with signposting to impact in the remainder of the accounts, but to summarise:

### 2.6.4 Loan Changes and their Impact

- Fully Converted Loans: Some loans were turned entirely into capital grants. These are treated as new grants and no longer appear as loans on the balance sheet

- Partially Converted Loans: These are treated as new loans due to significant changes in repayment terms. This has an impact if the council carries the loans at amortised cost (see below)
- Modified Loans: Continuing loans, with increased interest rates, are treated as modified but not replaced and so have no accounting requirements.

2.6.5 These changes affect how the council records its assets and income, but do not change the total amount of capital spending.

2.6.6 Capital grants are technically revenue spend that is capitalised as REFCUS, and so it appears initially as a cost to services in the CIES (and in 'Other Services Expenses' in the expenditure analysis), as set out above, which is then reversed through to the capital adjustment account in line with capital accounting requirements for local authorities.

### Loan Asset Value

2.6.7 The council had previously recorded loans at their original value (historic cost), rather than using a method that reflects the timing of future interest income (amortised cost). Following a detailed review by the council for preparing these accounts, we have identified that the Code requires holding at amortised cost. This is not a consideration that had been previously identified when the original loans were recognised, nor has it been identified previously by officers or any of the three audit firms that have reviewed our accounts since. We therefore have had to determine the most appropriate treatment for the 2024-25 accounts.

2.6.8 If the amortised cost approach was taken, the balance sheet value of the remaining loans would increase by around £5.3m. The valuation methodology also affects how much interest income is recognised in 2024-25. If the amortised cost approach was taken the income recognition figure would reduce by around £1.4m – however, the income recognised in 2024-25 has already been mostly moved into earmarked reserves and so there is no actual impact on the net 2024-25 position. These differences are not material.

2.6.9 Following a full consideration of the options, the s151 Officer has judged it most appropriate to maintain the historic cost valuation basis. This is because this approach maintains continuity and is simpler for users of the accounts to understand. The balance sheet value equals the loan value outstanding, and the CIES entry is the loan interest due for the year in question. On the other side, moving to an amortised cost basis breaks that continuity and despite being Code compliant is more opaque to users of the accounts and, due to the increased interest rate on continuing loans, would actually result in a CIES gain being accounted for, which is deemed a perverse outcome of what is a change in financing for the company. It is also noted that the sums involved are considerably below the level of materiality for external audit and given the close public interest in this area, this is a justifiable departure from the Code. This decision is explained in the financial statements, including what the values would be under full compliance. The matter will of course be subject to audit and we will discuss this further with KPMG and bring conclusions back to this Committee as appropriate.

### Minimum Revenue Provision (MRP)

2.6.10 MRP is a statutory charge to revenue that ensures capital spending is paid off over time. Capital grants must be subject to an MRP payment, but as this sum has previously been treated as third-party loans historically the sums have not had an MRP made on the basis that the loan repayment ultimately means the loan cost is net nil – this approach, for historic loans, is still permitted. New rules governing MRP that came into effect in 2024-25 mean:

- Converted loans must now be subject to MRP.

- New loans may also require MRP if they show signs of financial risk.

2.6.11 MRP charges will start earlier than required for converted loans, to be prudent. For new loans, charges will begin in 2025–26 per the council's MRP policy.

### Equity Investment

2.6.12 The council holds a £5.9m equity stake in This Land. Due to the company's financial position and based on the latest draft business plan, this is now considered to require a write-down in value. The council has therefore written it down to zero; this has no impact on the general fund as it is reversed through the revaluation reserve. There is no impact of this aspect on MRP as the council has already financed the equity investment through capital receipts. The value of the equity will be kept under review and the impairment could be reversed if needed.

### Credit Risk Assessment

2.6.13 Under IFRS 9, an Expected Credit Loss (ECL) assessment is needed at each reporting date and assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. For the modified / continuing loans, no impairment is judged necessary:

- The comparator is between the credit risk at the reporting date (31/3/2025) and the initial recognition date (for all but the most recent loan advance the recognition date is between 2018 and 2020)
- Due to the restructuring of the loan portfolio, the overall reduction in the loan value and interest payments due, and the agreement of a new business plan that meets the payment of loan interest and principal, the risk of default at the reporting date is very likely lower than at the point of initial recognition and consequently no credit loss is expected.

2.6.14 For the 'new' loans (where accounting rules require us to treat existing loans as having been extinguished and replaced by new loans due to material changes to loan terms, i.e. higher interest rates and lower principal amounts), no impairment is judged necessary:

- These were advanced on 31 March 2025 which is also the reporting date.
- By definition therefore the credit risk cannot have increased significantly from the date of initial recognition.
- We have also assessed the new loans for credit impairment at recognition and due to the same factors this is not judged to be necessary.

## **2.7 Audit Fees**

2.7.1 Estimated audit fees are disclosed specifically in the accounts, at note 17. For 2024-25, the audit is estimated to cost £302k, which is the scale fee determined by Public Sector Audit Appointments. It is probable that additional fees will be payable to the auditor as in previous years. In other years, PSAA has agreed fee variations for the auditor for additional work on items like fixed asset valuations, for preparation around opinion disclaimers, and due to work determining objections to our accounts.

## **2.8 Audit opinion**

2.8.1 For 2023-24's accounts, the external auditor gave a disclaimed opinion. This effectively means that they could not get enough information to give a fully informed opinion on the accounts. This reflects the national issues referenced above, both in terms of there being insufficient time to do all the necessary work ahead of the statutory deadline, and that the

lack of an audit in 2022-23 resulted in there being no available assurance for the auditor over opening balances.

2.8.2 As reported previously to this committee, despite there having been progress made nationally to address audit backlogs and capacity, and despite there being an audit plan from KPMG that should deliver a full audit, we still expect to get a disclaimed opinion for 2024-25's accounts. The impact of the 2022-23 audit gap is still felt, and it will likely take several years of audit work for KPMG to build up enough assurance to deliver a fully unmodified opinion.

## **2.9 Detailed Auditor Recommendations**

2.9.1 One key outcome of external audit work is some detailed recommendations for process improvements that the auditors make. The council implements these recommendations, or otherwise explains why we do not think it appropriate. An update on the implementation of these recommendations from 2023-24 is provided at Appendix 1.

## **2.10 Next Steps**

2.10.1 The importance of the Statement of Accounts to the authority is high and although it is an historical backward-facing document, the closing of the accounts is vital to the financial planning process as it confirms the starting position for the 2024-25 financial year.

2.10.2 Alongside publication for this committee, the accounts have been formally published on our website, thereby commencing the public inspection period which ends on 11 August 2025.

2.10.3 It is not possible to say with any certainty when we will be able to update the committee on the conclusion of the audit of these accounts, but we will provide updates on progress when appropriate. The statutory backstop date for the auditor's opinion to be finalised is the end of February 2026, while they are expected to report on the value-for-money work by the end of November.

## **3. Appendices**

3.1 The draft statement of accounts is available on the website and is a key annex to this report [Draft Statement of Accounts 2024-25](#)

3.2 Appendix 1 – implementation of auditor recommendations

3.3 Appendix 2 – accounting policy change

3.4 Appendix 3 – Draft statement of accounts 2024/25

## **4. Source documents**

4.1 None.

## Appendix 1 – implementation of auditor recommendations

Audit Year:	Category	Description	Recommended actions:	Actions Taken	Resolved?
2023-24	Valuation of Post retirement benefit obligations	Upon review of the process and after discussions with management, we noted that there are no key controls in place around the assumptions. Although reviewed, management do not challenge the assumptions used or review the reasonableness of the calculations performed.		Valuations are considered and reviewed in detail by the Pensions team who, while employed through the lead authority delivery model by West Northamptonshire Council, are working for this council. Information is reviewed by Cambridgeshire staff and if needed would be challenged further, but review this year suggested no further challenge needed.	Partially
2023-24	Valuation of Post retirement benefit obligations	As the unfunded obligations are in surplus and unfunded obligations are by default a deficit item, these should not be aggregated together. We are therefore recommending that the Council shows these separately on the balance sheet.		This was split in the final accounts last year as suggested. This is not necessary this year as the Council is disclosing a net deficit (liability).	Yes

Audit Year:	Category	Description	Recommended actions:	Actions Taken	Resolved?
2023-24	This Land	<p>Management have not provided us with a paper or workings for an assessment of Expected Credit Loss (ECL) provision for the This Land Debtor, nor has any provision currently been recognised. The ECL provision should be equal to the contractual cashflows less the amount of cash (or similar consideration) expected to be received by the Council. We note that this balance, and the resulting accounting treatment, is highly dependent on This Land's ability to delivery its future business plan. While we have not received an ECL paper from management our review of the latest audited accounts of This Land, performance reports and latest business plans would indicate that the subsidiary is significantly behind plan and there has therefore been an increase in credit risk and a high probability that the subsidiary will default over the lifetime of the loan. This may result in a material adjustment to the accounts.</p>		<p>Company restructure completed. Expected credit loss assessment completed. External advice on the accounting treatment was gained throughout the process and discussed with the s151 Officer. A briefing note on accounting treatment selected and reasons for that, and ECL, has been prepared and shared with KPMG.</p>	Yes

Audit Year:	Category	Description	Recommended actions:	Actions Taken	Resolved?
2023-24	Control Deficiencies - Valuation workings	Due to the number and magnitude of errors identified in the valuation performed, including some simple calculation errors, we would consider there to have been insufficient review over the valuation performed. The management review control would also not meet the high level of criteria expected in auditing standards	Ensure sufficient knowledge and expertise is in place to review and challenge valuation assumptions and errors within the calculations. Management should also be able to challenge the competency of the valuer and understand their sources of information .	Revised quality assurance process implemented and results seen in 2024-25 accounts preparation. Documented more clearly through queries log with the external valuer. Thorough review by Finance team of all of the investment valuation inputs (for the material valuations) and challenge back to valuer. Clearer process has been set out this year with mapping, as well as documentation of the responsibilities and actions of the valuer, Property team and Finance team being developed.	Partially
2023-24	Control Deficiencies - Bank Reconciliations	KPMG noted that there were a number of old bank accounts, often with very low or nil value, that were not part of the entities standard bank reconciliation process and were not included in the accounts. Additionally, the year end process around school's balances was poorly timed resulting in a 10m overstatement in cash which could have been picked up if any reconciliations were performed over school's cash balances.	Close down old and redundant bank accounts as currently the significant number of accounts results in a process that is more complex then required. Implement a process to check (either all or a sample of) schools cash balances as reported to CCC against their bank accounts.	Several of the old and redundant bank accounts have now been closed. A handful remain, with outstanding actions needed to be taken in order to close them - this will be concluded during 2025-26.	Partially

Audit Year:	Category	Description	Recommended actions:	Actions Taken	Resolved?
2023-24	Control Deficiencies - Bank Reconciliations	The year end process around school's balances was poorly timed resulting in a 10m overstatement in cash which could have been picked up if any reconciliations were performed over school's cash balances.	Implement a process to check (either all or a sample of) schools cash balances as reported to CCC against their bank accounts.	School's reconciliation process has always been completed; a further step implemented for 2024-25 to ensure adjustments are processed to compensate for the early closure of schools' accounts (which was the source of the issue identified).	Yes
2023-24	Control Deficiencies - Non capital expenditure classification	Expenditure was found to be capitalised incorrectly - This resulted in a £3.7m misstatement identified during the audit	Perform a detailed review of all individual and cumulative capital additions over a certain value to ensure that only appropriate costs are capitalised.	Updated guidance issued on what is eligible capital expenditure. Ongoing work to review totality of capital programme to ensure ineligible expenditure isn't capitalised. Further work to be completed on areas of higher risk that have been identified.	Ongoing
2023-24	Control Deficiencies - Journals	While performing our walkthrough over journals postings we identified that there were a number of journals which are auto approved. Auto-approved journals where a single staff member can process a journal and have it posted to the GL without additional approvals	Ensure that all journals are subject to review by a more senior individual than the person posting.	Journals are internal transactions and a number of staff in the central finance team with appropriate experience and training are authorised to post these without a secondary approval. This is not an unusual approach in the sector and in practice has not been problematic for the County Council over many years. Compensating controls are in place around monthly reviews of journals posted. In our experience the efficiency gains from timely posting of journals in this way outweighs any risks of error or misstatement so at this time we have	No further action proposed

Audit Year:	Category	Description	Recommended actions:	Actions Taken	Resolved?
				noted this recommendation but propose no further action.	
2023-24	Control Deficiencies - Bank Reconciliations	<p>There were a significant number of unreconciled cash receipts that were offset against debtors in bulk for the purposes of preparing the first draft of the accounts. Though substantially all of these were eventually allocated against the relevant debtor this delay means it is harder for the council to chase their debtors and results in additional credit loss risk.</p>	Ensure cash receipts and payments are allocated against the relevant debtors and creditors on a timely basis.	<p>This process reflected the need to produce draft financial accounts to an accelerated timescale and was for financial accounting purposes only: there was no impact on debt management or credit loss. For year end a snapshot is taken very shortly after year end of cash allocations for reporting purposes, but this does not interrupt the debt collection procedures which continue all year. The Council monitors allocation of cash and payments and consistently performs well against the measured performance indicator target.</p> <p>For 2024-25, we have been able to complete more of the debtor/creditor work in advance of the draft reporting deadline; however, due to several areas of highly complex work required for this year's accounting process, we have not completed all of the reconciliations in advance to the level we ultimately intend to do.</p>	Partially

## Appendix 2 – updated Property, Plant and Equipment Measurement policies (changes in bold)

### Measurement

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at current value **plus Community Assets**, are revalued at least every five years. In order to ensure that carrying values are kept in line with current values in the interim, all assets are revalued via desktop valuation in year two and by indexation in years three to five. The index applied to each asset is based on changes in Building Cost Information Service (BCIS) forecasts and land value estimations since the previous year.

Assets contained within Property, Plant and Equipment required to be measured at fair value are revalued every year, except those valued at less than £4m which are revalued every-other-year.

The effective date of revaluation for the rolling programme is 30 November during the year in question, however as part of the carrying value assessment exercise, some assets may be revalued again at 31 March of the year in question and all are potentially adjusted for indexation to 31 March. For assets measured at fair value the effective date of revaluation is 31 March of the year in question.

Infrastructure and non-PFI/non-lease Vehicle, Plant, Furniture and Equipment have been included in the Balance Sheet at depreciated historical cost (whilst Community Assets and Assets Under Construction have been included at historical cost). The cost therefore includes the original purchase price of the asset and the costs attributable to bringing the asset to a working condition for its intended use. ROU Vehicle, Plant, Furniture and Equipment assets are included in the balance sheet at their value at initial recognition, less any accumulated depreciation.

For Infrastructure Assets, a modified form of historic cost is used: opening balances for highways infrastructure assets were originally recorded in balance sheets at amounts of capital undischarged for sums borrowed at 1 April 1994, which was deemed at that time to be historical cost. The value of Infrastructure Assets within the accounts includes a lump sum removal in 1998 when Peterborough City Council was formed, becoming independent of Cambridgeshire County Council. This lump sum is not broken down on an asset-by-asset basis in line with how Infrastructure Assets are recorded in the Asset Register. Other additions and enhancements are recorded at cost on a project-by-project basis rather than by asset, therefore additions and enhancements may relate to a number of individual infrastructure assets.

Land and Building assets (including ROU assets) and PFI Vehicles, Plant, Furniture and Equipment assets have been included in the Balance Sheet at their current value. Operational Property, Plant and Equipment is valued using Existing Use Value whereas specialised assets are valued using Depreciated Replacement Cost. The valuation of the farms' estate, included within the Land and Building figures, is based on a discounted cash flow of future rental income and capital receipts, which is a type of Existing Use Valuation. Assets identified as surplus to requirements are measured at fair value based on highest and best use. Assets that are subject to part disposals are revalued in the year of disposal. Assets held at current or fair value are split into land and building components, with the building element further subdivided **where the building is valued at over £4m** in order to be depreciated over appropriate estimated useful lives. The four building components used are Roof, Structure, Machinery and Equipment, and Externals.