

Summary of the changes to the Statement of Accounts from the version issued to the Audit & Accounts Committee on 8th October and the final version on 14th October.

The figures highlighted have been amended to incorporate the adjustments set out in the auditors' final report.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2014-15 (Restated)				2015-16		
Gross Expenditure	Gross Income	Net Expenditure/Income (-)		Gross Expenditure	Gross Income	Net Expenditure/Income (-)
£000	£000	£000		£000	£000	£000
22,574	-20,353	2,221	Central services to the public	16,436	-15,628	810
11,146	-1,266	9,880	Culture and related services	11,376	-1,342	10,034
30,567	-8,785	21,782	Environment and regulatory services	35,491	-8,947	26,544
6,487	-3,140	3,347	Planning services	5,775	-2,871	3,104
463,977	-361,424	102,553	Education and children's services	495,860	-322,549	173,312
60,195	-15,660	44,535	Highways and transport services	62,507	-15,251	47,256
208,311	-59,818	148,493	Adult social care	219,109	-70,568	148,541
26,412	-16,608	9,804	Corporate and democratic core	28,086	-16,670	11,396
-1,152	-188	-1,340	Non distributed costs	-8,660	-184	-8,844
20,453	-20,453	-	Public Health	24,643	-24,643	-
848,969	-507,694	341,275	Cost Of Services	890,603	-478,450	412,152
16,308	-	16,308	Other operating expenditure (note 8)	59,570	-	59,570
43,557	-1,144	42,413	Financing and investment income/ expenditure (note 9)	43,389	-544	42,845
-	-392,767	-392,767	Taxation and Non-Specific Grant Income (note 10)	-	-431,941	-431,941
		7,229	Surplus (-) or Deficit on Provision of Services			82,625
		-170,107	Surplus on revaluation of long-term assets			-72,986
		2,351	Impairment and revaluation losses charged to the Revaluation Reserve			4,024
		100,221	Remeasurement of net defined benefit/ liability			-99,262
		-67,535	Other Comprehensive Income and Expenditure			-168,224
		-60,306	Total Comprehensive Income and Expenditure			-85,599

This statement shows the accounting cost of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from local taxation. The Council raises taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

CASH FLOW STATEMENT

2014-15 (Restated) £000		2015-16 £000
7,229	Net deficit on the provision of services	82,625
-38,985	Depreciation	-39,389
34,252	Impairment and downward valuations	-26,017
-739	Movement in impairment for bad debts	450
5,238	Increase (-)/ decrease in creditors	20,222
-4,337	Increase/ decrease (-) in debtors	10,094
-65	Increase/ decrease (-) in inventories	280
-21,248	Movement in pension liability	-19,444
-21,284	Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	-85,213
-338	Other non-cash items charged to the deficit on the provision of services	635
-47,506	Adjustments to the net deficit on the provision of services for non-cash movements:	-138,382
5,349	Proceeds from the sale of property, plant and equipment	26,018
-81,763	Grants for financing capital expenditure	-90,818
-76,414	Adjustments for items included in the deficit on the provision of services that are investing and financing activities	-64,800
-116,691	Net cash flows from Operating Activities	-120,557
51,076	Purchase of property, plant and equipment	107,474
50	Purchase of short-term and long-term investments	750
-	Proceeds from short-term and long-term investments	-400
-5,349	Proceeds from the sale of property, plant and equipment	-26,018
85,423	Capital Grants Received	61,769
131,200	Investing Activities	143,575
-26,705	Cash receipts of short and long-term borrowing	-31,626
0	Other receipts from financing activities	0
-9,613	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts (Principal)	-9,633
26,597	Repayments of short and long-term borrowing	54,641
-9,722	Financing Activities	13,381
4,787	Net increase (-)/ decrease in cash and cash equivalents	36,398
42,249	Cash and cash equivalents at the beginning of the reporting year	37,462
37,462	Cash and cash equivalents at the end of the reporting year (note 18)	1,064

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting year. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing, and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of local taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources

NOTES TO THE CORE FINANCIAL STATEMENTS

Movements in balances in 2015-16:

2015-16	Usable Reserves			Unusable Reserves
	General Fund	Capital Receipts Reserve	Capital Grants Unapplied	
	£000	£000	£000	£000
Adjustments involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non-current assets	39,389	-	-	-39,389
Revaluation losses on Property Plant and Equipment	26,017	-	-	-26,017
Movements in the fair value of Investment Properties	69	-	-	-69
Revenue expenditure funded from capital under statute	52,646	-	-	-52,646
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	85,213	-	-	-85,213
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment	-10,142	-	-	10,142
Capital expenditure charged against the General Fund	-	-	-	-
Adjustments involving the Capital Grants and Contributions Unapplied Account:				
Application of grants to capital financing transferred to the Capital Adjustment Account	-90,819	-	11,140	79,679
Adjustments involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-4,718	4,718	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-6,157	-	6,157
Adjustments involving the Deferred Capital Receipts Reserve:				
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-21,300	-	-	21,300
Adjustments involving the Financial Instruments Adjustment Account:				
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	-51	-	-	51
Adjustments involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see note 23)	51,856	-	-	-51,856
Employer's pensions contributions and direct payments to pensioners payable in the year	-32,411	-	-	32,411
Adjustments involving the Collection Fund Adjustment Account:				

NOTES TO THE CORE FINANCIAL STATEMENTS

2015-16	Usable Reserves			Unusable Reserves
	General Fund	Capital Receipts Reserve	Capital Grants Unapplied	
	£000	£000	£000	£000
Amount by which council tax and non domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from income calculated for the year in accordance with statutory requirements	-317	-	-	317
Adjustment involving the Accumulated Absences Account				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	2,141	-	-	-2,141
Total Adjustments	97,573	-1,439	11,140	-107,274

Movements in balances in 2014-15:

2014-15 (Restated)	Usable Reserves			Unusable Reserves
	General Fund	Capital Receipts Reserve	Capital Grants Unapplied	
	£000	£000	£000	£000
Adjustments involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non-current assets	38,985	-	-	-38,985
Revaluation gains reversing previous revaluation losses on Property Plant and Equipment	-34,252	-	-	34,252
Movements in the fair value of Investment Properties		-	-	
Revenue expenditure funded from capital under statute	78,799	-	-	-78,799
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	21,284	-	-	-21,284
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment	-24,232	-	-	24,232
Capital expenditure charged against the General Fund	-597	-	-	597
Adjustments involving the Capital Grants and Contributions Unapplied Account:				
Application of grants to capital financing transferred to the Capital Adjustment Account	-81,763	-	1,048	80,715
Adjustments involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-5,350	5,350	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-5,350	-	5,350

NOTES TO THE CORE FINANCIAL STATEMENTS

2014-15 £000	Capital Adjustment Account	2015-16 £000
643,850	Balance at 1 st April	706,983
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
-38,985	Charges for depreciation and impairment of long-term assets	-39,389
34,252	Revaluation gains reversing previous losses on Property, Plant and Equipment	-26,017
-78,799	Revenue expenditure funded from capital under statute	-52,647
-21,284	Amounts of long-term assets written off on disposal or sale as part of the loss on disposal to the Comprehensive Income and Expenditure Statement	-85,213
57,054	Adjusting amounts written out of the Revaluation Reserve	19,222
596,088	Net written out amount of the cost of non-current assets consumed in the year	522,939
	Capital financing applied in the year:	
5,350	Use of the Capital Receipts Reserve to finance new capital expenditure	6,157
71,642	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	79,679
9,073	Application of grants to capital financing from the Capital Grants and Contributions Unapplied Account	-
24,232	Statutory provision for the financing of capital investment charged against the General Fund	10,142
598	Capital expenditure charged against the General Fund	-
-	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	-69
706,983	Balance at 31 st March	618,848

Pensions Reserve

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

NOTES TO THE CORE FINANCIAL STATEMENTS

Reconciliation to subjective analysis

This reconciliation shows how the figures in the analysis of service income and expenditure relate to a subjective analysis of the surplus or deficit on the provision of services included in the Comprehensive Income and Expenditure Statement.

2015-16	Service Analysis	Amounts not reported to management for decision making	Cost of Services	Corporate Amounts	Total
	£000	£000	£000	£000	£000
Fees, charges and other service income	-129,493	-29,078	-158,571	-	-158,571
Interest and investment income	-	-	-	-487	-487
Income from council tax	-	-	-	-245,076	-245,076
Government grants and contributions	-319,879	-	-319,879	-186,865	-506,744
Total Income	-449,372	-29,078	-478,450	-432,428	-910,878
Employee expenses	303,081	2,141	305,222	-	305,222
Other service expenses	501,503	44,488 ¹	545,991	17,807 ²	563,798
Depreciation, amortisation and impairment	-	39,389	39,389	-	39,389
Interest payments	-	-	-	25,525	25,525
Precepts and levies	-	-	-	376	376
Gain or loss on disposal of long-term assets	-	-	-	59,194	59,194
Total Expenditure	804,584	86,018	890,602	102,902	993,504
Surplus(-)/ deficit on the provision of services	355,212	56,940	412,152	-329,526	82,626

¹ Other service expenses include adjustments such as due to IAS19 and non-current assets

² Other service expenses include pensions interest cost and expected return on pensions assets

NOTES TO THE CORE FINANCIAL STATEMENTS

2014-15 (Restated)	Service Analysis	Amounts not reported to management for decision making	Cost of Services	Corporate Amounts	Total
	£000	£000	£000	£000	£000
Fees, charges and other service income	-130,784	-71,642	-202,426	-	-202,426
Interest and investment income	-	-	-	-1,144	-1,144
Income from council tax	-	-	-	-236,229	-236,229
Government grants and contributions	-305,268	-	-305,268	-156,538	-461,806
Total Income	-436,052	-71,642	-507,694	-393,911	-901,605
Employee expenses	296,842	409	296,433	-	296,433
Other service expenses	516,606	-3,055	513,551	18,820	532,371
Depreciation, amortisation and impairment	-	38,985	38,985	-	38,985
Interest payments	-	-	-	24,737	24,737
Precepts and levies	-	-	-	373	373
Gain or loss on disposal of long-term assets	-	-	-	15,935	15,935
Total Expenditure	813,448	35,521	848,969	59,865	908,834
Surplus(-)/ deficit on the provision of services	377,396	-36,121	341,275	-334,046	7,229

25. TRADING OPERATIONS

The Council has established trading units where the service manager is required to operate in a commercial environment and balance their budget by generating income from other parts of the Council or external customers.

Only the net deficit on external trading is shown separately in the Comprehensive Income and Expenditure Statement. Surpluses and deficits on internal trading are included within Net Cost of Services on the SeRCOP line to which they relate. Details of those units with turnover greater than £5m or a deficit greater than £100,000 in 2015-16 are as follows:

NOTES TO THE CORE FINANCIAL STATEMENTS

2014-15 £000		2015-16 £000
51,058	Expenditure funded from capital:	
	Property, Plant and Equipment	107,452
	Investment Properties	0
78,799	Revenue Expenditure Funded from Capital under Statute	52,647
	Sources of finance	
5,350	Capital receipts	6,157
-80,715	Government grants and other contributions	-79,680
-350	Direct Revenue Contributions	
	Sum set aside from revenue:	
-24,232	MRP/ loans fund principal	-10,142
18,962	Increase in Capital Financing Requirement	64,120
	Explanation of movements in year	
35,688	Increase in underlying need to borrow (unsupported by government financial assistance)	76,965
-16,726	Assets acquired under PFI contracts	-12,845
18,962	Increase in Capital Financing Requirement	64,120

34. LEASES

Council as Lessee:

(i) Finance Leases

The Council has acquired land and buildings, including a school, libraries and depots, under finance leases. The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts (excluding Waste PFI leases which are disclosed separately in the Waste PFI note [\(note 35\)](#)):

31-Mar-15 £000		31-Mar-16 £000
36,990	Other Land and Buildings	36,763

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

The minimum lease payments (MLP) and finance lease liabilities (FLL) are made up of the following amounts and will be payable over the following years: